Public Announcement

For the attention of the Shareholders of

Kar Mobiles Limited

(Regd. Office: Sri Chitrapur Commercial Complex, IV Floor,
E No.68, 15th Cross, 8th Main, Malleswaram, Bangalore 560055)

OFFER FOR ACQUISITION OF EQUITY SHARES FROM SHAREHOLDERS

This Public Announcement ("PA") is being issued by SBI Capital Markets Limited ('Manager to the offer") on behalf of Rane Engine Valves Limited pursuant to Regulation 11(1) and 12 and in compliance with the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto ("the Regulations").

1. The Offer

1.1 Rane Engine Valves Limited ("the Acquirer" or "REVL"), a company incorporated under the Companies Act, 1956 having its registered office at "Maithri", 132 Cathedral Road, Chennai 600 086 is making this offer pursuant to 11(1) and 12 of the Regulations to the shareholders of Kar Mobiles Ltd. (KML) to acquire upto 625,000 fully paid-up equity shares of Rs.10 each representing 27.90% of the fully paid up equity share capital of Kar Mobiles Ltd. at a price of Rs. 145/- (Rupees One hundred and forty five only) ("offer price") per fully paid up equity share of KML (the "Offer").

1.2 Shareholders of KML have the option to receive the consideration of Rs. 145 per share in cash in full ("cash offer") OR by way of allotment of fully paid up equity shares of Rs.10/- each of REVL ("share exchange offer") as follows:

a. Cash offer - Rs.145/- per share of KML to be paid in cash

OR

b. Share Exchange offer - REVL shall issue and allot for every 3 (three) equity shares of KML, 1 (one) equity share of REVL. Each share of REVL is priced at Rs.435/- (face value of Rs.10 per share fully paid up at a premium of Rs.425/-). For such of those shareholders of KML who become entitled for issue and allotment of any fractional share in REVL on account of the proposed exchange ratio, the consideration for such fractional entitlement alone will be paid in cash applying the same price of Rs.435 per share of REVL.

The price of Rs. 435 per equity share of REVL is arrived at in terms of the pricing methodology as prescribed by Regulation 20 (9) of the Regulations, as certified by Mr. R Nagendra Prasad, Partner, Brahmayya & Co., Membership No.203377.

The offer price under both the above mentioned options 1.2(a) and (b) being the same, no justification is required.

1.3 In case the requisite approval from the shareholders of REVL is not obtained for issue of shares, as envisaged under share exchange offer outlined in clause 1.2 above, within seven days from the date of closure of the offer, the Acquirer shall pay the entire consideration in cash to such shareholders of KML who have tendered their shares under share exchange offer.

1.4 Rane Holdings Limited, Rane Brake Linings Ltd. and L Ganesh & family are the promoters of REVL ("Acquirer"). The promoters of KML and their shareholding are as follows:

Sl.No.	Particulars	No. of shares	% to total voting capital
1	Rane Engine Valves Ltd.	498,560	22.26
2	Rane Holdings Ltd.	65,336	2.92
3	Rane Brake Linings Ltd.	67,138	3.00
4	Mr. L Ganesh & Family	24,344	1.08
5	Mr. V Ramachandran & Family	94,918	4.24
	Total	750,296	33.50

Accordingly, Rane Holdings Limited, Rane Brake Linings Ltd., L Ganesh & family and V Ramachandran & family are deemed to be 'Persons Acting in Concert" or " PAC" under regulation 2(e) (2) of the Regulations.

1.5 PACs are not acquiring the shares of KML along with REVL for the purpose of this open offer and are eligible to tender their shares under this offer.

1.6 L. Lakshman, one of the PACs of L Ganesh and family, has acquired 1,200 equity shares in KML at Rs.45/- per share in the period of 12 months prior to the date of this PA.

1.7 The Offer is not conditional on any minimum level of acceptance. The Acquirer will acquire all valid equity shares of KML that are tendered in terms of this Offer subject to the conditions mentioned.

