LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Letter of Offer is being sent to you as registered fully paid up equity shareholder(s)/Beneficial Owners of Raasi Refractories Limited. If you require any clarification about the action to be taken, you may consult your stockbroker or investment consultant or the Manager to the Offer/Registrar to the Offer. In case you have sold your Shares in Raasi Refractories Limited, please hand over this Letter of Offer and accompanying Form of Acceptance cum acknowledgement and Transfer Deed to the Member of Stock Exchange through whom the said sale was effected.

Pursuant to Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereof.

OPEN OFFER BY

Sri Ashok Agarwal and Sri Sanjay Agarwal
Plot No. 365/115, Power House Road, Rourkela - 769 001, Orissa Phone Nos. 0661- 2502995/2500336 Fax No. 0661 - 2500561

to acquire from the existing (fully paid up) equity shareholders of

RAASI REFRACTORIES LIMITED

Registered Office: 6-3-349/20. Alpha Business Centre, 2nd Floor, Road No.1, Banjara Hills, Hyderabad - 500 034.
Phone Nos.: 040 -55511345/55511347/55510588 Fax No.040 - 23355461

FOR THE ACQUISITION OF 7,88,400 FULLY PAID-UP EQUITY SHARES REPRESENTING 20 % OF THE VOTING CAPITAL OF RAASI REFRACTORIES LIMITED AT RS.5/-(RUPEES FIVE ONLY) PER EACH FULLY PAID UP EQUITY SHARE OF RS. 10/- EACH FOR CASH

NOTES:

1. This offer is subject to the statutory approvals and conditions precedent as described in paragraph on page No.12 of this Letter of Offer for acquisition of shares of the target Company, from Reserve Bank of India (RBI) under Foreign Exchange Management Act, 1999 (FEMA), for acquisition of shares from NRIs, if any . As of the date of this letter of offer, to the best of the knowledge of the Acquirer, there are no other statutory approvals required to implement the offer other than those indicated above. If any other statutory approvals become applicable, the offer would be subject to such statutory approvals, as the case may be. In case of delay in receipt of any statutory approval, Securities and Exchange Board of India (SEBI) has the power to grant an extension of time for payment of consideration under the offer. No other approvals are required for the purpose of implementation of the offer.
2. Regulation 26 of the Takeover Regulations provides for an upward revision of Offer in respect of the price and the number of shares to be acquired, at any time up to seven workings days prior to the date of closure of the Offer i.e. June 16,2004. The same price will be paid by the Acquirer for all the shares tendered anytime during the Open Offer. Any revision(s) in the Offer price will be informed by way of a Public Announcement in the same newspapers in which the original Public Announcement was made.
3. The acquirers can withdraw this offer, only under circumstances as mentioned under Regulation 27(1) and in this event the same would be informed by way of Public Announcement in the same newspapers where the original Public Announcement has appeared.
4. Shareholders, who have accepted the Offer by tendering the requisite documents in terms of the Public Announcement /Letter of Offer, can withdraw the same up to three working days prior to the closure of the Offer i.e. June 22, 2004.
5. **If there is a competitive bid:**
   - **The Public Offer under all subsisting bids shall close on the same date.**
   - **As the Offer price can not be revised during 7 working days prior to the closing date of the Offers / bids, it would, therefore, be in the interest of the shareholders to wait till the commencement of that period to know the final Offer price of each bid and tender their acceptance accordingly.**
6. The procedure for acceptance is set out in section 8 of this letter of offer. A form of acceptance cum acknowledgement and instrument of transfer are enclosed with this Letter of Offer.
7. A copy of Letter of Offer (including form of acceptance cum acknowledgement) is also available on Securities and Exchange Board of India's web-site (www.sebi.gov.in) and may be downloaded and used as an application.

MANAGER TO THE OFFER	REGISTRAR TO THE OFFER
Karvy Investor Services Limited "Karvy House", 46, Avenue 4, Street No.1, Banjara Hills, Hyderabad - 500 034. Phone:040-23312454/23321840 Fax: 040 - 23374714 Email: mbd@karvy.com Contact person: Mr. P S Shastry	KARVY Karvy Computershare Private Limited **Karvy Computershare Private Limited** "Karvy House", 46, Avenue 4, Street No.1, Banjara Hills, Hyderabad - 500 034. Phone : 040 - 23312454/23320751 Fax: 040 - 23311968 Email: murali@karvy.com Contact person: Mr. Murali Krishna

SCHEDULE OF ACTIVITIES

Activity	Original Schedule Date (Day)	Revised Schedule Date(Day)
Public Announcement (PA) Date	February 27, 2004 (Friday)	February 27, 2004 (Friday)
Specified Date	March 25, 2004 (Thursday)	March 25, 2004 (Thursday)
Last date for announcement of competitive bid	March 18, 2004 (Thursday)	March 18, 2004 (Thursday)
Date by which Letter Of Offer will be despatched to the Shareholders	April 1, 2004 (Thursday)	May 24, 2004 (Monday)
Date of Opening of the Offer	April 7, 2004 (Wednesday)	May 27, 2004 (Thursday)
Last date for revising offer price/number of shares	April 27, 2004 (Tuesday)	June 16, 2004 (Wednesday)
Last date for withdrawal by shareholders	April 30, 2004 (Friday)	June 22, 2004 (Tuesday)
Date of Closure of the Offer	May 6, 2004 (Thursday)	June 25, 2004 (Friday)
Date Upto which communication of rejections/ acceptances and payment of consideration for the applications accepted and also despatch of rejected share certificates	June 4, 2004 (Friday)	July 15, 2004 (Thursday)

The Acquirers would pay interest @ 10% p.a. on the Offer Price from the period commencing from June 5, 2004 to the actual date of payment of consideration.

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Attached: Form of acceptance cum acknowledgement and form of withdrawal

DEFINITIONS

The Acquirers	Shri. Ashok Agarwal and Shri. Sanjay Agarwal
Target Company/RRL	Raasi Refractories Limited
Shares	Fully paid Up Equity Shares of Raasi Refractories Limited
Offer	The Offer made by the Acquirers to the Fully Paid up Equity Shareholders of RRL
Offer Price	Rs.5/- per equity share of RRL
Regulations	Securities & Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereof.
SEBI	Securities and Exchange Board of India
RBI	Reserve Bank of India
Offer Document	Letter of Offer
BSE	The Stock Exchange, Mumbai
HSE	The Hyderabad Stock Exchange Limited
FIPB	Foreign Investment Promotion Board
Escrow Account	Account opened with Bank of India in terms of the Regulations
Escrow Banker	Bank of India, Banjara Hills Branch, Hyderabad
FEMA	Foreign Exchange Management Act, 1999
Manager/Manager to the Offer/KISL	Karvy Investor Services Limited
Persons eligible to apply in the Offer	All owners of the shares, registered or unregistered (except the parties to the share purchase agreement)
Registrar to the offer/KCL	Karvy Computershare Private Limited
NRI	Non Resident Indian
Specified Date	March 25, 2004
Offer period	May 27, 2004 to June 25, 2004

1. DISCLAIMER CLAUSE

It is to be distinctly understood that filing of 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 Raasi Refractories Limited to take an informed decision with regard to the offer. SEBI does not take any responsibility either for the financial soundness of the acquirers or the company whose shares/control 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 acquirer is primarily responsible for the correctness, adequacy and disclosure of all relevant information in this letter of offer, the merchant banker is expected to exercise due diligence to ensure that acquirer duly discharge its responsibility adequately. In this behalf, and towards this purpose, the merchant bankers, Karvy Investor Services Limited has submitted a due diligence certificate dated March 01, 2004 to SEBI in accordance with the SEBI (Substantial Acquisition of Shares and Takeover) 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.

SEBI further reserves the right to take up at any point of time, with the Manager to the Offer, any irregularities or lapses in Letter of Offer. The Acquirer accepts no responsibility for statements made otherwise than in the Letter of Offer or in the advertisement or any material issued by or at the instance of the Acquirer and the Manager to the Offer, and anyone placing reliance on any other source of information would be doing so at his/her/their risk.

