LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

OFFER AT Rs. 410 PER EQUITY SHARE ("OFFER PRICE")

(pursuant to SEBI (Substantial Acquisition of Shares and Takeovers)

Regulations, 1997 and subsequent amendments thereof ("Takeover Regulations"))

TO ACQUIRE UP TO 1,008,000 FULLY PAID-UP EQUITY SHARES ("OFFER")

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

Rane Engine Valves Limited ("REVL" or "Target")

Registered Office"Maithri", 132 Cathedral Road, Chennai 600 086..

*Phone No: (*044) 2811 2472 *Fax No (* 044) 2811 2449 *Email:* investorservices@rane.co.in

BY

Rane (Madras) Limited ("RML"or "Acquirer")

Registered Office"Maithri", 132 Cathedral Road, Chennai 600 086.
Phone No (044) 2811 2472 Fax No(044) 2811 2449 Email: revlopenoffer@rane.co.in

AND

Rane Investments Limited ("RIL" or "Person Acting in Concert" or "PAC")
Registered Office"Maithri", 132 Cathedral Road, Chennai 600 086..
Phone No (044) 2811 2472 Fax No (044) 2811 2449 Email: revlopenoffer@rane.co.in

AND

Rane Brake Linings Limited ("RBL" or "Person Acting in Concert" or "PAC")
Registered Office"Maithri", 132 Cathedral Road, Chennai 600 086..
Phone No (044) 2811 2472 Fax No No (044) 2811 2449Email: revlopenoffer@rane.co.in
(Jointly referred to as "Persons Acting in concert" or "PACs")

FOR 1 (ONE) SHARE OF REVL TENDERED AND ACCEPTED A CONSIDERATION OF Rs. 410/- PER SHARE WILL BE PAID AS UNDER

2 (TWO) EQUITY SHARES OF RML OF FACE VALUE RS.10/- EACH VALUED AT A PRICE OF Rs 146/- PER EQUITY SHARE

AND RS. 118/- ONLY IN CASH

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not tender shares in this Offer unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Offer. For taking an investment decision, investors must rely on their own examination of REVL and the Offer including the risks involved. The equity shares of RML issued in the Offer have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of this document. Specific attention of the investors is invited to the summarized and detailed statements contained in Risk Factors beginning on page 3 of Section I of this Letter of Offer.

COMPANY'S ABSOLUTE RESPONSIBILITY

RML, having made all reasonable inquiries, accepts responsibility for and confirms that this Letter of Offer contains all information with regard to RML and the Offer, which is material in the context of the Offer, that the information contained in this Letter of Offer is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Letter of Offer as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The equity shares of RML offered through this Letter of Offer are proposed to be listed on The Stock Exchange, Mumbai ("BSE"), the National Stock Exchange of India Limited ("NSE") and Madras Stock Exchanges Ltd. ("MSE"). We have received in-principle approvals from BSE and NSE for the listing of the equity shares of RML pursuant to letters dated 25th May 2004 and 1st June 2004, respectively.

All future correspondence, if any, should be addressed to the Registrar to the Offer shown below:

MANAGER TO THE OFFER	REGISTRAR TO THE OFFER
HSBC **HSBC Securities and Capital Markets (India) Private Limited** 52/60 Mahatma Gandhi Road, Fort Mumbai – 400 001 Tel: +91 22 2268 1284 / 85 Fax: (022) 2263 1984 Contact Person: Aarthi Ramakrishnan E-mail: rane@hsbc.co.in	**Integrated Enterprises (India) Ltd.** 2nd Floor, "Kences Towers", No.1 Ramakrishna Street, North Usman Road, T Nagar, Chennai 600 017. Tel: +91 44 28140801/ +91 44 28140802 Fax (044) 2814 0652 Contact Person: Suresh Babu K. **E-mail: sureshbabu@iepindia.com**
OFFER OPENS ON : Saturday December 4, 2004	**OFFER CLOSES ON : Thursday December 23, 2004**

Please Note:

1. The Offer is subject to the approval of the Reserve Bank of India ("RBI") under the Foreign Exchange Management Act, 1999 and the approval of the Foreign Investment Promotion Board ("FIPB"). The application to the RBI and the FIPB will be made at an appropriate time. Besides the above, to the best of the knowledge of the Acquirer, no other approvals are required to acquire shares tendered pursuant to this Offer. However the Offer will be subject to all statutory approvals as may be applicable. The shareholders of RML have approved further issue of RML shares on May 11, 2004.
2. Should the Acquirer decide to revise the Offer Price upward, such upward revision will be made in terms of Regulation 26 of the Takeover Regulations not later than Monday, December 13, 2004. If there is any upward revision in the Offer Price, the same would be notified by way of a public announcement in the same newspapers in which the Public Announcement appeared. Such revised offer price would be payable to all shareholders who have accepted this Offer and tendered their shares at any time during the term of the Offer to the extent to which their tenders have been found valid by the Acquirer.
3. The Acquirer may withdraw the Offer as per conditions specified in Regulation 27 of the Takeover Regulations. In the event of such withdrawal, the same would be notified by way of a public announcement in the same newspapers where the Public Announcement appeared.
4. The procedure for acceptance of this Offer is set out in clause 13 page 31 of Section I of this Letter of Offer. A Form of Acceptance-cum-Acknowledgement and transfer deed (where applicable) along with Form of Withdrawal are enclosed with this Letter of Offer.
5. The shareholders who have accepted the Offer by tendering the requisite documents in accordance with the procedures set forth in the Public Announcement and this Letter of Offer can withdraw the same until up to three working days prior to the date of the closure of the Offer. The procedure for withdrawal has been set out in clause 13 page 31 of Section I of this Letter of Offer.
6. A copy of the Public Announcement and a copy of this Letter of Offer (including Form of Acceptance cum Acknowledgement) are available on SEBI's website at http://www.sebi.gov.in**.** The Form of Acceptance-cum-Acknowledgement may be downloaded and used to accept the Offer only in jurisdictions where legally permissible. Persons outside India accessing these pages are required to inform themselves of and observe any relevant restrictions.
7. This document has not been filed, registered or approved in any jurisdiction outside India. Recipients of this document resident in jurisdictions outside India should inform themselves of and observe applicable legal requirements.
8. If there is competitive bid, the public offers under all the subsisting bids shall close on the same date. As the offer price cannot be revised during the 7 (seven) working days prior to the closing date of the offers/bids, 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 bid and tender their acceptance accordingly.

AUDITORS OF RML

D Rangaswamy & Co.,
Chartered Accountants,
R.C Towers, 2nd Floor,
27 Josier Street, Nungambakkam,
Chennai – 600 034
Phone: 044 2821 5168
Fax: 044 2820 4716.

NAME AND ADDRESS OF THE COMPLIANCE OFFICER

Mr. K. Srivatsan
Compliance Officer
RML
Rane Corporate Centre,
"Maithri" 132, Cathedral Road,
Chennai- 600 086
Phone: 044-2811 2472 Fax: 044-28112449 Email: investorservices@rane.co.in

Investors can contact the Compliance Officer or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems such as credit of allotted shares in the respective beneficiary accounts, etc.

SCHEDULE OF MAJOR ACTIVITIES RELATING TO THE OFFER :

Activity	Revised Time Schedule		Original Time Schedule	
	Date	**Day**	**Date**	**Day**
Specified Date (for the purpose of determining the names of shareholders to whom the Letter of Offer would be sent)	November 12, 2004	Friday	April 16, 2004	Friday
Last date for a competitive bid	May 2, 2004	Sunday	May 2, 2004	Sunday
Date by which individual Letters of Offer will be dispatched to the shareholders	November 29, 2004	Monday	May 26, 2004	Wednesday
Offer Opening Date	December 4, 2004	Saturday	June 10, 2004	Thursday
Last date for revising the offer price/number of equity shares	December 13, 2004	Monday	June 30, 2004	Wednesday
Last date for withdrawal of acceptances by the shareholder	December 17, 2004	Friday	July 6, 2004	Tuesday
Offer Closing Date	December 23, 2004	Thursday	July 10, 2004	Saturday
Date by which approval/ rejection would be intimated and the corresponding payment for the acquired equity shares and/or the share certificates for the rejected/ withdrawn equity shares will be dispatched and/or credited to the beneficiary account in case of dematerialised equity shares	January 7, 2005	Friday	August 9, 2004	Monday

RISK FACTORS

Pertaining to the Transaction:

- Since a part of the consideration is payable in the form of shares of RML, the value of the consideration is subject to change with any changes in the market price of the shares of RML.
- The shares of RML issued in consideration of this Offer would require listing at various stock exchanges. Any delay in the listing of new shares and movements in the share price in the interim will be detrimental to your interests.
- Following the issuance of new shares of RML under this Offer and the subsequent dilution, the market price of these shares may be affected.
- There is outstanding litigation against RML which has been detailed in para 4.21 of the Letter of Offer

Pertaining to the Acquirer, PACs and their businesses

- The Acquirer and PACs' performance and financial results are linked to the Indian economy and the automobile industry.
- Post this Offer the Acquirer and the PACs will have significant equity ownership and control over the Target and the interest of the Acquirer may conflict with those of the other shareholders.
- The Acquirer has incurred losses (before exceptional items) amounting to Rs. 1273 lakhs, Rs. 546 lakhs and Rs.480 lakhs respectively for the financial years ended March 31, 2001, 2002 and 2003
- The Acquirer had accumulated contingent liabilities for the financial year ended March 31, 2004 amounting to Rs. 460 lakhs.
- RBL had accumulated contingent liabilities for the financial year ended March 31, 2004 amounting to Rs. 1,461 lakhs.

Note: Shareholders of REVL are requested to refer to Risk Factors pertaining to RML as detailed in Section II of this Letter of Offer

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

DEFINITIONS/ABBREVIATIONS

ACMA	Automotive Components Manufacturers Association
Acquirer/ RML	Rane (Madras) Limited
BSE	The Stock Exchange, Mumbai
Company / RML	Rane (Madras) Limited
CDSL	Central Depository Services Limited
Depository Escrow Account	The depository account opened by Integrated Enterprises (India) Ltd. with National Securities Depository Limited (NSDL) titled “Integrated Enterprises (India) Ltd. Escrow A/c – REVL Open Offer”. The DP ID is IN301313 and the beneficiary client ID is 20790156.
DIP Guidelines	The SEBI(Disclosure and Investor Protection)Guidelines 2000
DP	Depository Participant
Eligible Shareholder	Shareholder who holds REVL shares excluding the parties to the Share Purchase Agreement
FEMA	Foreign Exchange Management Act, 1999
HCV	Heavy Commercial Vehicle
KML	Kar Mobiles Limited
Investor Grievance Committee	The Investor Grievance Committee set up to attend to the grievances of investors.
Issue	The issue of equity shares of RML in terms of this Letter of Offer
LCV	Light Commercial Vehicle
MSE	Madras Stock Exchange Limited
Manager to the Offer/ HSBC	HSBC Securities and Capital Markets (India) Private Limited
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OEM	Original Equipment Manufacturer
Offer	The offer being made by the Acquirer and PACs to the shareholders of REVL on the terms contained in this Letter of Offer
Offer Closing Date	Thursday, December 23, 2004
Offer Opening Date	Saturday, December 4, 2004
Offer Price	Rs. 410/- (Rupees Four Hundred and Ten only) per share
PACs	Persons Acting in Concert, namely RBL and RIL
Public Announcement	The public announcement relating to the Offer has appeared in the newspapers on April 12, 2004
R&P	Rack & Pinion
RIL	Rane Investments Limited
RBL	Rane Brake Linings Limited
RBI	Reserve Bank of India
Registrar to the Offer / IEP	Integrated Enterprises (India) Ltd.
REVL / Target Company	Rane Engine Valves Limited
RoC	Registrar of Companies, Tamil Nadu, Chennai
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992
SG	Steering Gears
SIAM	Society of Indian Automobile Manufacturers
Shares	Fully paid-up equity shares of Rs. 10/- each of REVL
SPA	Share Purchase Agreement dated April 9, 2004
Specified Date	Date for the purpose of determining the names of shareholders, as appearing in the Register of Members of REVL or the beneficial records of the relevant DPs, to whom this Letter of Offer will be sent. This date has been determined as Friday, November 12, 2004.
Takeover Regulations / Regulations	SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto.
TPM	Total Productivity Management
TQM	Total Quality Management
TRW	TRW Inc., U.S.A.
TRWA	TRW Automotive J.V L.L.C., U.S.A.
UV	Utility Vehicle

SECTION I:

Letter of Offer to Shareholders of REVL in compliance with the Takeover Regulations

1. Disclaimer

IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE FILING OF THE DRAFT LETTER OF OFFER WITH SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF RANE ENGINE VALVES LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF THE ACQUIRER, PACs OR OF RANE ENGINE VALVES LIMITED WHOSE SHARES/CONTROL ARE/IS PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT, WHILE THE ACQUIRER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY, AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, HSBC SECURITIES AND CAPITAL MARKETS (INDIA) PRIVATE LIMITED (THE MANAGER TO THE OFFER) IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ACQUIRER DULY DISCHARGES ITS RESPONSIBILITY ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MANAGER TO THE OFFER HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED SEPTEMBER 7, 2004 TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVER) REGULATIONS 1997 AND SUBSEQUENT AMENDMENT(S) THEREOF. THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRER FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER.

