SECTION II

Disclosure in compliance with DIP Guidelines and Schedule II of Companies Act, 1956 for Equity Shares of Rane (Madras) Limited

SEBI has granted exemptions from the application of certain section of the DIP Guidelines in terms of its letter dated November 19, 2004.

This Section is not a part of any draft red herring prospectus, red herring prospectus or a prospectus. SEBI has advised the Manager vide its letter dated August 9, 2004, that the issuance of equity shares of RML to 50 or more shareholders of REVL who tender shares of REVL in the open offer made by RML, RBL and RIL for acquiring the equity shares of REVL may amount to a "public issue" in terms of proviso to Section 67 (3) of the Companies Act. Hence in this Section, such information as may be required for a prospectus under the Companies Act and such disclosures may be applicable and necessary in terms of the DIP Guidelines has been incorporated to enable shareholders of REVL to consider tendering the equity shares held by them in REVL.

1. Forward Looking Statements

1.1 This Letter of Offer contains certain "forward-looking statements". These forward looking statements can generally be identified by words or phrases such as "aim", "anticipate", "believe", "expect", "estimate", "intend", "objective", "plan", "project", "shall", "will", "will continue", "will pursue" or other words or phrases of similar import. Similarly, statements that describe our objectives, plans or goals also are forward-looking statements.

1.2 All forward looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our expectations include, among others:

- General economic and business conditions in India;
- Our ability to successfully implement our strategy, our research and development efforts, our growth and expansion plans and technological changes;
- Changes in the value of the Rupee and other currency changes;
- Changes in the Indian and international interest rates;
- Changes in laws and regulations that apply to the Indian and global automotive components industry;
- Increasing competition in and the conditions of the Indian automotive components industry;
- Changes in political conditions in India; and
- Changes in the foreign exchange control regulations in India.

1.3 For further discussion of factors that could cause our actual results to differ, please refer to clause 2 titled "Risk Factors" on page 33 of Section II of this Letter of Offer. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither our company, our Directors, nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, our company and the Manager to the Offer will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by NSE, BSE and MSE.

2. Risk Factors

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

An investment in equity shares involves a high degree of risk. You should carefully consider all of the information herein, including the risks and uncertainties described below, before making an investment in our equity shares. If any of the following risks actually occur, our business, results of operations and financial condition could suffer, the trading price of our equity shares could decline, and you may lose all or part of your investment. Unless specified or quantified in the relevant risk factors mentioned below, we are not in a position to ascertain the financial and other implications of any of the other risks mentioned below

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.

2.1 Internal Risk Factors

2.1.1 Volatility in the auto industry

As the Company caters exclusively to the automotive industry, the Company's business fortunes depend on the performance of this industry. There have been substantial changes in the Indian automobile industry in the last three to four years leading to consolidation, entry of new players and technological changes. Coupled with the sustained growth in Indian economy, the industry has registered substantial growth in the last two years. However, past experience has shown that the industry is susceptible to cyclical downturns and events that result in decreased demand in the automobile industry could have an adverse impact on the Company's operations and financial conditions.

2.1.2 Substantial dependence on Original Equipment Manufacturers (OEM)

Traditionally, we have focused on supply of manual steering gears and steering linkage products to OEMs of passenger cars and utility vehicles, commercial vehicles, and farm tractors. This heavy dependence on OEMs affected the Company's operations adversely during the period 1997-2001 when the automotive industry slowed down. Such downturns could happen in future and adversely affect the Company's financial conditions.

2.1.3 Shift towards Power steering

Our product range consists of manual steering gears and steering linkage components. Over the past four years, there has been a significant shift towards power steering gears both in the heavy commercial vehicles and passenger car segments, driven by legislation in the heavy commercial segment and consumer preferences in the case of passenger cars. This increasing shift towards power steering gears has resulted in loss of business to the Company and may continue to adversely affect the business prospects.

2.1.4 Significant dependence on Tractor Segment

A significant portion of our sales arises out of supply of steering gears and linkage products to tractor manufacturers in India. The Indian tractor industry has been going through a downturn during the last five years which has adversely impacted the sales and profitability. Such slow down in the tractor industry could adversely affect the financial conditions of the Company.

2.1.5 Increase in input costs

Our major input costs consist of steel, power & fuel. The average prices of these inputs have been increasing in the recent past, with steel prices going up substantially in the last one year. We may not be able to pass on all increase in the cost of inputs to the customers and this could have adverse impact on financial condition and operations of the Company.

2.1.6 Foreign Exchange rates fluctuations

The Company's exports is almost entirely denominated in US Dollar and appreciation in the value of Indian Rupee against USD has adversely impacted the profitability of export sales and this situation could continue if the Indian Rupee again appreciates against USD.

2.1.7 Dependence on one customer for exports to USA

Our entire exports to USA at present only is to one customer, viz. TRW and any cancellation of orders by TRW could adversely affect our sales volume and profitability.

2.1.8 Losses

RML 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. There was no loss in 2004.

2.1.9 Contingent Liabilities

RML had accumulated contingent liabilities for the financial year ended March 31, 2004 amounting to Rs. 460 lakhs.

2.1.10 Litigations

Please refer to clause 4.21 titled "Details of pending litigation against the Acquirer" on page 14 of Section I of this Letter of Offer for details of litigations of RML

2.2 External Risk Factors

2.2.1 General Economic conditions

The fortunes of Indian auto-components industry is largely dependent on the performance of Indian automobile industry, which in turn is driven by the fundamentals of the economy. Following the trade and investment liberalization measures initiated by the Central Government in the early 1990s, the Indian economy registered an average growth of over 7% during the period 1993-1997. The Indian automobile industry too registered double digit growth rates during this period, largely due to the entry of global manufacturers and the increased competition.

When the economic growth started slowing down in 1997, the automobile and the auto components industries also started the cyclical down turn. Our industry could be subjected to such down turns in the future resulting from possible slow down of the Indian economy. This could adversely affect the financial performance of the Company.

2.2.2 Foreign exchange risk

Our exports have increased substantially in the last 18 months and the export receivables are denominated in US Dollar, while most of the input costs are incurred in Indian Rupees. The strengthening of the Indian Rupee with respect to the US Dollar could adversely impact our profitability.

2.2.3 Some of the export benefits may be withdrawn

Government of India has announced the gradual elimination of some of the income tax exemptions that were available to the Indian exports. Some of the other benefits currently available may also be withdrawn in the future which could have adverse impact on our profitability.

2.2.4 Increased competition from low cost destinations

Along with India, other countries, especially in the South-East Asia and the Asia Pacific regions have become the sources for procurement of auto components by the international automobile manufacturers. India is likely to face increased competition from these countries for export of auto components.

2.2.5 Changes in government policies and regulations.

Any significant change in India's economic liberalization and deregulation policies could affect business and economic conditions generally and consequently our business also. Further, potential changes in environmental and other regulations by the Central and State Governments could adversely affect our business and financial conditions.

Notes

- For details of Related party transactions of RML please refer to clause (xii) titled "Related Party Transaction" on page 87 of Section II of this Letter of Offer. Such parties and transactions have been identified as per Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India
- Investors are free to contact the Manager to the Offer for any clarification or information pertaining to this Offer. For the contact details of the Manager to the Offer please refer to page 1 of Section I of this Letter of Offer

3. Summary

3.1 Overview

We are one of the leading manufacturers of manual steering gears and steering linkage products for commercial vehicles and passenger cars, in India. We cater to the requirements of the manufacturers of passenger cars, utility vehicles, light and heavy commercial vehicles and farm tractors. Our ability to deliver consistent quality of products has helped to be a leading supplier of auto components to leading Original Equipment Manufacturers (OEMs) in India. Since 2003-04 we have been exporting manual steering gears for passenger cars to Iran and steering linkage products USA. Our export sales during 2003-04 was Rs.89.55 million against Rs.1.87 million in 2002-03. For further details reference may be made to the information given under the head "Management's Discussion And Analysis of financial condition and results of operations "

4. The Issue

4.1 The details and background relating to the Issue are as contained in Item 2 titled Background to the Offer.

5. Summary Financial Data

5.1 Reference may be made to the information given under the head Management's Discussion And Analysis of financial condition and results of operations **.**

6. General Information

6.1 Authority for the Issue

The Issue has been authorised by the shareholders of the Company pursuant to a resolution passed at an extraordinary general meeting of the shareholders.

