

LETTER OF OFFER ("LETTER OF OFFER/LOF")
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Letter of Offer is being sent to you as equity shareholder(s) of Shanthi Gears Limited ("Target Company"). If you require any clarifications about the action to be taken, you may consult your stock broker or an investment consultant or the Manager to the Offer or the Registrar to the Offer. In the event you have sold your Equity Shares in the Target, please hand over this Letter of Offer, the accompanying Form of Acceptance-cum-Acknowledgement, and Transfer Deed to the purchaser of the equity shares or the member of the stock exchange through whom the said sale was effected.

Tube Investments of India Limited ("Acquirer") Registered Office: 'Dare House', 234, N S C Bose Road, Chennai - 600 001, India. (Tel No: +91 (044)-4217 7770-6 Fax no. +91 (044)-4211 0404). makes a cash offer at Rs.81/- (Rupees Eighty One only) per fully paid up Equity Share to acquire 2,12,46,122 Equity Shares of Re.1/- each fully paid up representing 26% of the Equity Share Capital of Shanthi Gears Limited Registered Office: 304-A, Trichy Road, Singanallur, Coimbatore 641 005, Tamil Nadu. (Tel: + 91-(0422) 2273722- 34, Fax: + 91-(0422) 2273884-85), (the "Offer")	
Note: - This Offer is being made pursuant to Regulations 3(1) and 4 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and subsequent amendments thereof ("SEBI (SAST) Regulations"). - This Offer is not conditional upon any minimum level of acceptance in terms of Regulation 19 of the SEBI (SAST) Regulations. - This Offer is not a competing offer in terms of Regulation 20 of the SEBI (SAST) Regulations. - As on the date of this LOF, to the best of the knowledge of the Acquirer, there are no regulatory or statutory approvals required to make this Offer. However, in case of any regulatory or statutory approvals being required at a later date before the closure of the Offer, the Offer shall be subject to all such approvals and the Acquirer shall make the necessary applications for such approvals. - If there is any upward revision of the Offer Price by the Acquirer up to three working days prior to the commencement of the tendering period i.e. up to October 16, 2012 or in the case of withdrawal of the Offer, the same would be informed by way of a public announcement in the same newspapers in which the original Detailed Public Statement had appeared. Such revised Offer Price would be payable for all the equity shares validly tendered anytime during the period that the Offer is open and accepted under the Offer. If there are competing offers: the public offers under all the subsisting bids shall open and close on the same date. As per the information available with the Acquirer/Target Company, no competitive bid has been announced as of the date of this Letter of Offer. - A copy of Public Announcement, Detailed Public Statement and Letter of Offer (including Form of Acceptance-cum-Acknowledgement) is also available on the Securities and Exchange Board of India ("SEBI") website: www.sebi.gov.in	

MANAGER TO THE OFFER	REGISTRAR TO THE OFFER
 ENAM Securities Private Limited 1st Floor, Axis House, C-2, Wadia International Centre, P.B. Marg, Worli, Mumbai- 400025. Tel. No.: + 91 22 4325 3101 / 4325 3140 Fax No- +91- 22- 4325 3000 Email: sgl@enam.com Website: www.enam.com Contact Person: Sachin K Chandiwal / Sonal Sinha SEBI Registration No.: INM000006856	 Karvy Computershare Private Limited Unit : – Tube Investments of India Ltd - Open Offer Plot nos. 17-24, Vithalrao Nagar Madhapur, Hyderabad - 500 081. Tel: +91 40 44655000 / 23420815-23, Fax: +91 40 23431551 E-mail: murali@karvy.com Website : www.karisma.karvy.com Contact Person: M. Murali Krishna / R. Williams SEBI Registration No.: INR000000221

OFFER OPENS ON: Tuesday, October 16, 2012	OFFER CLOSES ON: Wednesday, October 31, 2012
--	---

SCHEDULE OF ACTIVITIES

Activity	Original Day and Dates	Revised Day and Dates
Public Announcement (PA) date	Friday, July 13, 2012	Friday, July 13, 2012
Detailed Public Statement (DPS) date	Friday, July 20, 2012	Friday, July 20, 2012
Last date for a Competing Offer	Friday, August 10, 2012	Friday, August 10, 2012
Identified Date*	Wednesday, August 22, 2012	Monday, October 01, 2012
Last date by which Letter of Offer will be dispatched to the shareholders of the Target	Wednesday, August 29, 2012	Tuesday, October 09, 2012
Issue opening Public Announcement date	Tuesday, September 04, 2012	Monday, October 15, 2012
Last date by which Board of Target Company shall give its recommendation	Monday, September 03, 2012	Friday, October 12, 2012
Date of commencement of tendering period (Offer opening date)	Wednesday, September 05, 2012	Tuesday, October 16, 2012
Date of expiry of tendering period (Offer closing date)	Tuesday, September 18, 2012	Wednesday, October 31, 2012
Date by which all requirements including payment of consideration would be completed.	Monday, October 01, 2012	Friday, November 16, 2012

* Identified Date is only for the purpose of determining the names of the shareholders as on such date to whom the Letter of Offer would be sent. All the owners (registered or unregistered) of equity shares of Target Company (except the Acquirer, and the Sellers) anytime before the closure of the tendering period, are eligible to participate in the Offer.

