DRAFT LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This letter of offer ("**Letter of Offer**" / "**LOF**") is sent to you as a Public Shareholder of Orient Refractories Limited ("**Target**" / "**Target Company**" / "**ORL**"). If you require any clarification about the action to be taken, you may consult your stock broker or investment consultant or the Manager to the Offer or the Registrar to the Offer. In case you have recently sold your equity shares in the Target Company, please hand over this LoF and the accompanying Form of Acceptance cum Acknowledgement and transfer deed to the member of the stock exchange through whom the said sale was effected.

OPEN OFFER

BY

DUTCH US HOLDING B.V.

A private limited liability company incorporated under the laws of Netherlands

Regd. Office: Velperweg 81, 6824 HH Arnhem , Netherlands

(Tel: +31 26 3635763, Fax: +31 26 3617737)

(hereinafter referred to as the **"Acquirer"**)

ALONG WITH

RHI AG

A joint-stock company incorporated under the laws of Austria

Regd. Office: Wienerbergstrasse 9, 1100 Vienna, Austria

(Tel: +43 50213 6379, Fax: +43 50213 6463)

(hereinafter referred to as the **"Person Acting in Concert" / "PAC"**)

At ₹ 43.00/- (Rupees forty three only) ("Offer Price") payable in cash per fully paid up equity share of face value ₹ 1.00/- each, to acquire up to 3,12,36,192 equity shares representing 26.0% of the Emerging Voting Capital, under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended ("SEBI (SAST) Regulations") from the Public Shareholders of

ORIENT REFRACTORIES LIMITED

A public limited company incorporated under the Companies Act, 1956

Regd. Office: 1307,Chiranjiv Tower, 43, Nehru Place, New Delhi-110019

Tel: +91 11 4642 5400, Fax: +91 11 2644 3859

1. This Offer is made pursuant to and in compliance with the provisions of Regulation 3(1) and Regulation 4 of the SEBI (SAST) Regulations.
2. This Offer is not a conditional offer and is not subject to any minimal level of acceptance.
3. This Offer is not a competing offer in terms of Regulation 20 of the SEBI (SAST) Regulations.
4. This Offer is subject to certain statutory approvals namely, (a) the Austrian Federal Competition Authority (or any other relevant authority) having either, (i) declined jurisdiction, (ii) granted clearance, or (iii) being deemed to have granted clearance through the expiration of time periods available for their investigation, either unconditionally or in terms (reasonably) satisfactory to the Acquirer, and any period of limitation for filing an appeal therefrom having elapsed, (b) the Turkish Competition Authority (or any other relevant authority) having either, (i) declined jurisdiction, (ii) granted clearance, or (iii) being deemed to have granted clearance through the expiration of time periods available for their investigation, either unconditionally or in terms (reasonably) satisfactory to the Acquirer, and any period of limitation for filing an appeal therefrom having elapsed, and (c) receipt of approval, as applicable, from the RBI for acquisition of the Sale Shares by the Acquirer from the Sellers at the negotiated price of ₹ 43.0 per Sale Share under the SPA.
5. This Offer is also subject to the satisfaction of the conditions stipulated under the SPA and disclosed herein below in paragraph 6.4.2 (all of which are considered to be outside the reasonable control of the Acquirer and the PAC).
6. The Acquirer may revise the Offer Price and the Offer Size up to three Working Days before the commencement of the Tendering Period in accordance with Regulation 18(4) of the SEBI (SAST) Regulations. In the event of such revision, the Acquirer and the PAC shall, (a) make corresponding increase to the escrow amount, (b) make a public announcement in the same newspapers in which the DPS was published, and (c) simultaneously with the announcement, inform SEBI, the Stock Exchanges and the Target Company at its registered office of such a revision. The same price would be payable by the Acquirer for all the Offer Shares tendered anytime during the Tendering Period.
7. The acquisition of the Offer Shares from NRIs and erstwhile OCBs is subject to the approval / exemption from the RBI. Where statutory approval extends to some but not all of the Public Shareholders, the Acquirer shall have the option to make payment to such Public Shareholders in respect of whom no

statutory approvals are required in order to complete this Offer.

8. In the event that the number of Equity Shares validly tendered by the Public Shareholders under this Offer is more than the Offer Size, the Acquirer and the PAC shall accept the Equity Shares received from the Public Shareholders on a proportionate basis in consultation with the Manager to the Offer.
9. In terms of Regulation 23(1) of the SEBI (SAST) Regulations, in the event that the approvals specified in paragraph 6.4.1 and / or the specific conditions outlined in paragraph 6.4.2 (all of which are considered to be outside the reasonable control of the Acquirer and PACs) are not received or satisfied, or unless any relevant approval or condition is otherwise waived by the Acquirer, the Acquirer shall have the right to withdraw the Offer. In the event of such a withdrawal of the Offer, the Acquirer and the PACs (through the Manager) shall, within two Working Days of such withdrawal, make an announcement of such withdrawal stating the grounds for the withdrawal in accordance with Regulation 23(2). In such an event, the Acquirer shall not acquire the Sale Shares.
10. **There has been no competing offer as on the date of this DLoF.**
11. **If there is a competing offer, the open offers under all subsisting bids will open and close on the same date.**

A copy of the Public Announcement, the Detailed Public Statement and the Draft Letter of Offer (including the Form of Acceptance cum Acknowledgement) is also available on SEBI's website (www.sebi.gov.in)

MANAGER TO THE OFFER	REGISTRAR TO THE OFFER
JM FINANCIAL	LINK INTIME INDIA PVT LTD
JM Financial Institutional Securities Private Limited 141, Maker Chambers III, Nariman Point, Mumbai – 400 021 Tel : +91 22 6630 3030 Fax: +91 22 2204 7185 Email: lakshmi.lakshmanan@jmfl.com Contact Person: Ms. Lakshmi Lakshmanan	**Link Intime India Private Limited** C-13 Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai 400 078 Tel: +91 22 2596 7878 Fax: +91 22 2596 0329 Email: orl.offer@linkintime.co.in Contact Person: Mr. Pravin Kasare

The tentative schedule of activities under this Offer is as follows:

Activity	Day & Date
Public Announcement	Tuesday, January 15, 2013
Date of publishing the DPS	Tuesday, January 22, 2013
Filing of the Draft Letter of Offer with SEBI	Wednesday, January 30, 2013
Last date for a competing offer(s)	Wednesday, February 13, 2013
Last date for SEBI observations on Draft Letter of Offer (in the event SEBI does not seek clarifications or additional information from the Manager to the Offer)	Thursday, February 21, 2013
Identified Date*	Monday, February 25, 2013
Last date for dispatch of the Letter of Offer to Public Shareholders	Monday, March 4, 2013
Last date for revising the Offer Price/ Offer Size	Tuesday, March 5, 2013
Last Date by which the committee of independent directors of the Target Company shall give its recommendation	Thursday, March 7, 2013
Date of publication of the Offer Opening Public Announcement	Friday, March 8, 2013
Date of commencement of Tendering Period (Offer Opening Date)	Monday, March 11, 2013
Date of Expiry of Tendering Period (Offer Closing Date)	Friday, March 22, 2013
Last date of communicating rejection/ acceptance and payment of consideration for applications accepted/return of unaccepted Share Certificates/credit of unaccepted Equity Shares to demat account	Tuesday, April 9, 2013
Last Date of publication of the Offer Closing Public Announcement	Wednesday, April 17, 2013

**The Identified Date is only for the purposes of determining the Public Shareholders as on such date to whom the Letter of Offer would be mailed to. It is clarified that all the Public Shareholders (registered or unregistered) of the Target Company shall be eligible to participate in this Offer at any time prior to the closure of this Offer*

RISK FACTORS

A. Risk factors relating to the Transaction

1. The acquisition of the Sale Shares by the Acquirer is subject to the following statutory approvals, namely, (a) the Austrian Federal Competition Authority (or any other relevant authority) having either, (i) declined jurisdiction, (ii) granted clearance, or (iii) being deemed to have granted clearance through the expiration of time periods available for their investigation, either unconditionally or in terms (reasonably) satisfactory to the Acquirer, and any period of limitation for filing an appeal therefrom having elapsed, (b) the Turkish Competition Authority (or any other relevant authority) having either, (i) declined jurisdiction, (ii) granted clearance, or (iii) being deemed to have granted clearance through the expiration of time periods available for their investigation, either unconditionally or in terms (reasonably) satisfactory to the Acquirer, and any period of limitation for filing an appeal therefrom having elapsed, and (c) receipt of approval, as applicable, from the RBI for acquisition of the Sale Shares by the Acquirer from the Sellers at the negotiated price of ₹ 43.0 per Sale Share under the SPA.

2. The acquisition of the Sale Shares by the Acquirer is also subject to the satisfaction or waiver (to the extent permissible under the SPA and any applicable law) of certain conditions of the SPA (which are set out in greater detail in paragraph 2.1.3 (i) and paragraphs 2.1.3 (iv) to (vii) of this DLoF).

B. Risk factors relating to the Offer

1. This Offer is subject to receipt of the statutory / regulatory approvals as set out in paragraph 6.4.1 of this Draft Letter of Offer.

2. The Offer is also subject to the subject to the satisfaction of the conditions or waiver, if applicable, stipulated under the SPA and disclosed in paragraph 6.4.2 (all of which are considered to be outside the reasonable control of the Acquirer and the PAC).

3. The acquisition of the Offer Shares from NRIs and from erstwhile OCBs is subject to the approval / exemption from the RBI. Where statutory approval extends to some but not all of the Public Shareholders, the Acquirer shall have the option to make payment to such Public Shareholders in respect of whom no statutory approvals are required in order to complete this Offer.

4. If any other statutory approvals become applicable prior to the completion of the Offer, the Offer would be subject to the receipt of such statutory approvals.

5. Further in terms of Regulation 23(1) of the SEBI (SAST) Regulations, in the event that such approvals are not received or such conditions are not satisfied (unless waived), the Acquirer shall have the right to withdraw the Offer. In the event of such a withdrawal of the Offer, the Acquirer and the PAC (through the Manager) shall, within two Working Days of such withdrawal, make an announcement of such withdrawal stating the grounds for the withdrawal in accordance with Regulation 23(2) of the SEBI (SAST) Regulations.

6. If there are any delays in receiving the statutory approvals or satisfying the conditions referred to in paragraph 6.4.1 and paragraph 6.4.2 respectively, SEBI may, if satisfied that such delay in receipt of the approvals or satisfaction of the conditions was not attributable to any wilful default, failure or neglect on the part of the Acquirer or the PAC to diligently pursue such approval or satisfaction of such condition, and subject to such terms and conditions as may be specified by SEBI, including payment of interest in accordance with

Regulation 18(11) of the SEBI (SAST) Regulations, permit the Acquirer and the PAC to delay the commencement of the tendering period for the Offer pending receipt of such statutory approvals and/or satisfaction of such conditions or grant an extension of time to the Acquirer and the PAC to make the payment of the consideration to the Public Shareholders whose Equity Shares have been accepted in the Offer.

7. The Offer Shares tendered in this Offer will be held in trust by the Registrar to the Offer until the completion of the Offer formalities, and the Public Shareholders who have tendered their Offer Shares will not be able to trade such Offer Shares during such period. During such period, there may be fluctuations in the market price of the Offer Shares that may adversely impact the Public Shareholders who have tendered their Offer Shares in this Offer. It is understood that the Public Shareholders will be solely responsible for their decisions regarding their participation in this Offer.

8. In the event that the number of Equity Shares validly tendered by the Public Shareholders under this Offer is more than the Offer Size, the Acquirer and the PAC shall accept the Equity Shares received from the Public Shareholders on a proportionate basis in consultation with the Manager to the Offer.

9. Further Public Shareholders should note that, under the SEBI (SAST) Regulations, once Public Shareholders have tendered their Offer Shares, they will not be able to withdraw their Offer Shares from the Offer even in the event of a delay in the acceptance of Offer Shares under the Offer and / or the dispatch of consideration.

10. The Acquirer, the PAC and the Manager to the Offer accept no responsibility for statements made otherwise than in the LoF, the DPS and/ or the PA and anyone placing reliance on any other source of information (not released by the Acquirer, the PAC, or the Manager to the Offer) would be doing so at his, her, their own risk.

C. Probable risks involved in associating with the Acquirer and the PAC

1. None of the Acquirer, the PAC or the Manager to the Offer makes any assurance with respect to the continuation of past trends in the financial performance of the Target Company.

2. None of the Acquirer, the PAC or the Manager to the Offer can provide any assurance with respect to the market price of the Equity Shares before, during or after the Offer and each of them expressly disclaim any responsibility or obligation of any kind with respect to any decision by any Public Shareholder regarding whether or not to participate in this Offer.

3. Neither the Acquirer nor the PAC nor the Manager to the Offer make any assurances with respect to their investment or disinvestment relating to their proposed shareholding in the Target Company. However where pursuant to the Offer, the shareholding of the Acquirer is in excess of the maximum permissible non-public shareholding under the SCRR, the Acquirer shall be required to reduce their shareholding in the Target Company through the permissible routes under clause 40A of the Listing Agreement or such other route as may be permitted by SEBI under clause 40A of the Listing Agreement, including a divestment of Equity Shares, within the prescribed time limits under Rule 19A of the SCRR.

The risk factors set forth above are indicative only and are not intended to provide a complete analysis of all risks as perceived in relation to the Offer or associating with the Acquirer and the PAC. They are neither exhaustive nor intended to constitute a complete analysis of the risks involved in participation or otherwise by any Public Shareholder in this Offer. Public Shareholders are advised to consult their stockbrokers, investment consultants or tax advisors, if any, for analysing all the risks with respect to their

participation in this Offer.

CURRENCY OF PRESENTATION

In this Draft Letter of Offer, all references to "₹" / "INR" are to Indian Rupee(s), the official currency of India and all references to "€"/ "EUR" are to the EURO.

In this Draft Letter of Offer, any discrepancy in any table between the total and sums of the amount listed are due to rounding off and / or regrouping.