6.2 Eligibility for the Issue

RML is an existing company incorporated under the Companies Act, 1913, whose equity shares are listed on MSE, BSE & NSE. The Company is eligible to make this issue in terms of clause 2.3.1 of the DIP Guidelines.

The aggregate of the proposed issue and previous issues made in the same financial year in terms of size (i.e. offer through offer document + firm allotment + promoters' contribution through the offer document), issue size does not exceed 5 times its pre-issue networth as per the audited balance sheet of the last financial year.

Our Company, our Directors, our Promoters, the directors and persons in control of our Promoters, our subsidiaries, our group companies, other companies promoted by our Promoters and companies with which the Company's Directors are associated as directors have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI. Further the promoters, their relatives (as per Companies Act, 1956), the Company, group companies, associate companies are not detained as wilful defaulters by RBI / Government Authorities and there are no violations of securities laws committed by them in the past or pending against them.

6.4 Caution

Our Company, our Directors, the Manager to the Offer accept no responsibility for statements made otherwise than in this Letter of Offer or in the advertisements or any other material issued by or at our instance and anyone placing reliance on any other source of information, including our web site, www.rane.co.in would be doing so at his or her own risk.

The Manager to the Offer accepts no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into between the Manager to the Offer and us.

All information shall be made available by us, the Manager to the Offer to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports, at bidding centers or elsewhere.

6.5 Disclaimer in Respect of Jurisdiction

This Issue is being made in India to persons who are shareholders of REVL resident in India including Indian nationals resident in India who are not minors, Hindu Undivided Families (HUFs), companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI, FIPB permission), Trusts registered under the Societies Registration Act, 1860, as amended from time to time, or any other trust law and who are authorized under their constitution to hold and invest in shares, permitted insurance companies and pension funds and to non-residents including NRIs. This Letter of Offer does not, however, constitute an offer to sell or an invitation to subscribe to equity shares offered hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Letter of Offer comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Tamil Nadu, India only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Letter of Offer has been submitted to the SEBI. Accordingly, the equity shares represented thereby may not be offered or sold, directly or indirectly, and this Letter of Offer may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. The delivery of this Letter of Offer hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

6.6 Disclaimer Clause of the NSE

As required, a copy of this Letter of Offer has been submitted to NSE. NSE has given vide its letter dated 1 June 2004, permission to the Company to use the NSE's name in this Letter of Offer as one of the stock exchanges on which this Company's securities are proposed to be listed, subject to the Company fulfilling the various criteria for listing including the one related to the paid-up capital and market capitalization. The NSE has scrutinized this Letter of Offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed to mean that this Letter of Offer has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Letter of Offer; nor does it warrant that this Company's securities will be listed or will continue to be listed on the NSE; nor does it take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company.

Every person who desires to apply for or otherwise acquires any securities of the Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the NSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

6.7 Disclaimer Clause of BSE

As required, a copy of this Letter of Offer has been submitted to BSE. BSE has given vide its letter dated 25 May 2004 permission to this Company to use BSE's name in this Letter of Offer as one of the stock exchanges on which this Company's securities are proposed to be listed. BSE has scrutinized this Letter of Offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company.

BSE does not in any manner:

- warrant, certify or endorse the correctness or completeness of any of the contents of this Letter of Offer; or
- warrant that this Company's securities will be listed or will continue to be listed on BSE; or
- take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed to mean that this Letter of Offer has been cleared or approved by BSE. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

6.8 Disclaimer Clause of MSE

As required, a copy of this Letter of Offer has been submitted to the MSE, (●). The Exchange has scrutinized this Letter of Offer for its limited internal purpose of deciding on the matter of granting the permission to use the Exchange's name in this Letter of Offer as one of the Stock Exchanges on which the securities of the Company are proposed to be listed. It is to be distinctly understood that the aforesaid permission, given by MSE, should not in any way be deemed or construed that this Letter of Offer has been cleared or approved by MSE, nor does it in any manner warrant, certify, or endorse the correctness or completeness of any of the contents of this Letter of Offer, nor does it warrant that the Company's securities will be listed or will continue to be listed on the Exchange nor does it take any responsibility for the financial or other soundness of this Company, its promoters, its management, or any scheme, or project of this Company.

Every person who desires to apply for or otherwise acquire any shares of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription, acquisition whether by reason of anything stated or omitted herein or any other reason whatsoever.

6.9 Filing

A copy of this Letter of Offer, along with the documents required to be filed under Section 60B of the Companies Act, would be delivered to the RoC. A copy of this Letter of Offer has been filed with the Corporate Finance Department of SEBI at Ground Floor, Mittal Court, "A" Wing, Nariman Point, Mumbai 400 021.

Applications have been made to the BSE,MSE and NSE for permission to deal in and for an official quotation of the equity shares of RML.

6.10 Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below:

"Any person who:

(a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or

(b) otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name,

shall be punishable with imprisonment for a term which may extend to five years."

6.11 Minimum Subscription

As this is a transaction involves a share swap no subscription monies will be brought into the Company and accordingly the requirement of ensuring minimum subscription does not arise.

6.12 Withdrawal of the Issue

Our Company, reserves the right not to proceed with the Issue in accordance with Regulation 27 of the Takeover Regulations.

6.13 Letters of Allotment

Allotment of equity shares of RML shall be governed by the provisions of clause 12 titled "Terms and Conditions of the Offer" page 30 of Section II of this Letter of Offer.

The Company will provide adequate funds required for dispatch of allotment advice to the Registrar to the Issue.

6.14 Issue Program

The Issue program will be determined in accordance with the provision of clause 12 titled "Terms and Conditions of the Offer" page 30 of Section II of this Letter of Offer.

7. Capital Structure of the Company

SHARE CAPITAL (as of August 25, 2004)

		No. of shares	**Amount Rs. in Lakhs**
A.	**Authorised Capital**		
	Equity share capital of face value Rs.10/-	10,000,000	1000.00
	13.5% Cumulative Redeemable Preference Shares of face value Rs.10/-	10,000,000	1000.00
B.	**Issued, Subscribed and Paid-up Capital**		
	Equity share capital of face value Rs.10/-	6,115,372	611.5
	13.5% Cumulative Redeemable Preference - Shares of face value Rs.10/	8,000,000	800.0

Note: Redeemable Preference Shares are redeemable in 4 equal annual installments commencing from February 2005.

C. The entire present offer in terms of this Letter of Offer is made to the shareholders of REVL, a company within the Rane Group, as on the Specified Date viz, November 12, 2004, under the Open Offer made by the Company along with RBL and RIL.

D. Offer to shareholders of REVL

2,016,000 equity shares of Rs. 10 each aggregating Rs.201.6 lakhs.

E. Equity Capital after the Offer

8,131,372 equity shares of Rs. 10 each aggregating Rs.813.1lakhs assuming 100% response to the offer.

F. Share Premium Account

Before the Offer Rs.2611.4 lakhs

After the Offer Rs.5353.1 lakhs , assuming 100% response to the offer

Notes

(a) The authorised share capital of the Company was increased from Rs.50 million divided into 5 million equity shares of Rs.10 each to Rs.1000 lakhs divided into 100 lakh equity shares of Rs. 10 each through special resolution passed at the extra-ordinary general meeting held on May 11, 2004.