2. Background to the Offer

2.1. Pursuant to Regulation 10 and other applicable provisions of Chapter III of the Takeover Regulations, the Acquirer and PACs are making a voluntary offer to the shareholders of REVL to acquire up to 1,008,000 fully paid up equity shares of Rs. 10/- each representing 20% of the fully paid up equity share capital of REVL at Rs.410/- (Rupees Four Hundred Ten only) per share ("Offer Price") to all shareholders who tender their equity shares and whose equity shares of REVL are acquired by the Acquirer and PACs (the "Offer").

2.2. The Rane Group ("the Group") based in Chennai is engaged in the business of manufacture of auto components. The Group has four listed companies, viz. RML, REVL, RBL and KML. RML, REVL and RBL each holds equity shares in the other two companies thereby leading to a cross holding of equity shares.

2.3. Mr. L Lakshman, Mr. L Ganesh, L Lakshman (HUF), L Ganesh (HUF), Mrs. Pushpa Lakshman, Mr. Harish Lakshman, Mr. Vinay Lakshman, Mrs. Meenakshi Ganesh, Ms. Aparna Ganesh, Master Aditya Ganesh, Mrs. T.G. Saraswathi, Mrs. Vanaja Aghoram and Mrs. Shanthi Narayan, ("the Promoters") along with, Mrs. Saroja Raman, Mrs. Ranjini R Iyer, Mrs. Geetha Raman Subramanyam , Mrs. Rathika R Sundaresan, Mr. T G G Raman, Mrs. Ramani Ramakrishnan, Mr. Pravin Kumar and Mrs. T G Sundari ("Promoters' Family Members") hold equity shares in all the three companies, with Mr Pravin Kumar holding shares in REVL and RBL only. The Promoters, the Promoters' Family Members and the Group have initiated a restructuring exercise involving a change in shareholding, consolidation of ownership/equity. The restructuring envisages RML consolidating equity interests of the Group through an agreement with the Promoters and Promoters' Family Members.

2.4. Share Purchase Agreement between Acquirer and PACs on the one hand and the Promoters and Promoters' Family Members (jointly referred to as the "Sellers") on the other hand

2.4.1. The Acquirer and PACs have entered into a Share Purchase Agreement dated April 9, 2004 ("the SPA") to acquire 960,056 equity shares representing 19.05% of the fully paid up equity share capital of REVL ("the Transaction"). The details of the equity shares of REVL sought to be acquired are given in the paragraphs below. The consideration agreed to be paid to the Sellers under the SPA ("Negotiated Price") is in the form of issue of equity shares of RML by RML and payment of cash by RML/RBL/RIL. The mode and manner of payment under the SPA is the same as the mode and manner of payment under this Offer.

2.4.2. Acquirer and PACs have agreed to purchase REVL equity shares at a price of Rs. 410/- (Rupees Four Hundred Ten only) per share. This price has been computed as per Regulation 20 of the Takeover Regulations.

2.4.3. The consideration of Rs.410/- (Rupees Four Hundred Ten only) for every 1 (one) REVL equity share acquired by RML , RBL and RIL would be discharged as under:

(a) RML issued and allotted to the Sellers 2 (two) equity shares of RML. Each RML equity share is priced at Rs.146/- (Rupees One Hundred Forty Six only) comprising Rs.10/- (Rupees Ten only) face value and Rs. 136/- (Rupees One Hundred Thirty Six only) as share premium. The price per equity share of RML has been computed as prescribed under Chapter XIII of the Securities and Exchange Board of India (Disclosure & Investor Protection) Guidelines, 2000.

(b) RML/RIL/RBL will pay to the Sellers a sum of Rs. 118/- (Rupees One Hundred Eighteen only) in cash.

2.4.4. The details of the equity shares of REVL acquired under the SPA are as follows:

Sr. No.	Names of persons selling the equity shares of REVL	No. of equity shares of REVL	% of outstanding equity share capital of REVL	Address, Phone and fax numbers
	Promoters			
1	L Lakshman	82,150	1.63%	No.17 Crescent Street Off ABM Avenue, Chennai 600 028 Fax No.91-44-28112449 Phone No.91-44-28112472
2	L Lakshman (HUF)	40,724	0.81%	-do-
3	Mrs. Pushpa Lakshman	9,220	0.18%	-do-
4	Harish Lakshman	3,408	0.07%	-do-
5	Vinay Lakshman	7,880	0.16%	-do-
6	L Ganesh	95,409	1.89%	No.2 George Avenue, Chennai 600018 Fax No.91-44-28112449 Phone No.91-44-28112472
7	L Ganesh (HUF)	40,675	0.81%	-do-
8	Mrs. Meenakshi Ganesh	22,040	0.44%	-do-
9	Ms. Aparna Ganesh	2,480	0.05%	-do-
10	Aditya Ganesh	4,180	0.08%	-do-
11	Mrs. T G Saraswathy	22,834	0.45%	No.17 Crescent Street Off ABM Avenue, Chennai 600 028 Fax No.91-44-28112449 Phone No.91-44-28112472
12	Mrs. Vanaja Aghoram	49,004	0.97%	802 Ideal Home Township Kenchanahalli, Bangalore 560039 Fax No.91-44-28112449 Phone No.91-44-28112472
13	Mrs. Shanthi Narayan	33,704	0.67%	C 2/31, Bapa Nagar, Dr. Zakir Hussain Marg, New Delhi 110003 Fax No.91-44-28112449 Phone No.91-44-28112472
	Promoters' Family Members			
14	Pravin Kumar	9,322	0.18%	3348 Emerson Street, Palo Alto CA 94306-3526, USA Fax No.91-44-28112449 Phone No.91-44-28112472
15	Mrs.Saroja Raman	93,900	1.86%	301 East, 22nd Street, Apart # 5D, New York NY 10010 USA Fax No.91-44-28112449 Phone No.91-44-28112472
16	Mrs.Ranjini R Iyer	52,610	1.04%	305, Quincy Ct., Schaumburg, IL 60193, USA Fax No.91-44-28112449 Phone No.91-44-28112472
17	Mrs.Geetha Raman Subramanyam	46,580	0.92%	301 East, 22nd Street, Apart # 5D, New York NY 10010 USA Fax No.91-44-28112449 Phone No.91-44-28112472
18	Mrs.Rathika R Sundaresan	88,728	1.76%	16 Waters Edge, Sparta NJ 07871, USA Fax No.91-44-28112449 Phone No.91-44-28112472
19	TGG Raman	252,780	5.02%	63 Orrington Ct, Schaumburg, IL 60173, USA Fax No.91-44-28112449 Phone No.91-44-28112472
20	Mrs.TG Sundari	1,214	0.02%	F 3 Anubhav Terrace, 7 Judge Jambulingam Road, Mylapore, Chennai 600 004 Fax No.91-44-28112449 Phone No.91-44-28112472
21	Mrs. Ramani Ramakrishnan	1,214	0.02%	5115 Beacon Ponte, Sugarland, Texas 77479, USA Fax No.91-44-28112449 Phone No.91-44-28112472
	Total	**960,056**	**19.05%**	

2.5. In consideration of the 960,056 equity shares of REVL at a price of Rs. 410/- (Rupees Four Hundred Ten only) aggregating Rs.393,622,960 (Rupees Three Hundred Ninety Three Million Six Hundred Twenty Two Thousand Nine Hundred Sixty only), the Sellers have been issued/allotted 1,920,112 equity shares of RML at a price of Rs.146/- (Rupees One Hundred Forty Six only) per share aggregating Rs.280,336,352 (Rupees Two Hundred Eighty Million Three Hundred Thirty Six Thousand Three Hundred Fifty Two only) and cash aggregating Rs.113,286,608 (Rupees One Hundred Thirteen Million Two Hundred Eighty Six Thousand Six Hundred and Eight only) is to be paid by RBL/RIL.

2.6. The aforesaid transfer of equity shares of REVL is exempt under Regulation (3)(e) of the Takeover Regulations as it is an inter-se transfer of equity shares amongst promoters. However, the Acquirer and PACs have decided voluntarily to make an Open Offer to acquire 1,008,000 equity shares representing 20% of the fully paid-up equity shares of REVL from the remaining shareholders (other than the parties to the SPA) on the same terms as the SPA.

2.7. Consequent to the SPA, the Sellers would be issued shares in RML and as a result they would be obliged to make an open offer to the shareholders of RML for at least 20% of the voting share capital of RML. The offer to the RML shareholders may be concurrent to the present Offer.

2.8. Neither the Acquirer, the PACs, the Target Company, nor the Promoters and the Promoters' Family Members have been prohibited by SEBI from dealing in securities, in terms of direction issued under Section 11B of the SEBI Act or any of the Regulations under the SEBI Act.

2.9. There are no plans to sell, dispose of or otherwise encumber any assets of REVL in the next two years, except to the extent required (i) for the purposes of restructuring or rationalization of assets, investments, liabilities or otherwise of REVL or (ii) in the ordinary course of business of REVL. Further, during such 2 year period the Acquirer undertakes not to sell, dispose of or otherwise encumber any substantial assets of REVL, except with the prior approval of the shareholders of REVL in accordance with the Articles of Association of REVL. It will be the responsibility of the Board of Directors of REVL to make appropriate decisions in these matters in accordance with the requirements of the business. Such approvals and decisions will be governed by the provisions of the relevant regulations or any other applicable laws or legislation at the relevant time.

2.10. There are no changes in the composition of the Board of Directors of REVL which are being proposed by the Acquirer and PACs post this Offer.

3. Details of the Offer

3.1. Pursuant to Regulation 10 and other applicable provisions of Chapter III of the Takeover Regulations, the Acquirer and PACs are making an offer to the shareholders of REVL to acquire up to 1,008,000 fully paid up equity shares of Rs. 10/- each representing 20% of the fully paid up equity share capital of REVL at Rs.410/- (Rupees Four Hundred Ten only) per share to all eligible shareholders who tender their equity shares of REVL and whose equity shares of REVL are acquired by the Acquirer and PACs, other than the parties to the SPA.

3.2. The shareholders of REVL who tender of equity shares of REVL under the Offer is accepted will receive a consideration of Rs. 410/- (Rupees Four Hundred Ten only) for every 1 (one) REVL equity share which would be discharged as under:

3.2.1. RML shall issue and allot 2 (two) equity shares of RML. Each RML equity share is priced at Rs.146/- (Rupees One Hundred Forty Six only) comprising Rs.10/- (Rupees Ten only) face value and Rs. 136/- (Rupees One Hundred Thirty Six only) as share premium. The price per equity share of RML is in compliance with the pricing prescribed under Chapter XIII of the Securities and Exchange Board of India (Disclosure & Investor Protection) Guidelines, 2000 and is in compliance with Regulation 20(2) of the Takeover Regulation.

3.2.2. The shares being offered under this Offer are ordinary equity shares of RML and rank pari passu with the existing shares in all respects for and from the financial year of allotment.