All data presented in EURO in this Draft Letter of Offer have been converted into INR for the purpose of convenience translation only. The conversions have been made at the following rates as on December 31, 2012, (unless otherwise stated in this Letter of Offer):

EURO 1 = INR 72.2605

(Source: Reserve Bank of India – www.rbi.org.in)

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DEFINITIONS/ABBREVIATIONS

Particulars	Details / Definition
Acquirer	Dutch US Holding B.V.
BSE	BSE Limited
CDSL	Central Depository Services (India) Limited
Company/ Target/ Target Company	Orient Refractories Limited
Companies Act	Companies Act, 1956, as amended
Closing	Acquisition of the Sale Shares by the Acquirer from the Sellers under the SPA
Closing Date	Date of Closing
Depositories	NSDL and CDSL
Depository Participant	Ventura Securities Limited with whom the Registrar to the Offer has opened the Open Offer Escrow Demat Account for receiving Equity Shares tendered during the Offer
Demerger Scheme	Scheme of demerger between OAL and the Target Company, sanctioned by the Hon'ble High Court of Delhi, vide its order dated September 19, 2011, pursuant to which the refractories division of OAL was demerged and transferred to the Target Company
DP	Depository Participant
DPS/ Detailed Public Statement	The detailed public statement, published by Manager to the Offer on behalf of the Acquirer and the PAC in Business Standard (all editions), an English national daily, Business Standard (all editions), a Hindi national daily, also being regional language daily at the place where the registered office of the Target Company is situated (New Delhi edition) and in Mumbai Lakshadeep (Mumbai edition), Marathi regional daily, on January 22, 2013
Draft Letter of Offer / DLoF	The draft letter of offer filed with SEBI pursuant to Regulation 16(1) of the SAST Regulations
Emerging Voting Capital	12,01,39,200 Equity Shares, being the Equity Shares as of the 10th Working Day following completion of the Offer.
EPS	Earnings per equity share, for the period under reference
Equity Shares	Fully paid up equity shares of Orient Refractories Limited with face value of ₹ 1/- each
Escrow Account	Escrow account opened with the Escrow Bank
Escrow Amount	Cash deposit of ₹ 33,58,00,000/- (Rupees Thirty Three Crores Fifty Eight Lakhs only) made by the Acquirer in the Escrow Account
Escrow Bank	Axis Bank Limited
FII	Foreign Institutional Investors
FY	Financial Year
Identified Date	Monday, February 25, 2013 i.e. date falling on the 10th Working Day prior to the commencement of Tendering Period, for the purposes of determining the Public Shareholders to whom the Letter of Offer shall be sent
IFSC	Indian Financial System Code
Income Tax Act	The Income Tax Act, 1961, as amended
Letter of Offer / LoF	The letter of offer dated [●], 2013
Listing Agreement	The listing agreement entered into between Orient Refractories Limited with the Stock Exchanges
Manager/ Manager to the Offer/Merchant Banker	JM Financial Institutional Securities Private Limited
MICR	Magnetic Ink Character Recognition Code

Particulars	Details / Definition
NECS	National Electronic Clearing Services
NEFT	National Electronic Funds Transfer
NRIs	Non-Resident Indians
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OAL	Orient Abrasives Limited
OCBs	Overseas Corporate Bodies
Offer / Open Offer	Open offer being made by the Acquirer and PAC to the Public Shareholders of the Target Company, to acquire up to 3,12,36,192 Equity Shares at a price of ₹ 43.0/- (Rupees forty three only) per Equity Share
Offer Opening Public Announcement	The announcement of the commencement of the Tendering Period to be made on behalf of the Acquirer and PAC on Friday, March 8, 2013
Offer Period	Period between the date of signing of the SPA and the date on which the payment of consideration has been made to equity shareholders who have tendered Equity Shares in the Open Offer
Offer Price	₹ 43.0/- (Rupees forty three only) per Offer Share
Offer Shares	Up to 3,12,36,192 Equity Shares representing 26.0% of the Emerging Voting Capital of the Target Company.
Offer Size	₹ 1,34,31,56,256/- (Rupees one hundred thirty four crores thirty one lakhs fifty six thousand two hundred and fifty six only) being the maximum consideration payable under this Offer assuming full acceptance.
Escrow Demat Account	The special depository account opened by the Registrar to the Offer with the Depository Participant for receiving Equity Shares tendered during the Offer
PAN	Permanent Account Number
Person Acting in Concert/ PAC	RHI AG
Public Shareholders	The shareholders and beneficial owners (registered or otherwise) of Equity Shares, other than the parties to the SPA and persons acting in concert with or deemed to be acting in concert with such parties
RBI	Reserve Bank of India
Registrar to the Offer	Link Intime India Private Limited
RTGS	Real time gross settlement
SCRA	Securities Contacts (Regulation) Act, 1956, as amended from time to time
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time
SEBI	Securities and Exchange Board of India
SEBI Act	SEBI Act, 1992, as amended from time to time
SEBI (SAST) Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended
Sale Shares	5,24,01,579 Equity Shares constituting 43.62% of the paid up equity share capital of the Target Company, proposed to be acquired by the Acquirer from the Sellers pursuant to the SPA
Sellers	Mr. S.G. Rajgarhia, Ms. Anisha Mittal, Ms. Bhavna Rajgarhia, Ms. Usha Rajgarhia, Mr. Ashwin Mittal, Mr. R.K. Rajgarhia, Ms. Prabha Devi Rajgarhia, RKR Foundation Trust, Orient Abrasives Limited, Rajgarhia Leasing & Financial Services Private Limited and Rovo Marketing Private Limited, together the Sellers under the SPA
Share Purchase	Share purchase agreement dated January 15, 2013, entered into by the

Particulars	Details / Definition
Agreement/ SPA	Acquirer with the Sellers and the Target Company
Stock Exchanges	Together the BSE and NSE
Tendering Period	Monday, March 11, 2013 to Friday, March 22, 2013, both days inclusive
Transaction	The acquisition of the Sale Shares by the Acquirer from the Sellers pursuant to the SPA
Working Day(s)	Working days of SEBI as defined in SEBI (SAST) Regulations

1. DISCLAIMER CLAUSE

"IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF THIS 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. THIS DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (SAST) REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF 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 ACQUIRER, THE PAC OR THE TARGET 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 THE ACQUIRER AND THE PAC ARE 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 THE ACQUIRER AND THE PAC DULY DISCHARGE THEIR RESPONSIBILITY ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MERCHANT BANKER, JM FINANCIAL INSTITUTIONAL SECURITIES PRIVATE LIMITED HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED JANUARY 30, 2013 TO SEBI IN ACCORDANCE WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 2011 AND SUBSEQUENT AMENDMENTS THEREOF. THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRER AND THE PAC FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER."

2. DETAILS OF THIS OFFER

2.1. Background of this Offer:

2.1.1. This Offer is made by the Acquirer and the PAC in accordance with Regulation 3(1) and Regulation 4 of the SEBI (SAST) Regulations pursuant to the SPA.

2.1.2. The Acquirer, the Sellers and the Target Company have entered into the SPA dated January 15, 2013, pursuant to which and subject to the satisfaction or waiver, if applicable, of the conditions contained in the SPA and receipt of all applicable statutory and / or regulatory approvals, the Sellers have agreed to sell, and the Acquirer has agreed to purchase in cash, the Sale Shares from the Sellers in the following manner:

(i) 1,17,91,483 Equity Shares, representing 9.81% of the Emerging Voting Capital of the Target from Mr. S.G. Rajgarhia;

(ii) 1,47,47,510 Equity Shares, representing 12.28% of the Emerging Voting Capital of the Target from Ms. Anisha Mittal;

(iii) 1,47,23,564 Equity Shares, representing 12.26% of the Emerging Voting Capital of the Target from Ms. Bhavna Rajgarhia;

(iv) 65,81,882 Equity Shares, representing 5.48% of the Emerging Voting Capital of the Target from Ms. Usha Rajgarhia;

(v) 2,00,394 Equity Shares, representing 0.17% of the Emerging Voting Capital of the Target from Mr. Ashwin Mittal;

(vi) 6,00,766 Equity Shares, representing 0.50% of the Emerging Voting Capital of the Target from Mr. R.K. Rajgarhia;

(vii) 29,60,000 Equity Shares, representing 2.46% of the Emerging Voting Capital of the Target from Ms. Prabha Devi Rajgarhia;

(viii) 2,31,000 Equity Shares, representing 0.19% of the Emerging Voting Capital of the Target from RKR Foundation Trust;

(ix) 4,99,400 Equity Shares, representing 0.42% of the Emerging Voting Capital of the Target from Orient Abrasives Limited;

(x) 50,000 Equity Shares, representing 0.04% of the Emerging Voting Capital of the Target from Rajgarhia Leasing & Financial Services Private Limited;

(xi) 15,580 Equity Shares, representing 0.01% of the Emerging Voting Capital of the Target from Rovo Marketing Private Limited;

2.1.3. Under the SPA, the purchase of the Sale Shares by the Acquirer is subject to the satisfaction or waiver (to the extent permissible under the SPA and any applicable law) of certain conditions, including but not limited to:

(i) the Acquirer having, (i) announced and launched the Open Offer, and (ii) deposited the entire amount of consideration payable to the public shareholders of the Target Company under the Open Offer in an escrow account, in compliance with the SEBI (SAST) Regulations, and a period of twenty one (21) Working Days having elapsed since the date of the DPS;

(ii) the Austrian Federal Competition Authority (or any other relevant authority) having either, (i) declined jurisdiction, (ii) granted clearance, or (iii) being deemed to have granted clearance through the expiration of time periods available for their investigation, either unconditionally or in terms (reasonably) satisfactory to the Acquirer, and any period of limitation for filing an appeal therefrom having elapsed;

(iii) the Turkish Competition Authority (or any other relevant authority) having either, (i) declined jurisdiction, (ii) granted clearance, or (iii) being deemed to have granted clearance through the expiration of time periods available for their investigation, either unconditionally or in terms (reasonably) satisfactory to the Acquirer, and any period of limitation for filing an appeal therefrom having elapsed;

(iv) no material adverse change having occurred. Material adverse change shall mean any change, effect, event, circumstance, occurrence or state of affairs (other than any general change to the general outlook in the economy) which is materially adverse to the business, operations or financial condition of the Target Company taken as a whole and has happened during the period between the date of the SPA and the Closing Date, provided that if the Target Company fails to achieve an EBITDA margin of at least 12% in the period from April 1, 2012 to December 31, 2012, a material adverse change shall be deemed to have occurred;

(v) the warranties as relating to the Sellers and the Acquirer, and as detailed in the SPA, being true and correct as if originally made on and as of the Closing Date, unless specified in the respective warranties;

(vi) Each of Mr. S.G. Rajgarhia, Ms. Anisha Mittal, Ms. Bhavna Rajgarhia and Ms. Usha Rajgarhia having obtained an approval from the concerned Tax Authority pursuant to section 281 of the Income Tax Act, 1961; and

(vii) the Target Company having obtained the consent of HDFC Bank Limited and State Bank of India for the transfer of the Sale Shares as required under the working capital facilities extended to the Target Company by the banks.

2.1.4. As per the SPA, the parties have agreed that from the date of the SPA until the earlier of, (i) Closing, or (ii) termination of the SPA in accordance with its provisions, each of the Sellers shall exercise all voting rights as shareholders or directors of the Target Company and any other powers available to them to ensure that (except with the Acquirer's written consent): (a) the business and affairs of the Target Company are conduced only in the ordinary and usual course and no payments are made by it other than routine payments; (b) the Target Company takes all reasonable steps to preserve and protect its assets and goodwill (including existing relationships with customers and suppliers); (c) the Target Company does not declare or authorise payment of any dividends or other forms of distribution and does not reduce, purchase or redeem any part of its paid up share capital; (d) the Target Company neither creates or issues any shares or other security nor grants any option over or right to subscribe to any shares, loan capital or other security; (e) transactions between the Target Company and the Sellers including their respective affiliates take place on arm's length terms; (f) actions materially inconsistent with the SPA or implementation of the transactions contemplated therein are not taken by the Sellers or their respective affiliates; (g) the Target does not enter into, amend, modify, terminate or grant a waiver with respect to any major contracts as mentioned in the SPA; (h) the Target Company does not enter into, amend, modify, terminate or grant any waiver in relation to a liability or commitment involving expenditure beyond a specific amount or in relation to a material obligation which cannot be performed with a specific time period; (i) the Target Company does not acquire or dispose assets relating to its business where the value of the assets exceeds a specific amount; (j) the Target Company does not change the terms of employment offered if such change increases its total staff costs as defined in the SPA beyond a certain level or changes the remuneration offered to key employees as defined in the SPA beyond a certain level; (k) the Target Company does not change its organisational structure materially and amend, modify or terminate any contract with a key employee as defined in the SPA; (l) the Target Company does not repay any borrowings in advance of its stated maturity other than certain specific borrowings; and (m) the Target Company does not release any individual debtor on terms that require it to pay an amount that is less than the book value of the aggregate debt owed by it by a certain specific amount.

2.1.5. Some of the other key terms of the SPA are as follows:

(i) Non-Compete: Subject to occurrence of Closing, neither the Sellers nor their affiliates (whether alone or jointly with another and whether directly or indirectly) shall carry on or be engaged or concerned or interested economically or otherwise in any manner in any business which involves the manufacture of refractory and/or monolithic products in India for a period of 2 years after the Closing Date, except where the business is owned purely for financial investment purposes securities in any listed company (subject to certain conditions). The restrictions above will not apply to, (a) the manufacture by OAL of castables at its factory premises situated at Porbandar, in the State of Gujarat, (b) the sale by OAL of the castables manufactured by it directly to any person, meant for ultimate end use by such person, within the State of Gujarat, provided, however, that OAL may also continue to sell castables manufactured by it directly to Tata Steel Limited, situated at Jamshedpur in the State of Jharkhand. No separate consideration is being or is intended to be paid by the Acquirer to the Sellers in relation to the Sellers undertaking to comply with the above non-compete obligations;

(ii) Dividend Payment: The Acquirer agrees with the Sellers that the Acquirer shall cause the Target Company to adopt a dividend policy for payment of a minimum dividend of INR 1 in each financial year following Closing till such time as S.G. Rajgarhia holds at least 4% of the issued equity share capital of the Target Company and subject to the Target Company having the ability to pay such dividend in the relevant financial year;

(iii) Board of Directors: Based on the written recommendation received from the Acquirer, S.G. Rajgarhia will be redesignated an executive director of the Company on terms and conditions similar to those applicable as at the date of the SPA, to hold office, as the executive vice chairman of the Target Company, till he holds at least 1% of the total issued share capital of the Company. The Acquirer and the PAC shall have the right to nominate and/or recommend all the remaining non- independent directors on the board of the Target Company. At Closing, the board of directors of the Target Company shall designate an independent non-executive director as the chairman of the board of directors of the Target Company;

(iv) Termination: The Acquirer may terminate the SPA by notice to the Sellers and the Target Company at any time before Closing if any of the following circumstances arises or occurs at any time before Closing, namely, (i) the occurrence of any material adverse change, (ii) a material breach of the warranties relating to the Sellers as given on the date of the SPA, (iii) any event occurs which would constitute a material breach of any of the warranties relating to the Sellers if they were repeated at any time before Closing by reference to the facts and circumstances then existing (on the basis that references in such warranties to the date of the SPA were references to the relevant date), or (iv) any material breach by any of the Sellers and/or the Target Company of its respective obligations under the SPA. On occurrence of any of the above circumstances, the Acquirer shall, upon being made aware of such occurrence, give a written notice of a specified time to the Sellers to cure such breach (the "**Cure Period**"). If the Sellers are unable to cure such defects within the Cure Period, the Acquirer shall have the right to terminate the SPA by issuing a written notice to the Sellers within a specified time, failing which it shall be deemed that the Acquirer has waived its right to terminate the SPA. If Closing has not occurred on or before April 30, 2013 or such other date as the parties may agree in case of there being a delay in obtaining the statutory approvals mentioned at points (ii) and (iii) of paragraph 2.1.3 above, the SPA shall automatically terminate; and

(v) Leave and License Agreement: Following Closing, the Target Company shall be entitled to use the current registered office of the Target ("**Licensed Premises**"), for a period of ten months from the Closing Date subject to the payment of a monthly license fee of ₹ 1,25,000 (the "**License Fee**") and on such other terms and subject to such conditions as set out in the leave and license agreement to be entered into between OAL and the Target Company. The License Fee shall also include any expenses incurred towards consumption of electricity and water charges that relate to the Licensed Premises along with costs incurred towards operating and maintaining the common facilities including security, house-keeping, maintenance of building, generator set etc. The Acquirer has undertaken under the SPA to change the registered office of the Target Company, at the earliest and in any case, before the end of the ten months.