(b) 1,920,112 equity shares were allotted to the promoters on preferential basis in terms of the Share Purchase Agreement dated April 9, 2004. This allotment is conditional upon fulfillment of the obligations under the Open Offer.

(c) The Company has consented to the Offer through its Board Resolution dated April 9, 2004. The shareholders of the Company have consented for the issue of shares under section 81 (1A) of the Companies Act, 1956 at the Extra-ordinary General Meeting held on May 11, 2004.

The list of top 10 shareholders of the Company and the number of equity shares held by them is as follows:

a) Top ten shareholders as on date and ten days prior to 4th September 2004 (Note: To be updated as of ten days prior to the date of filing the letter of offer with the Registrar of Companies):

Sl. no	Name of the shareholders	No. of shares	% to the paid-up capital
1	RBL	745957	12.20%
2	T G G Raman	661100	10.81%
3	REVL	387230	6.33%
4	Rathika R Sundaresan	296554	4.85%
5	L Ganesh	241446	3.95%
6	Saroja Raman	235670	3.85%
7	L Lakshman	203692	3.33%
8	Ranjini R Iyer	174358	2.85%
9	Geetha Raman Subramanyam	169224	2.77%
10	Life Insurance Corporation of India	160080	2.62%

b) Top ten shareholders two years prior to the date of filing the letter of offer with the Registrar of Companies

Sl. no	Name of the shareholder	No. of shares	% to the paid up capital
1	RBL	745957	17.78
2	Unit trust of India	394916	9.41
3	REVL	337230	8.04
4	Life Insurance Corporation of India	210080	5.01
5	T G G Raman	138740	3.31
6	Rathika R Sundaresan	119098	2.84
7	Kumari Investment Corporation P Ltd.	80000	1.91
8	Geetha R Subramanyam	76064	1.81
9	Ranjini R Iyer	68914	1.64
10	United India Insurance Co. Ltd.	64866	1.55

4.8.4. 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.

4.8.5. The equity 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%

The shareholding pattern as on 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%

4.8.6 The resulting equity capital structure of RML after the allotment of shares pursuant to the SPA is as under;

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	68.60%
Partly paid-up equity shares	-	-
Total paid-up equity shares	41,95,260	68.60%
Fully paid up equity shares issued to Sellers on a preferential basis	19,20,112	31.40%
Total voting rights in the Company	61,15,372	100%

4.8.7. The equity capital structure of the RML after issue of shares under this Offer (assuming a 100% acceptance) is tabulated as under;

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	51.59%
Partly paid-up equity shares	-	-
Total paid-up equity shares	41,95,260	51.59%
Fully paid up equity shares issued to Sellers on a preferential basis	19,20,112	23.61%
Fully paid up equity shares proposed to be issued to shareholders of REVL whose shares are tendered and accepted under this Offer	20,16,000	24.79%
Total voting rights in the Company post preferential and post current Offer	81,31,372	100%

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

Aggregate number of securities of the Company purchased or sold by the promoters during the six months preceding the date of the letter of offer

Sl.no	Name of the shareholders	Nature of transaction (Purchased/ Sold)	No. of shares	% to the paid up capital
1	L Lakshman	These shares were allotted on May 26, 2004 on preferential basis in pursuance of the Share Purchase Agreement dated April 9, 2004.	164300	2.69
2	L Lakshman (HUF)		81448	1.33
3	L Ganesh		190818	3.12
4	L Ganesh (HUF)		81350	1.33
5	Pushpa Lakshman		18440	0.30
6	Harish Lakshman		6816	0.11
7	Vinay Lakshman		15760	0.26
8	Meenakshi Ganesh		44080	0.72
9	Aparna Ganesh		4960	0.08
10	Aditya Ganesh		8360	0.14
11	T G Saraswathi		45668	0.75
12	Vanaja Aghoram		98008	1.60
13	T G G Raman		67408	1.10
14	Saroja Raman		187800	3.07
15	Ranjini R Iyer		105220	1.72
16	Geetha R Subramanyam		93160	1.52
17	Rathika R Sundaresan		177456	2.90
18	T G Raman		505560	8.27
19	T G Sundari		2428	0.04
20	Ramani Ramakrishnan		2428	0.04
21	Pravin Kumar		18644	0.30
	Total		**1920112**	**31.40**

These shares were acquired at a price of Rs. 146 calculated as per Regulation 20 of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997

Save as stated above there have been no shares of RML purchased or sold by the promoter group and directors of the promoter in the six months preceding the date of filing with SEBI.

8. Objects Of The Issue

The reason for making this Issue is set out in clause 3 titled "Details of the Offer" on page 8 of Section I of this Letter of Offer.

9. Offer / Issue Related Expenses

The expenses of the Issue payable by the Company including fees and reimbursement to the Managers, registrars, printing and distribution expenses, listing fees, stamp duty and other expenses are estimated at Rs.4.5 million. All such expenses will be borne by the Company out of its internal accruals.

10. Industry Overview

Indian auto-component industry is relatively small by global standards with some individual global auto component companies having sales far in excess of that of the Indian auto component industry as a whole. The size of the industry has, however, increased in the last decade with the rapid growth in Indian automobile production, triggered largely by the economic liberalization and with global automobile players setting up manufacturing facilities in India. The other driver for expansion of the Indian auto-component industry has been the increasing volume of exports. Major global automobile manufacturers/Tier-1 Suppliers are already buying auto components from India for their global requirements.

The domestic sales trend in the various sectors of the Indian Automobile Industry during the last five years is depicted below (Source: SIAM). It will be noted that except for the slow down of commercial and passenger vehicles sectors in 2001 and 2002, overall the industry has registered reasonably good growth over the period..

(Qty Nos.)

	1999-00	2000-01	2001-02	2002-03	2003-04
Commercial Vehicles (Light & heavy)	161,611	136,585	146,671	190,682	260,345
Passenger Vehicles (Cars, Utility & Multi purpose)	733,461	690,560	675,116	707,198	900,752
Total Four Wheelers	895,252	827,145	821,787	897,880	1,161,097
Two Wheelers	3,693,541	3,634,378	4,203,725	4,812,126	5,365,013
Three Wheelers	172,135	181,899	200,276	231,529	268,702
Grand Total	**4,760,928**	**4,643,422**	**5,225,788**	**5941,535**	**6,794,812**

The production of farm tractors during the same period is as depicted below: (Source: ACMA)

Tractors	**257,112**	**248,079**	**207,324**	**166,839**	**190,687**

Unlike the Automobile industry, the tractor industry has registered negative growth throughout the last four years when compared to the peak level of 1999-2000.

The auto component industry has kept pace with the growth of the automobile industry, with the production going up from USD 3,008 million (approx Rs.13,850 crores) in 1997-98 to USD 5,256 million (approx Rs.24,180 crores) in 2003-04. Exports during this period increased from USD 330 million (approx Rs.1,520 crores) to USD 900 million (approx 4,150 crores) – (Source ACMA)

According to ACMA, during 2002-03, the drive, transmission and steering parts constituted 16% and suspension and braking parts 12%, (our products are in these two segments) of the total production of Indian automotive components industry.

The competitive edge Indian auto-component manufacturers enjoy which could enable them become global players are:

- Cost effective manufacturing technology resulting from

  Appropriate levels of automation

  Low cost automation
- High levels of quality and productivity achieved by embracing Japanese concepts and best practices such as Total Quality management (TQM), Total productivity management (TPM), Six Sigma and Lean Production System.
- Legal, Financial & accounting systems

  Most of the companies have financial systems in place, which are regularly audited and follow global accounting policies

We supply manual steering gears and steering linkage products to most of the commercial and passenger vehicle and tractor manufacturers. We are one of the market leaders in both product groups. The other leading players are Sona Steering Systems Limited (in passenger cars), QH Talbros Limited, (steering linkages) ZF Steering Gear (India) Limited (in commercial vehicles) and XLO India Limited. There are other small manufacturers competing in both the product groups.