3.2.3. RML/RIL/RBL will pay a sum of Rs. 118/- (Rupees One Hundred Eighteen only) in cash

3.3. In consideration for the 1,008,000 share of REVL proposed to be acquired through this Offer at a price of Rs. 410/- (Rupees Four Hundred Ten only) aggregating Rs.413,280,000 (Rupee Four Hundred and Thirteen Million Two Hundred and Eighty Thousand only), the total value of 2,016,000 equity shares to be issued by RML at Rs.146/- (Rupees One Hundred Forty Six only) per equity share is Rs.294,336,000 (Rupees Two Hundred and Ninety Four Million Three Hundred and Thirty Six Thousand only) and the cash to be paid by the Acquirer/ the PACs at Rs.118/- per equity share is Rs.118,944,000 (Rupees One Hundred and Eighteen Million Nine Hundred and Forty Four Thousand only), assuming full acceptance of the Offer.

3.4. The Offer Price payable as above by Acquirer/ the PACs in cash and by RML by issue of equity shares of RML, would be subject to the terms and conditions mentioned in the Public Announcement and this Letter of Offer.

3.5. RML together with its subsidiary, RIL and RBL presently hold 8.67% and 4.13% respectively of the equity share capital in REVL.

3.6. The Acquirer and PACs have not acquired any equity shares in REVL during the last 12 months other than under Share Purchase Agreement dated April 9, 2004.

3.7. The equity shares of REVL are listed on the BSE, the "NSE and the MSE.

3.8. Based on available information, the equity shares of REVL are not infrequently traded on the BSE and NSE within the meaning of Regulation 20(5) of the Takeover Regulations. The equity shares of REVL are most frequently traded on NSE.

3.9. The average of the weekly high and low of the closing price for the equity shares of REVL for the 26-week period preceding the date of the Public Announcement is Rs. 397.08 on the NSE where the equity shares of REVL are most frequently traded. The average of the daily high and low price during the two weeks preceding the date of the Public Announcement is

Rs. 406.64 on the BSE where the equity shares of REVL are most frequently traded. The Offer Price of Rs.410/- is higher than the BSE 2 week average price of Rs.406.64. This price is the same as the Negotiated Price and in view of the above, the Offer Price is justified in accordance with Regulation 20 of the Takeover Regulations. (Source: www.bseindia.com, www.nse-india.com).

3.10. This Offer is not subject to any minimum level of acceptance.

3.11. There are no partly paid-up shares of REVL.

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

3.13. The Public Announcement appeared on 12th April , 2004 in the following newspapers, in accordance with Regulation 15 of the Takeover Regulations:

Newspapers	Language	Editions
Financial Express	English	Bangalore, Chandigarh, Chennai, Kochi, Kolkata, Mumbai and New Delhi
Lokmat	Marathi	Mumbai
Jansatta	Hindi	Delhi, Kolkata
Makkal Kural	Tamil	Chennai, Madurai, Coimbatore

A copy of the Public Announcement is also available on SEBI's website at **http://www.sebi.gov.in**

Further terms and conditions of the Offer are set out in clause 12 on page 30 of Section I of this Letter of Offer. The procedure for acceptance and settlement is set out in clause 13 on page 31 of Section I of this Letter of Offer.

3.14. The Acquirer and the PACs consider their acquisition of 960,056 equity shares representing 19.05 % in REVL from the Sellers vide the SPA as a step in the group restructuring with a view to reduce cross-holdings of equity shares among RML, REVL and RBL and provide better access to capital for future growth opportunities. This Offer is a voluntary one being made to the public shareholders of REVL on the same terms as the SPA. This acquisition of equity shares of REVL would be a substantial acquisition of equity shares of REVL or voting rights without change in control or change in management.

3.15. The Acquirer and the PACs do not have any plans to sell, dispose of or otherwise encumber any major assets of REVL in the next two years except in the ordinary course of business of REVL.

3.16. Further, the Acquirer and the PACs undertake not to sell, dispose of or otherwise encumber any substantial assets of REVL, except with the prior approval of the shareholders of REVL in accordance with the Memorandum and Articles of Association of REVL.

3.17. It will be the responsibility of the Board of Directors of REVL to make appropriate decisions about these matters in accordance with the requirements of its business. Such approvals and decisions will be governed by the provisions of the relevant regulations or any other applicable laws or legislation at the relevant time.

4. Background of the Acquirer: RML

4.1. RML was incorporated on 3rd March 1936 as a public limited company under the Indian Companies Act, 1913. The registered office of RML is located at "Maithri", 132 Cathedral Road, Chennai 600 086. Phone: 044 28112472. RML is a part of the Rane Group.

4.2. RML Products essentially comprise the following:-

- Manual Steering Gears
- Steering and Suspension Linkage Products
- Ball joints (Inner and Outer)

4.3. It has a paid up capital of Rs. 41,952,600 divided into 41,95,260 equity shares of nominal value of Rs. 10/- each as on the date of Public Announcement. There are no partly paid up equity shares in RML. The market value of the shares as on the date of the Public Announcement is Rs. 152.6 per share.

4.4. The principal business of the RML is manufacture of manual steering systems, steering linkages and related automotive components.

4.5. The Acquirer and the PACs are a part of the Rane Group. RIL, an investment company, is a 51% subsidiary of RML and has its registered office at "Maithri", 132 Cathedral Road, Chennai 600 086. RML is a part of the Rane Group. RIL is an unlisted company.

4.6. RML is listed on the BSE, NSE and the MSE.

4.7. Details of Promoters.

RML has been promoted by REVL, RBL and the following individuals

1 Mr. L Lakshman
Age: 58 years
Experience: 34 years
Qualification: Bachelor of Engineering
Occupation: company director

2 Mr. L Ganesh
Age: 50 years
Experience: 25 years
Qualification: B.Com, ACA, MBA
Occupation: company director

3 Mrs. Pushpa Lakshman
Age: 52 years
Qualification: MA, PhD.
Occupation: House wife

4 Mr. Harish Lakshman
Age: 30 years
Experience: 4 years
Qualification: B.Tech, MSM from Purdue University
Occupation: company director

5 Mr. Vinay Lakshman
Age: 27 years
Qualification: M.Com, CA (Inter)

6 Mrs. Meenakshi Ganesh
Age: 40 years
Qualification: M.A
Occupation: House wife

7 Ms. Aparna Ganesh
Age: 20 years
Qualification: B.Com
Occupation: Student

8 Mr. Aditya Ganesh
Age: 16 years
Qualification: High School +1
Occupation: Student

9 Mrs. Shanthi Narayan
Age: 56 years
Occupation: House wife

10 Mrs. Vanaja Aghoram
Age: 52 years
Occupation: House wife

11 Mrs. T G Saraswathy
Age: 81 years
Occupation: House wife

For further details of the promoters of RML reference may be made to clause 13 titled “Promoters” on page 51 of Section II of this Letter of Offer

4.8. Share capital structure of RML

4.8.1. The issued equity share capital of RML as on the date of the public announcement was Rs. 41,952,600, comprising 41,95,260 equity shares. The expanded equity share capital of RML after the preferential allotment made to the promoters and the Open Offer could go upto 81,31,372 shares.

4.8.2. The share capital structure of RML as on the date of the Public Announcement was:

Paid-up equity shares of the Company	**No of equity Shares/ voting rights**	**% of equity Shares/ voting rights**
Fully paid-up equity shares	41,95,260	100%
Partly paid-up equity shares	-	-
Total paid-up equity shares	41,95,260	100%
Total voting rights in the Company	41,95,260	100%

4.8.3. The shareholding pattern as on the Public Announcement Date is as follows:

	Number of shares	% of share Capital
Promoters	1894900	45.17%
Financial Institutions, Banks & Mutual Funds	426603	10.17%
NRI/OCB/FII	29082	0.69%
Corporate Bodies	248900	5.93%
Public/Others	1595775	38.04%
Total	4195260	100%

4.9 The Board of Directors of RML

4.9.1 The Board of Directors of the RML as on the date of this Letter of Offer comprised:

Name	Date of appointment	Qualifi-cations	Residential Address	Experience	Area of experience
L Ganesh (Vice Chairman)	June 26, 1986	ACA MBA	Lakshmi Nivas, 2, George Avenue, Chennai 600 018	25	Management in Auto Components Companies
L Lakshman (Chairman and Managing Director)	March 14, 2002	B.E.	17, Crescent Street, Off Arch Bishop Mathias Avenue, Chennai 600 028	34	Management in Auto Components Companies
V Narayanan	June 11, 1998	M.Sc.	Flat No.19 'The Manor' , 11, Cenetoph Road II Lane, Teynampet Chennai 600 018.	41	Management in consumer products and Auto Components Companies
Krishnan S Waran	June 26, 1998	M.Com., Dip. In Mkting Mgmt. MFM, ICWAI Inter	Plot No.569, First Block, HMT Layout, Vidyaranpura, Bangalore 560 097.	35	Financial Consultancy
Harish Lakshman	May 19, 2004	BE (Mech) MSM	17, Crescent Street, Off Arch Bishop Mathias Avenue, Chennai 600 028	4	Production & Marketing Management in Auto Component Companies
P S Kumar	July 21, 2004	CA	#5, Second Street, Wallace Gardens, Chennai – 600006	35	Chartered Accountant
P N Vencatesan	September 24, 1984	ACA	324 A, Samudra Mahal, Dr.Annie Besant Road, Mumbai 400 018.	51	Management in Auto Mobile Companies

4.9.2 The change in the Board of Directors of RML in the past three years are as follows

S.No.	Name of Director	Date of		Reasons
		Appointment	Cessation	
1.	Mr. M S Kumar		23.7.2003	Retired
2.	Mr. Harish Lakshman	19.5.2004		Appointed
3.	Mr. D K Parikh		21.7.2004	Retired
4.	Mr. P S Kumar	21.7.2004		Appointed

4.9.3 Of the above, Mr. L.Lakshman and Mr. L.Ganesh are also on the board of REVL. However, these persons and Mr. Harish Lakshman have not participated on any matter(s) concerning or relating to the Offer. Mr. P. S. Kumar joined the board of RML only on 21st July 2004. He is a partner in M/s. Brahmayya & Co. Chartered Accountants, Chennai being the auditors of REVL.

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

4.10 There has been no change in the auditors of RML in the past three years.

4.11 RML has complied with the listing requirements of the NSE, BSE and MSE and no penal action has been taken against RML by NSE, BSE and MSE.

4.12 RML has complied with the provisions of Chapter II of the Takeover Regulations

4.13 Financial Statements of RML

Profit & Loss statement (Rs. Lakhs)	**31-Mar-02 (Audited) 12 months**	**31-Mar-03 (Audited) 12 months**	**31-Mar-04 (Audited) 12 months**
Income from Operations	13761	14610	20207
Other income	363	357	393
Total Income	14125	14967	20600
Total expenditure	12873	13702	18662
Profit/(Loss) before interest, depreciation, tax and exceptional items	1252	1265	1938
Depreciation	646	659	679
Interest	1151	1086	846
Profit before tax	(546)	(480)	413
Net Exceptional income/(expenditure)	319	354	78
Provision for taxation – Current			(10)
Provision for taxation – Deferred - Asset (Liability)	(54)	436	239
Profit after tax incl exceptional items	(280)	310	720

Income from Operations reported including Excise Duty

Balance Sheet (Rs. Thousands)	**31-Mar-02 (Audited)**	**31-Mar-03 (Audited)**	**31-Mar-04 (Audited)**
Sources of Funds			
Paid-up share capital	419	419	419
Reserves and Surplus (excluding revaluation reserves)	2247	2449	2158
Net worth	2666	2869	2577
Preference Share Capital	1000	800	800
Secured loans	5912	5353	5128
Unsecured loans	511	625	702
Deferred tax liability	368		
Total	10458	9647	9207
Use of Funds	.		
Net Fixed assets	5125	5131	5224
Investments	967	798	769
Net current assets	3118	2791	2892
Total miscellaneous expenditure not written off	1247	844	
Deferred tax asset		83	322
Total Assets	10458	9647	9207

Other Financial Data	**31-Mar-02 (Audited)**	**31-Mar-03 (Audited)**	**31-Mar-04 (Audited)**
Earnings per share (Rs)	(6.7)	0.2	17.2
Dividend (%)	-	-	10% (interim)
Return on net worth (%)	-11%	7%	23%
Book value per share (Rs)	63.6	68.4	61.43

4.14 Dividend payment during the last five years: -

Fiscal year ended	Dividend on equity shares of RML (%)	Dividend on preference shares (%)
March 2000	10%	i) 10.5% for 2 million preference shares of Rs. 10 each. ii) 13% on 8 million preference shares of Rs. 10 each (including arrears of dividend)
March 2001	Nil	Nil
March 2002	Nil	Nil
March 2003	Nil	13.5% on 8 million Cumulative preference shares of Rs. 10 each
March 2004	10% (Interim Dividend)	13.5% on 8 million Cumulative preference shares of Rs. 10 each

4.15 Details of significant accounting policies of RML

4.15.1 Basis of preparation of Financial Statements

- RML follows mercantile system of accounting and recognizes income and expenditure on accrual basis. The financial statements are prepared in accordance with generally accepted accounting principles and accounting policies that are based on mandatory accounting standards as applicable.