NOTE: Duly signed Application-cum-Transfer Deed(s) together with the share certificate(s) should be dispatched by registered post/courier or hand delivered to the Registrar to the Offer or their collection centres on or before closure of the tendering period (i.e. before October 31, 2012).

RISK FACTORS

I. Risk Factors relating to the transaction

- The Open Offer was subject to (i) the compliance of the terms and conditions as set out under the Share Purchase Agreement and (ii) receipt of approval as more particularly set out in paragraph 77 of this Letter of Offer. It may be noted that as on the date of this Letter of Offer, the approval as more particularly set out in paragraph 77 of this Letter of Offer has been obtained and the terms and conditions as set out under the Share Purchase Agreement have been fulfilled pursuant to which closing of the Share Purchase Agreement has been completed under the terms of Regulation 22(2) of the SEBI (SAST) Regulations. To the best of the knowledge of the Acquirer, as of the date of this Letter of Offer, no statutory or regulatory approval is required to acquire the Equity Shares tendered pursuant to this Offer. However, the Offer would be subject to all statutory or regulatory approvals that may become applicable at a later date. The Acquirer reserves the right to withdraw the Offer in accordance with Regulation 23(1)(a) of the SEBI (SAST) Regulations in the event the requisite statutory approvals that may be necessary at a later date are refused.
- Where the number of Equity Shares offered for sale by the Shareholders is more than the shares agreed to be acquired by the Acquirer, the Acquirer shall accept the offers received from the Shareholders on a proportional basis in consultation with the Manager to the Offer. Hence, there is no certainty that all shares tendered by the Shareholders in the Offer will be accepted, in the event there is an oversubscription of the Offer.
- Shareholders should note that the Shareholders who tender the Equity Shares in acceptance of the Offer shall not be entitled to withdraw such acceptances during the tendering period.

II. Risks relating to the Offer

- The Open Offer is an offer to acquire not more than 26% of the Voting Share Capital of the Target Company from the Eligible Shareholders. In case of over subscription in the Open Offer, acceptance would be determined on a proportionate basis and hence there is no certainty that all the Shares tendered by the Eligible Shareholders in the Open Offer will be accepted.
- While, as of the date of this Letter of Offer, no other statutory approvals are required by the Acquirer to complete the Open Offer, the Offer would be subject to all statutory or regulatory approvals that may become applicable at a later date. In the event that either: (a) regulatory or statutory approvals are not received in time, (b) there is any litigation leading to a stay/injunction on the Offer or that restricts/restrains the Acquirer from performing its obligations hereunder, or (c) SEBI instructing the Acquirer not to proceed with the Offer, then the Offer process may be delayed beyond the schedule of activities indicated in this Letter of Offer. Consequently, the payment of consideration to the Eligible Shareholders whose Shares are accepted under the Offer as well as the return of Shares not accepted under the Offer by the Acquirer may get delayed. In case the delay is due to non-receipt of statutory approval(s), then in accordance with Regulation 18(11) of the SEBI (SAST) Regulations, SEBI may, if satisfied that non-receipt of approvals was not due to any wilful default or negligence on the part of the Acquirer, grant an extension for the purpose of completion of the Offer subject to the Acquirer agreeing to pay interest to the validly tendering Shareholders.
- The tendered Shares and documents would be held by the Registrar to the Offer in trust for the Acquirer, till the process of acceptance of tenders and the payment of consideration is completed. The Shareholders will not be able to trade in such Shares which are in the custody of the Registrar to the Offer. During such period, there may be fluctuations in the market price of the Shares. The Acquirer makes no assurance with respect to the market price of the Shares both during the period that the Offer is open and upon completion of the Offer and disclaims any responsibility with respect to any decision by the Shareholders on whether or not to participate in the Offer.

- The Acquirer and the Manager to the Offer accept no responsibility for the statements made otherwise than in this Letter of Offer/Detailed Public Statement/Public Announcement and anyone placing reliance on any other source of information (not released by the Acquirer, or the Manager to the Offer) would be doing so at his/her/their own risk.

III. Risks relating to the Acquirer and the Target Company

- The Acquirer makes no assurance with respect to the continuation of the past trend in the financial performance of the Target Company.
- The Acquirer cannot provide any assurance with respect to the market price of the Shares of the Target Company before, during or after the Offer and the Acquirer expressly disclaim any responsibility or obligation of any kind (except as required by applicable law) with respect to any decision by any Shareholder on whether to participate or not to participate in the Offer.