11. Business

In addition to the information given under this head a reference may made to information given in clause 3 titled "Summary" on page 35 of Section II of this Letter of Offer.

11.1 Information on Collaborators including collaboration providing marketing assistance

RML has obtained process and product technology for the products detailed below from different collaborators.

Products	**Collaborators**
Steering Gears	NSK, Japan
Rack & Pinion SG	TRW, UK
Linkage Products	Quinton Hazell Ltd, UK, Ehrenreich Gmbh,Germany , TRW Inc, USA

For their Captive consumption of ball joints fitted in Rack & Pinion Steering Gears, TRW is outsourcing ball joints from RML.

11.2 Infrastructure facilities

RML currently has the following manufacturing facilities.

Plant Location	Products manufactured	Remarks
Chennai	Re-circulating Ball Type Steering Gears and Steering Suspension Linkage Products for LCV, UV & HCV	There exists an independent cell to cater to the outsourced products of TRW exports.
Mysore	Recirculating Ball Type steering gears and steering linkage products for Farm tractors and HCV, Suspension Ball Joints for UV, Lower Control Arm for Passenger Cars	
Pondicherry	Lower Control Arm and Rack & Pinion steering gears for Passenger Cars	

11.3 Employee Strength

Category	No.
Managerial & Supervisory	282
Workers	549

11.4 Products

RML products are categorised under two types - Steering Gears and Linkage Products.

Steering Gears:

- Rack and Pinion
- Recirculating Ball type Steering Gear with Fork type Rocker shaft
- Recirculating Ball type Steering Gear with Sector type Rocker shaft

Steering and Suspension Linkage Products:

- Tie Rod and Drag Link assembly
- Inner ball joints, outer ball joints, suspension ball joints
- Lower control arm

11.5 Intellectual Property Rights

The Trade Mark “Rane” in the stylized form is owned by RML.

- RML has filed the following Patent applications before the Patent Office at Chennai:-
- Patent Application Number 52/MAS/99 dated January 14, 1999 for “Twin Lever Worm & Roller Manual Steering Gear”.
- Patent Application Number 385/MAS/99 dated April 5, 1999 for “Single End Take Off Manual Rack and Pinion Steering Gear Device for a Three Wheeler Vehicle”.
- Requests for examination of both the applications as required under the amended Patents Act, 1970 have been filed with the Controller of Patents at Chennai.

11.6 Manufacturing process of :

Steering Linkages and Suspension Ball Joints

A tie rod or drag link is the part of the steering system in a vehicle. This comprise of two ball joints indicated by a rod or type depending on the design. The ball joint helps to transmit the movement in the steering mechanism providing the taut action under all components. The main component in the ball joint namely the ball stud is a forging component and the machining of the ball head and taper is done in-house using CNC machine. The ball head is super finished using a ball turning and burnishing machine.

The sockets which helps the bearing cups is also a forged component and the machining is done in a CNC lathe. Special assembly equipments are used for the ball joints and thereafter connected to the rod or tube. The surface of this component is protected by suitable painting process.

Re-circulating Ball Type Steering Gear

The steering gear is used to convert rotary movement of the in put shaft to angular movement of the out put shaft. This comprises of cast housing, worm screw and nut and sector shaft besides other components like bearings, bushes, oil seals, etc.

The housing is generally made of SG Iron casting and CNC machining centers are used to carry out all the machining operations. The worm screw and nut is the heat treated part. CNC machines are used for soft machining and CNC thread grinding are used after CNC heat treatment. The major component is the sector shaft which is again made of forging and of the machining parts are carried out using CNC machines. A special process of sector teeth shaping is carried out using high cast gear shaper which can produce variable pitch circle dia. Steering gear being a safety critical item every components is subjected to magnaflux crack detection. Sophisticated assembly line is equipped with various checking gauges and fixtures placed in dust free atmosphere.

Rack & Pinion Assembly

Rack & Pinion steering gear generally used on passenger car coverts the rotary movement of the steering wheel to longitudinal movement of the rack indicated to the road wheels to ball joints. The major parts in this steering gear assembly are the rack housing, rack tube, pinion and rack besides bearings, bushes and hardware items. The rack housing made of either pressure die or gravity die casting aluminium material. The pinion is heat treated part and teeth is grind by hobbing process. The rack teeth is induction hardened. Dust free sophisticated assembly line is equipped with poke-yoke for mistake proofing.

Steel is the major raw material used in the manufacture of these products

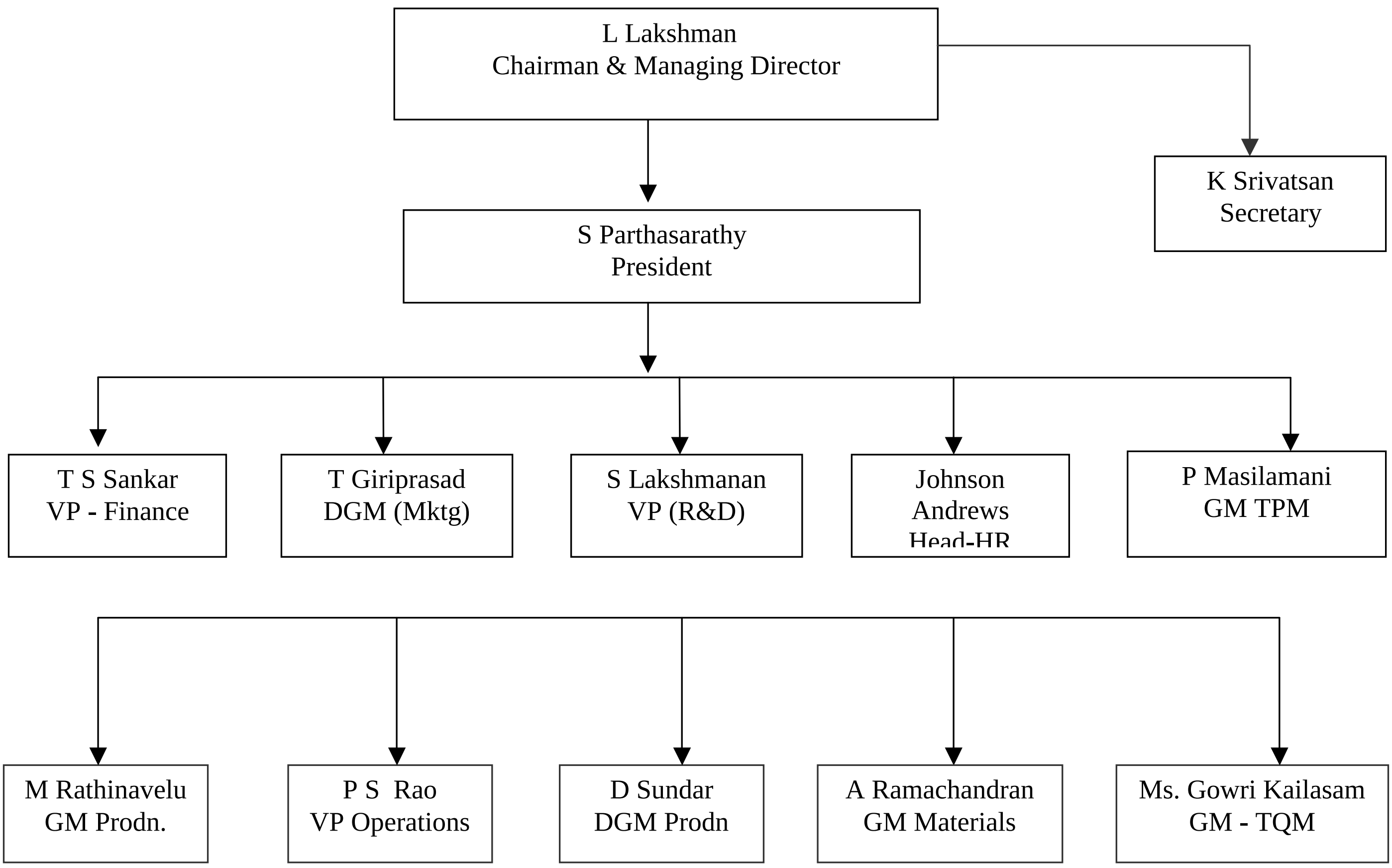
11.7 Plant & Machinery

The following are the major plant & machinery used in the manufacture of the products:-

1. CNC machine centers
2. Gear heading machine
3. Gear shaping machine
4. Heat treatment equipment

12. History And Certain Corporate Matters

Details as to history and incorporation of the Company are set out in clause 4 titled "Background of the Acquirer RML" on page 19 of Section I of this Letter of Offer.