4.15.2 Fixed Assets

- Fixed assets are stated at cost of acquisition or construction, net of cenvat credit and depreciation. Cost includes direct cost and financing cost related to borrowing attributable to acquisition that are capitalized until the assets are ready for use. Capital work-in-progress includes cost of assets not ready for their intended use and includes advances being paid to acquire fixed assets.

4.15.3 Depreciation

- Depreciation is provided pro-rata with reference to the month of addition/ deletion.
- Depreciation is charged on assets at Mysore and Pondicherry plants and on assets procured after 31.03.1987 at Chennai plant on straight line basis at the rates specified in Schedule XIV of the Companies Act, 1956.
- Depreciation on the following assets is charged on the basis of their estimated useful lives at rates higher than those prescribed in the Companies Act, 1956.

	Assets	**Useful Life (Years)**
1	Vehicles	5
2	Furniture & Fittings	5
3	Office Equipment	3

Assets costing less than Rs.5000 each are fully depreciated in the year of acquisition.

4.15.4 Investments

- Investments are categorized into long term and current investments.
- Long term investments are valued at cost and current investments are valued at the lower of cost and fair value.
- Any decline in the value of long term investments is recognized by reducing the value of investments unless such reduction is of a temporary nature.
- Any gain or loss as the case may be, arising on disposal of such investments is reckoned as income or expenditure of the year.

4.15.5 Inventories

- Raw materials, work-in-progress and finished goods are valued at lower of cost and net realizable value. Other items of inventory valued at cost. Cost is determined on weighted average basis.
- Finished goods includes excise duty.

4.16 'Details of major contingent liabilities and the reasons for fall/rise in total income and profits after tax in the last 3 years.

4.16.1 Contingent Liabilities as on March 31, 2004

Rs. lakhs

	2003-04
Commitments on Capital expenditure	133.94
Letter of credits & Bank Guarantees	76.08
Guarantees issued	250.00

4.16.2 Reasons for fall/rise in total income and profits after tax:

	Mar 31, 2001 (Audited)	**Mar 31, 2002 (Audited)**	**Mar 31, 2003 (Audited)**	**Mar 31, 2004 Audited)**
Total Income	1,314,001	1,412,540	1,461,005	2,020,748
PAT/(Loss)	(93,126)	(28,031)	31,049	72,016

(a) The total income for 2001-02 was almost the same as in the previous year due to the declining trend in the Indian automobile industry. However, as a result of various management initiatives, the operating losses were reduced by nearly Rs.40 million. Together with increased dividend and other income, the Company was able to bring down the overall loss considerably.

(b) Sales grew by 6% in 2002-03 despite poor performance of tractor industry. Operational efficiencies also improved, and together with dividend and other income, the Company earned marginal profit for the year. During the year the Company recognised a deferred tax asset of Rs.31.578 million relating to prior years and so the profit after prior year adjustment was at Rs.31.049 million..

(c) Sales grew by 40% in 2003-04 over that of the previous year. Exports increased substantially from Rs.1.87 million to Rs.89.55 million. The increase in sales coupled with tight internal controls and efficient treasury management helped the Company achieve operating profit of Rs.2.01 million excluding dividend and other income. Along with dividend and other income the profit before tax was Rs.49.156 million. Deferred tax of Rs.23.860 million was recognised during the year, resulting in Profit after tax of Rs.72.016 million.

4.17 Details of Corporate Governance policies of the Acquirer

The Board of Directors comprises 3 members who represent the promoter group and 4 members who are independent non executive directors. RML has instituted the following committees of the Board

4.17.1 Audit Committee: Comprising of 4 Directors with a scope of reference which covers review of audit with statutory auditors and internal auditors, review of internal control systems and review of annual financial statements with management and auditors

4.17.2 Remuneration to Directors: The committee would be constituted on need basis under the provisions of the Schedule XIII to the Companies Act, 1956 to recommend remuneration payable to executive directors.

4.17.3 Share Transfer/Investors Service Committee has been constituted to approve transfers and transmissions of shares and look into grievances of shareholders.

RML also makes requisite disclosures relating to financial results, share price data, dematerialisation of shares, listing and liquidity of shares and distribution of shareholding as on the last day of the financial year.

4.18 Name and address of the Compliance Officer

Mr. K. Srivatsan
Compliance Officer
RML
Rane Corporate Centre,
“Maithri” 132, Cathedral Road,
Chennai- 600 086
Phone: 044-2811 2472 Fax: 044-28112449 Email: investorservices@rane.co.in

4.19 Relevant details of any merger/demerger, spin-off during the last 3 years involving RML.

RML has not been involved in any merger/demerger, spin off scheme during the last three years. The natural persons defined as promoters of RML have made a public announcement to acquire upto 20% of the voting share capital of RML consequent to the SPA. The Board of RML has taken an in principle view to demerge investment and manufacturing activities of RML.

4.20 There are no changes in the name of the RML since its incorporation/ listing

4.21 Details of pending litigation against the Acquirer

Sl. No.	Nature of litigation and its current status	Amount Rs. in lakhs
1	**Income-tax**	
	Two cases relating to erroneous claim of depreciation for the Ays 1996-97 and 1997-98 are pending before Tribunal.	35.35
2	**Central Excise**	
a	Disallowance of MODVAT credit by the department for the Year 1994-95 is pending in the Karnataka High Court	1.49
b	Disallowance of MODVAT credit for the year 2000-01is Pending before the department	0.32
3	**Labour Cases**	
a	Dispute relating to dismissal of two workmen is pending Before the labour department, Pondicherry.	N.A.
b	Two cases on difference in wages and transfer of employees Are pending before Madras High Court.	N.A.
c	A case on dismissal of four workmen is pending before Madras High Court.	N.A.

4.22 Capacity Utilisation for the Year ended March 31, 2004

Details	Steering & Suspension Linkage Products Inclusive of ball joints	Steering Gear Products
Installed Capacity Nos	8,870,000	557,800
Production	4,986,582	440,786
Capacity utilization	56%	79%

4.23 Current Outstanding unsecured Loans of RML as on March 31, 2004

(a) Fixed Deposits as on 23.08.2004 amounting to Rs.387.06 lacs.

(b) Karnataka State Government (Interest free) Sales tax Deferral Scheme Loan as on 31.07.2004 is Rs.363.77 lacs.

4.24 Shareholders of REVL can refer to Section II for detailed disclosures with respect to RML

5. Background of the Person Acting in Concert - RBL

5.1. RBL was incorporated on 29th December 1964 as a public limited company under the Companies Act 1956. The registered office of RBL is located at “Maithri”, 132 Cathedral Road, Chennai 600 086. Phone 044-28117509. RBL is a part of the Rane Group.

5.2. The promoters of RBL are L Ganesh and L Lakshman and their families, RML and REVL.

5.3. It has a paid up capital of Rs. 72,149,800 divided into 7,214,980 equity shares of nominal value of Rs. 10/- each. There are no partly paid up equity shares in RBL. The market value of the shares as on the date of the Public Announcement is Rs. 164.85 per share.

5.4. The principal business of RBL is manufacture of brake linings, clutch facings and disc pads for automotive industry and railway brakes and parts out of asbestos and asbestos free friction materials.

5.5. The shares of RBL are listed on NSE, BSE and MSE.

5.6. There are no outstanding convertible instruments (warrants/fully convertible debentures/partly convertible debentures) of RBL.

5.7. RBL had accumulated contingent liabilities for the financial year ended March 31, 2004 amounting to Rs. 1,445 lakhs .

5.8. The Board of Directors of RBL as on the date of the Public Announcement comprised:

Name	Date of appointment	Qualifications	Experience (Yrs)	Residential address
L. Ganesh	September 26, 1986	ACA, MBA	25	Lakshmi Niwas2, George Avenue Chennai 600 018
L. Lakshman	December 27, 1975	B.E.	34	17 Crescent Street Off Arch Bishop Mathias Avenue Chennai 600 028
Dr. R Natarajan	October 18, 2000	B.E., M.E. M.A. Sc. University of Waterloo, Canada	38	Chairman, All India Council for Technical Education, Indira Gandhi Sports Complex IP Estate, New Delhi 110 002
Kunihiro Toda	June 29, 1999			Nisshinbo Industries Inc., No. 2-31-11, Nigyo-oho Mihonbashi, Chuo-ku, Tokyo Japan
D Vijay Mohan	June 27, 1986	B.E., Master of Management Science	31	Managing Director, Premier Instruments & Controls Ltd., 1087 A, Avanashi Road Coimbatore 641 037
S. Nandagopal	July 31, 1984	B.A., F.C.A	50	Flat 15-2, Ocean Tower 77 Wallajah Road Chennai 600 005
V Ramachandran	July 25, 2002	Senior Advocate	45	No. 51, Nungambakkam High Road Chennai 600 004
S A Murali Prasad	January 21, 2003	ACA, AICWAI	38	54 (New) P S Sivasamy Road Chennai 600 004

Of the above, Mr. L Ganesh and L Lakshman are also on the board of REVL. However, these persons have not participated on any matter(s) concerning or relating to the Offer.

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

5.10. RBL has complied with the listing requirements of NSE, BSE and MSE and no penal action has been taken against RBL by NSE, BSE and MSE.

5.11. RBL has complied with the provisions of Chapter II of the Takeover Regulations

5.12. Summarised financial statements of RBL

Profit & Loss statement (Rs. Lakhs)	**Mar 31, 2002 (Audited)**	**Mar 31, 2003 (Audited)**	**Mar 31, 2004 (Audited)**
	12 months	12 months	12 months
Income from Operations	12454	14258	16046
Other income*	1325	145	297
Total Income	13779	14403	16343
Total expenditure	10203	11450	13359
Profit before interest, depreciation & tax	3575	2953	2984
Depreciation	585	634	722
Interest	528	236	185
Profit before tax	2462	2082	2077
Provision for tax- Current	325	631	622
Provision for tax- Deferred	688	(989)	(106)
Profit after tax	2068	1461	1561

** Details of other income are as follows:*

Details of other income (Rs. in lacs)	**March 31, 2002**	**March 31, 2003**	**March 31, 2004**
Dividend from investments	121	126	248
Interest	3	3	12
Profit on sale of investments	1173	1	15
Profit on sale of assets	4	15	22
Others	24	-	-
Total	1325	145	297

Balance Sheet

Balance Sheet (Rs. lakhs)	**31-Mar-02 (Audited) 12 months**	**31-Mar-03 (Audited) 12 months**	**31-Mar-04 (Audited) 12 months**
Source of Funds			
Paid-up share capital	361	361	721
Reserves and Surplus (excluding revaluation reserves)	5936	7071	7690
Net worth	6297	7432	8411
Secured loans	1963	1792	658
Unsecured loans	674	569	931
Deferred Tax Liability	864	854	748
Total	9798	10647	10748
Use of Funds			
Net Fixed assets	5481	5532	5446
Investments	2066	2600	2512
Net current assets	2125	2211	2790
Total miscellaneous expenditure not written off	125	303	—
Total Assets	9798	10647	10748

Other Financial Data

	Mar 31, 2002 (Audited) 12 months	**Mar 31, 2003 (Audited) 12 months**	**Mar 31, 2004 (Audited) 12 months**
Earnings per share (Rs.)	57.3	40.5	21.7
Dividend (%)	100%	80%	40%
Return on net worth (%)	33%	20%	19%
Book value per share (Rs.)	175	206	117

5.13. **Details of significant accounting policies of RBL**

5.13.1. Basis of preparation of Financial Statements

RBL follows mercantile system of accounting and recognizes income and expenditure on accrual basis.