2.1.6. The purchase of the Sale Shares by the Acquirer from the Sellers is also subject to the receipt of the approval, as applicable, from the RBI for acquisition of the Sale Shares at the negotiated price of ₹ 43.0 per Sale Share.

2.1.7. The Open Offer is subject to the statutory approvals mentioned in paragraphs 2.1.3 (ii) and (iii) and paragraph 2.1.6 above. In addition to these approvals, the Offer is also subject to the satisfaction of the conditions or waiver, if applicable, stipulated under the SPA and disclosed herein below (all of which are considered to be outside the reasonable control of the Acquirer and the PAC):

(i) no material adverse change having occurred- material adverse change shall mean any change, effect, event, circumstance, occurrence or state of affairs (other than any general change to the general outlook in the economy) which is materially adverse to the business, operations or financial condition of the Target Company taken as a whole and has happened during the period between the date of the SPA and the Closing Date, provided that if the Target fails to achieve an EBITDA margin of at least 12% in the period from April 1, 2012 to December 31, 2012, a material adverse change shall be deemed to have occurred; and

(ii) the key Sellers' warranties, as included in the SPA, being (a) **Capitalisation/ Shareholding**: (i) Each of the Sellers is the sole owner of the relevant Sale Shares set forth against its name above in this Letter of Offer and in the SPA, free from all encumbrances and third party rights. The Sellers are entitled to transfer or procure the transfer of full ownership of the Sale Shares to the Acquirer on the terms set out in the SPA. The share ownership details set out in the SPA are true and accurate. (ii) There are no outstanding rights, options or warrants or any contracts or arrangements (either oral or written, firm or conditional) obligating the Sellers to sell or transfer any Sale Shares held by them to any person. (b) **Past transactions in accordance with applicable laws**: (i) The Target Company has carried out all material transactions in accordance with all applicable law and regulations. No material transaction undertaken by the Target Company constituted a transfer at an undervalue or an unlawful distribution or unlawful financial assistance by the Target Company (c) **Ownership**: (i) Except, for the plant and/or machinery of the Target Company that are installed or operated from customer locations in the ordinary course of business, or as disclosed in the disclosure letter forming part of the SPA, the Company is in possession of the whole of each of its properties, and no other person or entity is in or actually or conditionally entitled to possession, occupation, use or control of any of its properties. (ii) Other than in favour of the lenders, there are no encumbrances or existence of any third party rights on any of the Target Company's properties. The Target Company owns all the properties that are included in the fixed assets register of the company. Except as disclosed in the disclosure letter, the Target Company has title to and is in possession of the properties and is entitled to use them for the purpose of its business. The Target Company has not received any notice from any statutory authority challenging its title or possession of such properties.

2.1.8. Neither the Acquirer nor the PAC has been prohibited by SEBI from dealing in securities, in terms of directions issued under Section 11B of the SEBI Act or under any of the regulations made thereunder.

2.1.9. The Acquirer intends to take control over the Target Company and reconstitute the board of directors of the Target Company after the closure of this Offer in accordance with the SEBI (SAST) Regulations, and on Closing, by appointing persons nominated and/or recommended by the Acquirer on the board of directors of the Target Company.

2.1.10. As per Regulation 26(6) of the SEBI (SAST) Regulations, the board of directors of the Target Company is required to constitute a committee of independent directors to provide their reasoned recommendation on the Offer. The reasoned recommendations are required to be published in the same newspapers in which the DPS was published no later than two Working Days prior to the commencement of the Tendering Period.

2.1.11. While the Equity Shares to be tendered in this Offer shall be acquired by the Acquirer, the PAC shall be jointly and severally liable with the Acquirer in respect of the fulfilment of the Acquirer's obligations under this Offer. The acquisition of the Sale Shares shall also be made by the Acquirer.

2.2. Details of the Proposed Offer

2.2.1. The Detailed Public Statement was published on January 22, 2013 in Business Standard (all editions), an English national daily, Business Standard (all editions), a Hindi national daily, also being a regional language daily at the place where the registered office of the Target Company is situated (i.e. the New Delhi edition) and in Mumbai Lakshadeep (Mumbai edition), a Marathi regional daily. A copy of the DPS is also available on the website of SEBI (www.sebi.gov.in).

2.2.2. The Acquirer along with the PAC is making this Offer in cash to all the Public Shareholders to acquire up to 3,12,36,192 Equity Shares ("**Offer Shares**") of face value of ₹ 1/- (Rupee one only) each at a price of ₹ 43.0/- (Rupees forty three only) per Equity Share ("**Offer Price**") aggregating ₹ 1,34,31,56,256/- (Rupees one hundred thirty four crores thirty one lakhs fifty six thousand two hundred and fifty six only) ("**Offer Size**") in cash. The Offer Shares represent 26.0% of the Emerging Voting Capital of the Target Company.

2.2.3. This Offer is subject to receipt of the statutory / regulatory approvals as set out in paragraph 6.4.1 of this Draft Letter of Offer. If any statutory approvals become applicable prior to the completion of the Offer, the Offer would also be subject to the receipt of such statutory approvals.

2.2.4. The Offer is also subject to the subject to the satisfaction of the conditions or waiver, if applicable, stipulated under the SPA and disclosed in paragraph 6.4.2 of this Draft Letter of Offer (all of which are considered to be outside the reasonable control of the Acquirer and the PAC).

2.2.5. The acquisition of the Offer Shares from NRIs and from erstwhile OCBs is subject to the approval / exemption from the RBI. Where statutory approval extends to some but not all of the Public Shareholders, the Acquirer shall have the option to make payment to such Public Shareholders in respect of whom no statutory approvals are required in order to complete this Offer.

2.2.6. The Acquirer and the PAC may revise the Offer Price and the Offer Size at their discretion. The Offer Price may also be revised pursuant to any acquisition by the Acquirer and/ or the PAC at a price which is higher than the Offer Price. In the event of such revisions at any time prior to three Working Days prior to the commencement of the Tendering Period in the Offer, the Acquirer and the PAC shall (i) make corresponding increase to the escrow amount (ii) make a public announcement in the same newspapers in which the DPS was published; and (iii) simultaneously with the announcement, inform SEBI, the Stock Exchanges and the Target Company at its registered office of such a revision.

2.2.7. There are no partly paid up equity shares in the Target Company.

2.2.8. The Offer is not conditional on any minimum level of acceptance by the Public Shareholders and is not a competing offer in terms of Regulation 20 of the SEBI (SAST) Regulations. Further there is no differential pricing for this Offer.

2.2.9. The Acquirer and the PAC have not acquired any Equity Shares between the date of the PA (i.e. January 15, 2013) and the date of this Draft Letter of Offer.

2.2.10. Pursuant to the Offer (assuming full acceptance) and the completion of the acquisition of Sale Shares as envisaged under the SPA, the Acquirer shall be identified as part of the promoter & promoter group of the Target Company and shall control 69.62% of the Emerging Voting Capital of the Target Company. In the event the shareholding of the promoter and promoter group increases beyond the maximum permissible non-public shareholding limit of 75 per cent as provided under the SCRR, the Acquirer shall increase the level of public shareholding in the Target Company to the minimum level required under clause 40A of the Listing Agreement and Rule 19A of the SCRR within the time limits specified therein and through the permitted routes available under the Listing Agreement including any other such route as may be approved by SEBI from time to time.

2.3. Object of the Acquisition

2.3.1. The Acquirer and the PAC believe that the Target Company's business is complementary to RHI AG's current presence in the mini-mills segment in India and its acquisition is important in pursuing their growth strategy focused on emerging markets and strengthening its global market position in the flow control business segment. The Acquirer and the PAC believe that ORL's technical and service know-how and its production facility will further strengthen RHI AG's service-oriented sales approach for the growing Indian and Asian steel industry.

2.3.2. The Acquirer currently does not have any intention to alienate, whether by way of sale, lease, encumbrance or otherwise any material assets belonging to the Target Company during the period of two years following the completion of the Offer, except in the ordinary course of business or as may be required to be alienated due to pendency of applicable regulatory or statutory approvals.

2.3.3. Other than above, if the Acquirer intends to alienate any material assets of the Target Company, within a period of two years from the completion of the Offer, the Target Company shall seek the approval of its shareholders as per the proviso to Regulation 25(2) of the SEBI (SAST) Regulations.

3. BACKGROUND OF THE ACQUIRER AND PAC

3.1. Acquirer: Dutch US Holding B.V.

3.1.1. Dutch US Holding B.V. was incorporated on September 20, 2006 as a private limited liability company. There has been no change in name of the Acquirer since incorporation. The registered office of the Acquirer is situated at Velperweg 81, 6824 HH Arnhem (Netherlands), Tel: +31 26 3635763 and Fax: +31 26 3617737.

3.1.2. The Acquirer is an investment holding company whose objective is to finance subsidiary companies and group / participating interests.

3.1.3. Dutch US Holding B.V. is a wholly-owned subsidiary of Veitscher Vertriebsgesellschaft m.b.H., which is a wholly owned subsidiary of the PAC (i.e. RHI AG), and is part of the RHI Group. The Acquirer is promoted by RHI AG.

3.1.4. This being the first instance of acquisition of equity shares in a listed Indian entity by the Acquirer, the provisions of chapter V of SEBI (SAST) Regulations or chapter II of the SEBI Takeover Regulations, 1997 do not apply to it.

3.1.5. The shareholding pattern of the Acquirer is as mentioned below:

Shareholder's Name	No. of Shares Held	Shareholding as % of Total Paid Up Capital
Veitscher Vertriebsgesellschaft mbH	1,800	100.0%

3.1.6. As of the date of this DLoF, the Acquirer has not been prohibited by SEBI, from dealing in securities, in terms of Section 11B of the SEBI Act or under any of the regulations made thereunder.

3.1.7. The details of the directors of the Acquirer are as follows. None of the directors of the Acquirer are on the board of directors of the Target Company:

Name	DIN	Date of appointment	Designation	Qualification and Experience
A.M. van Beest	NA	September 20, 2006	Director	Certified public accountant. Working with the RHI group since 1997 in various management and board positions with several group companies

3.1.8. Brief reviewed financials of the Acquirer as of and for the years ended December 31, 2011, December 31, 2010 and December 31, 2009 and for the nine months period ended September 30, 2012 are as follows:

Particulars (000's EUR)	Period Ended September 30, 2012	Year Ended 2011 (Audited)	Year Ended 2010 (Audited)	Year Ended 2009 (Audited)
Profit & Loss Statement				
Income from Operations	0.0	0.0	0.0	0.0
Other Income	0.0	0.0	0.0	0.0
Total Income	0.0	0.0	0.0	0.0
Total Expenditure	0.5	232.6	1.0	7.5
Profit Before Depreciation Interest and Tax	(0.5)	(232.6)	(1.0)	(7.5)
Depreciation	0.0	0.0	0.0	0.0
Interest	(0.1)	2.4	3.3	10.6
Profit Before Tax	(0.6)	(230.2)	2.3	3.1
Provision for Tax	0.0	(0.3)	(0.5)	(0.6)
Profit After Tax	(0.6)	(230.5)	1.8	2.5
Balance Sheet Statement				
Sources of Funds				
Paid up Share Capital	18.0	18.0	18.0	18.0

Particulars (000's EUR)	Period Ended September 30, 2012	Year Ended 2011 (Audited)	Year Ended 2010 (Audited)	Year Ended 2009 (Audited)
Reserves and Surplus (Excluding Revaluation Reserves)	25,872.1	25,872.7	2,703.2	2,701.4
Networth	25,890.1	25,890.7	2,721.2	2,719.4
Secured Loans	0.0	0.0	0.0	0.0
Unsecured Loans	0.3	0.7	3,006.2	670.8
Total	25,890.4	25,891.4	5,727.4	3,390.2
Uses of Funds				
Net Fixed Assets	0.0	0.0	0.0	0.0
Investments	25,863.0	25,863.0	2,696.0	2,696.0
Net Current Assets	27.4	28.4	3,031.4	694.2
Total Miscellaneous Expenditure not written off	0.0	0.0	0.0	0.0
Total	25,890.4	25,891.4	5,727.4	3,390.2
Other Financial Data				
Dividend (%)	-	-	-	-
Earnings Per Share (₹)	n/a	n/a	n/a	n/a
Return on Networth	0.0%	(0.9%)	0.1%	0.1%
Book Value Per Share (₹)	n/a	n/a	n/a	n/a

Particulars (000's INR)	Period Ended September 30, 2012	Year Ended 2011 (Audited)	Year Ended 2010 (Audited)	Year Ended 2009 (Audited)
Profit & Loss Statement				
Income from Operations	0.0	0.0	0.0	0.0
Other Income	0.0	0.0	0.0	0.0
Total Income	0.0	0.0	0.0	0.0
Total Expenditure	36.1	16,807.8	72.3	542.0
Profit Before Depreciation Interest and Tax	(36.1)	(16,807.8)	(72.3)	(542.0)
Depreciation	0.0	0.0	0.0	0.0
Interest	(7.2)	173.4	238.5	766.0
Profit Before Tax	(43.4)	(16,634.4)	166.2	224.0
Provision for Tax	0.0	(21.7)	(36.1)	(43.4)
Profit After Tax	(43.4)	(16,656.0)	130.1	180.7
Balance Sheet Statement				
Sources of Funds				
Paid up Share Capital	1,3007.7	1,300.7	1,300.7	1,300.7
Reserves and Surplus (Excluding Revaluation Reserves)	18,69,530.9	18,69,574.2	1,95,334.6	1,95,204.5
Networth	18,70,831.6	18,70,874.9	1,96,635.3	1,96,505.2
Secured Loans	0.0	0.0	0.0	0.0
Unsecured Loans	21.7	50.6	2,17,229.5	48,472.3
Total	18,70,853.2	18,70,925.5	4,13,864.8	2,44,977.5

Particulars (000's INR)	Period Ended September 30, 2012	Year Ended 2011 (Audited)	Year Ended 2010 (Audited)	Year Ended 2009 (Audited)
Uses of Funds				
Net Fixed Assets	0.0	0.0	0.0	0.0
Investments	18,68,873.3	18,68,873.3	1,94,814.3	1,94,814.3
Net Current Assets	1,979.9	2,052.2	2,19,050.5	50,163.2
Total Miscellaneous Expenditure not written off	0.0	0.0	0.0	0.0
Total	18,70,853.2	18,70,925.5	4,13,864.8	2,44,977.5
Other Financial Data				
Dividend (%)	-	-	-	-
Earnings Per Share (₹)	n/a	n/a	n/a	n/a
Return on Networth	0.0%	(0.9%)	0.1%	0.1%
Book Value Per Share (Rs)	n/a	n/a	n/a	n/a

Source: Certificate from Deloitte Audit Wirtschaftspriifungs GmbH dated January 14, 2013
*RBI reference rate as of December 31, 2012 (i.e. EUR 1= INR 72.2605)

3.1.9. There are no contingent liabilities of the Acquirer as of September 30, 2012.

3.2. PAC: RHI AG

3.2.1. Since its incorporation, the PAC has undergone multiple corporate transformations, by way of mergers and acquisitions of separate entities, before being consolidated in its present form. Accordingly, the name of the company has been changed on numerous occasions in the past to reflect such transformations. The key name changes corresponding to key changes to the PAC's structure are as follows: (a) incorporated as General Refractories Company European Group GmbH, in 1979, as a limited liability company, later converted into a joint-stock company; (b) merger of and renamed to Veitsch-Radex Aktiengesellschaft für feuerfeste Erzeugnisse; (c) merger of and renamed to Radex-Heraklith Industriebeteiligungsgesellschaft; (d) renamed to RHI AG in 1998. The registered office of the PAC is situated at Wienerbergstrasse 9, 1100 Vienna, Austria, Tel: +43 50213 6379 and Fax: +43 50213 6463. The compliance officer of the PAC is G. Célia Konrad, Esq., General Counsel and Company Secretary of RHI AG, Phone: +43 50213 6225 and Fax: +43 50213 6281.