The risk factors set forth above are limited to the Offer and not intended to cover a complete analysis of all risks as perceived in relation to the Offer or in association with the Acquirer, but are only indicative and are not exhaustive. The risk factors do not relate to the present or future business or operations of the Target Company or any other related matters and are neither exhaustive nor intended to constitute a complete analysis of the risks involved in the participation in the Offer by a Shareholder. The Shareholders are advised to consult their stock broker, or tax advisor or investment consultant, if any, for further risks with respect to their participation in the Offer.

INDEX

Sr. No	Description	Page No.
1	Disclaimer Clause	7
2	Details of the Offer	7
3	Background of the Acquirer	10
4	Background of the Target Company	15
5	Offer Price and Financial Arrangements	19
6	Terms & Conditions of the Offer	23
7	Procedure for acceptance and settlement of the Offer	25
8	Documents for Inspection	33
9	Declaration by the Acquirer	34

KEY DEFINITIONS

Acquirer	Tube Investments of India Limited, a company incorporated under the Indian Companies Act, 1913, having its registered office at 'Dare House', 234, N S C Bose Road, Chennai 600 001
Agreement	Share Purchase Agreement
Board of Directors	Board of Directors of the Target Company
BSE	BSE Limited
CDSL	Central Depository Services (India) Limited
Companies Act	Companies Act, 1956, as amended or modified from time to time
Current Equity Capital	The issued and paid-up equity capital of the Target Company comprising of 8,17,15,853 Shares of Re.1/- each as on the date of the Public Announcement as per the information from the Target Company
Depositories	CDSL and NSDL
Detailed Public Statement/ DPS	Detailed Public Statement on behalf of the Acquirer to the shareholders, which was published in all editions of Financial Express - English, all editions of Jansatta- Hindi, Mumbai Lakshdeep – Marathi – Mumbai, Dinamani – Tamil – Coimbatore on July 20, 2012
DLOF	Draft Letter of Offer
Eligible Shareholders/Shareholders	All shareholders/beneficial owners (registered or otherwise) of Shares (other than the parties to the Agreement)
Equity Share Capital / Voting Share Capital	The issued and paid-up equity capital of the Target Company comprising of 8,17,15,853 Shares of Re.1/- each as on the date of the Public Announcement as per the information from the Target Company
Escrow Agreement	Escrow Agreement dated July 16, 2012 between the Acquirer, Escrow Agent and Manager to the Offer
Escrow Bank/Escrow Agent	The Hongkong And Shanghai Banking Corporation Limited (HSBC)
FEMA	The Foreign Exchange Management Act, 1999, as amended or modified from time to time
FII(s)	Foreign Institutional Investors registered with SEBI
Form of Acceptance-cum-Acknowledgment	Form of Acceptance-cum-Acknowledgement attached to this Letter of Offer
Identified Date	October 01, 2012 being the date for the purpose of identifying shareholders of the Target Company to whom the Letter of Offer will be sent
Letter of Offer/LOF	This Letter of Offer dated October 4, 2012
Manager to the Offer or ENAM	Enam Securities Private Limited, the merchant banker appointed by the Acquirer pursuant to the SEBI (SAST) Regulations
NECS	National Electronic Clearing System
NRI	Non-Resident Indian as defined in Foreign Exchange Management (Deposit) Regulations, 2000, as amended
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
Offer/Open Offer	The Offer being made by the Acquirer for acquiring 2,12,46,122 shares

	representing 26% of the Voting Share Capital, from the Eligible Shareholders at the Offer Price payable in cash
Offer Consideration	The maximum consideration payable under this Offer, assuming full acceptance, is Rs.1,720,935,882/- (Rupees One Hundred Seventy Two Crores, Nine Lakhs, Thirty Five Thousand, Eight Hundred and Eight Two only)
Offer Price	Rs 81/- per Equity Share
Offer Size	2,12,46,122 Shares representing 26% of the Voting Share Capital
Public Announcement/PA	Public Announcement of the Open Offer made by the Manager to the Open Offer on behalf of the Acquirer on July 13, 2012 in accordance with SEBI (SAST) Regulations
RBI	Reserve Bank of India
Registrar to the Offer	Karvy Computershare Private Limited Unit : – Tube Investments of India Ltd- Open Offer, Plot nos. 17-24, Vithalrao Nagar Madhapur, Hyderabad - 500 081. Tel: +91 40 44655000 / 23420815-23,Fax: +91 40 23431551. E-mail: murali@karvy.com ; Contact Person: Mr. M. Murali Krishna/ Mr. R. Williams
Rs./ Re./Rupees	Indian Rupees
Sale Shares	3,60,50,291 Shares of the Target Company, held by the Sellers, representing 44.12% of the Equity Share Capital of the Target Company
SCRR	Securities Contract (Regulation) Rules, 1957
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended
SEBI (SAST) Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and subsequent amendments thereto
Sellers	Mr. P Subramanian, Shanthi General Finance Private Limited and Shanthi Social Services
Share(s)/Equity Share(s)	Each fully paid-up equity share of the Target Company having a face value of Re.1/- each
Shareholder(s)	Shareholders of the Target Company
Share Purchase Agreement/SPA	Share Purchase Agreement - between Tube Investments of India Limited and Promoters of Shanthi Gears Limited dated July 13, 2012
Stock Exchanges	BSE and NSE
Target/Target Company	Shanthi Gears Limited, a company incorporated under the Companies Act, with Registered Office at: 304-A, Trichy Road, Singanallur, Coimbatore-641005
Transaction	Shall mean the purchase of Sale Shares by the Acquirer from the Sellers in accordance with the Share Purchase Agreement