2. DETAILS OF THE OFFER

2.1 Background of the Offer

The Offer is being made by Shri. Ashok Agarwal and Shri.Sanjay Agarwal residing at Plot No. 365/115, Power House Road, Rourkela, 769 001, Orissa to the Equity Shareholders of Raasi Refractories Limited (hereinafter referred to as “Target Company” or “RRL”).

The Acquirers have entered into a Share Purchase Agreement dated February 25, 2004 (“Agreement”) to acquire 23,33,670 fully paid-up equity shares of Rs.10/- each representing 59.20% of the paid-up equity and voting share capital of RRL from promoters of RRL, their relatives & associate companies (hereinafter collectively referred to as “Sellers”) (list is give below) at a price of Rs.3.60 p per share (“Negotiated Price”) payable in cash (“The Acquisition”).

List of Sellers

Name & address	Number of Shares	% of total equity capital
M Ravindra Varma Plot No.824, Road No.40, Jubilee Hills, Hyderabad	1,89,910	4.82
M Haritha Plot No.824, Road No.40, Jubilee Hills, Hyderabad	12,88,900	32.69
M Ravindra Varma & M Haritha Plot No.824, Road No.40, Jubilee Hills, Hyderabad	50,000	1.27
M L Vijayarama Raju 4-403, Divyashakti Apartments, Greenlands, Ameerpet, Hyderabad	1,85,000	4.70
K Balavishnu Raju 6-3-347/22/1, Dwarakapuri Colony, Panjagutta, Hyderabad	76,950	1.96
K Usha Rani 6-3-347/18, Dwarkapuri Colony, Punjagutta, Hyderabad	2,410	0.06
K Narsimha Raju & M Haritha 6-3-347/22A, Dwarakapuri Colony, Panjagutta, Hyderabad	47,700	1.21
K Narsimha Raju & K S N Raju 6-3-347/22A, Dwarakapuri Colony, Panjagutta, Hyderabad	26,200	0.66
D Annapurna & K Usharani 6-3-347/22A, Dwarakapuri Colony, Panjagutta, Hyderabad	22,550	0.57
K S N Raju 6-3-347/22A, Dwarakapuri Colony, Panjagutta, Hyderabad	80,000	2.03
Raasi Enterprises Solutions Limited H.No.8-2-120/112/A, Plot No.15, Road No.9, Jubilee Hills, Hyderabad	93,850	2.38
Suneetha Fin.Consult.(P) Limited G1, Sai Tej Apartments,Dwarakapuri Colony, Punjagutta, Hyderabad	34,800	0.88
Evergreen Trading Co. (P) Limited 217, Amrutha Ville, Raj Bhavan Road, Somajiguda, Hyderabad	20,000	0.51
Perpetual Energy Systems (P) Limited G-5 & 6, Amrutha Ville, Raj Bhavan Road, Somajiguda, Hyderabad	15,400	0.39
Buchi Rajeshwari Trust 6-3-354/8/2, Hindi Nagar, Punjagutta, Hyderabad	2,00,000	5.07
Total	23,33,670	59.20

For the purpose of this offer, there are no persons acting in concert as per the provisions of Regulation 2(1)(e) of the Regulations.

The salient features of the agreement are as under:

a) The Acquirers shall acquire the sale of shares as set out below:

Name of the Acquirer	Number of Shares	% of present paid up capital
Shri. Ashok Agarwal	12,60,000	31.96
Shri. Sanjay Agarwal	10,73,670	27.24

b) The purchase consideration for the Sale of Shares is being paid, now, as follows:

Cheque bearing No.527022 drawn on ICICI Bank , Rourkela for Rs.45,36,000

Cheque bearing No.548506 drawn on ICICI Bank, Rourkela for Rs. 38,65,212

c) In case of non-compliance with any of the provisions of the Takeover Regulations by any party or by the Company, this Agreement for Sale of Shares shall not be acted upon by either the Sellers or the Acquirers.

d) On completion of offer formalities, Shri.M Ravindra Varma and Shri.M L Vijayarama Raju will tender their resignation as Directors of the Company.

The Acquirers are now making this Open Offer ("Offer") to the shareholders of RRL (other than the parties to the Agreement) to acquire from them upto 7,88,400 fully paid-up Equity Shares of Rs.10/- each, representing 20% of its paid up equity share and voting capital at a price of Rs.5/- per share ("Offer Price") payable in cash subject to terms and conditions mentioned hereinafter. The Offer is not subject to any minimum level of acceptance and is not a conditional offer. RRL does not have any partly paid up equity shares.

Other than the above, the Acquirers are not holding any equity shares of RRL as on the date of aforesaid acquisition and also have not acquired any equity shares of RRL during the twelve-month period prior to the date of this Public Announcement.

The proposed composition of the Board after the completion of the offer has not yet been finalized. The Acquirers have not appointed any Director on the Board of the Target Company. However, Shri.Sanjay Agarwal, one of the Acquirers is also a Director in Raasi Refractories Limited before the Public Announcement.

Mr. Sanjay Agarwal has not participated in any matters concerning or relating to the Offer including any preparatory steps leading to the Offer.

This offer is being made in accordance with Regulation 10 and 12 and other provisions of Chapter III of the SEBI (SAST) Regulations, 1997 and subsequent amendments thereof for substantial acquisition of shares and management control.

The Acquirers, the Target Company or the Sellers have not been prohibited by any regulations made under SEBI Act.

2.2 Details of the proposed offer

The Acquirers hereby make an offer to the equity shareholders of RRL to acquire from them up to a maximum of 7,88,400 Equity Shares of Rs.10 each (representing 20% of the voting capital) at a price of Rs.5/- (Rupees Five only) per each fully paid up equity share of Rs. 10/- (Rupees Ten only) payable in cash.

The Offer is not subject to any minimum level of acceptance. The Acquirers will acquire all Equity Shares of RRL that are tendered in terms of this Offer up to a maximum of 7,88,400 fully paid-up Equity Shares.

The Public Announcement, as per Regulation 15(1) of the Regulations, was made in the following newspapers on February 27, 2004.

Newspaper	Language	Editions
Financial Express	English	Mumbai, Ahmedabad, Delhi, Chandigarh, Kolkata, Chennai, Bangalore, Kochi,
Andhra Jyothi	Telugu	Hyderabad, Vijayawada, Khammam, Visakhapatnam, Srikakulam, Tirupathi, Nellore, Karimnagar, Anantapur, Kurnool, Tanuku, Kakinada, Warangal, Guntur (Ongole) and Cudappah
Jan Satta	Hindi	Delhi and Kolkata

The public announcement is also available on the SEBI website at www.sebi.gov.in.

The Acquirers have not acquired any Equity Share of RRL since the date of the Public Announcement to the date of this Letter of Offer. Any upward revision in the Offer with respect to the Offer Price will be announced in the above-mentioned newspapers and same price would be payable by the Acquirers for all the shares tendered anytime during the Offer.

2.3 Object and Purpose of the Acquisition

Reasons for the Acquisition and Acquirers Future Plans:

This offer has been made pursuant to Regulation 10 and 12 and other provisions of Chapter III and in compliance with the regulations. The acquisition is for substantial acquisition of shares and voting rights accompanied with change in control / management.

The Acquirers propose to expand the business activity in the refractories and related products. The Acquirers family are engaged in iron and steel business for the last 30 years and are keen to diversify/expand their activities into refractories and related products. The acquisition of RRL would facilitate such motive. By virtue of this acquisition the Acquirers will get majority shareholding entitling them to exercise management control over the Target Company.

3. BACKGROUND OF THE ACQUIRERS

Shri. Ashok Agarwal, son of Shri. Ramcharan Agarwal, aged about 41 years, is residing at Plot No. 365/115, Power House Road, Rourkela - 769 001, Orissa. He has more than 15 years of experience in Iron and Steel business. He is already in the refractory segment for the past 8 years. He has takenover a sick unit in 1992 (Sarvesh Refractory (P) Limited) and converted the same into a profit making enterprise. He is currently the managing director of Sarvesh Refractory Private Limited an ISO 9002 Company based in Rourkela. His networth as on 31/12/2003 as certified by Shri. AK Saraf (Membership No.55428), partner of Vidya and Company, Chartered Accountants, having office at 50, Weston Street, Kolkata - 700012 Ph:033 - 22116466 vide certificate dated February 25, 2004 is Rs.120.01 Lacs.