3.2.2. RHI AG is a vertically integrated global provider of high-grade refractory products, systems and services. The predecessor companies making up the RHI Group, which today comprises of the companies and entities whose financials are consolidated with RHI AG (together referred to as the "RHI Group" for the purposes of this LoF), began their operations in 1834 with the establishment of a fireclay factory in Poland. In 1899, a company was established in the name of Veitscher Magnesitwerke Actien-Gesellschaft. Since then, mergers with various refractories companies have resulted in the present form of the RHI Group with RHI AG being established as the holding company of the group in 1998. The company has since then acquired other companies while maintaining a focus on refractories products. The RHI Group is present in India through its 2 (two) group companies, RHI India Private Limited and RHI Clasil Limited in which RHI AG indirectly holds 60.0% and 53.7% of the total shareholding, respectively.

3.2.3. The Acquirer i.e. Dutch US Holding B.V. is a wholly-owned subsidiary of Veitscher Vertriebsgesellschaft mbH., which is a wholly owned subsidiary of RHI AG, and is a part of the RHI Group. Therefore, the Acquirer is an indirectly wholly owned subsidiary of the PAC.

3.2.4. Since the PAC has not, at any time, held equity shares of a listed Indian entity, the provisions of chapter V of SEBI (SAST) Regulations or chapter II of the SEBI Takeover Regulations, 1997 do not apply to the PAC.

3.2.5. RHI AG is a professionally managed company having no identifiable promoters/persons in control. The key shareholders of RHI AG are MS Private Foundation (holding between 25.0% - 30.0% shareholding), Chestnut Beteiligungsgesellschaft mbH (5.2% shareholding) and Silver Beteiligungsgesellschaft mbH (5.2% shareholding) with the remaining 59.5% - 64.5% of the shareholding being held by public shareholders. As on January 17, 2013 the following is the shareholding details for RHI AG:

Shareholder's Name	**Number of equity shares held (in millions)**	**% age of total equity shares**
MS Private Foundation(1)	9.955 - 11.946	25.0% - 30.0%
Chestnut Beteiligungsgesellschaft mbH (2)	2.088	5.2%
Silver Beteiligungsgesellschaft mbH(2)	2.088	5.2%
Other public shareholders	23.697 - 25.688	59.5% - 64.5%
Total Paid Up Capital	**39.819**	**100.0%**

Source: Vienna Stock Exchange

(1) In accordance with article 91 of the Austrian Stock Exchange Act 1989, as amended, MS Private Foundation is not required to report any change in its shareholding as long as it remains in the range of 25.0% - 30.0% of the shareholding in RHI AG. Therefore, the exact number of shares and % shareholding is not known.

(2) The voting rights of Chestnut Beteiligungsgesellschaft mbH and Silver Beteiligungsgesellschaft mbH are exercised jointly.

3.2.6. As of the date of this DLoF, the PAC has not been prohibited by SEBI, from dealing in securities, in terms of Section 11B of the SEBI Act or under any of the regulations made thereunder.

3.2.7. The details of the directors on the management board of the PAC are as follows. None of the directors on the management board of the PAC are on the board of directors of the Target Company:

Name	**DIN**	**Date of appointment**	**Designation**	**Qualification and Experience**
Barbara Potisk-Eibensteiner	Not applicable	April 1, 2012	Chief Financial Officer	Member of the Management Board of RHI AG. Graduate in Business Administration, Karl Franzens University Graz, Certified European Financial Analyst, Certified International Controller, Austrian Institute of Management Control
Giorgio Cappelli	Not applicable	January 1, 2007	Chief Sales Officer, Steel Division	Member of the Management Board of RHI AG. Doctorate-Graduation of the study of industrial chemistry at the University Milano
Manfred Hödl	Not applicable	January 1, 2007	Chief Sales Officer, Industrial Division and Chief Technical Officer, Research & Development	Member of the Management Board of RHI AG. Doctorate-Graduation of the study of geosciences, petrology at the University Vienna
Franz Struzl	Not	September 8,	Chief Executive Officer	Member of the Management

Name	DIN	Date of appointment	Designation	Qualification and Experience
	applicable	2011		Board of RHI AG. Graduation University of Economics, Vienna

3.2.8. The supervisory board of the PAC comprises of Herbert Cordt (Chairman), Michael Gröller (Deputy Chairman), Helmut Draxler (Deputy Chairman), Gerd Peskes, Stanislaus Prinz zu Sayn-Wittgenstein-Bereburg, Hubert Gorbach, Franz Reiter, Roland Rabensteiner, David Schlaff, Wolfgang Ruttenstorfer, Christian Hütter and Walter Geier.

3.2.9. Brief audited standalone financials of RHI AG as of and for the financial years ended December 31, 2011, December 31, 2010 and December 31, 2009 and reviewed financials as of and for the nine months ended September 30, 2012, on a consolidated basis, are as provided below:

Particulars (Million EUR)	Period Ended September 30, 2012	Year Ended 2011 (Audited)	Year Ended 2010 (Audited)	Year Ended 2009 (Audited)
Profit & Loss Statement				
Income from Operations	213.3	237.6	206.5	154.3
Other Income	28.3	46.3	75.0	52.7
Total Income	241.6	283.9	281.5	207.0
Total Expenditure	(151.9)	(224.6)	(245.1)	(183.0)
Profit Before Depreciation Interest and Tax	89.7	59.3	36.3	24.0
Depreciation	(2.8)	(4.0)	(8.0)	(11.2)
Interest income and expense	(2.7)	0.2	1.7	(3.8)
Other Financial Result (1)	1.1	47.7	129.0	(33.5)
Profit Before Tax	85.3	103.2	159.0	(24.5)
Provision for Tax	(5.4)	(3.6)	(3.8)	(1.4)
Profit After Tax	80.0	99.5	155.2	(25.9)
Balance Sheet Statement				
Sources of Funds				
Paid up Share Capital	289.4	289.4	289.4	289.4
Reserves and Surplus (Excluding Revaluation Reserves)	566.3	516.2	436.6	281.4
Networth	855.7	805.6	726.0	570.8
Secured Loans	555.0	407.3	294.0	321.7
Unsecured Loans	0.0	0.0	0.0	0.0
Total	1,410.7	1,212.9	1,020.0	892.5
Uses of Funds				
Net Fixed Assets	16.5	16.8	17.3	21.1
Investments	874.9	858.2	754.9	621.5
Net Current Assets	519.2	337.9	247.8	249.9
Total Miscellaneous Expenditure not written off	0.1	0.0	0.0	0.0
Total	1,410.7	1,212.9	1,020.0	892.5
Other Financial Data				

Particulars (Million EUR)	Period Ended September 30, 2012	Year Ended 2011 (Audited)	Year Ended 2010 (Audited)	Year Ended 2009 (Audited)
Dividend (%)	0.0%	30.0%	12.8%	0.0%
Earnings Per Share (EUR)	2.01	2.50	3.90	(0.65)
Return on Networth (%)	9.3%	12.4%	21.4%	(4.5%)
Book Value Per Share (EUR)	21.49	15.10	29.48	16.24
Contingent Liabilities	104.9	108.2	96.2	65.2

Note 1: Other Financial Result includes income from investments, income from other non-current securities, income from the write-up of financial assets and expenses from financial assets

Particulars (Million INR)	Period Ended September 30, 2012	Year Ended 2011 (Audited)	Year Ended 2010 (Audited)	Year Ended 2009 (Audited)
Profit & Loss Statement				
Income from Operations	15,413.6	17,166.8	14,921.6	11,150.8
Other Income	2,045.0	3,345.7	5,419.5	3,808.1
Total Income	17,458.6	20,512.4	20,341.2	14,958.9
Total Expenditure	(10,976.4)	(16,229.7)	(17,711.0)	(13,223.7)
Profit Before Depreciation Interest and Tax	6,483.1	4,285.0	2,623.1	1,734.3
Depreciation	(202.3)	(289.0)	(578.1)	(809.3)
Interest income and expense	(195.1)	231.2	122.8	(274.6)
Other Financial Result (1)	79.5	3,230.1	9,321.6	(2,420.7)
Profit Before Tax	6,138.8	7,450.1	11,489.4	(1,770.4)
Provision for Tax	(390.2)	(260.1)	(274.6)	(101.2)
Profit After Tax	5,780.8	7,189.9	11,214.8	(1,871.5)
Balance Sheet Statement				
Sources of Funds				
Paid up Share Capital	20,912.2	20,912.2	20,912.2	20,912.2
Reserves and Surplus (Excluding Revaluation Reserves)	40,921.1	37,300.9	31,548.9	20,334.1
Networth	61,833.3	58,213.1	52,461.1	41,246.3
Secured Loans	40,104.6	29,431.7	21,244.6	23,246.2
Unsecured Loans				
Total	1,01,937.9	87,644.8	73,705.7	64,492.5
Uses of Funds				
Net Fixed Assets	1,192.3	1,124.0	1,250.1	1,524.7
Investments	63,220.7	62,014.0	54,549.5	44,909.9
Net Current Assets	37,517.7	24,416.8	17,906. 1	18,057.9
Total Miscellaneous Expenditure not written off	7.2	0.0	0.0	0.0
Total	1,01,937.9	87,644.8	73,705.7	64,492.5
Other Financial Data				
Dividend (%)	0.0%	30.0%	12.8%	0.0%
Earnings Per Share (₹)	145.17	180.65	281.82	(46.97)
Return on Networth	9.3%	12.4%	21.4%	(4.5%)

Particulars (Million INR)	Period Ended September 30, 2012	Year Ended 2011 (Audited)	Year Ended 2010 (Audited)	Year Ended 2009 (Audited)
Book Value Per Share (₹)	1,552.88	1,091.13	2,130.24	1,173.51
Contingent Liabilities	7,580.1	7,818.6	6,937.0	4,711.4

Note 1: Other Financial Result includes income from investments, income from other non-current securities, income from the write-up of financial assets and expenses from financial assets

Source: Certificate from Deloitte Audit Wirtschaftspriifungs GmbH dated January 14, 2013
*RBI reference rate as of December 31, 2012 (i.e. EUR 1= INR 72.2605)

3.2.10. The equity shares of RHI AG are listed on the Vienna Stock Exchange.

3.2.11. Brief information of the market prices of the shares of the PAC as listed on the Vienna Stock Exchange is provided below:

Particulars	Closing price (in EUR)	Lowest closing (in EUR)	Average closing (in EUR)	Total volumes
July 2012	18.00	18.79	17.21	6,31,010
August 2012	19.40	20.29	17.86	8,51,349
September 2012	20.69	21.48	19.15	10,10,608
October 2012	21.80	21.90	20.28	8,42,567
November 2012	22.98	23.16	20.45	9,03,375
December 2012	24.90	26.00	22.94	14,06,996

(Source: Bloomberg)

3.2.12. RHI AG is in compliance with the requirements of corporate governance for the financial year 2011 as stipulated under the Austrian Code of Corporate Governance, as amended.

3.2.13. It ensures transparency as required under Figure 60 of the Austrian Code of Corporate Governance, as amended, by preparing a corporate governance report which is contained in its Annual Report for the year 2011 and as published on the company's website at www.rhi-ag.com.

4. BACKGROUND OF THE TARGET COMPANY AND SELLERS

4.1. Target Company

4.1.1. ORL was incorporated on November 26, 2010 under the Companies Act, 1956. Pursuant to the Demerger Scheme, the refractories division of OAL was demerged and transferred to the Target Company with effect from commencement of business on the Appointed Date under the Demerger Scheme. The registered office of the Target Company is situated at 1307, Chiranjiv Tower, 43, Nehru Place, New Delhi 110019, Tel: +91 11 4642 5400 and Fax: +91 11 2644 3859.

4.1.2. The Target Company is engaged in the production of refractories and monolithics for the steel industry and sells its products both in India and overseas. It provides a wide range of special refractories with the product range including isostatically pressed continuous casting refractories, slide gate plates, nozzles and well blocks, tundish nozzles, bottom purging refractories and top purging lances, slag arresting darts, basic spray mass for tundish working lining and castables. All these products are custom made to suit the casting conditions and the grade of steel being cast. To reinforce the quality and development of its products, the Target Company has an in-house research and development facility.

4.1.3. The Equity Shares of the Target Company are listed on the BSE and the NSE and are frequently traded in terms of Regulation 2(1)(j) of the SEBI (SAST) Regulations. There are no outstanding Equity Shares that have been issued but not listed in at least one of the Stock Exchanges. As on the date of this DLoF, there are no outstanding instruments that are convertible into Equity Shares.

4.1.4. The Emerging Voting Capital of the Target Company has been computed as follows:

Particulars	Issued and paid up capital and voting rights	% of Emerging Voting Capital
Fully paid up Equity Shares as of the date of PA	12,01,39,200	100
Partly paid up Equity Shares as of the date of PA	Nil	Nil
Convertible instruments outstanding	Nil	Nil
Employee stock options outstanding	Nil	Nil
Emerging Voting Capital	12,01,39,200	100

4.1.5. The details of the board of directors of the Target Company are as follows:

S. No.	Name of director	DIN No.	Date of Appointment	Whether represent Acquirer and/or PAC
1	Mr. R K Rajgarhia	00141766	November 26,2010	No
2	Mr. S G Rajgarhia	00002245	November 26,2010	No
3	Mr. S C Sarin	03641706	October 18,2011	No
4	Mr. A K Jain	01102484	October 18,2011	No
5	Mr. K K Thirani	00280467	October 18,2011	No
6	Mr. R S Bajoria	00033727	October 18,2011	No
7	Mr. P P Khanna	00570059	January 09,2012	No

4.1.6. The Hon'ble High Court of Delhi, vide its order dated September 19, 2011 sanctioned the demerger scheme between OAL and the Target Company, pursuant to which the refractory division of OAL was demerged and transferred to the Target Company with effect from commencement of business on April 1, 2011 i.e. the Appointed Date under the Scheme. The Scheme became effective from October 31, 2011.