1.8 In case the number of equity shares tendered for sale by the shareholders are more than the equity shares agreed to be acquired under the offer, the Acquirer shall accept the offers received from the shareholders on a proportional basis as per Regulation 21 (6) of the Regulations in consultation with the Manager to the offer, taking care to ensure that the basis of acceptance is decided in a fair and equitable manner.

1.9 This is not a competitive bid.

1.10 The Offer is not as a result of global acquisition resulting in indirect acquisition of the Target Company.

1.11 SBI Capital Markets Limited, the Manager to the Offer, does not hold any Equity Shares in the Target Company. They declare and undertake that they shall not deal in the shares of the Target Company during the period commencing from the date of their appointment as Manager to the Offer till the expiry of fifteen days from the date of closure of the Offer.

1.12 The equity shares of KML are listed on the Madras Stock Exchange Ltd. (MSE) and Bangalore Stock Exchange Ltd. (BgSE)

As per the available information, the shares are infrequently traded on both these Exchanges within the meaning of Regulation 20 of the Regulations. The offer price has been justified based on the parameters under Regulation 20(5) of the Regulations which is as given under:

i) The negotiated price under the agreement referred to in sub regulation (1) of regulation 14 - Not applicable.

ii) The highest price paid by the Acquirer or PACs for acquisitions, if any, including by way of allotment in a public or rights or preferential issue during the 26 week period prior to the date of PA is Rs. 45

iii) Financial parameters

Based on audited results for the year-ended 31.3.2004, KML had an Earning Per Share (EPS) of Rs. 23.91, Book Value per share of Rs. 68.59 and Return on Net Worth (RONW) of 34.86%. The Price/Earning (P/E) ratio based on the last traded price of Rs. 45 on MSE on 7.9.2004 is 1.88 as against the industry average of 10.43 (Source: Capitaline). As per the unaudited financial results (provisional) for nine-month period ended 31.12.2004, KML had an EPS of Rs. 13.17.

Considering the above parameters under Regulation 20 (5), the Acquirer has agreed to the offer price of Rs. 145/- per share, which is justified.

2 Rane Engine Valves Ltd.

2.1 Rane Engine Valves Ltd. ("Acquirer" or "REVL") [Regd. Office: "Maithri, 132 Cathedral Road, Chennai 600086,Telephone 044 28112472, Fax: 044 28112449], is engaged in the business of manufacture of Valves, Valve Guides and Valve Tappets for IC Engines and related auto components. It was incorporated on 10.8.1967 as a Public Limited Company under the Companies Act 1956, as "Engine Components Ltd." The name of the company was changed to "Rane Engine Valves Ltd." on 27.8.1998 vide resolution passed on 16.7.1998. The shareholding pattern of REVL as on 31.3.2005 is as follows:

	Category	No. of Shares	% of shares
A	Promoter's Holding		
1	Indian Promoters	2613128	51.85
2	Persons acting in Concert	2648	0.05
	Sub-Total	2615776	51.90
B	Non-Promoters		
3	Institutional Investors		
a.	Mutual Funds and UTI	55608	1.10
b.	Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions/ Non- Government Institutions)	142214	2.82
c.	FIIs		
	Sub-Total	197822	3.92
4	Others		
a.	Private Corporate Bodies	247275	4.91
b.	Indian Public	1445851	28.69
c.	NRIs/OCBs	29276	0.58
d.	Any other (Foreign Collaborator)	504000	10.00
	Sub-Total	2226402	44.18
	Grand Total	5040000	100.00

2.2 The shares of REVL are listed on Bombay Stock Exchange, National Stock Exchange Ltd., and Madras Stock Exchange Ltd.

2.3 As per the audited financial results for the year-ended 31.3.2005, REVL had a net worth of Rs. 7007.96 lacs with net sales of Rs. 15,820.5 lacs and a profit after tax of Rs. 1,668.5 lacs. REVL reported a RONW of 23.81% and EPS of Rs. 33.11 for the year-ended 31.3.2005 and Book Value of Rs. 139.05 as on 31.3.2005. As on 27.5.2005, as per the price of Rs. 400/- per share quoted on NSE, the Price/EPS multiple for REVL based on EPS for the year ended 31.3.2005, is 12.08.