Shri. Sanjay Agarwal, son of Late Radheshyam Agarwal, aged about 28 years, is residing at Plot No. 365/115, Power House Road, Rourkela - 769 001, Orissa. He has more than 6 years of experience in Iron and Steel business. He is presently the Director in RRL. His networth as on 31/12/2003 as certified by Shri. AK Saraf (Membership No.55428), partner of Vidya and Company, Chartered Accountants, having office at 50, Weston Street, Kolkata - 700012 Ph:033 - 22116466 vide certificate dated February 25, 2004 is Rs.114.85 Lacs.

Mr. Sanjay Agarwal is the cousin brother of Mr.Ashok Agarwal i.e. uncle's son.

The Acquirers have not entered into any agreement between them with regard to the Offer/acquisition of shares.

Plan of the Acquirers in respect of Raasi Refractories Limited

The acquirer's family are in the core sector of Iron & Steel for the past fifty years being actively associated with Steel Authority of India, Rourkela Steel Plant and other units of SAIL. Since last fifteen years they are in refractory segment supplying the refractory and related products to the major steel plants. The acquirers have successfully converted a loss making unit into a highly profitable and growth oriented unit (Sarvesh Refractory (P) Limited.)

The Iron and Steel sector has been looking up for the last couple of years. The demand is increasing day by day. The Iron and Steel industries are the major consumers of refractory products. The production capacity as also the production mix of the current plants of the acquirers are running in full capacity. Looking at the buoyant core sector industry such as iron and steel, cement etc, the acquirers are of the firm opinion that refractory segment will also do better in the coming years.

The Acquirers are of the view that all the production of RRL can be marketed for the benefit of all the stakeholders of RRL in the current economic scenario. Apart from this, the acquisition will also help the acquirer in giving a complete product mix to the end users as also benefits in bulk procurement of basic raw materials.

The Acquirers have not made any acquisitions earlier and this is the first acquisition in the target company.

Details of the other Companies in which the Acquirers are associated as Directors :

Shri. Ashok Agarwal

1. M/s. Sarvesh Refractory Private Limited
2. M/s. Rourkela Minerals Co. (P) Limited
3. M/s. Sree Metaliks Limited
4. M/s. R.S.Agarwal & Brothers Private Limited
5. M/s. Thanwas Investments Limited
6. M/s. Thanwas Commercial Private Limited
7. M/s. Ores India Private Limited

Shri. Sanjay Agarwal

1. M/s. Sarvesh Refractory Private Limited
2. M/s. R.S.Agarwal & Brothers Private Limited

Information of the Companies promoted by the Acquirers:

Sarvesh Refractory Private Limited

The Company was incorporated on 7th December, 1992. The Company is into Refractory and allied products business.

The brief financials of the Company for the preceding three years are as follows: (Rs. Lacs)

Particulars	31.03.2001	31.03.2002	31.03.2003
Equity capital	97.30	111.54	149.04
Share application money	57.00	40.00	50.30
Reserves & surplus	200.43	295.05	480.69
Total Income	1791.15	2442.74	4871.86
Profit After Tax	32.29	51.86	72.02
Earning Per Share	33.20	46.49	48.32
Net Asset Value	306.01	364.51	422.51

Sarvesh Refractory Private Limited is not a Sick Company.

Rourkela Minerals Co. Private Limited

The Company was incorporated on 22nd May, 1987 with the main object of mineral processing.

The brief financials of the Company for the preceding three years are as follows: (Rs. Lacs)

Particulars	31.03.2001	31.03.2002	31.03.2003
Equity capital	35.00	46.00	79.90
Share application money	11.00	20.00	20.00
Reserves and surplus	29.33	33.68	75.05
Total Income	504.07	306.49	340.21
Profit After Tax	4.94	4.35	7.2
Earning Per Share	14.12	9.47	9.00
Net Asset Value	183.80	173.23	193.94

Rourkela Minerals Co. Private Ltd. is not a sick Company.

Sree Metaliks Limited

The Company was incorporated on 28th November, 1995 .

The brief financials of the Company for the preceding three years are as follows: (Rs. Lacs)

Particulars	31.03.2001	31.03.2002	31.03.2003
Equity capital	352.08	666.66	666.66
Share application money	418.78	503.56	814.38
Reserves	309.43	1199.80	1419.80
Total Income	2252.37	3901.05	7822.80
Profit After Tax	140.86	261.22	346.97
Earning Per Share	4.00	3.92	5.20
Net Asset Value	18.70	27.81	31.12

Sree Metaliks Ltd is not a sick Company

Thanwas Commercial (P) Limited

The Company was incorporated on 10th March 2000 .The Company is into investment business.

The brief financials of the Company for the preceding three years are as follows: (Rs. Lacs)

Particulars	31.03.2001	31.03.2002	31.03.2003
Equity capital	93.52	93.52	141.27
Share application money	——	—	—
Reserves & surplus	—	—	143.41
Total Income	4.12	5.01	12.13
Profit After Tax	(0.11)	(0.34)	0.79
Earning Per Share	Negative	Negative	0.56
Net Asset Value	99.81	99.69	201.51

Thanwas Commercial (P) Limited is not a sick Company.

Thanwas Investment Limited

The Company was incorporated on June 14,1994 . The company is in to investment business.

The brief financials of the Company for the preceding three years are as follows: (Rs. Lacs)

Particulars	31.03.2001	31.03.2002	31.03.2003
Equity capital	97.72	177.22	358.22
Share application money	—	—	—
Reserves & Surplus	—	—	—
Total Income	21.12	0.62	9.20
Profit After Tax	(0.05)	(0.67)	(0.28)
Earning Per Share	Negative	Negative	Negative
Net Asset Value	9.99	9.99	20.18

Thanwas Investment Limited is not a sick Company.

Ores India Limited

The Company was incorporated on March 31, 1997 to undertake mining activities.

The brief financials of the Company for the preceding three years are as follows:

(Rs. Lacs)

Particulars	31.03.2001	31.03.2002	31.03.2003
Equity capital	217.65	217.65	217.65
Share Application money	270.00	270.00	—
Reserves& Surplus	114.75	156.89	184.34
Total Income	4680.96	4493.97	2196.93
Profit After Tax	39.00	45.62	12.88
Earning Per Share	17.92	20.96	5.92
Net Asset Value	152.48	172.08	184.69

The Company is not a sick company.

R.S Agarwalla Brothers (P) Limited

The Company was incorporated on March 27, 2002 to trade in food grains.

Financial data of the company for the financial year 2002-03 is as under:

Particulars	Amount (Rs. Lacs)
Equity Capital	50.00
Share application money	1.00
Reserves	0.67
Total income	283.13
Profit after tax	0.67
Earnings per share (Rs.)	1.33
Net asset value (Rs.)	101.33

The Company is not a Sick Company.

The Acquirers do not have any intention to dispose of or otherwise encumber any assets of Raasi Refractories Limited in the next two years from the date of closure of the offer, except in the ordinary course of business.

The Acquirers shall not sell, dispose of or otherwise encumber any substantial assets of RRL except with the prior approval of the shareholders.

The Acquirers have not acquired any shares before the acquisition of shares through the share purchase agreement.

The Acquirers have complied with all the applicable provisions of SEBI (SAST) Regulations and other applicable Regulations under the SEBI Act, 1992 and other statutory requirements, as applicable.

4. DISCLOSURES IN TERMS OF REGULATION 21(3)

If, pursuant to this Offer and any acquisition of shares by the Acquirers from the open market or through negotiations or otherwise made in compliance with the SEBI (SAST) Regulations 1997, the public shareholding is reduced to 10% or less of the paid up and voting share capital of RRL, then in accordance with Regulation 21(3) of the Regulations, the Acquirers will make an Offer to acquire the outstanding shares remaining with the public shareholders in accordance with the SEBI (Delisting of Securities) Guidelines, 2003.