12.1 Main Objects of the company

Our main objects as contained in our Memorandum of Association are:

12.1.1 To acquire and take over as a going concern the business now carried on at Mount Road, Madras under the name and style of RML, a private limited company registered under the Indian Companies Act, 1913 and all or any of the assets and liabilities of the said company in connection therewith, and with a view thereto to enter into the agreement referred to in clause 3 of the company's Articles of Association and to carry the same into effect with or without modifications.

12.1.2 To carry on in the city of Madras and elsewhere in the Presidency of Madras and other territories in India including Native states or elsewhere the business of running motor omnibus of all kinds and such lines as the company may think fit and to transport passengers and goods and generally to carry on the business of carriers.

12.1.3 To carry on the business of manufacturers of motor and other kinds of omnibuses, and vehicles for the transport of persons and goods whether propelled or moved by electricity, steam, oil, vapour or other motive or mechanical power.

12.1.4 To carry on the business of garage proprietors, taxicab, omnibus, cab, fly and other public or private conveyance proprietors, omnibus, carriage, cab, fly and cart dealers, omnibus, coach, motor, carriage, cab, fly, cart or other vehicle manufacturers and repairers, garage, coach-house and stable builders, dealers in motor accessories of all kinds, motor and mechanical engineers.

12.1.5 To manufacture, buy, sell, exchange, alter, improve and deal in vehicles of any kind so constructed as to progress by means of automatic power, whether by means of oil, electricity, steam, gas or otherwise.

12.1.6 To manufacture, buy, sell, exchange, alter or improve manipulate, prepare for market and otherwise deal in all kinds of plant, machinery, apparatus, tools, utensils, substances, materials and things necessary or convenient for carrying on any of the above specified businesses or proceedings, or usually dealt in by persons engaged in like business.

12.1.7 To deal in Kerosene Oil, Petrol, Lubricating Oils, Paints, Varnishes and other allied articles.

12.1.8 To undertake and execute any contracts for works involving the supply or use of machinery and to carry out any ancillary or other works comprised of such contracts.

12.1.9 To manufacture, take up agencies and deal in type-writers and other office requisites.

12.1.10 To carry on the business of electricians, and dealers in all apparatus and things required for or capable of being used in connection with the generation, distribution, supply, accumulation and employment of electricity.

12.1.11 To carry on the business of mechanical engineers and carriage builders in all their respective branches.

12.1.12 To construct, maintain and alter any buildings or works, necessary or convenient for the purpose of the company or otherwise, or to develop, maintain and carry on any scheme of house building likely to be of profit to the company.

12.1.13 To acquire by purchase or otherwise any patents, licences and the like conferring any exclusive or non-exclusive or limited right to use or any secret or other information as to any invention which may seem capable of being used for any of the purposes of the company or the acquisition of which may seem calculated directly or indirectly to benefit the company and to use, exercise, develop or grant licences in respect of or otherwise turn to account the property rights or information so acquired.

12.1.14 To enter into any arrangement for sharing profits, union of interests, co-operation, joint adventure, reciprocal concession, or otherwise with any person or company carrying on or engaged in, or about to carry on or engage in any business or transaction which this company is authorised to carry on or engage in or any business or transaction capable of being conducted so as directly or indirectly to benefit this company, and to lend money to and guarantee the contracts of, or otherwise assist any such person or company and to take or otherwise acquire shares and securities of any such company and to sell, hold, re-issue, with or without guarantee or otherwise deal with the same.

12.1.15 To take, or otherwise acquire, and hold shares in any other company having objects altogether, or in point, similar to those of this company, or carrying or any business capable of being conducted so as directly or indirectly to benefit this company.

12.1.16 To enter into any arrangements with any authorities Governmental, municipal, local or otherwise, that may seem conducive to the company's objects, or any of them, and to obtain from any such authority, any rights, privileges, and concessions which the company may think it desirable to obtain, and to carry out, exercise and comply with any such arrangements or rights.

12.1.17 To consider, originate and support improvements in the law which may seem directly or indirectly conducive to any of the company's objects and to resist and oppose alterations therein which may seem to the company directly or indirectly adverse to the interest of the company or its members, or any section thereof.

12.1.18 To acquire and undertake the whole or any part of the business, property and liabilities of any person or company carrying on any business which the company is authorised to carry on or possessed of property suitable for the purpose of the company.

12.1.19 To promote any company or companies for the purpose of acquiring all or any of the property rights and liabilities of this company or for any other purpose which may seem directly or indirectly calculated to benefit this company.

12.1.20 To take up agencies for an on behalf of other companies carrying on any of the business that this company is authorised to carry on.

12.1.21 To carry on any other business (whether manufacturing or otherwise) which may seem to the company capable of being conveniently carried on in connection with any of the above objects are calculated directly or indirectly to enhance the value of or render profitable any of the company's property or rights.

12.1.22 To establish and support or aid in the establishment and support of associations, institutions, funds, trusts, and conveniences calculated to benefit employees and ex-employees of the company or the dependants or connections of such persons, and to grant pensions and allowances, and to make payments towards insurance and to subscribe or guarantee money for charitable or benevolent objects, or for any exhibition, or for any public, general or useful object.

12.1.23 To aid pecuniarily or otherwise any association, body or movement having for an object the promotion of the industry or trade similar to that undertaken by the company. **(vide Special Resolution passed on 5th August 1966 as confirmed by Order of Court dated 20th January 1967)**

12.1.24 To subscribe, donate or guarantee money for any national, charitable, public or useful object and to subscribe or donate for any political party or for any political purpose to any individual or body. **(vide Special Resolution passed on 5th August 1966 as confirmed by Order of Court dated 20th January 1967)**

12.1.25 To invest and deal with the moneys of the company not immediately required in such manner as may from time to time be determined.

12.1.26 To lend money to such persons or companies and on such terms as may seem expedient, and in particular to customers and others having dealings with the company and to guarantee the performance of contracts by such persons or companies.

12.1.27 To borrow or raise or secure the payment of money in such manner as the company shall think fit, and in particular by the issue of debentures, or debenture stock, perpetual or otherwise, charged upon all or any of the company's property including its uncalled capital, and to purchase, redeem, or pay off any such securities.

12.1.28 To draw, make, accept, endorse, discount, execute, and issue promissory notes, bills of exchange, bills of lading, warrants, debentures, and other negotiable or transferable instruments.

12.1.29 To sell or dispose of the undertaking of the company or any part, thereof for such consideration as the company may think fit, and in particular for shares, debentures, or securities of any other company having objects altogether or in part similar to those of the company.

12.1.30 Generally to purchase, take on lease or in exchange, hire or otherwise acquire any immovable or movable property and any rights or privileges which the company may think necessary or convenient for the purposes of its business.