4.1.7. Brief audited financials of the Target Company as of and for the financial years ended March 31, 2012 and 2011 and the unaudited but reviewed financial for the six months ended September 30, 2012 are as provided below:

(*₹ in Lakhs other than EPS*)

Profit & Loss Statement	For Six Months Ended September 30,2012	For the Year Ended March 31,2012	For the Year Ended March 31,2011
Income from Operations	18,234.68	30,041.61	0.00
Other Income	19.47	430.76	0.00
Total Income (A+B)	18,254.15	30,472.37	0.00
Total Expenditure	15,079.76	25,247.69	9.32
Profit Before Depreciation Interest and Tax	3,174.39	5,224.68	-9.32
Depreciation	169	296.59	0.00
Interest	86.08	344.42	0.00
Profit Before Tax (E-F-G)	2,919.31	4,583.67	-9.32
Provision for Tax	950.07	1,502.74	0.00
Profit After Tax (H-I)	1,969.24	3,080.93	-9.32

Balance Sheet Statement	For Six Months Ended September 30,2012	For the Year Ended March 31,2012	For the Year Ended March 31,2011
Sources of funds			
Paid up share capital	1,201.39	1,201.39	5.00
Reserves and Surplus (excluding revaluation reserves)	8,272.84	6303.6	-9.32
Net worth	9,474.23	7,504.99	-4.32
Non-Current Liabilities			
Deferred Tax Liability (net)	87.40	159.41	0.00
Long Term Provisions	88.17	33.11	0.00
Current Liabilities			
Short Term Borrowings	1,053.9	1,273.67	0.00
Trade Payables	4,398.48	3425.6	9.31
Other Current Liabilities	548.63	199.19	0.00
Short Term Provisions	362.25	1,698.68	0.00
Total	**16,013.06**	**14,294.65**	**4.99**
Uses of funds			
Net Fixed Assets	2,793.92	2,709.91	0.00
Capital work in progress	0	22.56	0.00
Non-Current Investments	0.57	0.57	0.00
Long term loan and advances	71.36	66.72	0.00
Other noncurrent assets	104.66	86.42	0.00
Net current assets	13,042.55	11,408.47	4.99
Total	**16,013.06**	**14,294.65**	**4.99**
Other Financial Data	**For Six Months Ended September 30,2012**	**For the Year Ended March 31,2012**	**For the Year Ended March 31,2011**
Dividend (%)	0	100	0.00
Earnings Per Share (J/G)	1.64	2.56	-1.86
Return on Net Worth (J*100/H)	30.81	61.07	0.00
Book Value per share (face value of share+(H/G))	7.89	6.25	-0.86

Source: Certificate from Bansal Dhawan and Co. dated January 18, 2013, membership no. 024746N

4.1.8. There are no contingent liabilities of the Target Company as of September 30, 2012

4.1.9. The shareholding pattern of the Target Company pre and post acquisition of the Sale Shares under the SPA and completion of the Offer is as follows:

Shareholding Structure Assuming Full Acceptance by Public Shareholders								
Shareholders' Category	**Shareholding & voting rights prior to SPA (1)**		**Equity Shares agreed to be acquired / (sold) pursuant to the SPA**		**Offer Shares**		**Shareholding/ voting rights post consummation of SPA and the Open Offer**	
	(A)		**(B)**		**(C)**		**(A) + (B) + (C) = (D)**	
	Number	**% of Voting Capital**	**Number**	**% of Voting Capital**	**Number**	**% of Voting Capital**	**Number**	**% of Voting Capital**
1. Promoters Group								
a. Parties to the SPA[2]	5,83,96,526	48.61%	(5,24,01,579)	(43.62%)	Nil	Nil	59,94,947	4.99%
b. Promoters other than (a) above	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Shareholding Structure Assuming Full Acceptance by Public Shareholders								
Shareholders' Category	**Shareholding & voting rights prior to SPA (1)**		**Equity Shares agreed to be acquired / (sold) pursuant to the SPA**		**Offer Shares**		**Shareholding/ voting rights post consummation of SPA and the Open Offer**	
	(A)		**(B)**		**(C)**		**(A) + (B) + (C) = (D)**	
	Number	**% of Voting Capital**	**Number**	**% of Voting Capital**	**Number**	**% of Voting Capital**	**Number**	**% of Voting Capital**
Total (1) (a + b)	5,83,96,526	48.61%	(5,24,01,579)	(43.62%)	Nil	Nil	59,94,947	4.99%
2.Acquirers								
a. Acquirer	Nil	Nil	5,24,01,579	43.62%	3,12,36,192	26.00%	8,36,37,771	69.62%
b. PAC	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total (2) (a + b)	Nil	Nil	5,24,01,579	43.62%	3,12,36,192	26.00%	8,36,37,771	69.62%
3. Parties to the SPA other than (1)a and (2)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
4. Public (other than parties to SPA, Acquirer and PAC)								
a. FIs/ Banks	40,500	0.03%	Nil	Nil	(3,12,36,192)	(26.00%)	3,05,06,482	25.39%
b. Others	6,17,02,174	51.36%	Nil	Nil				
Total(4) (a + b)	**6,17,42,674**	**51.39%**	Nil	Nil	**(3,12,36,192)**	**(26.00%)**	3,05,06,482	25.39%
Total (1+2+3+4)	**12,01,39,200**	**100.00%**	**5,24,01,579**	**43.62%**	**3,12,36,192**	**26.00%**	**12,01,39,200**	**100.00%**

(1) Pre-Offer shareholding pattern of the Target Company is as of December 31, 2012 (Source: BSE)

(2) Post Closing, Mr. S.G. Rajgarhia will continue to hold 59,94,947 equity shares in the Target Company, representing 4.99% of the issued and paid up equity share capital/ voting capital of the Target Company and will be classified as a public shareholder of the Target Company

The total number of shareholders of the Target Company as on December 31, 2012 is 11,786.

4.2. Sellers

4.2.1. Seller 1- Mr. S.G. Rajgarhia

i. Mr. S.G. Rajgarhia is an Indian resident residing at 33/1 Friends Colony (East), New Delhi 110 065. He is the Managing Director of the Target also a part of the promoter group of the Target Company.

ii. As on the date of the PA, Mr. S.G. Rajgarhia holds 1,77,86,430 equity shares/ voting rights in the Target Company representing 14.80% of the issued and paid up equity share capital/ voting capital of the Target Company.

iii. Mr. S.G. Rajgarhia has not been prohibited by SEBI from dealing in securities pursuant to the terms of any directions issued under section 11B of the SEBI Act or under any regulations made thereunder.

iv. Following Closing, he will continue to hold 59,94,947 equity shares in the Target Company, representing 4.99% of the issued and paid up equity share capital/ voting capital of the Target Company. SGR, post Closing, will be classified as a public shareholder of the Target Company.

4.2.2. **Seller 2- Ms. Anisha Mittal**

i. Ms. Anisha Mittal is an Indian resident residing at 15 Eastern Avenue, Second Floor, Maharani Bagh, New Delhi 110 065. She is a part of the promoter group of the Target Company.

ii. As on the date of the PA, Ms. Anisha Mittal holds 1,47,47,510 equity shares/ voting rights in the Target Company representing 12.28% of the issued and paid up equity share capital/ voting capital of the Target Company.

iii. Ms. Anisha Mittal has not been prohibited by SEBI from dealing in securities pursuant to the terms of any directions issued under section 11B of the SEBI Act or under any regulations made thereunder.

4.2.3. **Seller 3- Ms. Bhavna Rajgarhia**

i. Ms. Bhavna Rajgarhia is an Indian resident residing at 33/1 Friends Colony (East), New Delhi 110 065. She is a part of the promoter group of the Target Company.

ii. As on the date of the PA, Ms. Bhavna Rajgarhia holds 1,47,23,564 equity shares/ voting rights in the Target Company representing 12.26% of the issued and paid up equity share capital/ voting capital of the Target Company.

iii. Ms. Bhavna Rajgarhia has not been prohibited by SEBI from dealing in securities pursuant to the terms of any directions issued under section 11B of the SEBI Act or under any regulations made thereunder.

4.2.4. **Seller 4- Ms. Usha Rajgarhia**

i. Ms. Usha Rajgarhia is an Indian resident residing at 33/1 Friends Colony (East), New Delhi 110 065. She is a part of the promoter group of the Target Company.

ii. As on the date of the PA, Ms. Usha Rajgarhia holds 65,81,882 equity shares/ voting rights in the Target Company representing 5.48% of the issued and paid up equity share capital/ voting capital of the Target Company.

iii. Ms. Usha Rajgarhia has not been prohibited by SEBI from dealing in securities pursuant to the terms of any directions issued under section 11B of the SEBI Act or under any regulations made thereunder.

4.2.5. **Seller 5- Mr. Ashwin Mittal**

i. Mr. Ashwin Mittal is an Indian resident residing at 15 Eastern Avenue, Second Floor, Maharani Bagh, New Delhi 110 065. He is a part of the promoter group of the Target Company.

ii. As on the date of the PA, Mr. Ashwin Mittal holds 2,00,394 equity shares/ voting rights in the Target Company representing 0.17% of the issued and paid up equity share capital/ voting capital of the Target Company.

iii. Mr. Ashwin Mittal has not been prohibited by SEBI from dealing in securities pursuant to the terms of any directions issued under section 11B of the SEBI Act or under any regulations made thereunder.

4.2.6. **Seller 6- Mr. R.K. Rajgarhia**

i. Mr. R.K. Rajgarhia is an Indian resident residing at W-13, Greater Kailash – II, New Delhi 110 048. He is the Chairman of the Target and is a part of the promoter group of the Target Company.

ii. As on the date of the PA, Mr. R.K. Rajgarhia holds 6,00,766 equity shares/ voting rights in the Target Company representing 0.50% of the issued and paid up equity share capital/ voting capital of the Target Company.

iii. Mr. R.K. Rajgarhia has not been prohibited by SEBI from dealing in securities pursuant to the terms of any directions issued under section 11B of the SEBI Act or under any regulations made thereunder.

4.2.7. **Seller 7- Ms. Prabha Devi Rajgarhia**

i. Ms. Prabha Devi Rajgarhia is an Indian resident residing at W-13, Greater Kailash – II, New Delhi 110 048. She is a part of the promoter group of the Target Company.

ii. As on the date of the PA, Ms. Prabha Devi Rajgarhia holds 29,60,000 equity shares/ voting rights in the Target Company representing 2.46% of the issued and paid up equity share capital/ voting capital of the Target Company.

iii. Ms. Prabha Devi Rajgarhia has not been prohibited by SEBI from dealing in securities pursuant to the terms of any directions issued under section 11B of the SEBI Act or under any regulations made thereunder.

4.2.8. **Seller 8- RKR Foundation Trust**

i. RKR Foundation Trust is a trust organized under the Indian Trust Act, 1882, through its trustees SGR, Prabha Devi Rajgarhia, R.K. Rajgarhia, Deepak Harlalka and Anjali Harlalka. Its registered office address is situated at W-13,Greater Kailash-II, New Delhi 110 048. RKR Foundation Trust is a part of the promoter group of the Target Company.

ii. As on the date of the PA, RKR Foundation Trust holds 2,31,000 equity shares/ voting rights in the Target Company representing 0.19% of the issued and paid up equity share capital/ voting capital of the Target Company.

iii. RKR Foundation Trust has not been prohibited by SEBI from dealing in securities pursuant to the terms of any directions issued under section 11B of the SEBI Act or under any regulations made thereunder.

4.2.9. **Seller 9- Orient Abrasives Limited**

i. Orient Abrasives Limited ("**OAL**") is a public limited company incorporated in November, 1971 under the Companies Act, 1956. Its registered office is situated at 1307, Chiranjiv Tower, 43 Nehru Place, New Delhi 110 019.

ii. The Hon'ble High Court of Delhi, vide its order dated September 19, 2011, sanctioned a scheme of demerger between OAL and the Target Company, pursuant to which the refractories division of OAL was demerged and transferred to the Target Company with effect from commencement of business on April 1, 2011 (i.e. the Appointed Date under the Demerger Scheme).

iii. OAL is a part of the promoter group of the Target Company.

iv. The equity shares of OAL are listed on BSE and the NSE. The following table sets out the shareholding pattern of the company as on December 31, 2012:

Particulars	No. of equity shares	%
Promoter & promoter group	57,934,913	48.4
Financial Institutions/ Banks	40,500	0.0
Body corporates	1,42,34,488	11.9
Individuals	4,50,42,666	37.7
Others	23,86,633	2.0
Total	**11,96,39,200**	**100.0**

Source: www.bseindia.com

v. As on the date of the PA, OAL holds 4,99,400 equity shares/ voting rights in the Target Company representing 0.42% of the issued and paid up equity share capital/ voting capital of the Target Company.

vi. Orient Abrasives Limited has not been prohibited by SEBI from dealing in securities pursuant to the terms of any directions issued under section 11B of the SEBI Act or under any regulations made thereunder.

4.2.10. **Seller 10- Rajgarhia Leasing & Financial Services Private Limited**

i. Rajgarhia Leasing & Financial Services Private Limited is a private limited company originally incorporated in July 1981 in the name of Rajgarhia Estates Private Limited under the Companies Act, 1956. Its name was subsequently changed to Rajgarhia Leasing & Financial Services Private Limited in July 1993. Its registered office is situated at 5th Floor, 2 Brabourne Road, Kolkata 700 001. The company is a part of the promoter group of the Target Company.

ii. As on the date of the PA, Rajgarhia Leasing & Financial Services Private Limited holds 50,000 equity shares/ voting rights in the Target Company representing 0.04% of the issued and paid up equity share capital/ voting capital of the Target Company.

iii. Rajgarhia Leasing & Financial Services Private Limited has not been prohibited by SEBI from dealing in securities pursuant to the terms of any directions issued under section 11B of the SEBI Act or under any regulations made thereunder.

4.2.11. **Seller 11- Rovo Marketing Private Limited**

i. Rovo Marketing Private Limited is a private limited company incorporated in December 1987 under the Companies Act, 1956. Its registered office address is situated at 1307, Chiranjiv Tower, 43 Nehru Place, New Delhi 110 019. The company is a part of the promoter group of the Target Company.

ii. As on the date of the PA, Rovo Marketing Private Limited holds 15,580 equity shares in the Target Company representing 0.01% of the issued and paid up equity share capital/ voting capital of the Target Company.

iii. Rovo Marketing Private Limited has not been prohibited by SEBI from dealing in securities pursuant to the terms of any directions issued under section 11B of the SEBI Act or under any regulations made thereunder.