5. BACKGROUND OF THE TARGET COMPANY

5.1 Brief History and Main areas of operation

Raasi Refractories Limited is a public limited company having its registered office at 6-3-349/20, Alpha Business Centre, 2nd Floor, Road No.1, Banjara Hills, Hyderabad - 500 034 Phone Nos. 040 - 55511345/55511347/55510588 Fax No. 040 - 23355461. The Company was incorporated in the year 1981 and has started commercial production in the year 1985.

The Company manufactures High Temperature Shuttle Kiln, Heavy Duty Top and Bottom pressing Hydraulic Presses, PLC controlled Heavy Duty Mechanical Presses, High Intensity Mixing Equipment and Latest Lab Equipment like Hot MOR Testing Machine, Photo Meter etc.,

The Company's manufacturing facility is located at Lakshmi Puram, Narketpally, Nalgonda District, Andhra Pradesh - 508 254 with 150 ton presses, 400 ton presses, Shuttle Kiln, R C Kiln, Mill House, Gas Fire Chambers and other miscellaneous facitlities for grinding pressing and transporting of various materials.The Company has a production capacity of 35,000 MT per annum for Fired, Un-Fired Refractory Bricks and Monilithics.

The Compliance Officer of the Company is Mr.V T V Satyanarayana Raju, Senior Manager (Finance and Accounts).

5.2 Share Capital Structure of RRL

The issued subscribed and paid up capital of RRL is Rs.3, 94, 20,000/- consisting of 39, 42,000 equity shares of Rs. 10/- each fully paid up.

The share capital structure is as under:

Paid up equity shares of RRL (Face Value Rs.10/- each)	No. of Shares/ Voting rights	% Of Shares	% Of Voting Rights
Fully paid up equity shares	39,42,000	100	100
Partly paid up equity shares	Nil	Nil	Nil
Total paid up equity shares	39,42,000	100	100
Total voting rights in RRL	39,42,000	100	100

5.3 There are no outstanding convertible instruments (warrants/FCDs/PCDs etc.,) as on date. The shares of the Company are listed on Hyderabad and Mumbai Stock Exchanges.

5.4 The promoters/major shareholders have complied with all the applicable provisions of Chapter II within the time specified in the Regulations. RRL has complied with all the applicable provisions of Chapter II of SEBI (SAST) Regulations. However, there has been delay in compliance. The delay till April 30, 2003 is as shown below:

Sl.No.	Regulation/ Sub-Regulation	Due date for compliance as mentioned in the regulation	Actual date of compliances	Delay, if any(in no. of days) Col.4 - Col.3	Remarks
1	2	3	4	5	6
1	6(2)	20.05.1997	18.07.1997	89 days	**
2	6(4)	20.05.1997	18.07.1997	89 days	**
3	8(3)	30.04.1998	Non-compliance	—	**
4	8(3)	30.04.1999	24.05.1999	24 days	**
5	8(3)	30.04.2000	25.04.2000	Nil	
6	8(3)	30.04.2001	25.04.2001	Nil	
7	8(3)	30.04.2002	30.04.2002	Nil	
8	8(3)	30.04.2003	29.04.2003	Nil	

** RRL has participated in the SEBI Regularisation Scheme, 2002.

SEBI has initiated adjudication against target company for non-compliance with the provisions of Regulation 8(3) of the SEBI (SAST) Regulations, 1997 for the year 1999 resulting in violation of Section 15A(b) of SEBI Act, 1992.

5.5 As on the date of the public announcement, the Board of Directors of RRL comprises of the following:

Director	Address	Experience & Qualification	Date of appointment
Sri M Ravindra Varma	Plot No.824, Road 40, Jubilee Hills, Hyderabad	BE, MS (Industrial Engineering, MS (Computer Science) 15 Years Experience in Refractory & IT Industry	01.07.1999
Sri M L V Rama Raju	4-403, Divyashakti Apartments, Green Lands, Ameerpet, Hyderabad	M.Com, Intermediation of ACS, Worked as Executive Director in Lucky Gold Star Packagings Pvt Ltd. 15 years in Management, Finance, Human Resources and Industrial Relations	30.04.2002
Sri K S N Raju	Plot No.824, Road 40, Jubilee Hills, Hyderabad	B E (Electrical), BE (Mechanical) Ex Vice Chairman of Sri Vishnu Cement Ltd 30 years of experience in Cement and Refractory Industries	31.12.1990
Sri M V K L N Raju	Flat No.202, Vishnu Classic Apartments, Madhura Nagar, Hyderabad - 500 038.	B.Com, Vast experience in Administration of various industries	30.06.2003
Sri Sanjay Agarwal	Plot No.365/115, Power House Road, Rourkela - 769 001, Orissa	B.Com, Director of Sarvesh Refractory P Ltd. Well versed in refractory industry	30.12.2003
Sri Pankaj Shah	Khushboo Wadi, Jamnagar	B.Com, Chief Executive in Bombay Minerals Ltd, for twenty three years till 1990. Over two decades of experience in manufacturing and marketing of refractory products. Chairman in Meena Agency Pvt Ltd, Jamnagar	09.02.2004
Sri Natwar Lath	Udit Nagar, Rourkela	B.Com, CA, DISA (CA), 20 years experience in Auditing & Income Tax matters	09.02.2004

Sri Sanjay Agarwal one of the Acquirer was inducted as Director on the Board of RRL with effect from December 30, 2003.

5.6 The target Company has complied with all the listing requirements of the stock exchanges and no penal action was taken by the Stock Exchanges.

No merger/de-merger/spin off have taken place during last three years involving the target company. The target Company's names was not changed since listing.

5.7 The audited financial information of RRL is as under:

Profit & Loss Statement (Rs. Lacs)

Particulars	31.03.2001	31.03.2002	31.03.2003	From 01.04.03 to 31.12.03
Income from operations	1324.19	1508.48	1043.59	604.20
Other Income	76.99	16.38	31.26	21.89
Total Income	1401.18	1524.86	1074.85	626.09
Total Expenditure	1273.52	1431.57	1010.84	632.12
Profit /(Loss) before Depreciation, Interest and Tax	127.66	93.29	64.01	(6.03)
Depreciation	31.94	36.85	36.67	27.00
Interest	121.07	106.35	112.68	77.49
Profit / (Loss) Before Tax	(25.35)	(49.91)	(85.34)	(110.52)
Provision for Tax/prior year taxation	60.15	(12.90)	(1.77)	(11.90)
Profit after Tax	34.80	(62.81)	(83.57)	(122.42)

Balance Sheet Statement (Rs. Lacs)

Particulars	31.03.2001	31.03.2002	31.03.2003	From 01.04.03 to 31.12.03
Sources of Funds				
Paid up Share Capital	394.20	394.20	394.20	394.20
Reserves and Surplus	63.21	15.30	15.30	15.30
Total Shareholders funds	**457.41**	**409.50**	**409.50**	**409.50**
Secured Loans	539.57	539.73	558.18	660.92
Unsecured Loans	107.46	123.90	123.50	150.64
Total	**1104.44**	**1073.13**	**1091.18**	**1221.06**
Uses of Funds				
Net fixed assets	482.07	447.50	398.87	372.19
Capital work in progress	1.20	1.81	1.41	1.41
Investments	0	0	0	0
Net current assets	539.07	548.85	538.67	574.24
Net Deferred Tax	0	(59.97)	(60.32)	(60.32)
Total miscellaneous expenditure not written off	18.51	8.54	2.58	1.15
Profit and loss account	63.59	126.40	209.97	332.39
Total	**1104.44**	**1073.13**	**1091.18**	**1221.06**

Other Financial Data

Particulars	31.03.2001	31.03.2002	31.03.2003	From 01.04.03 to 31.12.03
Dividend (%)	Nil	Nil	Nil	Nil
Earnings per Share (Rs.)	0.88	Negative	Negative	Negative
Networth *(Rs. in Lakhs)	375.31	274.56	196.95	75.96
Return on Networth (%)	9.27	Negative	Negative	Negative
Book Value per fully paid up share (Rs)	9.52	6.96	5.00	1.93

Reasons for fall/rise in the total income and PAT in the relevant years.