12.1.31 To procure the company to be registered or recognised in any foreign country or place.

12.1.32 To do all such other things as are incidental or conducive to the attainment of the above objects.

12.1.33 To distribute any of the property of the company among its members in kind.

12.2 Changes in Memorandum of Association

Since our incorporation, the following changes have been made to our Memorandum of Association:

Date of shareholders approval	Memorandum No.	Article No.	Changes
29.7.1936	5		Rate of dividend on pref. Shares
		5	
30.1.1944		91	Payment of traveling expenses to directors for attending board meetings
25.6.1955		52	Borrowing limits of the Company
6.4.1959			New Articles of Association approved and adopted
7.1.1963		99A	Insertion of Article for appointment of director by financial institution
		96	Increase in sitting fees to directors
25.9.1965		112A	Appointment of Managing Director
		112B	Retirement by rotation of directors
5.8.1966	22A		To aid peculiarly or otherwise any association, body or movement having for an object the promotion of the industry or trade similar to that undertaken by the Company
	22B		To subscribe, donate or guarantee money any national, charitable, public, political party, body, etc.
31.10.1968	3A	3a	Capital of the Company is Rs.1,00,00,000 divided into :
			a 1,00,000 'A' Class 7% tax free cumulative pref. Shares of Rs.5 each
			b 1,00,000 6% tax free cumulative pref. Shares of Rs.5 each
			c 18,00,000 equity shares of Rs.5 each
25.7.1969		109 to 112	Existing Articles deleted and substituted reg. Appointment of Chairman
			Remuneration to Chairman
			Chairman for General Meetings
29.1.1971		91	Maximum no. directors increased from 9 to 12
20.9.1973		112C	Appointment of 'Executive Director'
		129	The word 'Managing Director' substituted by 'Managing Agents'
21.9.1977		13	In joint shareholders the word 'Any one of the persons' substituted by 'the first name person'
		18(b)	In issue of duplicate or new certificates the word 'pages' substituted by 'cages'
		28	The marginal notes 'Notice after forfeiture' substituted by 'Notice of forfeiture'
		33(e)	Deleted
		99	Numbered as 99(a)
		114(a)	Numbered as 114
		140(ii) (iii)	Power to authenticate documents
			New revised Articles of Association proposed and adopted.

Date of shareholders approval	Memorandum No.	Article No.	Changes
5.6.1979	Capital clause	6	Capital of the Company is Rs.2,50,00,000 divided into :
			a 10,00,000 - 10% Redeemable cumulative pref. Shares of Rs.5 each
			b 40,00,000 equity shares of Rs.5 each
		8	Payment of dividend to Redeemable Cum. Pref. Shares
		88 (c)	Vote of members of A class 7% tax free cumulative pref. Shareholders - Deleted
24.9.1982	Capital clause	6	Substituted as follows :
			Authorised capital of the Company is Rs.2,50,00,000 dividend into 25,00,000 equity shares of Rs.10 each
		7	Deleted – reg. Preference shares
		8	
29.12.1983		115 (a)	Chairman not liable to retire by rotation
		115(c)	Appointment of Chairman
24.9.1987	Capital clause	6	Substituted as follows :
			Authorised capital of the Company is Rs.5,00,00,000 dividend into 50,00,000 equity shares of Rs.10 each
26.9.1988		101	Remuneration of directors
24.3.1994		101	Remuneration of directors
20.12.1997	Capital clause	6	Substituted as follows :
			Authorised capital of the Company is Rs.15,00,00,000 dividend into
			50,00,000 equity shares of Rs.10 each and
			1,00,00,000 preference shares of Rs.10 each
27.7.1999		6(a)	Purchase of own shares
		99(c)	Power of board to add its number
11.5.2004	Capital clause		Substituted as follows :
			Authorised capital of the Company is Rs.20,00,00,000 dividend into
			1,00,00,000 equity shares of Rs.10 each and
			1,00,00,000 preference shares of Rs.10 each
		6	The capital clause in the Articles referred to the capital clause in the Memorandum of Association'.

12.3 History and Major Events

Year	Key Events, Milestones and Achievements
• 1929	Started trading activities in Automobiles parts. Represented General Motors, Renault, America Motors, etc.
• 1936	RML incorporated
• 1960	Started commercial production of tie rod ends in Chennai plant.
• 1965	The Company discontinued its trading activities and became a purely manufacturing company of steering linkage products..
• 1975	Started manufacture of manual steering gears for commercial vehicles
• 1984	The plant at Mysore was commissioned
• 1995	The plant at Pondicherry for manufacture manual rack and pinion steering gears for passenger cars was commissioned.

12.4 Technical Associations

Steering Linkage Products

●	1960-70	Quintal Hazel Limited., U.K – Steering Joints and Linkages
●	1962-72	Ehrenreich & CIE, Germany — Steering Joints
●	Since	TRW Ehrenreich GmbH & Co., Germany - Steering Joints & 1987 Linkages

Steering Gear Products

●	1973-85	Burman & Sons Ltd., UK – Recirculating Ball
●	Since 1995	TRW SSL, UK – rack and Pinion
●	Since 1998	TRW Inc, USA – Worm and Roller
●	Since 1997	NSK ltd., Japan - Recirculating Ball

Quality Systems

●	March 2001	QS 9000 certification for Pondicherry Plant
●	Feb 2004	IS0/TS 16949:2002 certification for Plant in Mysore
●	April 2004	IS0/TS 16949:2002 certification for Plant in Chennai

Entire company is gearing towards TQM

12.5 Board of Directors and Management

Names of the Directors, date of appointment, qualification, address, experience, remuneration are contained in clause 4.9 titled "the Board of Directors of RML" page 11 of Section I of this Letter of Offer.

12.6 Brief Biography of our Directors

RML

S.No.	Name & Address	Directors Profile
1	**Mr.L Ganesh** *Vice Chairman* S/o. Mr.L L Narayan Lakshmi Nivas 2, George Avenue Chennai 600 018.	Mr. L Ganesh, aged 50 years, graduated from the Madras University and is an Associated Member of Institute of Chartered Accountants of India. He obtained a Masters Degree in Business Administration from the Pennsylvania State University (USA) Joined as Management Trainee in REVL in 1978, he held various key positions like Commercial Manager, General Manager, Joint Managing Director and in 1990 he become Managing Director of REVL. He is also closely involved in management of other companies in Rane Group and has 25 years of industrial experience.
2	**Mr.L Lakshman** *Chairman & Managing Director* S/o. Mr.L L Narayan 17 Crescent Street Off Arch Bishop Mathias Avenue Chennai 600 028.	Mr. L Lakshman, aged 58 years, graduated as a Mechanical Engineer joined as a Management Trainee in RBL in 1970 and held various operational and planning positions in the group. From 1992 as Chairman of Rane Group Mr. Lakshman has been spearheading the business of the different companies in Rane group and has more than 30 years of. industrial experience
3	**Mr. Harish Lakshman** S/o. Mr.L Lakshman 17 Crescent Street Off Arch Bishop Mathias Avenue Chennai 600 028.	Mr. Harish Lakshman, aged 30 years, holds a Bachelor Degree in Mechanical Engineering and Maser's Degree (MSM) from Purdue University, USA. He has 5 years of experience in his profession and currently he is Vice President (Operations) looking after manufacturing activities of a division of a company in Rane group.
4	**Mr. V Narayanan** S/o late G V Ayyar Flat No.19 'The Manor' 11, Cenetoph Road II Lane Teynampet Chennai 600 018.	Mr. V Narayanan, aged 64 years and holds Master Degree in Chemistry. He joined Hindustan Lever Limited as Management Trainee and held several position in that company. He was Chairman and Managing Director of Ponds (India) Limited for over 15 years. He is currently on the board of several reputed companies
5	**Mr.Krishnan S Waran** S/o K Appu Iyer Plot No.569, First Block HMT Layout, Vidyaranpura Bangalore 560 097.	Mr. Krishnan S Waran aged 58 years is a Financial Consultant. He is post graduate in Commerce and Financial Management and has 33 years of experience in his profession.