5.13.2. **Fixed Assets**

Fixed assets are stated at cost of acquisition or construction, net of CENVAT credit and depreciation. All costs relating to the acquisition and installation of fixed assets are capitalized and includes financing costs relating to borrowed funds attributable to acquisition up to the date the assets are ready to use, rollover charges on foreign exchange contracts and adjustments arising from exchange rate variations relating to borrowing attributable to these fixed assets. Capital Work-in-progress includes expenditure incurred on assets under/awaiting installation.

5.13.3. **Depreciation**

- Depreciation is provided on straight-line method at the rates specified in Schedule XIV to the Companies Act, 1956, except for the following assets, which are depreciated at rates higher than that specified in Schedule XIV based on useful life of assets as estimated by the Management.

	Assets	**Useful Life (Years)**
1	Vehicles	5
2	Furniture & Fittings	5
3	Office Equipment	3
4	Laboratory Equipments	3

- Depreciation is provided on pro-rata basis from the month in which the assets have been put to use and up to the month in which the assets have been disposed off.
- Depreciation on additions to the value of the existing fixed assets on account of revaluation of foreign currency loan is being provided prospectively taking into account the residual life of the assets based on the rates prescribed in Schedule XIV of the Companies Act, 1956.
- Goodwill is amortised over the period determined by the Management
- Leased assets are depreciated over the estimated useful life or the lease term, whichever is lower.

5.13.4. **Investments**

- Investments are categorized into long term and current investments.
- Long term investments are valued at cost and current investments are valued at the lower of cost and fair value
- Any decline in the value of long term investments is recognized by reducing the value of investments unless such reduction is of a temporary nature.
- Any gain or loss as the case may be, arising on disposal of such investments is reckoned as income or expenditure of the year.

5.13.5. **Inventories**

- Raw materials, work-in-progress and finished goods are valued at lower of cost and net realizable value. Other items of inventory valued at cost. Cost is determined on weighted average basis. In case of work-in-progress and finished goods, appropriated overheads are included.

5.14. Details of major contingent liabilities and the reasons for fall/rise in total income and profits after tax in the last 3 years.

5.14.1 Contingent liabilities

Rs. lakhs

	March 31, 2004
Claims against RBL not acknowledged as debts	291
Estimated amount of contracts remaining to be executed on capital account and not provided for net of advance	154
Guarantee provided	1,000

5.14.2 Reason For Fall/Rise In Total Income And Profits After Tax

The company sustained operational performance in 2001-02 despite soft markets and cost pressures, thanks to cost reduction and productivity improvement measures. There was a one-time income of Rs.117 million as profit on sale of investments.

Sales in 2002-03 grew by 14.5% mainly due to new product and market development. Improved productivity and cost management measures enabled a growth of 61% in operating profits.

Sales in 2003-04 grew by over 12% because of increased demand from the automobile manufacturers. However, operating profit margin declined to 12.8% compared to 15.7% in 2002-03 due to increase in the input cost and other expenses.

5.15. **Details of Corporate Governance policies of RBL**

The Board of Directors comprises 2 members who represent the promoter group and 5 members who are independent non executive directors and 1 non independent director representing Nisshinbo Industries Inc., Japan, the collaborators.

RBL has instituted the following committees of the Board

5.15.1 Audit Committee: Comprising of 4 Directors with a scope of reference which covers review of audit with statutory auditors and internal auditors, review of internal control systems and review of annual financial statements with management and auditors.

5.15.2 Remuneration to Directors: The committee would be constituted on need basis under the provisions of Schedule XIII to the Companies Act, 1956 to recommend remuneration payable to executive directors.

Share Transfer/Investors Service Committee has been constituted to approve transfers and transmissions of shares and look into grievances of shareholders. The agreement between the company and the Registrar to the Offer, Integrated Enterprises (India) Limited is valid The average time normally required by us or the Registrar to the Offer for the redressal of routine investor grievances is seven working days from the date of receipt of the complaint. In case of non-routine complaints and where external agencies are involved, we or the Registrar seek to redress these complaints as expeditiously as possible.

5.15.3 RBL also makes requisite disclosures relating to financial results, share price data, dematerialisation of shares, listing and liquidity of shares and distribution of shareholding as on the last day of the financial year.

5.16. **Name of address of the Compliance Officer**

C.Siva, Compliance Officer

RBL

Rane Corporate Centre

“Maithri” 132, Cathedral Road.

Chennai 600 086

Phone –044 28112472 Fax 044 – 28112449 Email: investorservices@rane.co.in

5.17. There have been no merger/demerger, spin off during the last 3 years involving RBL

5.18. **Changes in the name of RBL since incorporation/ listing**

There has been no change in the name of RBL since its incorporation/listing

5.19. **Details of pending litigation against RBL**

Sl. No.	Nature of Litigations and its status	Amount in Rs. lakhs
	Excise	
1	Two cases pending before the department pertain to Excise duty relating to Cenvat Credit of Post Manufacturing Expenses during the year 1996-97.	11.55
2	Dispute relating to abatement on post manufacturing expenses and the orders of Assistance Commissioner is awaited	3.32
3	Dispute relating to classification of friction dust under Tariff 68 as against department classification under Class 15A and the matter is pending with the Delhi High Court.	38.94
4	Dispute relating to classification of non-automotive brake linings and clutch facings by the company under Class T68 as against the department classification under Class T122F. This case is decided against the company and orders are awaited.	3.25
5	Dispute relating to assessable value and availment of credit by both the company and the customer on a bought out component. The company has furnished proof for non-availment of credit by the supplier and matter pending with the Deputy Commissioner.	0.99
6	Demand for the department for duty on empty container sales since 1997. The matter is pending with CEGAT.	0.50
7	Dispute relating to the assessable value of sales made to wholesale dealers and the treatment of post manufacturing expenses. The department is claiming the differential duty. The case is before Assistant Commissioner.	9.90
8	Dispute relating to levy of excise duty on dust disposed off by the company, the matter is before CIT – Appeals	1.44
9	Dispute relating to refund claims made by the company and rejected by the department. The matter is pending before CESTAT	3.59
10	Dispute relating to non-inclusion of Finance Charges in the assessable value. The case was decided in favour of the company but an appeal was preferred by the department with CESTAT	0.30

	Income Tax	
11	Disallowance of deduction on certain expenditures for the assessment year 2001-02 by the department.	131.19
12	Disallowance of depreciation on a property for the assessment year 2001-02. The case is pending before CIT(Appeals).	1.00
13	Dispute relating to inclusion of sales tax and excise duty within purview of sales during the assessment year 2001-02.	1.00
14	Dispute relating to treatment of adhoc insurance claim for the assessment year 1998-99. The case is pending with ITAT.	2.00
15	Dispute relating to tax treatment of a sold asset for the for the assessment year 1997-98. Matter pending with the Tribunal.	43.00
16	Dispute relating to computation under Sec. 80HHC and 80HH for the assessment year 1997-98.	1.00
17	Disallowance of repairs and deduction under Section 80HHC for the assessment years 1996-97	18.00
18	Dispute regarding disallowance of repairs to the extent of Rs. 26 lakhs by the department for the assessment year 1995-96. Matter is pending before the Tribunal.	12.00
19	Dispute regarding disallowance of expenses and computation under Section 80HH and 80HHC for the assessment year 1995-96. Matter is pending before the Tribunal.	20.00
20	Dispute relating to treatment of lumpsum fee paid to acquire land at lease for the assessment year 1994-95.	7.00
21	Dispute regarding computation under Sec. 80HH and 80HHC for the assessment year 1994-95	18.20
22	Dispute relating to disallowance of CSC expenses for the assessment year 1997-98	86.47
23	Dispute relating to treatment of sale of an undertaking for the assessment year 1997-98. Matter pending before the Tribunal.	68.76
24	Dispute relating to computation under Section 80HHC and Sec. 80HH for the assessment year 1997-98.	7.00
	Sales Tax	
25	Central Sales Tax demand on lease rentals. The matter is under appeal.	12.29
	Service Tax	
26	Service Tax demand on royalty paid to foreign collaborator citing this as payment to consulting engineer for the period Aug 2002 to Mar 2004	8.77
	Labour	
27	Dispute relating to Suspension of operators. Writ petition made by the company is pending before High Court.	44.00
28	Dispute relating to reinstatement of 2 workmen as per the Tribunal orders. The company has obtained a stay from the High Court in this matter.	20.00
29	Dispute relating to reinstatement of 2 workmen with back wages. The case is pending before Labour Court.	N.A
	ESI	
30	Demand of ESI on executive salary, labour charges, OT and allowances to apprentices, incentive and sales incentives. The case is pending for hearing before Dy. Director ESI.	1.49
31	Claim of penal wages deducted by the company from a security agency. Case is pending before the Court.	0.37

5.20. Shareholding pattern of RBL as on the date of the Public Announcement is as follows:

	Number of shares	% of share Capital
Promoters	1894900	45.17%
Financial Institutions, Banks & Mutual Funds	426603	10.17%
NRI/OCB/FII	29082	0.69%
Corporate Bodies	248900	5.93%
Public/Others	1595775	38.04%
Total	4195260	100%

5.21 **Current outstanding unsecured loans taken by RBL**

- Fixed Deposits as on 23.08.2004 amounting to Rs.339.37 lacs
- Short Term Loan from HDFC Bank Ld. as on 31.08.2004 is Rs.575.00 lacs

6. Background of the Person Acting in Concert - RIL

6.1. RIL was incorporated on December 15, 1982 as a public limited company under the Companies Act, 1956 as Glendale Investments Limited, the name of the company was changed to RIL on May 20, 2002. It has a paid up capital of Rs.8,450,000 divided into 845,000 equity shares of nominal value of Rs. 10/- each. The registered office of RIL is located at "Maithri", 132 Cathedral Road, Chennai 600 086. Phone 044 28112472. RIL is a 51% subsidiary of RML.

6.2. The principal business of RIL is investments in the Group companies. RIL is not listed on any of the stock exchanges. It is an NBFC registered with RBI.

6.3. There are no outstanding convertible instruments (warrants/fully convertible debentures/partly convertible debentures) of RIL.

6.4. The Board of Directors

The Board of Directors of RIL as on the date of the Public Announcement comprised:

Name	Date of appointment	Qualifications	Experience (Yrs)	Residential address
L. Ganesh	June 26, 1986	ACA, MBA	25	Lakshmi Nivas, 2, George Avenue, Chennai 600 018.
L. Lakshman	March 14, 2002	BE	34	17 Crescent Street, Off Arch Bishop Mathias Avenue, Chennai 600 028.
R. Srinivasan	March 14, 2002	B.Tech PGDM	31	36/1, Giri Road, Chennai 600 017.
S. Sundar Ram	March 14, 2002	B.Tech MBA	24	14, Manasarover, 1 Khader Navaz Khan Road, Chennai 600 006.
A. Hydari	March 14, 2002	C Engg. M I Mfg.E (UK) BE (Mech)	37	D 4/5, Alsa Court, 72 Harrington Road, Chennai 600 031.
Harish Lakshman	Septemeber 15, 2003	BE (Mech) MSM	4	17 Crescent Street, Off Arch Bishop Mathias Avenue, Chennai 600 028.

Of the above, Mr. L Ganesh and L Lakshman are also on the board of REVL. However, these persons have not participated in any matter(s) concerning or relating to the Offer.