Analysis of Operations : Year 1998-99

In the year 1998-99 the company has made a loss of Rs 79.25 lakhs. In the year RRL had to bear a performance damage of Rs 46.26 lakhs at VSP ladle management. This is attributable to the new laddle mechanism introduced by VSP. To meet the changed mechanism RRL had to use more costly inputs. This expected incentive had turned into a damage resulting into a double effect. Keeping this in view RRL had stated importing the main raw material, Bauxite. Which has resulted in high input costs. But RRL had gained significant market reputation for supply of good quality bricks even in situation when raw material is scarce.

The other factor which hindered performance in 98-99 was power and fuel costs. Due to frequent fluctuations and inadequate supply RRL had to depend on its Generators for power, which has resulted in high input costs. In this year RRL used Electric Furnace for firing of bricks, which has resulted in high input costs. In this year RRL used Electric Furnace for firing of bricks, which has resulted in high power consumption. In this year at all places motors requiring high voltage has been used, this has increased the power consumption.

Year 1999-00

In the year 99-00 RRL has incurred a loss of Rs 70.79 lakhs. The sales figure has decreased by a margin of 46% in this year compared to the previous year. This happened, as RRL has not accepted the major orders due to internal disturbances. In this year after meeting all its overheads RRL has restricted losses to Rs 70.79 lakhs compared to the previous year 79.25 lakhs loss against turnover of Rs 15 crores. This year RRL has not incurred any performance damage. Moreover RRL has received an incentive of Rs 11.52 lakhs.

Year 2000-01

In the first half year RRL has made a profit of Rs 34.79 lakhs including other income. Due to improved quality RRL has got a performance incentive of Rs 53.44 lakhs.

The company has recovered from the setbacks during the year and recorded a turnover of Rs 14 Crores which is higher by 30% compared to earlier year. However the increase in raw material costs have setoff the margins earned by the Company. In this year the company has got a refund of Rs 61.68 lakhs from the Income Tax Department for the excess taxes paid during the earlier years. This is shown under the head ‘excess tax provision of earlier years’ and considered as income.

Year 2001-02

During this year the company has recorded a turnover of Rs 15 crores and a loss of Rs 62.81 lakhs. The loss during the year is mainly attributable to the increase in raw material costs. There is an increase in approx 17% in the raw material costs. This is because of the usage of costlier raw material to meet the quality requirements at steel plants and stiff competition. The steel plants have stipulated strict terms to improve their profitability margins which inturn effected the refractory industry. The tax provision for deferred tax is Rs 12 lakhs. During this year there is a slow down in the industrial operations, which resulted in decline in refractories off take in the consuming industries. The adverse conditions in the market have shown inpact on the receivables of the company.

Year 2002-03

During the year the Company has recorded a turnover of Rs 10 crores, which is low by 30% compared to the earlier year. Up to the end of the year the recession in the steel industry has continued. The company has made a loss of Rs 83 lakhs dur to recession in steel industry and increase in raw material costs.

5.8 Pre and Post Offer Shareholding Pattern of RRL

	Shareholders category	Shareholding & voting rights prior to the agreement/ acquisition and offer (A)		Shares/voting rights agreed to be acquired which triggered off the Regulations (B)		Shares/voting rights to be acquired in open offer (assuming full acceptances) (C)		Shareholding/ voting rights after the acquisition and offer (assuming full acceptances) (A) + (B) +(C) = (D)	
		No.	%	No.	%	No.	%	No.	%
(1)	Promoter Group								
	a. Parties to agreement , if any	2579780	65.44	—	—	—	—	246110	6.24
	b. Promoters other than (a) above	89470	2.27	—	—	—	—	89470	2.27
	Total 1(a+b)	2669250	67.71	—	—	—	—	335580	8.51
(2)	Acquirers								
	a. Main Acquirers	—	—	2333670	59.20	788400	20.00	3122070	79.20
	b. PACs	—	—	—	—	—	—	—	
	Total 2(a+b)	—	—	2333670	59.20	788400	20.00	3122070	79.20
(3)	Parties to the agreement other than (1) (a) & (2)	—	—	—	—	—	—	—	—
(4)	Public (other than parties to agreement, Acquirers & PACs)						—	—	
	a. FIs/MFs, FIIs/Banks,SFIs *	104200	2.64	—	—	—	—	484350	12.29
	b. Others (Indicate the total number of shareholders in "Public Category)	1168550	29.64	—	—	—	—		
	Total 4(a+b)	1272750	32.28	—	—	—	—	484350	12.29
	Grand total (1+2+3+4)	3942000	100.00	2333670	59.20	788400	20.00	3942000	100.00

*** List of banks and financial institutions holding equity shares of the Company**

Name	No. of Shares held
AP Industrial Development Corporation Limited	100450
ICICI Bank Limited	1000
Bank of India	1000
Alen Co-Operative Bank Limited	450
Canara Bank	400
The Vysya Bank Limited	300
State Bank of India, Personal Banking Branch	200
State Bank of Hyderabad	200
Bank of India	150
Abhyudaya Co-Op Bank Limited	50
Total	104200

The Acquirers have not purchased any shares of the target company from the date of public announcement to the date of Letter of Offer.

Capital buildup of the Company

Date of Allotment	Shares Issued		Cumulative paid up capital (Rs.)	Mode of allotment	Identity of allottees (Promoters/Ex-Promoters/Others)	Status of Compliance
	Nos	%				
24.12.81	100		1000	Initial Subscription of Shares	Promoters	SEBI Guidelines not applicable. Companies Act complied
18.10.82	200900	5.10	2010000	Allotted to Promoters	Promoters, Directors and their friends and relations	SEBI Guidelines not applicable. Companies Act complied
19.03.83	236500	6.00	4375000	Allotted to Promoters	Promoters, Directors and their friends and relations	SEBI Guidelines not applicable. Companies Act complied
15.07.83	50000	1.27	4875000	Allotted to APIDC	Financial Institution	SEBI Guidelines not applicable. Companies Act complied
24.10.83	40000	1.01	5275000	Allotted to Raasi Cement Ltd	Raasi Cement Ltd	SEBI Guidelines not applicable. Companies Act complied
02.01.84	92500	2.35	6200000	Allotted to APIDC	Financial Institution	SEBI Guidelines not applicable. Companies Act complied
02.01.84	135000	3.42	7550000	Allotted to APIDC	Financial Institution	SEBI Guidelines not applicable. Companies Act complied
31.03.84	145000	3.68	9000000	Allotted to Raasi Cement Ltd	Raasi Cement Ltd	SEBI Guidelines not applicable. Companies Act complied
31.03.84	950000	24.10	18500000	Public Issue Shares	Public through a Prospectus	SEBI Guidelines not applicable. Companies Act complied
24.10.93	342000	8.68	21920000	Conversion of Unsecured Loans	Raasi Finance & Investment Ltd	SEBI Guidelines not applicable. Companies Act complied
31.10.94	750000	19.03	29420000	Conversion of Unsecured Loans	Allotted to Promoters	SEBI Guidelines not applicable. Companies Act complied
31.10.98	1000000	25.37	39420000	Preferential Allotment	Allotted to Promoter Mrs M Haritha	SEBI Guidelines and Companies Act Complied
	3942000	100.00				

STATUS OF CORPORATE GOVERNANCE AND PENDING LITIGATION MATTERS, IF ANY:

Raasi Refractories Limited has complied Corporate Governance.

The Number of Non-Executive Directors on the Board is more than 50% of the total number of Directors as per the good governance practices.

The Board of the Company has constituted an Audit Committee of three members, a Remuneration Committee comprises of three members and a Shareholders / Investors Grievance Committee of three members respectively.

Audit Committee

1. Sri Natwar Lath — Chairman of the Committee
2. Sri Sanjay Agarwal — Member
3. Sri Pankaj Shah — Member

Remuneration Committee

1. Sri Pankaj Shah — Chairman of the Committee
2. Sri Sanjay Agarwal — Member
3. Sri. Natwar Lath — Member

Share Holders / Investors Grievance Committee

1. Sri Sanjay Agarwal — Chairman of the Committee
2. Sri Pankaj Shah — Member
3. Sri Natwar Lath — Member

The following litigations are pending against the target Company:

1. Name of the Party : M/s Jalan Hi-Mech Ltd, Kolkata

   Amount : Rs 2, 93,528/-

   Reason : Outstanding payment towards purchase of Coal Tar Pitch. Part of the payment is pending since March 01 and the balance since May, 2001.