3 Kar Mobiles Ltd.

3.1 Kar Mobiles Ltd. (KML)[Regd. Office:Sri Chitrapur Commercial Complex, IV Floor- E No.68, 15th Cross, 8th Main, Malleswaram, Bangalore 560055, Tel: 080-28394711, Fax 080-28394713] was incorporated on 7.1.1936, as Cochin State Power & Light Corporation Ltd. Its name was changed to Kar Valves Limited vide letter No.4/21/M5/74 dated 24.4.1974. Subsequently, its name was changed to Kar Mobiles Limited vide fresh certificate of incorporation consequent on change of name issued by the Assistant Registrar of Companies Tamilnadu on 28.9.1983. The Company is engaged in the business of manufacture of Valves for IC Engines.

3.2 The equity shares of Kar Mobiles Limited are listed on MSE and BgSE. The last traded price of the shares on MSE on 7.9.2004 was Rs. 45.00.

3.3 As per the audited financials for the year-ended 31.3.2004, KML had a share capital of Rs. 224.00 lacs and reserves of Rs. 1361.24 lacs. Miscellaneous expenditure to the extent not written off or adjusted was Rs. 48.89 lacs. KML reported net sales of Rs. 5623.42 lacs and a net profit of Rs. 535.50 lacs during the year-ended 31.3.2004. The company reported net sales of Rs. 5,635.80 lacs and a net profit of Rs. 294.9 lacs during the nine-month period ended 31.12.2004.

3.4 As on the date of this PA, the total paid-up equity capital of KML stands at Rs.2,24,00,000 comprising 22,40,000 fully paid up shares of face value Rs.10/- each. The Company does not have any partly paid-up shares or outstanding convertibles or any stock options as on date of this PA.

4 Reasons for the Acquisition/Offer and Future Plans

4.1 The acquisition of shares under the Open offer will help REVL consolidate its holdings in KML and acquire management control, without change of management.

4.2 The Acquirer does not have any plans to dispose of or otherwise encumber any assets of KML in the next two years, except in the ordinary course of business of KML and except to the extent required for the purpose of restructuring and/or rationalisation of assets, investments, liabilities or otherwise of KML It will be for the Board of Directors of KML to take appropriate decisions in these matters, as per the requirements of the business. Such decisions shall be in accordance with laws and regulations applicable at that time. In case, the Acquirer decides to sell, dispose or otherwise encumber any substantial asset of KML, it shall do so with prior approval of the shareholders of KML

5 Statutory Approvals and Conditions of the Offer

5.1 The Offer is subject to REVL obtaining approval from its shareholders for the issue of equity shares to the persons tendering equity shares of KML under the share exchange offer u/s. 81 of the Companies Act 1956

5.2 The offer is subject to listing approvals from the NSE, BSE and MSE for the equity shares proposed to be issued by REVL.

5.3 The offer is subject to such conditions/ exemptions as may be given by SEBI according to SEBI Rules and Regulations.

5.4 Other than as mentioned in this PA, there are no other statutory approvals required to acquire shares that are tendered pursuant to this Offer as on the date of this PA. If any other statutory approvals become applicable, the Offer would be subject to such statutory approvals. No approvals are required from Financial Institutions/Banks for the Offer.

5.5 However, in case of non-receipt of statutory approval within time, SEBI has the power to grant extension of time to the Acquirer for payment of consideration to shareholders, subject to the Acquirer agreeing to pay interest in accordance with Regulation 22(12) of the Regulations.

6 Financial Arrangements for the Offer

6.1 The Acquirer has made firm financial arrangements to meet their obligations in full under the Offer. For this purpose REVL intends to meet its obligations through issuance of its own equity shares and utilise its internal resources.

6.2 The maximum consideration payable by the Acquirer in case of full acceptance of the Offer would be Rs.906.25 lacs. In accordance with the provisions of Regulation 28 of the Regulations, the Acquirer has created an Escrow Account in the form of a Bank Guarantee of Rs.231.50 lacs (representing not less than 25% of the maximum purchase consideration payable in terms of the Offer) issued by The Hongkong and Shanghai Banking Corporation Limited and having its office at Rajaji Salai, Chennai - 600001 valid until 30.9.2005, in favour of the Manager to the Offer. The Acquirer has empowered the Manager to the Offer to realize the value of the Escrow Account under the Regulations.