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

6.5. RIL has complied with the provisions of Chapter II of the Takeover Regulations

6.6. **Summarised financial statements of RIL**

Profit & Loss Statement

Profit & Loss statement (Rs. Lakhs)	31-Mar-02 (Audited)	31-Mar-03 (Audited)	31-Mar-04 Audited
Income from Operations	249.7	434	885
Other income	-	-	-
Total Income	249.7	434	885
Total expenditure	1.5	6.4	9
Profit before interest, depreciation & tax	248.2	428	87,6
Depreciation	0.9	-	-
Interest	4.3	95	10,5
Profit before tax	243.0	333	77,1
Provision for tax	5	26	0.2
Profit after tax	238	307	771

Balance Sheet

Balance Sheet (Rs. Lakhs)	**31-Mar-02 (Audited)**	**31-Mar-03 (Audited)**	**31-Mar-04 (Audited)**
Source of Funds			
Paid-up share capital	88	88	84.5
Reserves and Surplus (excluding revaluation reserves)	1494	1484	1527
Net worth	1581	1572	1611
Secured loans	-	-	-
Unsecured loans	500	1000	1000
Total	2082	2572	2611
Use of Funds			
Net Fixed assets	-	-	-
Investments	2913	2515	2584
Net current assets	(831)	57	27
Total Assets	2082	2572	2611

Other Financial Data

	31-Mar-02	**31-Mar-03**	**31-Mar-04**
Earnings per share (Rs.)	27.0	34.9	91.2
Dividend (%)	125%	360%	525%
Return on net worth (%)	15%	20%	48%
Book value per share (Rs.)	179.7	178.6	190.7

6.7. **Details of significant accounting policies of RIL**

6.7.1. **Basis of Preparation of financial statements**

- RIL follows the mercantile system of accounting and recognizes income and expenditure on accrual basis

6.7.2. **Investments**

Investments are accounted for in accordance with Accounting AS 13 (Accounting for investments)

- Investments are categorized into long term and current investments.
- Long term investments are valued at cost and current investments are valued at the lower of cost and fair value.
- Any decline in the value of long term investments is recognized by reducing the value of investments unless such reduction is of a temporary nature.
- Any gain or loss as the case may be, arising on disposal of such investments is reckoned as income or expenditure of the year.

6.8. **Details of major contingent liabilities and the reasons for fall/rise in total income and profits after tax in the last 3 years**

6.8.1. There are no major contingent liabilities for RIL

6.8.2. Details of reasons for fall/rise in total income and profits after tax:

Increased dividend inflow from the Joint Venture company Rane TRW steering systems Ltd. helped the company increase income from Rs.25 million in 2001-02 to Rs.43 million in 2002-03 and PAT from Rs.24 million to Rs.31 million.

The dividend income at Rs.88.34 million in 2003-04 was more than double that in 2002-03 at Rs.43.19 million and this helped the company to increase its Profit after tax from Rs.33.3 million to Rs.77.13 million.

6.9. Details of Corporate Governance policies of the RIL

RIL is not listed and is a subsidiary of RML, thus corporate governance requirements under SEBI regulations and Stock exchanges are not applicable.

6.10 Relevant details of any merger/demerger, spin-off during the last 3 years involving the RIL

There have been no scheme of merger/demerger, spin off involving RIL in the last three years

6.11. Details of pending litigation against RIL

There are no pending litigations against RIL.

6.12 Shareholding pattern of RIL as on Public Announcement Date

	Shares	% of Capital
RBL	4,14,050	49%
RML	4,30,950	51%
Total	8,45,000	100%

6.13 **Current outstanding unsecured loans taken by RIL**

Loan taken from Housing Development Finance Corporation Ltd. as on 31.08.2004 of Rs.1,000 lacs

7. Disclosure as per Regulation 21(3)

If the Offer results in public shareholding being reduced to 10% or less of the voting capital of the Target the Acquirer would make an offer to delist the shares of the Target Company as specified in the SEBI (Delisting of Securities) Guidelines, 2003.

8. Background of the Target - REVL

8.1. REVL was incorporated on 10th August 1967 as a private limited company under the Companies Act, 1956, as "Prewo Private Limited". The name of the company was changed to "REVL" on August 27, 1998, vide special resolution passed on 16th July 1998.

8.2. The registered office of REVL is located at "Maithri", 132 Cathedral Road, Chennai 600 086, Phone 044 28112472 REVL is a part of the Rane Group.

8.3. REVL has a total paid up capital of Rs.50,400,000 consisting of 5,040,000 equity shares of Rs. 10/- each. There are no partly paid up equity shares in REVL.

8.4. The principal business of REVL is to manufacture engine valves and valve guides for IC Engines and related automotive components. The manufacturing facilities of REVL are located at,

- Glendale, 5 Noble Street, Alandur Chennai 600 016
- Plot Nos 68 to 77, Industrial Estate, Medchal – 501 401, R.R.District, A.P.
- Redhills Road, Madhavaram, Ponneri – 601 204
- Survey No. 177/20, Hyderabad, Vikarabad Road, Aziz Nagar – 500 075, R.R. District, A.P.

8.5. REVL is listed on the BSE, NSE and MSE.

8.6. **Share capital structure of REVL**

8.6.1. The issued equity share capital of REVL as on the date of the Public Announcement was Rs. 50,400,000, comprising 5,040,000 equity shares. Accordingly, the Offer is for up to 1,008,000 fully paid-up equity shares of Rs. 10/- each representing 20% of the voting capital of REVL.

8.6.2. The share capital structure of the company as on the date of the Public Announcement was:

Paid-up equity shares of the company	No. of equity Shares/ voting rights	% of equity Shares/ voting rights
Fully paid-up equity shares	50,40,000	100%
Partly paid-up equity shares	Nil	Nil
Total paid-up equity shares	50,40,000	100%
Total voting rights in the company	50,40,000	100%

8.6.3. There are no outstanding convertible instruments (warrants/fully convertible debentures/partly convertible debentures) of the company.

8.6.4. The changes in the capital structure of REVL is detailed as below:

Date of allotment	No of shares issued	% of Shares issued	Cum. Paid-up capital	Mode of allotment	Identity of allottees (promoters/ex-promoters/others)	Status of compliance*
Allotment of shares in Prewo Private Ltd.						
1968	1300	0.26%	130,000	Subscription to Memorandum	Subscribers to Memorandum	Complied
1969	210	0.04%	151,000	Additional shares issued to ex-promoters	Ex-Promoters	Complied
1971	150	0.03%	166,000	Additional shares issued to ex-promoters	Ex-Promoters	Complied
1976	1010	0.20%	267,000	Additional shares issued to promoters	Ex-Promoters	Complied
1980	20	0.00%	269,000	Additional shares issued to promoters	Ex-Promoters	Complied
1981	2690	0.53%	538,000	Additional shares issued to promoters	Ex-Promoters	Complied
1984	10	0.00%	539,000	Additional shares issued to promoters	Ex-Promoters	Complied
1984	5390	1.07%	1,078,000	Bonus issue 1:1	Exiting shareholders	Complied

Allotment of Shares in Engine Components Ltd. (ECL)

1990	42064	8.35%	5,284,400	As per Scheme of Amalgamation with Cashma Engineers Ltd. and Vispro Foundry Engineers Ltd.	Shareholders of Transferor companies	Complied
1991	52844	10.48%	10,568,800	Rights Issue 1:1	Exiting shareholders	Complied
1992	90156	17.89%	19,584,400	Rights Issue	Exiting shareholders	Complied
1996	204156	40.51%	40,000,000	Allotment of shares to Engine Valves Ltd., Holding company	Holding company	Complied
1997	4000000	79.37%	40,000,000	The face value of the shares were changed to Rs.10/- per share from Rs.100/- per share. This capital was entirely held by Engine Valves Ltd. (EVL) Upon merger of EVL with the company (ECL), this capital got cancelled.		
Allotment of shares by REVL						
03-Nov-98	5040000	100.00%	50,400,000	Amalgamation scheme of the company with erstwhile Engine Valves Limited	Shareholders of erstwhile Engine Valves Limited who include Promoters, foreign collaborator and others.	Complied

* The applicable Regulation at the time of each such allotments complied with.

Note: The company was originally incorporated on August 10, 1967 in the name of Prewo Private Ltd. On March 10, 1989 the entire share capital of Rs.10,78,000 comprised of 10,780 equity shares of Rs.100/- each was acquired by Engine Valves Ltd. (EVL) thereby the company became a 100% subsidiary of EVL and therefore became a deemed public company. With effect from April 1, 1989 Vispro Foundry Engineers Ltd. and Cashma Engineers Ltd. merged with the company and the name of the company was changed to Engine Components Ltd. (ECL) on December 20, 1990. EVL merged with its subsidiary ECL effective 01.04.1998 and the merged entity was renamed as REVL on August 27, 1998.

8.7. The Board of Directors of the REVL

The Board of Directors of the company as on the date of the Public Announcement comprised:

Name	Date of appointment	Qualifi-cations	Experience (Yrs)	Residential address	Experience Profile
S.K.Bhargava	June 2, 2000	BE	42	A-15/1 DLF Phase - I Gurgaon 122 001	Management in Manufacturing Companies
L.Ganesh*	April 10, 1989	ACA, MBA	25	Lakshmi Nivas 2, George Avenue Chennai 600 018.	Management in Auto Components Companies
L Lakshman*	April 10, 1989	BE	34	17 Crescent Street Off Arch Bishop Mathias Avenue Chennai 600 028.	Management in Auto Components Companies
C. Prabhakar	April 10, 1989	BE	48	Apsara' 21 Satyanarayana Avenue Chennai 600 028	Management in Auto Components Companies
S.L. Rao	October 28, 1999	B.Com., (Hons), M.A. (Economics)	48	D-1 Chartered Cottage, Lanford Road Bangalore 560 025.	Economist
Axel Linke	January 31, 2002		29	Am Kirchbrink 4 D 31542 Bad Nenndorf Germany	Management in Auto Components Companies
Ashok Malhotra	October 31, 2001	B.A. PGD in Business Admn. From IIM	32	4 Rucela 43/2 Promendade Road Bangalore 560 005	Management consultancy.

(Representatives of the Acquirer)*

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

8.8. REVL has complied with the listing requirements of NSE, BSE and MSE and no penal action has been taken against the company by any NSE, BSE and MSE.

8.9. REVL and its promoters have complied with the provisions of Chapter II of the Takeover Regulations

8.10. Summarized financial statements of REVL

Profit & Loss Statement

Profit & Loss statement (Rs. Lakhs)	**31-Mar-02 (Audited) 12 months**	**31-Mar-03 (Audited) 12 months**	**31-Mar-04 (Audited) 12 months**
Income from Operations	11346	1,3378	15673
Other income	117	123	33.0
Total Income	11463	13500	16003
Total expenditure	10192	11647	12826
Profit before interest, depreciation & tax	1271	1853	3177
Depreciation	455	495	572
Interest	333	245	149
Profit before tax	483	1114	2457
Provision for taxation- Current	63	316	736
Provision for taxation- Deferred	75	44	164
Profit after tax excl. exceptional items	344	754	1557
Profit after tax incl. exceptional items	371	754	1557

Balance Sheet

Balance Sheet (Rs. Lakhs)	31-Mar-02 (Audited) 12 months	31-Mar-03 (Audited) 12 months	31-Mar-04 (Audited) 12 months
Source of Funds			
Paid-up share capital	504	504	504
Reserves and Surplus (excluding revaluation reserves)	3554	4052	5336
Net worth	4058	4556	5840
Secured loans	1576	938	384
Unsecured loans	939	805	996
Deferred tax liability	198	243	406
Total	6771	6542	7627
Use of Funds			
Net Fixed assets	3811	364,891	4390
Investments	399	56,948	755
Net current assets	2483	222,627	2351
Total miscellaneous expenditure not written off	78	9,786	131
Total Assets	6771	654,252	7627

Other Financial Data

	Mar 31, 2002 (Audited) 12 months	Mar 31, 2003 (Audited) 12 months	Mar 31, 2004 (Audited) 12 months
Earnings per share (Rs.)	7.4	15.0	30.9
Dividend (%)	35%	45%	50%
Return on net worth (%)	8%	17%	27%
Book value per share (Rs.)	80.5	90.4	115.9

8.11. Pre and post-Offer shareholding pattern of REVL

Shareholder Category	Shareholding/ Voting rights prior to agreement/ acquisition and Offer (as on Date) (A)		Shares/Voting rights agreed to be acquired which triggered off Takeover Regulations (B)		Shares/Voting rights to be acquired in the Offer (assuming full acceptances) (C)		Shareholder/Voting rights after the acquisition and Offer (A+B+C)	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
1. Promoter Group and Parties to the Agreement								
(a) Sellers	960,056	19.05%	(960,056)	(19.05%)	Nil	Nil	Nil	Nil
(b) Promoters other than (a) above								
RML	304,772	6.05%	683,748	13.57%	717,893	14.24%	1,706,413	33.86%
RBL	208,328	4.13%	276,000	5.48%	50,000	1.00%	534,328	10.60%
RIL	132,000	2.62%	308	-	2,40,107	4.76%	372,415	7.39%
2. Acquirer and PACs	645,100	12.80%	960,056	19.05%	10,08,000	20%	26,13,156	51.85%
Total (1) + (2)	1,605,156	31.85%	Nil	Nil	10,08,000	20%	26,13,156	51.85%
3. Parties to agreement other than (1) (a) and (2)	-	-	-	-	-	-	-	-
4. Public (other than parties to agreement and acquirers)								
(a) FIs/MFs/FIIs/Banks/ SFIs	356,679	7.08%						
(b) Public	2,263,671	44.91%						
(c) Foreign Collaborator	504,000	10.00%						
(d) Bodies Corporate	310,494	6.16%						
Total 4 (a)+(b) +(c) + (d)	3,434,844	68.15%			(10,08,000)	(20%)	24,26,844	48.05
TOTAL (1 to 4)	5,040,000	100%	Nil	Nil	Nil	Nil	50,40,000	100%

Note: REVL has 3501 Public shareholders as on the Specified Date.