   Status : Lawyer Notice dtd 14.02.03 received, subsequently party sent summons through 11th Metropolitan Magistrate Court, Calcutta to appear on 17.01.04. The summons were received on 08.12.2003. As per RRL records the amount is 2,93,525/-.

2. Name of the Party : M/s Refcem P Ltd, Bhubaneshwar

   Amount : Rs 2,08,440/-

   Reason : Outstanding payment towards purchase of High Alumina cement.

			Payment pending since May 2000.
			Money Suit No. 15/2002 filed by the party in Bhubaneshwar Court. Court issued summon to appear on 02.04.02. RRL prayed for invoking arbitration clause and submitted records as directed by the court. Mr R V N Raju, Advocate is coordinating with one Mr Siddheswar Rath advocate at Bhubaneswar. Last hearing held on 29.10.03. As per RRL record the amount is Rs 2,08,039/-.
3.	Name of the Party	:	M/s Grindwell Norton Ltd,Bangalore
	Amount	:	Rs 1,06,100/-
	Reason	:	Outstanding payment towards purchase of silicon carbide.
	Status	:	XXX City Civil Court, Bangalore issued summons to appear on 13.10.03 i.e, the date of receipt of the summons. The Company sent telegrams to the court praying for another date stating that being receipt of the summon and the date of appearance are the same. It is understood that the honourable court has fixed the next date of appearance on 18.01.2004 for Rs 1,16,100/-.
4.	Name of the Party	:	M/s Allied Minerals & Industries , Katni
	Amount	:	Rs 1,31,826.26
	Reason	:	PDC Cheque issued for purchase of Calcined pyrophilite which was dishonored.
	Status	:	As Andhra Bank cheque bearing No. 076150 dtd 16.10.03, for Rs 1,31,826.24 was dishonoured hence party sent notice dtd 21.11.03 through its advocate be made shortly and requested them not to proceed legally. Katni Court has sent intimation stating that the above party has filed a petition with the court for the recovery of the amount.

6. OFFER PRICE AND FINANCIAL ARRANGEMENTS

6.1 Justification of Offer Price

6.1.1 The Equity Shares of the Target Company are Listed at the Stock Exchange, Mumbai and The Hyderabad Stock Exchange Limited

6.1.2 The Equity Shares of the Target Company are infrequently traded as per the definition under SEBI (SAST) Regulations

6.1.3 The annual turnover of the during the preceding six calendar months ended January 2004 is as under:

Name of the Stock Exchange	Total No. of shares traded during six calendar months prior to the PA	Total No. of shares listed	Annualised trading turnover (in terms of % to total shares)
BSE	71125	39,42,000	3.61
HSE	Nil	39,42,000	Nil

The shares of the Target Company are infrequently traded on the both the Stock Exchanges.

The offer price of Rs.5/- is justified in terms of the Regulation 20(5) of SEBI (SAST) Regulations as follows:

i) The negotiated price under the shareholder agreement is Rs. 3.60 p. The Acquirers were not allotted any shares in public or rights or preferential allotment during the twenty six week period prior to the date of public announcement.

ii) Other parameters (as on March 31, 2003)

Return on net-worth	Negative
Book value	Rs. 5.00
EPS	Negative
P/E multiple vis-à-vis the industry average	Since, the Earning per share of RRL is negative, the P/E multiple is not applicable. Twelve months trailing P/E of the industry is 15.0(Source: Capital Market VolXVIII/22 dated January 5-18, 2004)

The Acquirers will comply with the Regulations and complete the offer formalities irrespective of the compliance or fulfillment or outcome of the Share Purchase Agreement with the Sellers.

The Acquirers shall not acquire any shares during the Offer period in RRL except as provided for in the Regulations and the details of such acquisitions as per sub-regulation (17) of Regulation 22 shall be disclosed to the stock exchanges and to the manager within 24 hours of such acquisition. No acquisition will be made by the Acquirers in the open market during the last seven working days prior to the Closing date. If the Acquirers acquires shares in the open market or through negotiation or otherwise, after the date of Public announcement at a price higher than the Offer price, then the highest price paid for such acquisition shall be payable for all acceptances received under this Offer.

6.2 Financial Arrangements

a. The Acquirers have adequate and firm financial resources to fulfill the obligations under the open offer. The sources of funds shall be through internal resources of the Acquirers. No borrowings from Bank/ Financial Institution is being made for the purpose. All the funds will be domestic and no foreign funds will be utilised.

b. The maximum purchase consideration payable by the Acquirers in the case of full acceptance of the offer i.e. for 7,88,400 equity shares is Rs.39,42,000/- (Rupees Thirty Nine Lakh Forty Two Thousand only)

In accordance with Regulation 28 of the SEBI (SAST) Regulations, the Acquirers have opened an escrow account and deposited therein cash of Rs. 10,00,000/- (Rupees Ten Lakhs Only) being 25% of the maximum purchase consideration payable under this offer , in a Bank Escrow Account with Bank of India, Banjara Hills Branch, Hyderabad. Karvy Investor Services Limited has been empowered to operate the Escrow Account in accordance with the SEBI (SAST) Regulations.

c. M/s.Vidya & Co, Chartered Accountants (membership no. of Shri. AK Saraf is 55428) having their office at 50, Weston Street, Kolkata - 700 012 Telephone No. :033 - 22116466 , have confirmed vide their certificate dated February 25, 2004 that sufficient resources are available to allow the Acquirers to fulfill its obligations under the offer. Based on the above, the Manager to the Offer is satisfied about the ability of the Acquirers to implement the offer in accordance with the Regulations.

d. The Manager to the offer confirms that firm arrangements for funds and money for payment through verifiable means are in place to fulfill offer obligations.

7. TERMS AND CONDITIONS OF THE OFFER

a. The Offer is being made in accordance with Regulation 10 and 12 and other applicable provisions of the Regulations and subsequent amendments for the purposes of substantial acquisition of equity shares and/or voting rights.

b. The Acquirers have made a public announcement on February 27,2004 for the offer. The offer is made to all the shareholders of Raasi Refractories Limited (except parties to the Agreement). However, the Letter of Offer is being mailed to those shareholders whose name appear on the Register of Members of Raasi Refractories Limited at the close of business on the specified date i. e. March 25, 2004.

c. The acceptance of the offer made by the Acquirers is entirely at the discretion of equity shareholders of Raasi Refractories Limited and each shareholder of Raasi Refractories Limited to whom this offer is made, is free to offer his shareholding in Raasi Refractories Limited, in whole or in part, while accepting the offer.

d. Any Equity Shares of Raasi Refractories Limited that are subject matter of litigation or are held in abeyance due to pending court cases, wherein the shareholders of Raasi Refractories Limited may be precluded from transferring the equity shares during pendency of the said litigation are liable to be rejected in case directions/orders to the contrary regarding these equity shares are not received together with the equity shares tendered under the offer. The Letter of Offer in some of these cases, wherever possible would be forwarded to the concerned statutory authorities for further action at their end.

e. The Offer will open on May 27, 2004 and close on June 25, 2004. (both days inclusive).

f. Accidental omission to despatch this letter of offer or any further communication to any person to whom this letter of offer is made or the non-receipt of this letter of offer by any such person shall not invalidate the offer in any way.

g. The instructions, authorisations and provisions contained in the form of acceptance and form of withdrawal constitute an integral part of the terms of this offer.

h. The Letter of Offer together with the Form of Acceptance cum Acknowledgement will be mailed to the shareholders of Raasi Refractories Limited (except the Acquirers) whose names appear on the Register of Members of and to the beneficial owners of the shares of Raasi Refractories Limited whose names appear on the beneficial records of the respective depositories at the close of the business on March 25, 2004. (the Specified Date).

i. Shares that are subject to any charge, lien or encumbrance are liable to be rejected.

j. The acceptance of the Offer must be unconditional and should be sent in the attached Form of Acceptance along with the other documents duly filled in and signed by the applicant shareholder(s) which should be received by the Registrar to the Offer at the collection centre mentioned in paragraph 8.1 under "Procedure for Acceptance and Settlement" on or before June 25, 2004. If any change or modification is made in the Form of Acceptance, the same is liable to be rejected.