6.3 The Acquirer has also made a cash deposit of Rs. 9.25 lacs, representing an amount in excess of 1% of the maximum purchase consideration payable in terms of the Offer, in a Bank Account with The Hongkong and Shanghai Banking Corporation Limited having its office at Rajaji Salai, Chennai - 600001. The Manager to the Offer is authorised to realise the value of the aforesaid Bank Account.

6.4 The Hongkong and Shanghai Banking Corporation Limited , bankers of REVL, having their address at Rajaji Salai, Chennai – 600001,Phone No.:044 – 25240271-79 ; Fax No. 044 - 25220261, vide their certificate dated 27.5.2005 have confirmed that adequate funds to pay the sum of Rs. 906.25 lacs towards payment of maximum consideration are available with REVL. On the basis of the above, the Manager to the Offer has satisfied itself about the ability of the Acquirer to implement the Offer in accordance with the Regulations.

7 Other Terms of the Offer

7.1 A Letter of Offer together with the related Form of Acceptance-cum-Acknowledgement and Transfer Deed (in case of shareholders holding shares in physical form) will be mailed to the shareholders of KML (except the Acquirer) whose names appear on the Register of Members of KML and to the beneficial owners of the shares of KML whose names appear on the beneficial records of the respective depositories at the close of business on 3.6.2005 ("Specified Date"). PACs as mentioned in Clause 1.4 are free to tender their shares under this Offer.

Shareholders Holding Shares in Physical Form

7.2 Shareholders who are holding shares in physical form and wish to tender their shares will be required to send the Form of Acceptance-cum-Acknowledgement, original Share Certificate(s) and transfer deed(s) duly signed, to the Registrar to the Offer, Integrated Enterprises (India) Ltd., either by hand delivery at the Collection Centres mentioned below during normal business hours or by Registered Post to Integrated Enterprises (India) Ltd., 2nd Floor, "Kences Towers", No.1 Ramakrishna Street, North Usman Road, T Nagar, Chennai 600 017, so that the same are received on or before the closure of the Offer, in accordance with the instructions specified in the Letter of Offer and the Form of Acceptance-cum-Acknowledgement.

Shareholders Holding Shares in Dematerialised Form

7.3 The Registrar to the Offer has opened a special depository account with National Securities Depository Limited ("NSDL"). Beneficial owners and shareholders holding shares in the dematerialised form will be required to send their Form of Acceptance-cum-Acknowledgement to the Registrar to the Offer either by hand delivery during normal business hours at the Collection Centres mentioned below or by Registered Post to Integrated Enterprises (India) Ltd., 2nd Floor, "Kences Towers", No.1 Ramakrishna Street, North Usman Road, T Nagar, Chennai 600 017, so that the same are received on or before the date of closure of the Offer, 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 Depository Participant ("DP"), in favour of "Integrated Enterprises (India) Ltd. Escrow Account – KML Open Offer" filled in as per the instructions given below:

DP Name: Integrated Enterprises (India) Ltd.

Client ID Number: 2093026

DP ID Number: IN301313

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

7.5 Shareholders who have sent their physical shares for dematerialisation need to ensure that the process of getting shares dematerialised is completed well in time so that the credit in the Escrow Account should be received on or before the closure of the Offer, else the application would be rejected.