8.12. The shares of REVL have not been suspended for trading by NSE, BSE and MSE.

8.13. All shares of REVL are listed on NSE, BSE and MSE

8.14. **Relevant details of any merger/demerger, spin-off during the last 3 years involving REVL**

There have been no scheme of merger/demerger, spin off involving REVL in the last three years

8.15. **Details of reasons for fall/rise in total income and profits after tax:**

The growth in total income and PAT in 2001-02 was marginal as most of the segments of the Indian automobile industry registered negative growth during the year.

The company registered a growth of 18% in sales in 2002-03 and the PAT increased by more than 100%. This was driven by the excellent performance in exports which grew by 56% and also by the significant presence in the two-wheeler segment.

Sales and operating revenues increased by 17% during 2003-04 mainly due to increase in exports from Rs.294 million to Rs.341 million and increased off take by OEMs in India. The Total Quality Management initiatives coupled with higher capacity utilization resulted in the operating profit margin going up from 8.6% to 15.2%.

Changes in shareholding of the promoters in REVL

Year	No. of shares	% of shares	Change No. of shares	% of shares
1998	1,547,930	30.71	N.A	
1999	1,548,930	30.73	1,000	0.02
2000	1,552,530	30.80	3,600	0.07
2001	1,567,730	31.11	15,200	0.30
2002	1,568,080	31.11	350	0.01
2003	1,604,156	31.83	36,076	0.72
2004	1,605,156	31.85	1,000	0.02

Applicable provisions of the Takeover Regulations have been complied with.

816. Details of Corporate Governance policies of the REVL

The Board of Directors comprises 2 members who represent the promoter group and 4 members who are independent non executive directors and 1 non independent director representing TRW Inc. USA, the collaborators

REVL has instituted the following committees of the Board

8.16.1. Audit Committee: Comprising of 4 Directors with a scope of reference which covers review of audit with statutory auditors and internal auditors, review of internal control systems and review of annual financial statements with management and auditors

8.16.2. Remuneration to Directors: The committee would be constituted on need basis under the provisions of the Schedule XIII to the Companies Act, 1956 to recommend remuneration payable to executive directors.

8.16.3. Share Transfer/Investors Grievance Committee has been constituted to approve transfers and transmissions of shares and look into grievances of shareholders.

REVL also makes requisite disclosures relating to financial results, share price data, dematerialisation of shares, listing and liquidity of shares and distribution of shareholding as on the last day of the financial year.

8.17. Name of address of the Compliance Officer

H. Ramachandran
Compliance Officer
REVL
Rane Corporate Centre
“Maithri” 132, Cathedral Road.
Chennai 600 086
Phone –044 28112472 Fax 044 – 28112449 Email: investorservices@rane.co.in

9. Additional Disclosures

9.1. Kar Mobiles Limited (“KML”)

9.1.1. **Background, History and Promoters**

KML is promoted by REVL, RML, RBL, L Ganesh & family and V. Ramachandran and family and is engaged in the manufacture of Engine Valves. KML was incorporated on January 7, 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 28.09.1983.

9.1.2. **Registered office and Factory Locations**

KML’s Registered office is situated at Sri Chitrapur Commercial Complex, IV Floor – E No.68, 15th Cross, 8th Main, Malleswaram, Bangalore 560 055. KML has factories at the following locations

(a) Plot No.26, Peenya Industrial Area, Bangalore 560 058

(b) Plot No.36-B & 37, Hirehalli Industrial Area, Tumkur 572 101

9.1.3. **Directors of KML**

L Ganesh	Chairman
V Ramachandran	Vice Chairman & Managing Director
K P Balasubramaniam	
A S Lakshmanan	
L Lakshman	
T M Ramachandran	
V Srikanth	
K Vishnumurthy Yerkadithaya	

9.1.4. **Summarised financial statements of the Kar Mobiles Limited (KML)**

Profit & Loss statement (Rs. Lakhs)	**31-Mar-02 (Audited) 12 months**	**31-Mar-03 (Audited) 12 months**	**31-Mar-04 (Audited) 12 months**
Income from Operations	4698	4970	6507
Other income	6.	27	13
Total Income	4704	4997	6519
Total expenditure	4330	4551	5537
Profit before interest, depreciation & tax	374	445	982
Depreciation	111	115	113
Interest	132	103	65
Profit before tax	131	227	805
Provision for tax- Current	31	83	294
Provision for tax- Deferred	0	(21)	(24)
Profit after tax	100	165	535

Balance Sheet (Rs. Lakhs)	31-Mar-02 (Audited) 12 months	31-Mar-03 (Audited) 12 months	31-Mar-04 (Audited) 12 months
Source of Funds			
Paid-up share capital	112	112	224
Reserves and Surplus (excluding revaluation reserves)	925	1039	1361
Net worth	1037	1151	1585
Secured loans	869	764	485
Unsecured loans	75	123	134
Deferred Tax Liability	147	126	101
Total	2127	2164	2306
Use of Funds			
Net Fixed assets	910	887	1044
Investments	2	2.	2
Net current assets	1092	115,8	1211
Total miscellaneous expenditure not written off	122	115.	49
Total Assets	2127	2164	2306

Other Financial Data	31-Mar-02 (Audited) 12 months	31-Mar-03 (Audited) 12 months	31-Mar-04 (Audited) 12 months
Earnings per share (Rs.)	8.96	14.71	23.91
Dividend (%)	30%	40%	40%
Return on net worth (%)	17%	15%	34%
Book value per share (Rs.)	92.6	102.8	70.8

9.1.5. **Listing of KML shares**

KML is listed on the Madras Stock Exchange and the Bangalore Stock Exchange. The shares of Kar Mobiles have not been traded on these Exchanges for the past 6 months

10. Justification of Offer Price of REVL

10.1. The Shares are listed on BSE, NSE and MSE.

10.2. Based on available information, the Shares are not infrequently traded on BSE and on NSE within the meaning of Regulation 20(5) of the Takeover Regulations. The Shares are infrequently traded on the MSE.

10.3. The annualized trading turnover during the preceding 6 months prior to the month in which the Public Announcement was made on the Stock Exchanges is as follows:

Name of Stock Exchange	Total No. of Shares traded during the 6 calendar months prior to the month in which the Public Announcement was made	Total No. of Listed Shares	Annualised trading turnover (as % to total listed Shares)
BSE	269,873	5,040,000	10.7%
NSE	319,606	5,040,000	12.7%
MSE	Nil	5,040, 000	Nil

(Source: Derived from data available from the official website of BSE – www.bseindia.com *and NSE* – www.nse-india.com and letter dated April 12, 2004 from the MSE *)*

10.4. The weekly high and low of the closing prices of the Shares on NSE, during the 26-week period ending April 8, 2004 (being the last trading day prior to the Public Announcement date), are given below:

26 weeks High/Low of Closing Price

Week No	Week ending	High (Rs.)	Low (Rs.)	Average (Rs.)	Volume
1	Friday 17-Oct-03	354	302.5	328.25	26,259
2	Friday 24-Oct-03	334.6	328.65	331.625	9,986
3	Friday 31-Oct-03	366	331	348.5	23,692
4	Friday 7-Nov-03	367.4	350.05	358.725	9,398
5	Friday 14-Nov-03	370.35	341.8	356.075	20,808
6	Friday 21-Nov-03	351.65	333	342.325	6,766
7	Friday 28-Nov-03	370	352.1	361.05	13,672
8	Friday 5-Dec-03	422.45	371.85	397.15	15,770
9	Friday 12-Dec-03	407.15	392	399.575	3,433
10	Friday 19-Dec-03	421.1	403.2	412.15	8,250
11	Friday 26-Dec-03	440.1	428.8	434.45	5,876
12	Friday 2-Jan-04	430	400.45	415.225	8,759
13	Friday 9-Jan-04	476.75	390.95	433.85	21,862
14	Friday 16-Jan-04	470	440	455	6,996
15	Friday 23-Jan-04	423.7	382.15	402.925	20,603
16	Friday 30-Jan-04	425	396	410.5	6,713
17	Friday 6-Feb-04	400	381.45	390.725	4,499
18	Friday 13-Feb-04	442.45	395.7	419.075	7,379
19	Friday 20-Feb-04	454.85	436.2	445.525	27,923
20	Friday 27-Feb-04	439.95	422.1	431.025	35,960
21	Friday 5-Mar-04	435	422	428.5	737
22	Friday 12-Mar-04	439.05	412	425.525	5,854
23	Friday 19-Mar-04	407	390	398.5	14,572
24	Friday 26-Mar-04	420	375	397.5	4,399
25	Friday 2-Apr-04	391.3	391.3	391.3	-
26	Thursday 8-Apr-04	418	400	409	2,894
	Average of 26 weeks				397.08

The daily high and low of the prices of the Shares on BSE, during the 2-week period ending April 8, 2004 (being the last trading day prior to the Public Announcement date), are given below:

2 weeks Daily High/Low

Day No	Dates	High (Rs.)	Low (Rs.)	Average (Rs.)	Volume
1	29 March	419	376.5	397.75	15,075
2	1 April	405	405	405	300
3	5 April	405	400	402.5	1,050
4	7 April	409	405	407	250
5	8 April	422	419.9	420.95	35
	Average of 2 weeks				Rs. 406.64

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

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

A.	Negotiated price under any share purchase agreement	Rs. 410/-
B.	Highest price paid by the Acquirer for acquisition including public or rights issues or preferential issue in the 26 weeks prior to the Public Announcement	Rs. 410/-
C.	Average of weekly high and low in terms of regulation 20 (4) ©	Rs. 406.64/-
D.	Price paid for preferential allotment any time during the 12-month period up to the date of closure of the Offer	-

E. Other Parameters: -

Period ended	**December 31, 2003** *9 months*
Return on Net Worth (%)	20.53%
Book Value per Share (Rs.)	106.67
Earning per Share (Rs.)	21.91
Price to Earnings Ratio (based on the Offer Price)	18.71
Industry Price Earning Multiple *	16.5

*Capital Market Apr 12-25, 2004

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

10.7. There are no non-compete agreements entered into.

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

11. Financial Arrangements

11.1. The Acquirer and the PACs have made firm financial arrangements to meet their obligations in full under the Offer. For this purpose RML intends to meet its obligations through issuance of its own equity shares and RML/RBL/RIL intend to utilise their internal resources to meet the cash payment.

11.2. In consideration for the 1,008,000 share of REVL proposed to be acquired through this Offer at a price of Rs.410/- (Rupees Four Hundred Ten only) aggregating Rs.41,32,80,000(Rupees Forty One Crores Thirty Two Lakhs and Eighty Thousand only), the total value of 20,16,000 equity shares to be issued by RML at Rs.146/- (Rupees One Hundred Forty Six only) per equity share is Rs.29,43,36,000 (Rupees Twenty Nine Crores Forty Three Lakhs Thirty Six Thousand only) and the cash to be paid by RML/RBL/RIL at Rs.118/- per equity share is Rs.11,89,44,000 (Rupees Eleven Crores Eighty Nine Lakhs Forty Four Thousand only), assuming full acceptance of the Offer.

