PUBLIC ANNOUNCEMENT
To the equity shareholders of

Rane Engine Valves Limited

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

This Public Announcement ("PA") is being issued by HSBC Securities and Capital Markets (India) Private Limited ("HSBC"), the Manager to the Offer, as a corrigendum to the Public Announcement dated 12th April, 2004 for and on behalf of Rane (Madras) Limited ("RML"), ("the Acquirer") Rane Investments Limited ("RIL") and Rane Brake Linings Limited ("RBL") ("Persons Acting in Concert" or "PACs") pursuant to Regulations 10 and other applicable provisions and as required under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto ("Takeover Regulations").

1. **Background to the Offer:**

1.1. SEBI had vide its letter dated May 17, 2004 directed HSBC not to proceed with the above-mentioned Open Offer until receipt of comments from SEBI. Further, SEBI has vide its letter dated August 9, 2004 observed that since the issuance of further shares in RML could result in issue of shares to more than 50 shareholders of Rane Engine Valves Limited ("REVL"), the proposal of RML to issue its shares to 50 or more shareholders may amount to a 'public issue' in terms of the first proviso Section 67 (3) of the Companies Act, 1956. HSBC was advised to offer comments regarding the extent of compliance with the SEBI (Disclosure and Investor Protection) Guidelines, 2000 and the Companies Act, 1956. HSBC has filed a revised draft of the letter of offer with SEBI incorporating therein certain changes in accordance with the provisions of the SEBI (Disclosure and Investor Protection) Guidelines, 2000 and the Companies Act, 1956. Pursuant to the abovementioned letter SEBI has vide its letter dated November 19, 2004 provided HSBC with comments in terms of proviso to Regulation 18(2) of the Takeover Regulations, granting exemptions from certain provisions of the SEBI (Disclosure and Investor Protection) Guidelines, 2000.

1.2. 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 ("Offer Price") to all shareholders who tender their equity shares and whose equity shares are acquired by the Acquirer and PACs (the "Offer").

2. **Financial Arrangements for the Offer**

2.1. 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 RBL and RIL intend to utilise their its internal resources.

2.2. 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.413,280,000 (Rupee Four Hundred 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 RBL and RIL 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.

2.3. 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.103.32 mn in favour of the Manager to the Offer which is valid until January 15, 2005. Further, the Acquirer and the PACs have deposited a sum of Rs. 4.15 mn with The Hongkong and Shanghai Banking Corporation Limited, 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

2.4. The Acquirer and the PACs have vide their letter dated January 15, 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 PAC '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.

3. **Time Schedule for major activities for the Offer**

Activity	Revised Schedule		Original 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

4. **General**

4.1. Pursuant to Regulation 13 of the Takeover Regulations, the Acquirer has appointed HSBC Securities and Capital Markets (India) Private Limited as Manager to the Offer.

4.2. This Public Announcement will also be made available on the SEBI website - http://www.sebi.gov.in

Issued by the MANAGER TO THE OFFER on behalf of the Acquirers and PACs

HSBC

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Registrars to the Offer

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Date: Tuesday, November 23, 2004 **Place:** Chennai