7.6 Collection centres for tendering of the shares are as follows:

Collection Centres	Address	Mode of Delivery	Phone Fax Nos.	Contact Person/ Email id
Chennai	Integrated Enterprises (India) Ltd. 2nd Floor, "Kences Towers" No.1 Ramakrishna Street, North usman Road, T Nagar, Chennai 600 017	Regd Post/ Hand Delivery	Phone (044) 28140801/ 28140802 Fax: 28143378	S Sriram sureshbabu@iepindia.com
Bangalore	30 & 31-1, Ramana Residency, 4th Cross, Bangalore –560 003	Hand Delivery	Phone (080) 23446386 Fax: 23561071	Guruswamy Babu sureshbabu@iepindia.com
Ernakulam	Seema Building, Near Abad Metro, 41/427,Rajaji Road, Ernakulam - 682035	Hand Delivery	Phone (0484) 2371494 Fax: 2384735	Shaji Joseph V sureshbabu@iepindia.com
Mumbai	15, 1st Floor, Modern House, Dr. V B Gandhi Marg, (Forbes St.), Fort, Mumbai-400023	Hand Delivery	Phone (022) 22874672 Fax: 22874676	P R Sriram sureshbabu@iepindia.com
Ahmedabad	21, "NIRMAN", Gr.Flr, Bhd.Navrangpura Bus Stop, Navrangpura, Ahmedabad –380 009	Hand Delivery	Phone (079) 26443289 Fax: 26568122	G R Balaji sureshbabu@iepindia.com
Hyderabad	Flat No.5-10-197/A,B& C/G4, Ground Floor, Reliance Krishna Apts, Beside Kalanjali Bhavan, Navat Pahad, Hill Fort Road, Hyderabad – 500004.	Hand Delivery	Phone (040) 23298944	Venkateswarlu sureshbabu@iepindia.com
Kolkatta	Trikut, Flat No.1-B, 4C Lansdowne Place, Opp Road of Ramakrishna Mission Hospital, Kolkatta 700029	Hand Delivery	Phone (033) 24746400 Fax: 24767131	Anantha Padmanabhan sureshbabu@iepindia.com
New Delhi	18/5, Arya Samaj Road, Amar Chambers (II Floor) W.E.A.Karol Bagh, New Delhi –110005	Hand Delivery	Phone (011) 25716824/25 Fax: 25740163	Shankar Krishnamuthy / Sudharsan sureshbabu@iepindia.com

Business Hours	Monday to Friday:	10.00 A.M. to 1:00 P.M. and 2:00 P.M. to 4:00 P.M.
	Saturdays:	10:00 A.M. to 1:00 P.M.
Holidays	Sundays and Bank Holidays	

7.7 Other than the Acquirer, all owners of shares, registered or unregistered, who own the shares at any time prior to the closure of the Offer are eligible to participate in the Offer. Unregistered owners or registered holders who do not receive a copy of the Letter of Offer can send their application in writing to the Registrar to the Offer, on plain paper stating name, address, number of shares held, number of shares offered, Distinctive Nos. and Folio No., together with the original Share Certificate(s), valid transfer deeds and the original contract note issued by the broker through whom they acquired their shares so that the same are received on or before the closure of the Offer. No indemnity is required from the unregistered owners. Beneficial owners, who do not receive a copy of the Letter of Offer, may send the application in writing to the Registrar to the Offer, on a plain paper stating the name, address, number of shares held, number of shares offered, DP name, DP ID, beneficiary account number and a photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the DP, in favour of the special depository account, so that the same are received on or before the closure of the Offer i.e. 8.8.2005.

7.8 In terms of Regulation 22 (5A) of the Regulations, shareholders desirous of withdrawing the acceptance tendered by them in the Offer may do so upto 3 working days prior to the closure of the Offer. The withdrawal option can be exercised by submitting the documents as per the instructions below so as to reach the Registrars to the Offer at any of the Collection Centres mentioned above, as per the mode of delivery indicated therein on or before 2.8.2005.

7.9 The withdrawal option can be exercised by submitting the Form of Withdrawal as enclosed with the Letter of Offer. In case of non-receipt of Form of Withdrawal, the withdrawal option can be exercised by making a plain paper application along with the following details:

- *In case of physical shares:* Name, Address, Distinctive No.s, Folio No.s, Number of shares tendered; and
- *In case of dematerialised shares:* Name, Address, Number of shares offered, DP Name, DP ID, Beneficiary Account No. and a photocopy of the delivery instruction in "Off-Market" mode or counterfoil of the delivery instruction in "Off-Market" mode, duly acknowledged by the DP in favour of the special depository account.