11.3. As per Regulation 28 of the Takeover Regulations the Acquirer and the PACs have created an escrow in the form of a bank guarantee from The Hongkong and Shanghai Banking Corporation Limited for Rs.103.32mn in favour of the Manager to the Offer which is valid until December 31, 2004. Further, the Acquirer and the PACs have deposited a sum of Rs 4.15 mn with the HSBC, Chennai which amount is in excess of 1% of the total consideration. The Acquirer and the PACs have marked a lien thereon in favour of the Manager to the Offer

11.4. The Acquirer and the PACs have vide their letter dated April 8, 2004 given an undertaking to meet their financial obligations under the offer to the Managers to Offer. The Manager to the Offer has satisfied itself about the Acquirer and the PACs 's ability to implement the Offer in accordance with the Takeover Regulations and firm arrangements for funds and money for payment to verifiable means are in place to fulfil the offer obligations.

11.5. The adequacy of the financial resources of the Acquirer and the PACs for fulfilling all the obligations under the Offer has been certified vide certificate dated April 9, 2004 by D Rangaswamy & Co., Chartered Accountants, Membership no. 19603 having its office at R.C Towers, 2nd Floor, 27 Josier Street, Nungambakkam, Chennai – 600 034, Fax: 044 2820 4716.

12. Terms and Conditions of the Offer

This Offer is being made to all shareholders except the Acquirer and PACs. Shareholders who wish to accept this Offer should tender their Shares and should submit documents in accordance with the procedure specified in Para 13 of this Letter of Offer and in the Form of Acceptance cum Acknowledgement.

12.1. Shareholders who can accept the Offer

The Letter of Offer together with a Form of Acceptance-cum-Acknowledgement will be mailed on or before November 29, 2004 to all shareholders of the Company whose names appear in the Register of Members of REVL, and to the beneficial owners of the Shares whose names appear on the records of the respective DPs, in each case at the close of business hours on Friday November 12, 2004 (the "Specified Date"). Those persons who own the shares at any time prior to the closure of the Offer but are not registered shareholders can also accept the Offer. Accidental omission to dispatch this Letter of Offer, non-receipt or delayed receipt of this Letter of Offer will not invalidate the Offer in any way.

12.2. Statutory Approvals

12.2.1. The Offer is subject to the Acquirer and the PACs obtaining the approvals from the RBI, if any, under the Foreign Exchange Management Act, 1999 ("FEMA"). The Acquirer and the PACs will make applications for the requisite approvals from the RBI, if any, at an appropriate time.

12.2.2. Apart from the above, as at the Public Announcement Date, to the best of the knowledge of the Acquirer and the PACs, no other approvals are required to acquire the equity shares of REVL tendered pursuant to this Offer. However, the Offer will be subject to all statutory /other approvals that may be applicable. The Acquirer and the PACs may withdraw the Offer in terms of Regulation 27 of the Takeover Regulations in the event the statutory / other approvals indicated above are refused.

12.2.3. Subject to the receipt of statutory approvals, the Acquirer and the PACs shall complete all procedures relating to the Offer including issue of equity shares by RML and payment of cash component within a period of 30 days from the Offer Closing Date (as defined in paragraph 13 (b) below) to those shareholders whose share certificates and/or other documents are found valid and in order and are approved for acquisition by the Acquirer and the PACs . In case of delay due to the non-receipt of statutory approvals, as per Regulation 22(12) of the Takeover Regulations, SEBI may, if satisfied that the non-receipt of approvals was not due to the willful default or negligence of the Acquirer and the PACs or failure of the Acquirer and the PACs to diligently pursue the applications for such approvals, grant an extension for the purpose of completion of this Offer may be specified by SEBI for any delay beyond 30 days, subject to the Acquirer and the PACs paying to the shareholders interest as directed by SEBI.

13. Procedure for Acceptance and Settlement

(a) The Letter of Offer together with a Form of Acceptance-cum-Acknowledgement will be mailed on or before November 29, 2004 to all shareholders of REVL (except the Acquirer, the PACs and parties to the SPA) whose names appear in the Register of Members of REVL and the beneficial owners of the equity shares of REVL, whose names appear on the beneficial records of the respective depositories, in each case at the close of business hours on Friday, November 12, 2004 (the "Specified Date").

(b) The Offer shall open on December 4, 2004 (the "Offer Opening Date") and will remain open until December 23, 2004 (the "Offer Closing Date").

(c) Shareholders holding equity shares of REVL in physical form: Shareholders holding equity shares of REVL in physical form who wish to accept this Offer and tender their equity shares will be required to send the Form of Acceptance-cum-Acknowledgement, original share certificate(s) and duly signed transfer deed(s) to the Registrar to the Offer – Ms. Integrated Enterprises (India) Limited in accordance with the procedure which will be specified in this Letter of Offer and the Form of Acceptance-cum-Acknowledgement.

(d) Shareholders holding equity shares of REVL in dematerialised form: beneficial owners who wish to accept this Offer and tender their equity shares of REVL will be required to send their Form of Acceptance-cum-Acknowledgement to the Registrar to the Offer in accordance with the instructions specified in this Letter of Offer and the Form of Acceptance-cum-Acknowledgement, along with a photocopy. Shareholders should ensure to credit their equity shares of REVL in favour of the depository account before the closure of the offer. of the delivery instructions in "Off–market" mode or counterfoil of the delivery instructions in "Off-market" mode, in favour of the special depository account duly acknowledged by their respective depository participant (the "DP"). Shareholders having their beneficiary account in CDSL will in addition have to use an inter–depository delivery instruction slip.

(e) The Registrar to the Offer has opened a special depository account with Integrated Enterprises (India) Ltd. called "Integrated Enterprises (India) Ltd. Escrow A/c – REVL Open Offer". The DP ID is IN301313 and the beneficiary client ID is 20790156.

(f) The Form of Acceptance-cum-Acknowledgement and the relevant documents can be submitted at the following centres either by hand delivery (between 10.00 a.m. and 3 p.m. on all working days) or by registered post, as specified below, on or before the Offer Closing Date:

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	044-28140801/ 044-28140802 Fax 044- 28143378	**Suresh Babu K** Sureshbabu@iepindia.com
Bangalore	30 & 31-1, Ramana Residency, 4th Cross, Bangalore –560 003	Hand Delivery	080-23561425 Fax 080-23561071	**K.S. Krishna** Sureshbabu@iepindia.com
Cochin	Seema Building, Near Abad Metro, 41/427,Rajaji Road, Ernakulam – 682035	Hand Delivery	0484-2371494 Fax 0484-2384735	**Shaji Joseph V** Sureshbabu@iepindia.com
Mumbai	59, Sonawala Building, Gr.Floor, Bombay Samachar Marg, Fort, Mumbai 400 023.	Hand Delivery	022-22662825 Fax 022-22664503	**Mariya Kruz Rajan** Sureshbabu@iepindia.com
Ahmedabad	21, "NIRMAN", Gr.Flr, Bhd. Navrangpura Bus Stop, Navrangpura, Ahmedabad –380 009	Hand Delivery	079-6443289 Fax 079-26568122	**G R Balaji,** Sureshbabu@iepindia.com
Hyderabad	1-2-64/1/A, Ground Floor, Vikram Chambers, Parklane, Secunderabad –500 003.	Hand Delivery	040-27845805	**Subramaniyam** Sureshbabu@iepindia.com
Kolkatta	Trikut, Flat No.1-B, 4C Lansdowne Place, Opp Road of Ramakrishna Mission Hospital, Kolkatta 700029	Hand Delivery	033-24746400 Fax 033-24767131	**R Manohar** Sureshbabu@iepindia.com
New Delhi	18/5, Arya Samaj Road, Amar Chambers (II Floor) W.E.A.Karol Bagh, New Delhi –110005	Hand Delivery	011-25716824 Fax 011-25720559	**G Sudarshan** Sureshbabu@iepindia.com

(g) Persons who own equity shares of REVL but whose names do not appear on the Register of Members of REVL on the Specified Date are also eligible to participate in this Offer. Such unregistered owners can send their acceptance in writing to the Registrar to the Offer on plain paper stating the name, address, number of equity shares of REVL held, number of equity shares of REVL tendered, distinctive numbers, folio number, together with the original share certificate(s), valid transfer deeds and the original contract note/s issued by the broker through whom they acquired these equity shares. No indemnity is required from unregistered owners.

(h) In the event of non-receipt of this Letter of Offer, shareholders may obtain a copy of the same by writing to the Registrar to the Offer at any of the collection centres stated above clearly marking the envelope "REVL – Open Offer". Alternatively, the shareholders may send their acceptances on plain paper to the Registrar to the Offer stating their name, address, folio number, distinctive number, number of equity shares of REVL held, number of equity shares of REVL tendered duly signed by all the holders along with the documents mentioned above to the Registrar to the Offer on or before the Offer Closing Date.

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

(j) Shareholders can download the Form of Acceptance cum Acknowledgement placed on the SEBI web site http://www.sebi.gov.in and send in their acceptance by filling the same.

(k) While tendering equity shares of REVL under the Offer, NRIs/OCBs/Foreign shareholders will be required to submit the RBI approval, (specific or general) that they would have obtained for acquiring the equity shares of REVL and a no objection certificate/tax clearance certificate from the Income Tax authorities indicating the amount of tax to be deducted under the Income Tax Act 1961, by the Acquirers before remitting the consideration. In case the RBI approvals are not submitted, the Acquirers reserve the right to reject the equity shares of REVL or arrange to deduct the tax at the maximum marginal rate of taxation as may be applicable to the category of shareholder on the entire consideration payable to such a shareholder.

(l) Payment to those shareholders whose share certificates and/or other documents are found valid and in order and are approved by the Acquirer and the PACs will be by way of a crossed account payee cheque/ demand draft/ pay order by RML/RBL/RIL and issuance of equity shares by RML in the manner specified in Para 3.2 above. The decision regarding the acquisition (in part or full), or rejection of, the equity shares of REVL tendered pursuant to this Offer and (i) any corresponding payment for the acquired equity shares of REVL and/or (ii) share certificates for any rejected equity shares of REVL or equity shares of REVL withdrawn, will be dispatched to the shareholders by registered post or by ordinary post as the case may be (*), at the shareholder's sole risk. Equity shares held in dematerialised form to the extent not acquired or equity shares of REVL withdrawn will be credited back to the respective beneficiary account with their respective DPs as per the details furnished by the beneficial owners in the Form of Acceptance-cum-Acknowledgement.

(m) Shareholders who hold REVL equity shares in physical form and wish to receive the RML equity shares in dematerialised form may furnish the particulars of their DP ID and Client ID in the Form of Acceptance-cum-Acknowledgement alongwith the DP authorisation and seal.

(n) (*) Dispatches involving payment of a value in excess of Rs.1,500/- will be made by registered post at the shareholder's sole risk. All other dispatches will be made by ordinary post at the shareholder's sole risk.

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

(p) The Registrar to the Offer will hold in trust the equity shares/share certificates, equity shares lying in credit of the special depository account and the transfer form(s), until the Acquirer and the PACs completes their obligations under the Offer in accordance with the Takeover Regulations.

(q) In accordance with Regulation 22(5A) of the Takeover Regulations, shareholders who have tendered the requisite documents in terms of the Public Announcement and Letter of Offer shall have the option to withdraw acceptances tendered up to three working days prior to the Offer Closing Date. The withdrawal option can be exercised by submitting the documents as per the instructions below, so as to reach the Registrar to the Offer at any of the collection centres mentioned above as per the mode of delivery indicated therein on or before November 4, 2004.

(r) The withdrawal option can be exercised on submitting the form of withdrawal (which will be sent to shareholders along with this Letter of Offer) and the copy of the acknowledgement received from the Registrar to the Offer while tendering the acceptance together with :

- In respect of physical shares: names, address, distinctive numbers, folio number, number of equity shares of REVL tendered.
- In respect of dematerialised shares: name, address, number of equity shares of REVL tendered, DP name, DP ID, beneficiary account number, photocopy of the delivery instructions in "Off Market" mode duly acknowledged by the DP.

(s) In case of non-receipt of the form of withdrawal the above application can be made on plain paper.

(t) The Acquirer and the PACs may withdraw the Offer as per conditions specified in Regulation 27 of the Takeover Regulations. Any such withdrawal will be notified in the form of a public announcement in the same newspapers in which the Public Announcement appears.

(u) The marketable lot of the shares of the Target is 1 share

(v) The shares and other relevant documents should not be sent to the Acquirer, PACs or the Target.

14. Documents for Inspection

Please refer to Page 91 of Section II of this Letter of Offer.

Attached : Form of Acceptance cum Acknowledgement