S.No.	Name & Address	Directors Profile
6	**Mr. P N Vencatesan** S/o Pazhayanur Narayana Iyer 324 A, Samudra Mahal Dr. Annie Besant Road Mumbai 400 018.	Mr. P N Vencatesan aged 78 years is Chartered Accountant and Management consultant. He is former Vice Chairman and Managing Director of Premier Automobile Limited and has over 40 years of industrial experience.
7	**Mr. P S Kumar** S/o. P Brahmayya No.5, Second Street Wallace Gardens Chennai 600 006.	Mr. P S Kumar, aged 60 years and is a Associate Member of Institute of Chartered Accountants of India. He is partner of M/s Brahmayya & Co. Chartered Accountants, Chennai, Bangalore and Adoni and has over 30 years of experience in his profession.

12.7 Compensation of Our Directors

Details of the compensation paid to the directors are contained in clause 4.9 titled "the Board of Directors of RML" page 11 of Section I of this Letter of Offer.

12.8 Shareholding of Shares by Our Directors in the Company

Our Articles of Association do not require our Directors to hold any equity shares in the Company. The following table details the shareholding of our Directors in their personal capacity and either as sole or first holder, as at the date of this Letter of Offer.

12.9 Shareholding of Directors of RML

Name of the director	Number of equity shares of RML (pre-issue)	Number of equity shares of RML (post issue)
L Lakshman	294608	294608
L Ganesh	325196	325196
V Narayanan	Nil	Nil
Krishnan S Waran	Nil	Nil
P N Vencatesan	Nil	Nil
Harish Lakshman	16255	16255
P S Kumar	Nil	Nil

12.10 Term of Office

In accordance with the Companies Act and our Articles of Association, our Directors are required to retire by rotation. For details of the terms of appointment of the above Directors, please refer to the clause titled "Statutory and Other Information" on page 69 of Section II of this Letter of Offer.

12.11 Changes in Our Board of Directors during the last three years

Changes to our Board of Directors during the last 3 years are as follows:

Name	Date of Appointment	Date of Cessation	Reason
Mr. M S Kumar	1.1.1997	23.7.2003	Retired
Mr. Krishnan S Waran	26.6.1998	30.1.2004	Ceased to Nominee Director of ICICI Bank Limited
Mr. Krishnan S Waran	30.1.2004		Co-opted as an additional director
Mr. Harish Lakshman	19.5.2004		Co-opted as an additional director
Mr. D K Parikh	25.6.1992	21.7.2004	Retired

12.12 Corporate Governance

The provisions of the listing agreement to be entered into with the Stock Exchanges with respect to corporate governance are applicable to us. We have complied with such provisions, including with respect to the appointment of independent Directors to our Board and the constitution of the Investor Grievances Committee. We have adopted the Corporate Governance Code in accordance with Clause 49 of the listing agreement.

12.13 (a) Audit Committee

The terms of the Audit Committee comply with the requirements of Clause 49 of the listing agreement of the Stock Exchanges. The committee consists of four directors and the Chairman of the Committee is Mr. V Narayanan.

The principal functions of the committee are to:

- review the Company's financial statements, before submission to, and approval by, the Board;
- review the Company's procedures for detecting fraud and whistle blowing and ensure that arrangements are in place by which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting, financial control or other matters;
- review management's and the internal auditor's reports on the effectiveness of the systems for internal financial control, financial reporting and risk management;
- monitor the integrity of the Company's internal financial controls;
- assess the scope and effectiveness of the systems established by management to identify, assess, manage and monitor financial and non-financial risks;

- review the internal audit program and ensure that the internal audit function is adequately resourced and has appropriate standing within the Company;
- receive a report on the results of the internal auditor's work on a periodic basis;
- review and monitor management's responsiveness to the internal auditor's findings and recommendations; and
- monitor and assess the role and effectiveness of the internal audit function in the overall context of the Company's risk management system.

12.13 (b) Investor Grievance Committee

- Share Transfer/Investors Service Committee has been constituted under the chairmanship of a non-executive director to approve transfers and transmissions of shares and look into grievances of shareholders. Depending on the requirements, the committee meets once in a month.

12.13 (c) Remuneration Committee

- Remuneration Committee is a non-mandatory requirement under clause 49 of the listing agreement. However, the committee would be constituted with all non-executive and independent directors on need basis under the provisions of the Schedule XIII to the Companies Act, 1956 to recommend remuneration payable to executive directors.

12.14 Investors Grievances

12.14.1 Mechanism for Redressal of Investor Grievances

The agreement between the Company and the Registrar to the Offer, Integrated Enterprises (India) Limited is valid for one year from the last date of closure of the Open Offer to enable the investors to approach the Registrar to the Offer for redressal of their grievances.

All grievances relating to the Offer may be addressed to the Registrar to the Offer, giving full details such as name, address of the applicant, number of shares applied for based on tendering the shares of REVL under the Open Offer, application number and collection center where the application was submitted.

12.14.2 Disposal of Investor Grievances

We estimate that the average time required by us or the Registrar to the Offer for the redressal of routine investor grievances shall be 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 Registrar will seek to redress these complaints as expeditiously as possible.

Mr. K Srivatsan, Secretary of the Company is the Compliance Officer and he may be contacted in case of any pre-Offer or post Offer related problems. He can be contacted at: RML, Rane Corporate Centre, 132 Cathedral Road, Chennai – 600 086, India, Tel: +91-44-28112472, Fax +91-44-28112449, e-mail: investorservices@rane.co.in

12.15 Undertaking by Our Company

The Company undertakes as follows:

- that the complaints received in respect of this Offer shall be attended to by us expeditiously;
- that we shall take all steps for the completion of the necessary formalities for listing and commencement of trading at all the stock exchanges where the equity shares of RML are to be listed within seven working days from the last date for dispatch of consideration being dispatched of RML shares for REVL shares.
- that funds required for despatch of the allotment advice by registered post or speed post shall be made available to the Registrar to the Offer by us;
- that the certificates of the securities to the non resident Indian shall be despatched within specified time.

that no further offer of equity shares of RML shall be made until the equity shares of RML offered through Offer are listed

12.16 Key Managerial Personnel and Managerial Competence

The details of our key managerial personnel are as follows:

The overall management is vested in the Board of Directors, comprised of qualified and experienced persons. The day-to-day affairs of the Company are looked after by a team of qualified professionals in various disciplines. The names of the key personnel with details of their professional qualifications and experience are given below:

Mr. S Parthasarathy

Mr. S Parthasarathy, 46, President is a Master of Business Administration apart from being diploma holder in Operation Management and a Bachelor of Engineering in Mechanical. He has a rich experience of 23 Years from various companies like Ralli Wolf, RBL and Rane TRW Steering Systems Ltd.

Mr.T S Sankar

Mr T S Sankar, 47, Vice President (Finance), is a Science Graduate and an Associate member of The Institute of Chartered Accountants of India. He has over 22 years of industrial experience. He has earlier worked in various capacities with Bharat Heavy Electrical Ltd. & RBL

Mr. S Lakshmanan

Mr. S. Lakshmanan, 56, Vice President (R&D) is a Bachelor of Science and DMIT with Post graduate diploma in Business Administration. He has more than 30 years of experience in the field and worked in companies like Bajaj Tempo and Sundaram Motors.