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

l. As already mentioned elsewhere in this Letter of Offer, the Offer is not subject to any minimum level of acceptance and Acquirers will acquire all the paid-up equity shares of Raasi Refractories Limited that are validly tendered in terms of this Offer upto a maximum of 7,88,400 Equity Shares. Thus, the Acquirers will proceed with the Offer even if it is unable to obtain acceptance to the full extent of the equity shares of Raasi Refractories Limited for which this Offer is made.

m. The Acquirers reserves the right of upward revision of price at any time up to seven working days prior to the closure of the Offer, as per Regulation 26 of the Regulations. If there is any upward revision in the Offer Price before the last date of revision (i.e. June 16, 2004) the same would be informed by way of Public Announcement in the newspapers mentioned in para 2.2 of this Letter of Offer. Such revised Offer Price would be payable to all shareholders who tender their shares at any time during the Offer and which are accepted under the Offer.

n. Shareholders who wish to tender the shares will be required to send the Form of Acceptance cum Acknowledgement, Original Share Certificate (s) and Transfer Deed (s) duly signed to the Registrar to the Offer at Karvy Consultants Limited, "Karvy House", 46, Avenue 4, Street No.1, Banjara Hills, Hyderabad - 500 034, either by hand delivery during normal business hours Monday to Friday 10.00 A.M to 5.00 p.m. (excluding Bank Holidays) or by Registered Post on or before the close of the offer i.e. June 25,2004 in accordance with the instructions specified in the Letter of Offer and the Form of Acceptance cum Acknowledgement.

o. Beneficial Owners and Shareholders holding shares in the dematerialised form, will be required to send their Form of Acceptance cum Acknowledgement to the Registrar to the Offer either by hand delivery during normal business hours or by Registered Post on or before the close of the offer i.e. June 25, 2004 along with photocopy of the delivery instructions in " Off Market" mode or counterfoil of the delivery instruction in "Off Market" mode, duly acknowledged by the Depository Participant ("DP"), in favour of Karvy Investor Services Limited For further details please refer to the Letter of Offer.

p. All owners of shares, registered or unregistered (except the Acquirer and Other Promoters), who own the shares at any time prior to the closure of the offer are eligible to participate in the offer. Unregistered owners can send their application in writing to the Registrar to the Offer, on a plain paper stating the Name, Address, Number of Shares held, Number of Shares Offered, Distinctive Numbers, Folio No., together with the Original Share Certificate(s), valid transfer deed(s) and a copy of the contract note issued by the broker through whom they acquired their shares. No indemnity is required from the unregistered owners.

q. In case of non-receipt of the Letter of Offer, eligible persons may send their acceptance to the Registrar to the Offer, on a plain paper stating the Name, Address, No. of shares held, Distinctive Nos., Folio No., No. of shares offered, along with documents as mentioned above, so as to reach the Registrar to the Offer on or before the close of the Offer, i.e. June 25, 2004.

r. The Registrar to the Offer will hold in trust the shares/share certificates, shares lying in credit of the special depository account, Form of Acceptance cum Acknowledgement, if any, and the transfer form(s) on behalf of the shareholders of the Target Company, who have accepted the offer, until the cheques/ drafts for the consideration and/ or the unaccepted shares/ share certificates are dispatched/ returned.

s. Unaccepted Share Certificates, transfer forms and other documents, if any, will be returned by Registered Post at the shareholders/ unregistered owners sole risk to the sole/ first shareholder. Shareholders whose shares are held in dematerialised form to the extent not accepted will be intimated by post for the non-acceptance.

t. In case the shares tendered in the offer by the shareholders of Raasi Refractories Limited are more than the shares to be acquired under the offer, the acquisition of the shares from each shareholder will be as per the provision of Regulation 21(6) of the Regulations on a proportionate basis irrespective of whether the shares are held in physical or dematerialised form.

u. Eligible persons to the Offer may also download a copy of the Letter of Offer and Form of Acceptance cum Acknowledgement, which will be available on SEBI's website at http://www.sebi.gov.in from the offer opening Date i.e. May27, 2004 and apply in the same.

v. Shareholders who have sent their shares for demat need to ensure that the process of getting shares demated is completed well in time so that the credit in the Escrow Account should be received on or before the date of closure of the Offer, i.e. June 25, 2004 else the application would be rejected.

w. Procedure for withdrawal of application

i) In accordance with Regulation 22(5A) of the SEBI (SAST) Regulations 1997, shareholders shall have the option to withdraw acceptances tendered up to three working days prior to the Offer Closing Date i.e. June 22, 2004.

ii) Shareholders who wish to withdraw their shares from the Offer will be required to send the Form of Withdrawal duly completed & signed along with the requisite documents.

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

* In case of physical shares: by stating Name, Address, Distinctive numbers, Folio number, Number of shares tendered.
* In case of dematerialized shares: by stating Name, Address, Number of shares tendered, DP Name, DP ID, beneficiary account number, photocopy of the delivery instruction in "Off Market" mode duly acknowledged by the DP in favor of the special depository account.
* In either case: a copy of the acknowledgement received from the Registrar to the Offer upon tendering of the Shares,

So as to reach the Registrar to the Offer either by hand delivery or by registered post on or before June 25, 2004.

7.2 Shares subject to Lock in

All the shares of the Company are free from lock in

7.3 Eligibility for accepting the offer

This offer is made to all the Shareholders who are the holders of fully paid up equity shares (Except Acquirers) whose names appear in the register of shareholders on March 25,2004 being the specified date and also to those persons who own the fully paid up shares of Raasi Refractories Limited any time prior to the closure of the offer, but are not the registered shareholders.

7.4 Statutory approvals

1. The Acquirers have received the approval from the term lending institutions/Banks for change in control of management of Raasi Refractories Limited.
2. Approval from RBI will be required for acquisition of shares from NRI shareholders, if any.
3. To the knowledge of the Acquirers, no other statutory approvals are required to Acquire the shares that may be tendered pursuant to the Offer. If any statutory approvals become applicable at a later date, the offer would be subject to such statutory approvals. In case the statutory approvals are not obtained, the Acquirers will not proceed with the Offer.
4. In case of delay in receipt of statutory approval, SEBI has a power to grant extension of time to Acquirers for payment of consideration to shareholders, subject to Acquirers agreeing to pay interest for the delayed period as directed by SEBI in terms of Regulation 22(12) of SEBI (SAST) Regulations. Further, if the delay occurs on account of willful default by Acquirers in obtaining the requisite approval, Regulation 22(13) of SEBI (SAST) Regulations will also become applicable.

8. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT OF THE OFFER.

8.1 The Shareholders of Raasi Refractories Limited, who wish to avail themselves of this offer should forward the under mentioned documents by hand delivery or by registered post to the Registrars to the Issue at their office address mentioned on the first page of this Letter of Offer so as to reach the Registrar on or before June 25, 2004 (the Offer Closure Date) on their working days (Monday to Saturday) between 10.00 AM and 5.00 PM on any working day. In case of dematerialized shares, the Registrar is not bound to accept those offers, which have not yet being credited to the depository account opened for this purpose on the closure of the offer.

a) For Equity Shares held in dematerialized form:

i) Form of acceptance cum acknowledgement duly completed and signed in accordance with the instructions contained therein, as per the records of the Depository.

ii) Photocopy of the delivery instruction in "off-market" mode or counterfoil of the delivery instruction in "off-market" mode, duly acknowledged by the relevant Depository Participant (DP).

iii) For each delivery instruction, the beneficial owner should submit separate Form of Acceptance.

iv) The details of the special depository account opened by the Manager named "Raasi Refractories Limited Escrow Account - Open Offer are as under:-

DP Name	KARVY CONSULTANTS LIMITED
DP ID	IN 300394
Beneficiary ID	13474920

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

In case of non-receipt of the aforesaid documents, but receipt of the shares in the Special Depository Escrow Account, the Acquirer may deem the Offer to have been accepted by the Shareholder.