5. OFFER PRICE AND FINANCIAL ARRANGEMENTS

5.1. Justification of Offer Price

5.1.1. The Offer is being made pursuant to entering into a SPA by the Acquirer with the Sellers and the Target Company leading to a substantial acquisition of Equity Shares and control in the Target Company in accordance with Regulation 3(1) and Regulation 4 of the SEBI (SAST) Regulations.

5.1.2. The Equity Shares are listed on the BSE and the NSE.

5.1.3. The Equity Shares are frequently traded, in terms of the SEBI (SAST) Regulations. The trading turnover in the Equity Shares based on the trading volumes on the on BSE for the period from March 9, 2012 to December 31, 2012 and the NSE from March 12, 2012 to December 31, 2012 i.e. from the date of listing of the shares of the Target Company on the Stock Exchanges to the last day of the calendar month preceding the month in which the PA was issued is as given below:

Stock Exchange	Total Traded Turnover from the date of listing	Annualised Traded Turnover ("A")	Weighted average number of total shares of Target Company ("B")	Traded Turnover % (A/B)
BSE	76,26,388	93,66,638	12,01,39,200	7.80%
NSE	1,23,87,329	1,53,68,686	12,01,39,200	12.79%

Source: CA certificate dated January 15, 2013 issued by SSPA & Co., Chartered Accountants, firm registration number 128851W.

5.1.4. The Offer Price of ₹ 43.0 (Rupees forty three only) per Offer Share is justified in terms of Regulations 8(2) and 8(5) of the SEBI (SAST) Regulations, being the highest of the following parameters:

S. No.	Details	Rupees
A	The highest negotiated price per Equity Share of the Target Company (as per the SPA) attracting the obligation to make a PA of this Offer	₹ 43.00
B	The volume weighted average price paid or payable for acquisitions, by the Acquirer or the PAC during the fifty two weeks immediately preceding the date of the PA	Not applicable
C	The highest price paid or payable for any acquisition by the Acquirer or the PAC during the twenty six weeks immediately preceding the date of the PA	Not applicable
D	The volume weighted average market price of Equity Shares of the Target Company for a period of sixty trading days immediately preceding the date of the PA as traded on the NSE, being the stock exchange where the maximum volume of trading in the shares of the Target Company are recorded during such period, the shares being frequently traded	₹ 38.67

Note: The Offer Price would be revised in the event of any corporate actions like bonus, splits etc.: where the record date for effecting such corporate actions falls within 3 Working Days prior to the commencement of the tendering period in the Offer

Source: CA certificate dated January 15, 2013 issued by SSPA & Co., Chartered Accountants, firm registration number 128851W

5.1.5. The Acquirer may revise the Offer Price and the Offer Size up to three Working Days before the commencement of the Tendering Period in accordance with Regulation 18(4) of the SEBI (SAST) Regulations. In the event of such revision, the Acquirer and the PAC shall (i) make corresponding increases to the escrow account (ii) make a public announcement in the same newspapers and editions in which the DPS was published; and (iii) simultaneously with the issue of such announcement, inform SEBI, the Stock Exchanges and the Target Company at its registered office of such revision.

5.2. Financial arrangements:

5.2.1. Assuming full acceptance of the Open Offer, the total funds requirements under the Open Offer is ₹1,34,31,56,256/- (Rupees one hundred thirty four crores thirty one lakhs fifty six thousand two hundred and fifty six only). The Open Offer is not subjected to differential pricing.

5.2.2. The Acquirer has entered into an escrow agreement ("**Escrow Agreement**") with Axis Bank Limited having registered office at 1st Floor, Axis House, C-2, Wadia International Centre, P.B. Marg, Worli, Mumbai 400 025, India ("**Escrow Agent**") and the Manager, pursuant to which the Acquirer has deposited cash aggregating to ₹ 33,58,00,000 (Rupees thirty three crores fifty eight lakhs only) in cash, being more than 25% of the Offer Size ("**Cash Escrow**") in the escrow account ("**Escrow Account**") opened with the Escrow Agent. The Cash Escrow constitutes the escrow amount ("**Escrow Amount**") which is computed in accordance with Regulation 17(1) of the SEBI (SAST) Regulations. The Manager has been authorized to operate the Escrow Account on the terms set out in the Escrow Agreement.

5.2.3. The Acquirer has made firm financial arrangement for financing the acquisition of the Equity Shares from the Public Shareholders under the Offer, in terms of Regulation 25(1) of the SEBI (SAST) Regulations.

5.2.4. SSPA & Co., Chartered Accountants (1st Floor, 'Arjun', Plot No. 6A, V. P. Road, Andheri (West), Mumbai- 400 058), Tel: + 91 22 2670 4376 / + 91 22 2670 3682, Fax: + 91 22 2670 3916, firm registration number 128851W, vide certificate dated January 15, 2013, based on the cash reserves available with the PAC, have certified that adequate and firm financial resources are available with the Acquirer and PAC to enable them to fulfil their financial obligations under this Offer.

5.2.5. In case of any upward revision in the Offer Price or the Offer Size, the Cash Escrow Amount shall be increased by the Acquirer and the PAC prior to effecting such revision, in terms of regulation 17(2) of the SEBI (SAST) Regulations.

5.2.6. Based on the above, the Manager to the Offer is satisfied about the ability of the Acquirer and PAC to implement the Offer in accordance with the SEBI (SAST) Regulations**.**

6. TERMS AND CONDITIONS OF THE OFFER

6.1. Operational Terms and Conditions

6.1.1. As per the tentative schedule mentioned in the LoF, the Tendering Period will commence on Monday, March 11, 2013 and will close on Friday, March 22, 2013.

6.1.2. The Equity Shares offered under this Offer should be free from all liens, charges, equitable interests, encumbrances and are to be offered together with, if any, of all rights of dividends, bonuses or rights from now on and declared hereafter.

6.1.3. This is not a conditional Offer and there is no stipulation on any minimum level of acceptance.

6.1.4. The Identified Date for this Offer as per the tentative schedule of activity is Monday, February 25, 2013.

6.1.5. The marketable lot for the Equity Shares for the purpose of this Offer shall be 1(one only).

6.1.6. In terms of Regulation 18(9) of the SEBI (SAST) Regulations, the Public Shareholders who tender their Equity Shares in acceptance of this Offer shall not be entitled to withdraw such acceptance during the Tendering Period.

6.1.7. In the event that the number of Equity Shares validly tendered by the Public Shareholders under this Offer is more than the Offer Size, the Acquirer and the PAC shall accept the Equity Shares received from the Public Shareholders on a proportionate basis in consultation with the Manager to the Offer.

6.2. Locked in Equity Shares

6.2.1. To the best of our knowledge, the Target Company has no Equity Shares which are locked in.

6.3. Eligibility for accepting the Offer

6.3.1. The Letter of Offer shall be sent to all Public Shareholders holding Equity Shares in dematerialized form, other than the parties to the SPA and persons acting in concert or deemed to be acting in concert with them, whose names appear in the register of the Target Company as on Monday, February 25, 2013, the Identified Date. The Letter of Offer shall be only sent to the Indian addresses of the Public Shareholders. Public Shareholders holding shares in dematerialized form are required to update their Indian addresses with their DP and Public Shareholders holding shares in physical form with the Registrar to the Offer.

6.3.2. This Offer is also open to persons who own Equity Shares but are not registered as Public Shareholders as on the Identified date.

6.3.3. All Public Shareholders who own Equity Shares and are able to tender such Equity Shares in this Offer at any time before the closure of the Offer are eligible to participate in this Offer.

6.3.4. The Form of Acceptance-cum-Acknowledgement and other documents required to be submitted, herewith will be accepted by Registrar to the Offer between 10:00 am to 5:00 pm on working days (Monday to Friday) during the Tendering Period.

6.3.5. The PA, the DPS, the LoF, the Form of Acceptance-cum-Acknowledgement and the Form of Withdrawal will also be available on the SEBI's website: **www.sebi.gov.in**. In case of non-receipt of the LoF, all Public Shareholders including those who have acquired Equity Shares after the Identified Date i.e. Monday, February 25, 2013, if they so desire, may download the LoF, the Form of Acceptance-cum-Acknowledgement or Form of Withdrawal from the SEBI's website for applying in the Offer.

6.3.6. Those Public Shareholders who have not received this Letter of Offer and those who apply in plain paper will not be required to provide any indemnity. They must follow the same procedure mentioned above for registered Public Shareholders.

6.3.7. The acceptance of this Offer by the Public Shareholders of the Target Company must be absolute and unqualified. Any acceptance to this Offer which is conditional or incomplete in any respect will be rejected without assigning any reason whatsoever.

6.3.8. The acceptance of this Offer is entirely at the discretion of the Public Shareholders of the Target Company.

6.3.9. The Acquirer, Manager to the Offer or Registrar to the Offer accept no responsibility for any loss of Equity Share certificates, Forms of Acceptance-cum-Acknowledgement, share transfer deeds etc. during transit and the Public Shareholders of the Target Company are advised to adequately safeguard their interest in this regard.

6.3.10. The acceptance of the Equity Shares tendered in the Offer will be made by the Acquirer in consultation with the Manager to the Offer.

6.3.11. The instructions, authorizations and provisions contained in the Form of Acceptance-cum-Acknowledgement constitute part of the terms of the Offer.

6.3.12. The Manager to the Offer shall submit a final report to SEBI within 15 working days from the expiry of the Tendering Period in accordance with Regulation 27(7) of the SEBI (SAST) Regulations confirming status of completion of various Offer requirements.

6.3.13. For any assistance please contact JM Financial Institutional Securities Private Limited, Manager to the Offer or the Registrar to the Offer.

6.4. Statutory Approvals:

6.4.1. The Offer is subject to the following statutory approvals, namely:

(i) the Austrian Federal Competition Authority (or any other relevant authority) having either, (i) declined jurisdiction, (ii) granted clearance, or (iii) being deemed to have granted clearance through the expiration of time periods available for their investigation, either unconditionally or in terms (reasonably) satisfactory to the Acquirer, and any period of limitation for filing an appeal therefrom having elapsed;

(ii) the Turkish Competition Authority (or any other relevant authority) having either, (i) declined jurisdiction, (ii) granted clearance, or (iii) being deemed to have granted clearance through the expiration of time periods available for their investigation, either unconditionally or in terms (reasonably) satisfactory to the Acquirer, and any period of limitation for filing an appeal therefrom having elapsed; and

(iii) Receipt of approval, as applicable, from the RBI for acquisition of the Sale Shares (as defined below) by the Acquirer from the Sellers at the negotiated price of ₹ 43.0 per Sale Share under the SPA.

6.4.2. In addition to the statutory approvals mentioned in paragraph 6.4.1 above, the Offer is also subject to the satisfaction of the conditions or waiver, if applicable, stipulated under the SPA and disclosed herein below (all of which are considered to be outside the reasonable control of the Acquirer and the PAC):

(iii) no material adverse change having occurred- material adverse change shall mean any change, effect, event, circumstance, occurrence or state of affairs (other than any general change to the general outlook in the economy) which is materially adverse to the business, operations or financial condition of the Target Company taken as a whole and has happened during the period between the date of the SPA and the Closing Date, provided that if the Target fails to achieve an EBITDA margin of at least 12% in the period from April 1, 2012 to December 31, 2012, a material adverse change shall be deemed to have occurred; and

(iv) the key Sellers' warranties, as included in the SPA, being, (a) **Capitalisation/ Shareholding**: (i) Each of the Sellers is the sole owner of the relevant Sale Shares set forth against its name above in this Letter of Offer and in the SPA, free from all encumbrances and third party rights. The Sellers are entitled to transfer or procure the transfer of full ownership of the Sale Shares to the Acquirer on the terms set out in the SPA. The share ownership details set out in the SPA are true and accurate. (ii) There are no outstanding rights, options or warrants or any contracts or arrangements (either oral or written, firm or conditional) obligating the Sellers to sell or transfer any Sale Shares held by them to any person. (b) **Past transactions in accordance with applicable laws**: (i) The Target Company has carried out all material transactions in accordance with all applicable law and regulations. No material transaction undertaken by the Target Company constituted a transfer at an undervalue or an unlawful distribution or unlawful financial assistance by the Target Company (c) **Ownership**: (i) Except, for the plant and/or machinery of the Target Company that are installed or operated from customer locations in the ordinary course of business, or as disclosed in the disclosure letter forming part of the SPA, the Company is in possession of the whole of each of its properties, and no other person or entity is in or actually or conditionally entitled to possession, occupation, use or control of any of its properties. (ii) Other than in favour of the lenders, there are no encumbrances or existence of any third party rights on any of the Target Company's properties. The Target Company owns all the properties that are included in the fixed assets register of the company. Except as disclosed in the disclosure letter, the Target Company has title to and is in possession of the properties and is entitled to use them for the purpose of its business. The Target Company has not received any notice from any statutory authority challenging its title or possession of such properties

6.4.3. If any other statutory approvals are required or become applicable prior to completion of this Offer, this Offer would also be subject to the receipt of such other statutory approvals.

6.4.4. The acquisition of the Offer Shares from NRIs and OCBs is subject to the approval / exemption from the RBI. Further if there are some statutory approvals that extend to some but not all of the Public Shareholders, the Acquirer shall have the option to make payment to such Public Shareholders in respect of whom no statutory approvals are required in order to complete the Offer

6.4.5. Further in terms of Regulation 23(1) of the SEBI (SAST) Regulations, in the event such approvals or conditions as mentioned in paragraph 6.4.1 and paragraph 6.4.2 are not received or satisfied (unless waived), as applicable, the Acquirer shall have the right to withdraw the Offer. In the event of such a withdrawal of the Offer, the Acquirer and the PAC (through the Manager) shall, within two Working Days of such withdrawal, make an announcement of such withdrawal stating the grounds for the withdrawal in accordance with Regulation 23(2) of the SEBI (SAST) Regulations.

6.4.6. Subject to the receipt of statutory approvals and satisfaction or waiver, if applicable, of the conditions mentioned at paragraph 6.4.2, the Acquirer and PAC shall complete all procedures relating to this Offer within ten Working Days from the date of closure of the Tendering Period to those Public Shareholders whose share certificates and/or other documents are found valid and in order and are accepted for acquisition by the Acquirer.

6.4.7. In terms of Regulation 18(11) of the SEBI (SAST) Regulations the Acquirer shall be responsible to pursue all statutory approvals and satisfaction of the conditions mentioned above, required by the Acquirer in order to complete this Offer without any default, neglect or delay.

6.4.8. In case of delay in the receipt of any statutory approvals , SEBI may, if satisfied that such delay in the receipt of the requisite statutory approval was not attributable to any wilful default, failure or neglect on the part of the Acquirer and/or the PAC to diligently pursue such approval, and subject to such terms and conditions as may be specified by SEBI, including payment of interest in accordance with Regulation 18(11) of the SEBI (SAST) Regulations, permit the Acquirer and the PAC to delay commencement of the Tendering Period for the Offer pending receipt of such statutory approvals or grant extension of time to the Acquirer and the PAC to make payment of the consideration to the Public Shareholders whose Equity Shares have been accepted in the Offer.

7. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT

7.1. This Letter of Offer with the Form of Acceptance-cum-Acknowledgement will be mailed to the Public Shareholders, whose names appear on the register of members of the Target Company and to the Public Shareholders of the Equity Shares whose names appear in the beneficial records of the respective depositories as of the close of business on Monday, February 25, 2013, i.e. the Identified Date. The Letter of Offer shall be only sent to the Indian addresses of the Public Shareholders. Public Shareholders holding shares in dematerialized form are required to update their Indian addresses with their DP and Public Shareholders holding shares in physical form with the Registrar to the Offer.

7.2. Public Shareholders can also download this Letter of Offer and the Form of Acceptance-cum-Acknowledgement from SEBI website at www.sebi.gov.in, or obtain it from the Registrar to the Offer and send in their acceptances to the Registrar to the Offer by filling the same.

7.3. Public Shareholders who wish to accept this Offer can hand-deliver the Form of Acceptance-cum-Acknowledgement along with the other documents required to accept this Offer, at any of the collection centres mentioned below so as to reach the Registrar to the Offer during business hours on or before 5.00 pm on Friday, March 22, 2013, i.e. the Closure of the Tendering Period, in accordance with the procedure as set out in this Letter of Offer:

S. No.	Collection Centre	Address	Contact Person	Tel. No., Fax No. and Email Id	Mode of delivery
1.	Mumbai	Link Intime India Pvt. Ltd, C-13, Panalal Silk Mills Compound, L B S Marg, Bhandup (W), Mumbai -400078.	Pravin Kasare	Tel. No. 022-25967878 Fax: 022-25960329 Email Id: pravin.kasare@linkintime.co.in	Hand Delivery & Registered Post
2.	Ahmedabad	Link Intime India Pvt. Ltd, 303, 3rd Floor, Shoppers Plaza V,	Hitesh Patel	Tel: 079-2646 5179 Telefax: 079-2646 5179 Email Id: ahmedabad@linkintime.co.in	Hand Delivery

S. No.	Collection Centre	Address	Contact Person	Tel. No., Fax No. and Email Id	Mode of delivery
		Opp. Municipal Market, Behind Shoppers Plaza II, Off C G Road, Navrangpura, Ahmedabad - 380009			
3.	Bangalore	Link Intime India Pvt. Ltd., 543/A, 7TH Main , 3rd Cross, Hanumanthanagar, Bangalore - 560 019	Nagendra Rao	Tel. No.: 080-26509004 Telefax: 080-26509004 Email Id: bangalore@linkintime.co.in	Hand Delivery
4.	Baroda	Link Intime India Pvt. Ltd., B Tower, 102 B & 103, Sangrila Complex, First Floor, Radhakrishna Char Rasta, Akota, Vadodara - 390020	Alpesh Gandhi	Tel. No.: 0265-2356573 / 2356796 / 2356794 Fax: 0265-2356791 Email Id: vadodara@linkintime.co.in	Hand Delivery
5.	Coimbatore	Link Intime India Pvt. Ltd, Surya 35, Mayflower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore 641 028	S. Dhanalakshmi	Tel. No.: 0422-2314792 / 2315792 Telefax: 0422-2314792 Email Id: coimbatore@linkintime.co.in	Hand Delivery
6.	Kolkata	Link Intime India Pvt. Ltd, 59C,Chowringhee Road,3rd Floor, Kolkata -700020	S.P. Guha	Tel. No.: 033-22890539/40 Telefax: 033-22890539/40 Email Id: kolkata@linkintime.co.in	Hand Delivery
7.	New Delhi	Link Intime India Pvt. Ltd., 44 Community Centre 2nd Floor, Nariana Industrial Area Phase I, Near PVR, Nariana, New Delhi 110 028	Swapan Naskar	Tel. No.: 011-41410592/93/94 Fax.: 011-41410591 Email Id: delhi@linkintime.co.in	Hand Delivery
8.	Pune	Link Intime India Pvt. Ltd, Block No 202 2nd Floor, Akshay Complex, Near Ganesh Temple, Off Dhole Patil Road, Pune 411 001.	Rajeeva Koteshwar	Tel. No.: 020- 26160084, 26161629\ Telefax: 020 -26163503 Email Id: pune@linkintime.co.in	Hand Delivery
9.	Chennai	C/o SGS Corporate Solutions India Pvt. Ltd., Indira Devi Complex, II Floor, No.20, Gopalakrishna Street, Pondy Bazaar, T. Nagar, Chennai- 600 017	Mrs.Solly Soy	Tel. No.: 044- 2815 2672, 044-4207 0906 Telefax: 044- 2815 2672 Email Id: chennai@saspartners.com	Hand Delivery

All of the centres mentioned above will be open on all the working days (Monday to Friday) during the business hours from 10.00 am to 5.00 pm and on Saturdays from 10.00 am to 5.00 pm

7.4. Public Shareholders who cannot hand deliver their documents at the collection centres referred to above, may send the same by registered post with acknowledgement due or by courier, at their own risk and cost, to the Registrar to the Offer at its address, C-13 Pannalal Silk Mills Compound, LBS Marg, Bhandup West, Mumbai 400 078; Tel: +91 22-25967878; Fax: +91 22-25960329; E-mail: orl.offer@linkintime.co.in; Contact Person: Pravin Kasare.

7.5. Public Shareholders who wish to tender their Equity Shares, held in dematerialized form, will be required to send their Form of Acceptance-cum-Acknowledgement along with a photocopy of the delivery instructions in "off–market" mode or counterfoil of the delivery instruction in "off–market" mode, duly acknowledged by the DP in favour of a special depository account (the "**Special Depository Account**") opened by the Registrar to the Offer, in accordance with the instructions specified in the Letter of Offer and in the Form of Acceptance-cum-Acknowledgement. The credit for the delivered shares should be received in the Special Depository Account on or before the close of the Offer, i.e. Friday, March 22, 2013. The details of the Special Depository Account are given below:

Depository Participant Name	Ventura Securities Ltd
DP ID	11117029
Beneficiary Account Number / Client ID	IN303116
Special Depository Account Name	LIIPL ORL Open Offer Escrow Demat Account
ISIN	INE743M01012
Depository	National Securities Depository Limited
Mode of Instruction	Off- market

Shareholders having their beneficiary account with CDSL have to use the inter-depository delivery instruction slip for the purpose of crediting their Equity Shares in favour of the Special Depository Account with NSDL.

7.6. Public Shareholders who wish to tender their Equity Shares, held in physical form, 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, either by hand delivery or registered post during the timings as mentioned above, at their sole risk, so as to reach the Registrar to the Offer, on or before the closure of the Tendering Period, i.e., not later than Friday, March 22, 2013 in accordance with the instructions to be specified in the Letter of Offer and in the Form of Acceptance-cum-Acknowledgement.

7.7. The Form of Acceptance-cum-Acknowledgement along with share certificates / copy of delivery instruction to DP and other relevant documents shall be sent to the Registrar to the Offer only. The same shall not be sent to the Acquirer, the PAC, the Target Company or the Manager to the Offer.

7.8. **Procedure for acceptance of this Offer by Public Shareholders/owners of Equity Shares who have sent Equity Shares for transfer or those who did not receive the Letter of Offer:**

7.8.1. In case of non-receipt of the Letter of Offer, Public Shareholders holding Equity Shares in dematerialized form, may send their applications in writing to the Registrar to the Offer, on a plain paper stating the name, address, number of Equity Shares held, number of Equity Shares offered, DP name, DP ID, beneficiary account number and photocopy of the delivery instruction in "off-market", or counterfoil of the delivery instruction in "off-market" mode, duly acknowledged by the DP, in favour of the Special Depository Account, so as to reach the Registrar to the Offer on or before the date of closure of the

Offer. Also, alternatively, the Public Shareholders may apply on the Form of Acceptance-cum-Acknowledgement obtained from SEBI website (www.sebi.gov.in).

7.8.2. In case of non-receipt of the Letter of Offer, the eligible person(s), holding Equity Shares in physical form, may send his / her / their consent on plain paper stating the name, address, number of Equity Shares held, distinctive numbers, certificate numbers and the number of Equity Shares offered along with documents, mentioned in paragraph 7.10 below, of this Letter of Offer, to the Registrar to the Offer so as to reach them on or before the date of closure of the Offer. Also, alternatively, the Public Shareholders may apply on the Form of Acceptance-cum-Acknowledgement obtained from SEBI website (www.sebi.gov.in).

7.9. In case the share certificate(s) and transfer deeds are lodged with the Target Company / its share transfer agent for transfer and have not been received back, then the acceptance shall be accompanied by, (i) the copy of share transfer deed(s), and (ii) the acknowledgement of the lodgement with, or receipt issued by the Target Company / its share transfer agent, for the share certificate(s) so lodged. Where the transfer deeds are signed by a duly constituted attorney, a certified copy of the power of attorney shall also be lodged. In the case of body corporate / limited company, a certified copy of the memorandum and articles of association together with a certified true copy of the resolution along with the specimen signatures of the authorized signatories duly certified, shall also be sent.

7.10. **For Equity Shares held in physical mode, Public Shareholders should enclose:**

i. Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with instructions contained therein, by all Public Shareholders whose names appear on the share certificates;

ii. Original share certificates;

iii. Valid share transfer deeds as received from the market. The details of the buyer should be left blank. If the details of buyer are filled in, the tender will not be valid under the Offer. All other requirements for valid transfer will be pre-conditions for acceptance;

iv. Self-attested copy of the PAN card of the proposed transferor;

v. Other Documents as applicable; and

vi. For Equity Shares held in physical mode by resident shareholders, in case of non-receipt of the duly completed Form of Acceptance-cum-Acknowledgement, but receipt of other documents including the original share certificates, valid share transfer deeds and PAN, before the close of the Offer, the Acquirer may, at his sole discretion, deem the Equity Shares to have been accepted under the Open Offer.

7.11. **For Equity Shares held in dematerialized form, Public Shareholders should enclose:**

i. Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with instructions contained therein, by all the Public Shareholders as per the records of the DP;

ii. Photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instruction slip in "Off-market" mode, duly acknowledged by the DP; and

iii. For Equity Shares held in dematerialized form by resident shareholders, in case of non-receipt of the duly completed Form of Acceptance-cum-Acknowledgement/ photocopy of the delivery instruction/ other documents required, but receipt of the Equity Shares in the Special Depository Account before the close of the Offer, the Acquirer may, at his sole discretion, deem the Equity Shares to have been accepted under the Open Offer.

7.12. The unaccepted share certificates, transfer forms and other documents, if any, would be returned by registered post at the shareholders' sole risk. Unaccepted Equity Shares held in dematerialized form will be credited back to the Public Shareholders' depository account with the respective DP as per details received from their DP. It will be the responsibility of the Public Shareholders to ensure that the unaccepted Equity Shares are accepted by their respective DP when transferred by the Registrar to the Offer. Public Shareholders holding Equity Shares in dematerialized form are requested to issue the necessary standing instruction for the receipt of the credit, if any, in their DP. Public Shareholders should ensure that their depository account is maintained and active till the Offer formalities are completed.

7.13. The share certificate(s) and the transfer form(s), or Equity Shares transferred to the Special Depository Account together with the Form of Acceptance-cum-Acknowledgement submitted by the Public Shareholders pursuant to the Offer, will be held by the Registrar to the Offer in trust for such Public Shareholders until the Acquirer pays the Offer Price.

7.14. In case the number of Equity Shares validly tendered in the Offer by the Public Shareholders are more than the number of Offer Shares, the acquisition of Equity Shares from each shareholder will be on a proportionate basis in such a way that the acquisition from any shareholder shall not be less than the minimum marketable lot, or the entire holding if it is less than the marketable lot. The minimum marketable lot for the Equity Shares is 1 (one).

7.15. While tendering Equity Shares under this Offer, non-resident Public Shareholders will be required to submit the previous approvals from the RBI (specific or general) that they would have obtained for acquiring the Equity Shares. In case the previous approvals from the RBI are not submitted, the Acquirer reserves the right to reject such Equity Shares tendered.

7.16. **Settlement / Payment of Consideration**

7.16.1. The Acquirer shall arrange to pay the consideration payable to the Public Shareholders whose Equity Shares have been accepted on or before Tuesday, April 9, 2013.

7.16.2. Public Shareholders tendering their Equity Shares in the dematerialized form are advised to immediately update with their DP, their bank account details, i.e. nine digit MICR as appearing on their cheque leaf and also their bank's IFSC, which will get linked to their bank branch. Please note that failure to do so could result in delays in dispatch of payment or electronic transfer of funds, as applicable, and any such delay shall be at the Public Shareholder's sole risk and the Acquirer, the PAC, the Manager to the Offer, Registrar to the Offer or the Escrow Bank shall be liable to compensate such equity shareholder for any losses caused due to any such delay or any interest for such delay.

7.16.3. Payment of consideration to the Public Shareholders would be done through various modes in the following order of preference:

i. **Real Time Gross Settlement ("RTGS") / National Electronic Clearing Service**

("NECS") / National Electronic Fund Transfer ("NEFT") - Payment shall be undertaken through any of the above modes wherever the equity shareholder's bank has been assigned the IFSC, which can be linked to an MICR, if any, available to that particular bank branch or wherever the Public Shareholders have registered their nine digit MICR number and their bank account number with their DP.

ii. **Direct Credit** – Public Shareholders having bank accounts with the Escrow Bank, as mentioned in the Form of Acceptance-cum-Acknowledgement, shall be eligible to receive payments through direct credit.

iii. For all other Public Shareholders, including Public Shareholders holding Equity Shares in physical from and those who have not updated their bank particulars with the MICR code, the payments will be dispatched through speed post / registered post. Such payments will be made by cheques, pay orders or demand drafts drawn on the Escrow Bank and payable at par at places where acceptance forms are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Public Shareholders.

Applicants to whom payments are made through electronic transfer of funds will be sent a letter ("**Payment advice**") through ordinary post intimating them about the mode of credit / payment on or before Tuesday, April 9, 2013. The Registrar to the Offer shall ensure dispatch of consideration, if any, by RTGS / NECS / NEFT / direct credit / cheques / pay orders / demand drafts only in the name of the sole or first equity shareholder and all communication will be addressed to the person whose name appears on Form of Acceptance-cum-Acknowledgement on or before Tuesday, April 9, 2013 and adequate funds for making payments as per the mode(s) disclosed above shall be made available to the Registrar to the Offer by the Acquirer. Tax at applicable rate(s) will be deducted, in those cases where Tax Deduction at Source ("**TDS**") is applicable

8. COMPLIANCE WITH TAX REQUIREMENTS

8.1. General tax requirements

8.1.1. As per the provisions of Section 195(1) of the Income Tax Act any person responsible for paying to a non-Resident any sum chargeable to tax is required to deduct tax at source (including surcharge and education cess as applicable). The consideration received by the non-Resident Shareholders for Shares accepted in the Open Offer may be chargeable to tax in India either as capital gains under Section 45 of the Income Tax Act or as business profits, depending on the facts and circumstances of the case. The Acquirer and/or PAC are required to deduct tax at source (including surcharge and education cess) at the applicable rate as per the Income Tax Act on such capital gains/business profits. Further, the payment of any interest (paid for delay in payment of Open Offer Price) by the Acquirer and/or the PAC to a non-Resident Shareholder may be chargeable to tax, as income from other sources under Section 56 of the Income Tax Act. The Acquirer and/or the PAC are required to deduct tax at source (including surcharge and education cess) at the applicable rate as per the Income Tax Act on such interest.