Mr. Johnson Andrews

Mr. Johnson Andrews, 52, Head-Human Resources is a Post-Graduate in Human Resource Management with Post Diploma in Training and Development accredited with over 29 years of experience in HR and IR. He has earlier worked in various capacities with Kothari Group, DCM Group (Shriram Fibres), Tata Group and MAC Group of companies.

Mr. P S Rao

Mr.P S Rao, 52, Vice-President (Operations) is a Bachelor of Engineering in Metallurgy apart from being a Master of Technology. He has total experience of 27 years. He has worked in Companies like Jyothi Ltd, Gajra Gears, Widia India Ltd. and Tube Investments of India Ltd.

12.17 Interest of Promoters, Directors and Key Managerial Personnel

Except as stated in "Related Party Transactions" in clause (xii) on page 87 of Section II of this Letter of Offer, and to the extent of shareholding in the Company, the Promoters do not have any other interest in our business.

Except to the extent of their compensation and to the extent of ESOP, and their shareholding or shareholding of companies they represent, the Directors, other than Promoter Directors, do not have any other interest in the Company.

The key managerial personnel of the Company do not have any interest in the Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business and to the extent of the equity shares held by them in the Company, if any.

12.18 Changes in our Key Managerial Employees during the last three years

Name	Designation	Date of Appointment	Date of Cessation	Reason
L Lakshman	Chairman & Managing Director	14.03.2002		
A Hydari	President	01.03.2000	30.04.2004	Retired on attainment of age of superannuation.
S Parthasarathy	President	05.04.2000		Elevated as President on 01.05.2004
T S Sankar	Vice President - Finance	01.04.2004		Transferred from group company
S Lakshmanan	Vice President - R & D	12.06.1978		
P S Rao	Vice President - Operations	12.04.2001		
A R Nanjanath	Vice President - Operations	31.07.2000	13.12.2002	Resigned
Johnson Andrews	General Manager - H R	21.02.2001		
P R Ravindran	Vice President - Finance	10.04.1996	31.03.2004	Transferred to Group company

12.19 Details of Loans taken by the Company:

Terms loans from SBI and Canara Bank are secured by a charge of the Company's immovable properties present and future. They are further secured by hypothecation of Company's movable properties present and future, subject to a prior charge on the book debts and inventories in favour of the bankers for working capital facilities. The said loans are collaterally secured on pari-passu basis by pledge of shares held by the Company in RBL, REVL and Kar Mobiles Ltd.

Working Capital facilities are secured by hypothecation of raw materials, consumable stores, work – in – progress, finished goods and book debts and are further secured by a second charge on all immovable properties and movable fixed assets both present and future.

Rs. 52.50 million term loan from Housing Development Finance Corpn. Ltd. is secured by the mortgage of the Company's proportionate share in the immovable property jointly held with RBL and REVL together with their respective shares of the properties of these companies.

12.20 Long term loans

Institution	Int rate % p.a	Amount (Rs. Cr) 31.3.04	Security
Canara Bank	11.85	9.62	Pari passu first charge on fixed asset and second charge on current asset
Canara Bank	9.50	11.00	Pari passu first charge on fixed asset and second charge on current asset Pledge of shares held by the Company in RBL, REVL, KML
SBI	10.00	9.43	Pari passu first charge on fixed asset and second charge on current asset Pledge of shares held by the Company in RBL, REVL, KML
SBI	5.90	4.42	Pari passu first charge on fixed asset and second charge on current asset Pledge of shares held by RML in RBL, EVL, KML
HDFC	9.50	5.25	Charge on the Rane Corporate Centre property jointly held along with RBL, EVL
		39.86	

12.21 Revaluation of assets in the last 5 years

The Company has not carried out any revaluations of its assets in the last 5 years.

13. Promoters

13.1 Details of Promoters of RML

1	Mr. L Lakshman Age: 58 years Experience: 34 years Qualification: Bachelor of Engineering Occupation: Company Director Permanent Account No.: AACPL6344C Bank Account No.: 816, Canara Bank Passport No.: E9659545 Voter's Identity No.: TN/02/010/0061094 Driving License No.: R/TN/07X/017167/2002	
2	Mr. L Ganesh Age: 50 years Experience: 25 years Qualification: B.Com, ACA, MBA Occupation: Company Director Permanent Account No.: AADPG6123F Bank Account No.:815, Canara Bank Passport No.: Z1511705 Voter's Identity No.: TN/02/010/0276188 Driving License No.: R/TN/07X/014682/2004	
3	L Lakshman Hindu Undivided Family Permanent Account No.: AABHL0436Q Bank Account No.: 12109, Canara Bank	**Not Applicable**
4	L Ganesh Hindu Undivided Family Permanent Account No.: AAAHL0289C Bank Account No.: 83199, Canara Bank	**Not Applicable**
5	Mrs. Pushpa Lakshman Age: 52 years Qualification: MA, PhD. Occupation: House wife Permanent Account No.: AAAPL7563K Bank Account No.: 10480, Canara Bank Passport No.: E96595194 Driving License No.: R/TN/07/014276/2002	
6	Mr. Harish Lakshman Age: 30 years Experience: 4 years Qualification: B.Tech, MSM from Purdue University Occupation: Company Director Permanent Account No.: AAVPH7985E Bank Account No.: 101007993, ICICI Bank Passport No.: A7229772 Driving License No.: C/TN/07X/003589/2001	

7	Mr. Vinay Lakshman Age: 27 years Qualification: M.Com, CA (Inter) Permanent Account No.: ACGPV0179D Bank A/c. No.: 101048070, ICICI Bank Passport No.: A3296191 Voter's Identity No.: TN/02/010/0061094	
8	Mrs. Meenakshi Ganesh Age: 40 years Qualification: M.A Occupation: House wife Permanent Account No.: AGJPM1129M Bank A/c. No.: 27623, Canara Bank Passport No.: A8601014 Voter's Identity No.: TN/02/010/0276424 Driving License No.: 04151/NL/MWO/96	
9	Ms. Aparna Ganesh Age: 20 years Qualification: B.Com Occupation: Student Permanent Account No.: AGSPG5574D Bank A/c. No.: 30268, Canara Bank Passport No.: A8656945 Driving License No.: TN/0007/022231/2002	
10	Mr. Aditya Ganesh Age: 16 years Qualification: High School +1 Occupation: Student Bank A/c. No.: 34461, Canara Bank Passport No.: E3924916	

11	Mrs. Shanthi Narayan Age: 56 years Occupation: House wife Permanent Account No.: AAVPHS8591 Bank A/c. No.: 013107 2476100, IDBI Bank Passport No.: E8584029	
12	Mrs. Vanaja Aghoram Age: 52 years Occupation: House wife Permanent Account No.: AACPA9438L Bank A/c. No.: 36988, Canara Bank Passport No.: M693006	
13	Mrs. T G Saraswathy Age: 81 years Occupation: House wife Permanent Account No.: AIJPS9250K Bank A/c. No.: 588, Canara Bank Passport No.: A3218311	

Promoter companies include

The PAN No ,Bank Account no and the Passport No of the promoters have been submitted to the stock exchanges on which the equity shares of RML issued pursuant to this Issue are proposed to be listed at the time of filing this Letter of Offer with them.

Promoter companies are RBL and REVL details of which have been disclosed in clause 5 titled "Background of the Person Acting in Concert - RBL" on page 15 of Section I of this Letter of Offer and clause 8 titled "Background of the Target – REVL" on page 22 of Section I of this Letter of Offer

13.2 Outstanding secured/unsecured loans taken by the Promoters

There are no unsecured loans availed by promoters which are outstanding.

The following secured loans are outstanding as on 31.08.2004

a)	L Lakshman (Loan against shares – IDBI Bank)	Rs.6.40 lacs
b)	L Ganesh (Housing Loan – State Bank of India)	1.85 lacs
c)	Harish Lakshman (Car Loan – ICICI Bank)	8.50 lacs