Shareholders should ensure that the credit for the delivered shares should be received in the Special Depository Escrow Account on or before the Closure of the Offer (i.e. June 25, 2004)

b) For Equity Shares held in Physical form.

Registered Shareholders should enclose:

- Form of Acceptance duly completed and signed in accordance with the instructions contained therein, by sole/first shareholder whose names appear on the share certificate(s) (In case of joint holdings) in the same order in which their names appear in the Register of Members.
- Original Share Certificate(s).
- Valid Share Transfer deed(s) duly signed as transferors by all shareholders (in case of joint holdings) in the same order and as per specimen signatures lodged with RRL and duly witnessed at the appropriate place, preferably, by a Notary or Bank Manager or Member of Stock Exchange under their seal of office and membership number. The Transfer Deed should be left blank except for the signatures as mentioned above. A blank Share Transfer Deed is enclosed along with this Letter of Offer.

Unregistered Shareholders should enclose:

- Form of acceptance cum acknowledgement duly completed and signed in accordance with the instructions contained therein by the person accepting the Offer.
- Original share certificate(s)
- Valid share transfer form(s) as received from market
- Original contract note issued by the Broker through whom the shares were acquired.

It may be noted that if the specimen signature(s) of the acceptor differs with the specimen signature(s) recorded with RRL or if they are not in the same order, such shares are liable to be rejected under this Offer.

Non-Residents if any, should also enclose copy of permission received from RBI for the shares held by them in RRL.

Neither the share certificate(s) nor transfer deed(s) nor the form of acceptance should be sent to the acquirers or the Target Company or Manager to the Offer. The same should be sent to the Registrar to the Offer only.

8.2 Procedure for acceptance of the offer by unregistered shareholders, owners of shares who have sent them for transfer or those who did not receive the Letter of Offer.

8.2 (i) (a) Persons who hold shares of Raasi Refractories Limited but who are not registered shareholders are also eligible to participate in the offer. Such unregistered shareholders or eligible shareholders who did not receive the Letter of Offer may send their consent to the Registrar to the Offer, on a plain paper stating their Name, Address, No. of shares held, Distinctive Nos., Folio No., Number of Shares offered. Alternatively such shareholders if they so desire may apply on the form of acceptance cum acknowledgement obtained from the SEBI web site www.sebi.gov.in. The application on plain paper or on the form of acceptance should be tendered along with the original share certificates and valid share transfer deeds duly executed and witnessed as explained at 8.1 above. Shareholders whose shares have been sent for transfer but have not yet been received back by them should tender their applications as above along with documents to prove their title to the shares offered for acceptance, such as original brokers contract note, along with duly executed and witnessed transfer deed(s). The applications/documents should be sent by registered post to the Registrars to the Offer as mentioned at 8.1 above and not to the acquirers or to Raasi Refractories Limited or to the Merchant Banker to the offer. No indemnity is required from unregistered shareholders.

(b) It may be noted that if the specimen signature(s) of the Transferor differs with the specimen signature(s) recorded with Raasi Refractories Limited are not in the same order, such shares are liable to be rejected under this Offer even if the Offer has been accepted by a bonafide owner of such untransferred shares.

(c) Non-Residents if any should also enclose copy of permission received from RBI for the shares held by them in Raasi Refractories Limited 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 Acquirer before remitting the consideration. In case the aforesaid No Objection Certificate/Tax Clearance Certificate is not submitted, the Acquirer 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 shareholders.

(d) Payment of consideration will be made by crossed account payee cheques/demand drafts and sent by registered post to those shareholders whose share certificates and other documents are found in order and accepted by the acquirers. All cheques/demand drafts will be drawn in the name of the First Holder in case of Joint Registered holders. In case of unregistered owner of the shares, payments will be made by crossed account payee cheque/demand draft in the name of the person specified by such unregistered owner. Such unregistered owners may at their own option provide details of their Bank accounts in the Form of Acceptance and Authority/plain paper application.

(e) The Shareholders should also provide all relevant documents, which are necessary to ensure transferability of the shares in respect of which the application is being sent. Such documents may include, but are not limited to:

1. duly attested death certificate and succession certificate (in case of single shareholder) in case of the original shareholder is deceased.
2. duly attested Power of Attorney if any person apart from the shareholder has signed the application form and/or transfer deed(s).
3. In case of Companies, the necessary corporate authorisations (including Board Resolutions).
4. any other relevant documents

8.2 (ii) If the aggregate of the valid response to the Offer exceeds 7,88,400 fully paid up equity shares, then the acquirer shall accept the offers received on a proportionate basis in accordance with Regulation 21(6) of the Regulations. The Acquisition of shares from a shareholder shall not be less than the minimum marketable lot or the entire holding if it is less than marketable lot.

8.2 (iii) Barring unforeseen circumstances and factors beyond their control, the acquirer intends to complete all formalities pertaining to the purchase of the shares, including payment of consideration to the shareholders who have accepted the Offer, within 30 days from the date of closure of this Offer. In case of delay in receipt of RBI approval for accepting shares from Non Resident shareholders, SEBI has the power to grant extension of time for the purpose of making payments subject to the acquirer agreeing to pay interest to the shareholders for delay beyond 30 days, as may be specified by the SEBI.

8.2 (iv) In case of acceptance on proportionate basis or in cases where acceptances are rejected, the unaccepted/rejected share certificates, transfer deeds and other documents, if any, will be returned by registered post to the shareholders/unregistered owners.

8.2 (v). The Manager to the Offer will hold in trust the share certificates, on behalf of shareholders/unregistered owners of shares of Raasi Refractories Limited who have accepted the Offer, till the acquirer completes the offer obligations in terms of the Regulations.

9. MATERIAL DOCUMENTS FOR INSPECTION

Copies of the following Material documents will be available during the offer period for inspection at the office of Karvy Investor Services Limited, "Karvy House", 46, Avenue 4, Street No.1, Banjara Hills, Hyderabad - 500 034 between 10 a.m. upto 1 p.m. and 2 p.m. to 5 p.m. on any working day.

1. Certificate of Incorporation and Memorandum and Articles of Association of Raasi Refractories Limited.
2. MOU between Acquirers and M/s. Karvy Investor Services Limited, Manager to the Offer.
3. Copy of the Acquisition Agreement between Acquirers and Sellers dated February 25, 2004
4. Copy of Certificate dated February 25, 2004 from Shri. Ajay Kumar Saraf (Membership No. 55428) of Vidya & Co. Chartered Accountants, 50, Weston Street, Kolkata - 700 012 certifying about the adequacy of resources of Acquirers in fulfilling the obligations of the offer.
5. Copy of Certificate dated February 25, 2004 from Shri. Ajay Kumar Saraf (Membership No. 55428)of Vidya & Co. Chartered Accountants, 50, Weston Street, Kolkata - 700 012certifying networth of Shri.Ashok Agarwal and Shri.Sanjay Agarwal.
6. Audited Accounts of RRL for the accounting years ended March 31, 2001; March 31, 2002; March 31, 2003 and financials for the 9 months period ending December 31, 2003 certified by the Statutory Auditors of the Company.
7. A letter from Bank of India dated February 26, 2004 confirming the amount kept in the Escrow account and lien marked in favour of the Merchant Banker to the Offer.
8. Published copy of the Public Announcement which appeared on February 27, 2004
9. Copy of SEBI Letter No.CFD/DCR/AK/TO/5894/2004 dated March 24, 2004, in terms of proviso to Regulation 18(2).
10. A copy of the agreement entered into with NSDL for opening of a special depository account for the purpose of the Offer.
11. Copies of the letters received from the Banks/Financial Institutions giving their consent for change in control of management.

10. RESPONSIBILITY STATEMENT

Acquirers accept full responsibility for the information contained in this Letter of Offer and Form of Acceptance and also for the obligations of the Acquirers laid down in the Regulations and any subsequent amendments made thereto. Further, Acquirers accept full responsibility, jointly and severally, for ensuring compliance with the Regulations. All information contained in this document is as on the date of the Public Announcement, unless stated otherwise.

Signed on behalf of the Acquirers

Sd/-

(Sanjay Agarwal)

Place: Hyderabad
Date : May 21, 2004

Attached: Form of Acceptance - cum- Acknowledgement.
Form of Withdrawal