8.1.2. Tax is not required to be deducted at source from the payment of consideration made to resident public shareholders in respect of capital gains. As per the provisions of Section 194A of the Income Tax Act, the payment of any interest (only if amount of interest payable is in excess of ₹ 5,000) by Acquirer and/or the PAC to a resident Shareholder may be chargeable to tax, as income from other sources under Section 56 of the Income Tax Act. The Acquirer and/or the PAC are required to deduct tax at source at the applicable rate as per the Income Tax Act on such interest (paid for delay in payment of Open Offer Price).

8.1.3. All Shareholders whether resident or non-resident (including Foreign Institutional Investors ("FIIs")) are required to submit self-attested copy their Permanent Account Number ("PAN") for income-tax purposes. In case the PAN copy is not submitted or is invalid or does not belong to the Shareholder, the Acquirer and/or the PAC will arrange to deduct tax at the rate of 20% (as provided in section 206AA of the Income Tax Act) or the rate, as may be applicable, to the category of the Shareholder under the Income Tax Act, whichever is higher.

8.1.4. In case of ambiguity, incomplete or conflicting information or the information not being provided to the Acquirer Company, and taxes shall be deducted at the maximum rate as may be applicable to the relevant category to which the Shareholder belongs under the Income Tax Act, on the gross consideration towards acquisition of Shares and interest, if any, payable to such Shareholder under the Offer

8.1.5. Each Shareholder shall certify its tax residency status (i.e. whether resident or non-Resident) and its tax status (i.e. whether individual, firm, company, association of persons/ body of individuals, trust, any other, etc.) by selecting the appropriate box in the Form of Acceptance-cum-Acknowledgement. In case of ambiguity, incomplete or conflicting information or the information not being provided to the Acquirer and/or the PAC, it will be assumed that the Shareholder is a non-Resident Shareholder and taxes shall be deducted treating the Shareholder as a non-Resident and at the rate as may be applicable, under the Income Tax Act, to the relevant category to which the Shareholder belongs, on the entire consideration and interest if any, payable to such Shareholder.

8.1.6. Any Shareholder claiming benefit under any Double Taxation Avoidance Agreement ("DTAA") between India and any other foreign country should furnish the 'Tax Residence Certificate' ("TRC") provided to him/it by the Income Tax Authority of such other foreign country of which he/it claims to be a tax resident. The TRC should contain particulars and should be verified in the manner prescribed under the Income Tax Rules, 1962 ("Income Tax Rules").

8.1.7. The Acquirer and/or the PAC will not accept any request from any Shareholder, under any circumstances, for non-deduction of tax at source or deduction of tax at a lower rate, on the basis of any self-computation/computation by any tax consultant, of capital gain and/or interest, if any and tax payable thereon.

8.1.8. Securities transaction tax will not be applicable to the Shares accepted in the Open Offer.

8.1.9. The provisions contained in paragraph 8.1.3 to paragraph 8.1.5 above are subject to anything contrary contained in paragraph 8.2 to paragraph 8.5 below.

8.2. Tax implications in case of Non-Resident shareholders (other than FII)

8.2.1. While tendering Shares under the Open Offer, Non Resident Indians ("NRIs"), Overseas Corporate Bodies ("OCBs"), and other non-resident Shareholders (excluding FIIs) will be required to submit a 'No Objection Certificate' ("NOC") or a Certificate for Deduction of Tax at Lower Rate issued by Income Tax department, indicating the amount of tax to be deducted by Acquirer and/or the PAC before remitting the consideration. The Acquirer and/or the PAC will arrange to deduct taxes at source in accordance with such NOC or Certificate for Deduction of Tax at Lower Rate.

8.2.2. In case the NOC or Certificate for Deduction of Tax at Lower Rate is not submitted, the Acquirer and/or the PAC will arrange to deduct tax at the maximum marginal rate as may be applicable to the relevant category to which the Shareholder belongs, under the Income Tax Act on the entire consideration amount payable to such Shareholder

8.2.3. For interest payments by the Acquirer and/or the PAC for delay in payment of Open Offer Price, if any, NRIs, OCBs, and other non-resident Shareholders (excluding FIIs) will be required to submit a NOC or Certificate for Deduction of Tax at Lower Rate indicating the amount of tax to be deducted by the Acquirer and/or the PAC before remitting the consideration. The Acquirer and/or the PAC will arrange to deduct taxes at source in accordance with such NOC or Certificate for Deduction of Tax at Lower Rate.

8.2.4. In case the NOC or Certificate for Deduction of Tax at Lower Rate is not submitted, the Acquirer and/or the PAC will arrange to deduct tax at the maximum marginal rate as may be applicable to the relevant category to which the Shareholder belongs under the Income Tax Act on the entire consideration payable as interest to such Shareholder.

8.2.5. All NRIs, OCBs and other non-resident Shareholders (excluding FIIs) are required to submit self-attested copies of their PAN for income tax purposes. In case the copy of the PAN is not submitted or is invalid or does not belong to the Shareholder, Acquirer and/or the PAC will arrange to deduct tax at the rate of 20% (as provided in section 206AA of the Income Tax Act) or the rate, as may be applicable to the category of the Shareholder under the Income Tax Act, whichever is higher.

8.2.6. Any NRIs, OCBs and other non-resident Shareholders (excluding FIIs) claiming benefit under any DTAA between India and any other foreign country should furnish the TRC provided to him/it by the Income Tax Authority of such other foreign country of which it claims to be a tax resident. In the absence of such Tax Residence Certificate, the Acquirer and/or the PAC will arrange to deduct tax in accordance with the provisions of the Income Tax Act and without having regard to provisions of any DTAA. The TRC should contain particulars and should be verified in the manner prescribed under the Income Tax Rules

8.3. Tax implications in case of FII

8.3.1. As per the provisions of Section 196D (2) of the Income Tax Act, no deduction of tax at source is required to be made from any income by way of capital gains arising from the transfer of securities referred to in Section 115AD of the Income Tax Act, to an FII, as defined in Section 115AD of the Income Tax Act, subject to the following conditions.

i. FIIs are required to certify the nature of their holding (i.e. whether held on Capital Account as Investment or on Trade Account) of the shares in the Target Company by selecting the appropriate box in the Form of Acceptance-cum-Acknowledgement. The benefits under Section 196D(2) are applicable in case the Shares are held on Capital Account;
ii. FIIs shall also certify the nature of its income (i.e. whether capital gains or business income) on the sale of shares in the Target Company by selecting the appropriate box in the Form of Acceptance-cum-Acknowledgement. The benefits under Section 196D(2) are applicable in case the nature of the FII's income is capital gains.

8.3.2. The absence of certificates/declarations as contemplated in paragraph 8.3.1 above (as applicable), notwithstanding anything contained in paragraph 8.3.1 above, the Acquirer and/or the PAC shall deduct tax at the maximum marginal rate as may be applicable to the category of the Shareholder under the Income Tax Act, on the entire consideration amount payable to such Shareholder (i.e. FII).

8.3.3. In case it is certified by the FII that shares held by such FII in the Target Company are held on Trade Account no deduction of tax at source shall be made if such FII furnishes a TRC and furnishes a self-declaration stating that such FII does not have a permanent establishment in India, in terms of the DTAA entered between India and the country of tax residence of such FII. In the absence of such certificates/declarations, the Acquirers and/or the PAC shall deduct tax at the maximum marginal rate as may be applicable to the category of the Shareholder under the Income Tax Act, on the entire consideration amount payable to such Shareholder (i.e. FII).

8.3.4. Notwithstanding anything contained in paragraph 8.3.1 to paragraph 8.3.3 above, in case an FII furnishes a NOC or Certificate for Deduction of Tax at Lower Rate, the Acquirer and/or the PAC will arrange to deduct taxes at source in accordance with such NOC or Certificate for Deduction of Tax at Lower Rate.

8.3.5. For interest payments by the Acquirer and/or the PAC for delay in payment of Open Offer Price, if any, FIIs will be required to submit a NOC or Certificate for Deduction of Tax at Lower Rate from the income tax authorities under the Income Tax Act indicating the amount of tax to be deducted by the Acquirer and/or the PAC before remitting the consideration. The Acquirer and/or the PAC will arrange to deduct taxes at source in accordance with such NOC or Certificate for Deduction of Tax at Lower Rate.

8.3.6. In case the NOC or Certificate for Deduction of Tax at Lower Rate is not submitted, the Acquirer and/or the PAC will arrange to deduct tax at the maximum marginal rate as may be applicable to the relevant category to which the Shareholder belongs under the Income Tax Act on the entire consideration payable as interest to such Shareholder.

8.3.7. All FIIs shall submit their PAN for income tax purposes. In case PAN is not submitted or is invalid or does not belong to the Shareholder, Acquirer and/or the PAC will arrange to deduct tax at the rate of 20% (as provided in section 206-AA of the Income Tax Act) or the rate, as may be applicable to the category of the Shareholder under the Income Tax Act, whichever is higher.

8.3.8. Any FII claiming benefit under any DTAA between India and any other foreign country should furnish a TRC provided to it by the income tax authority of such other foreign country of which it claims to be a tax resident. In the absence of such Tax Residence Certificate, the Acquirer and/or the PAC will arrange to deduct tax in accordance with the provisions of the Income Tax Act and without having regard to provisions of any DTAA. The Tax Residence Certificate should contain particulars and should be verified in the manner prescribed under the Income Tax Rules.

8.4. Tax Implications in case of resident shareholders

8.4.1. For interest payments by the Acquirer and/or the PAC for delay in payment of Open Offer Price, if any, the Acquirer and/or the PAC will arrange to deduct tax at the rate of 10% (as provided in section 194 A of the Income Tax Act).

8.4.2. All resident Shareholders shall submit self-attested copy of their PAN for income tax purposes. In case the PAN copy is not submitted or is invalid or does not belong to the Shareholder, Acquirer and/or the PAC will arrange to deduct tax at the rate of 20% (as provided in section 206-AA of the Income Tax Act).

8.4.3. Notwithstanding anything contained in paragraph 8.4.1 to paragraph 8.4.2 above, no deduction of tax shall be made at source by the Acquirer and/or the PAC where the total amount of interest payable to a resident Shareholder does not exceed ₹ 5,000 or where a self-declaration in Form 15G or Form 15H (as provided in the Income Tax Rules, 1962), as may be applicable, has been furnished by a resident Shareholder. The self-declaration in Form 15G and Form 15H will not be regarded as valid unless the resident Shareholder furnished its PAN in such declaration.

8.5. Issue of certificate for tax deduction at source

8.5.1. The Acquirer will issue a certificate in the prescribed form to the Shareholders (both resident and non-resident) who have been paid the consideration and/or interest, if any, after deduction of tax on the same, certifying the amount of tax deducted and other prescribed particulars in accordance with the provisions of the Income Tax Act read with the rules made thereunder.

8.6. Tax implications in foreign jurisdictions

8.6.1. Apart from the above, the Acquirer and/or the PAC are entitled to withhold tax in accordance with the tax laws applicable in overseas jurisdictions where the non-resident Shareholder is a resident for tax purposes ("Overseas Tax"). For this purpose, the non-resident Shareholder shall furnish a self-declaration stating the quantum of the Overseas Tax to be withheld as per the relevant tax laws of the country in which the non-resident Shareholder is a tax resident, and the Acquirer and/or the PAC will be entitled to rely on this representation at their sole discretion.

8.7. Notwithstanding the details given above, all payments will be made to Shareholders subject to compliance with prevailing tax laws.

8.8. The tax deducted by the Acquirer and/or the PAC while making payment to a Shareholder may not be the final tax liability of such Shareholder and shall in no way discharge the obligation of the Shareholder to appropriately disclose the amounts received by it, pursuant to this Open Offer, before the income tax authorities.

8.9. Shareholders are advised to consult their respective tax advisors for assessing the tax liability, pursuant to this Open Offer, or in respect of other aspects such as the treatment that may be given by their respective assessing officers in their case, and the appropriate course of action that they should take.

8.10. The Acquirer, the PAC and the Manager to the Open Offer do not accept any responsibility for the accuracy or otherwise of the tax provisions set forth herein above

9. DOCUMENTS FOR INSPECTION

9.1. Copies of the following documents will be available for inspection at the registered office of the Manager to the Offer at JM Financial Institutional Securities Private Limited, 141, Maker Chambers III, Nariman Point, Mumbai - 400021, India. The documents can be inspected during normal business hours (11.00 AM to 4.00 PM) on all working days (except Saturdays and Sundays) during the period from the date of Offer Opening till Offer Closing.

a. Certificate of Incorporation, memorandum and articles of association of the Acquirer;

b. Copy of the SPA dated January 15, 2013;

c. Copy of certificate dated January 15, 2013, from Sujal Shah, Partner, M/s. SSPA & Co., Chartered Accountants, firm registration number 128851W, Ph No. + 91 22 2670 4376 / + 91 22 2670 3682, Fax No. + 91 22 2670 3916), certifying that the Acquirer has adequate financial resources to fulfil its obligations under this Open Offer;

d. Copy of certificate dated January 14, 2013, from Deloitte Audit Wirtschaftspriifungs GmbH, certifying the brief financials of the Acquirer;

e. Audited annual reports of the Acquirer for the last three years, i.e. the financial years ending December 31, 2011, 2010 and 2009;

f. Audited annual reports of the Target Company for the last three years, i.e. the financial years ending March 31, 2012, 2011 and 2010;

g. A letter from Axis Bank Limited dated January 17, 2013 confirming an amount of ₹ 33,58,00,000 (Rupees thirty three crores fifty eight lakhs only) kept in the Escrow Account and a lien in favour of the Manager to the Offer;

h. A copy of Public Announcement dated January 15, 2013, copy of the DPS published on January 22, 2013 and copy of issue opening PA to be published on [•];

i. A copy of the recommendation made by the committee of the independent directors of the Target Company, to be published on [•];

j. SEBI Observation letter No. [•] dated [•] on this Draft Letter of Offer; and

k. Copy of the agreement with the DP for opening the Special Depository Account for this Offer.

10. DECLARATION BY THE ACQUIRER AND PAC

10.1. The Acquirer and the PAC accept full responsibility for the information contained in this Letter of Offer (other than such information as has been obtained from public sources or provided or confirmed by any of the Sellers or the Target Company).

10.2. The Acquirer and the PAC also accept full responsibility for their obligations under the Offer and shall be jointly and severally liable for ensuring compliance with the SEBI (SAST) Regulations.

For **Dutch US Holding B.V.**

Sd/-

For **RHI AG**

Sd/-

Place: Vienna, Austria
Date: January 29, 2013