7.10 Unaccepted/Withdrawn Share Certificates, transfer forms and other documents, if any, will be returned to the sole/first shareholder by Registered Post/Speed Post at the shareholders'/unregistered owners' sole risk. Shares held in dematerialised form, to the extent not accepted or withdrawn, will be credited back to the beneficial owners' depository account with the respective depository participant as per the details furnished by the beneficial owner in the Form of Acceptance-cum-Acknowledgement or otherwise.

7.11 A schedule of some of the key events in respect of the Offer is as under:

Activity	Date	Day
Specified Date*	3-Jun-05	Friday
Last date for competitive bid	18-Jun-05	Saturday
Last Date by which Letter of Offer will be despatched to the shareholders	8-Jul-05	Friday
Offer Opens On	20-Jul-05	Wednesday
Last date for revising the Offer Price/ offer size	27-Jul-05	Wednesday
Last date to withdraw acceptance tendered by shareholders	2-Aug-05	Tuesday
Offer Closes On	8-Aug-05	Monday
Last Date for communicating rejection/acceptances (in part or full) & mailing of consideration and allotment of shares of REVL for the applications accepted	23-Aug-05	Tuesday

*Specified date is only for the purpose of determining the names of the shareholders as on such date to whom the Letter of offer would be sent and all owners (registered or unregistered) of the shares of KML (except the Acquirer) are eligible to participate in the Offer anytime before the closure of the Offer.

8 General

8.1 Shareholders who have accepted the Offer by tendering the requisite documents, in terms of the Public announcement / Letter of Offer, shall have the option to withdraw acceptance tendered by them up to 2.8.2005, being three working days prior to the date of closure of the Offer.

8.2 If there is any upward revision in the Offer Price before the last date of revision (i.e. 27.7.2005, being 7 working days prior to closure of the Offer) or withdrawal of the Offer, the same would be informed by way of Public Announcement in the same newspapers where the original PA appears. Such revised Offer Price would be payable to all shareholders who tendered their shares at any time during the Offer and whose shares were accepted under the Offer.

8.3 If there is a competitive bid/offer:

- The offers under all the subsisting bids shall close on the same date.
- As the offer price cannot be revised during 7 working days prior to the closing date of the offers, it would, therefore, be in the interest of shareholders to wait till the commencement of that period to know the final offer price of each offer and tender their acceptance accordingly.

8.4 Based on the information available from the Acquirer, the Acquirer and KML have not been prohibited by SEBI from dealing in securities in terms of directions issued under Section 11B of SEBI Act.

8.5 Pursuant to Regulation 13 of the Regulations, the Acquirer has appointed SBI Capital Markets Ltd. as the Manager to the Offer.

8.6 The Acquirer accepts full responsibility for the information contained in this PA and also for the obligations of the Acquirer as laid down in the Regulations.

8.7 The Directors of REVL accept full responsibility for the information contained in this PA and also for the obligations of the Acquirer as laid down in the Regulations.

Eligible persons to the Offer may download a copy of this Public Announcement from SEBI's website at www.sebi.gov.in. Eligible persons to the Offer may also download a copy of the Letter of Offer and Form of Acceptance-cum-Acknowledgement, which will be available on SEBI's website www.sebi.gov.in from the Offer opening date, i.e. 20.7.2005, and can apply on the same.

Issued by the Manager to the Offer
On Behalf of Rane Engine Valves Ltd.

SBI Capital Markets Limited

SBI Capital Markets Limited
202 Maker Tower E
Cuffe Parade, Mumbai - 400 005
Tel.: (022) 2218 9166 Fax: (022) 2218 6367
Contact Person: Ms. Sheila Joseph
E-mail:sheila.joseph@sbicaps.com

Registrar to the Offer

Integrated Enterprises (India) Ltd.
2nd Floor, "Kences Towers" No.1,
Ramakrishna Street, North Usman Road, T Nagar,
Chennai 600 017. Tel:(044) 28140801/ 28140802.
Fax: (044) 2814 0652
Contact Person: Suresh Babu K
E-mail: sureshbabu@iepindia.com

Place: Mumbai

Date: May 28, 2005