Note: All capitalized terms used in this Letter of Offer, but not otherwise defined herein, shall have the meanings ascribed thereto in the SEBI (SAST) Regulations.

I. DISCLAIMER CLAUSE

“IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF 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 SHANTHI GEARS LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRER OR THE TARGET WHOSE EQUITY SHARES/CONTROL IS PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE ACQUIRER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ACQUIRER DULY DISCHARGES ITS RESPONSIBILITIES ADEQUATELY. IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE MERCHANT BANKER, ENAM SECURITIES PRIVATE LIMITED HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED JULY 27, 2012 TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 2011 AND SUBSEQUENT AMENDMENTS THEREOF. THE FILING OF THIS 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.”

II. DETAILS OF THE OFFER

Background of the Offer

1. This mandatory offer (the “Offer” or “Open Offer”) is being made by the Acquirer in compliance with Regulations 3(1) and 4 of and other applicable provisions of the SEBI (SAST) Regulations, to acquire more than 25% of the voting rights of the Target Company by the Acquirer accompanied with change in control of the Target Company.
2. Tube Investments of India Limited (“the **Acquirer**”) is a company incorporated under the Indian Companies Act 1913. The Acquirer’s registered and corporate office is at ‘Dare House’, 234, N S C Bose Road, Chennai 600 001. The Acquirer had entered into a Share Purchase Agreement dated July 13, 2012 (“**SPA**”) with the promoters of the Target Company comprising Mr. P Subramanian, M/s. Shanthi General Finance Private Limited and Shanthi Social Services (together referred to as “**Promoters**”/“**Sellers**”) for the acquisition of 3,60,50,291 subscribed and fully paid up equity shares (“**Sale Shares**”) of Re.1/- each representing 44.12% of the subscribed and issued equity share capital of the Target Company at a price of Rs.81 /- (Rupees Eighty One only) per equity share aggregating to approximately Rs.292.01 crores payable in cash (“**Transaction**”) . As on the date of this Letter of Offer, as per the Share Purchase Agreement dated July 13, 2012, the Acquirer has completed the acquisition of 44.12% shares of the Target Company from the Promoters upon compliance with Regulation 22(2) of the SEBI (SAST) Regulations, on September 3, 2012. All other terms and conditions of the Open Offer remain unchanged. Mr. V Arunachalam and M/s. Pressmet Private Ltd (forming part of Promoter Group of the Acquirer) hold 2,950 and 6,500 Shares respectively constituting 0.0036% and 0.0080% of the paid up Equity Share Capital of Target Company, respectively.
3. The Acquirer hereby makes this Offer to shareholders of the Target Company (other than the parties to the SPA) to acquire up to 2,12,46,122 equity shares (“**Shares**”) of the Target Company of face value of Re.1/- each, representing in aggregate 26% of the paid up equity share capital and voting capital of the Target Company as on 10th working day after closing of tendering period at a price of Rs.81/- (Rupees Eighty One only) per fully paid up equity share (“**Offer Price**”) payable in cash subject to the terms and conditions mentioned in the PA and in the Letter of Offer that will be

circulated to the shareholders in accordance with the SEBI (SAST) Regulations ("Letter of Offer"). This Offer is not subject to any minimum level of acceptance.

4. Salient features of the SPA are as follows:

- a. Under the terms of the SPA, the Acquirer has agreed to acquire the Sale Shares from the Sellers at a price of Rs.81/- (Rupees Eighty One only) per Sale Share, payable in cash, subject to the satisfaction of various conditions precedent as set out in the SPA.
- b. The Sellers have agreed to not undertake certain actions between the date of execution of the SPA and the purchase of the Sale Shares including any change to the authorised, paid up or issued capital of the Target Company, amendments to the memorandum and articles of association of the Target Company, avail any borrowing or create any indebtedness in excess of sanctioned borrowing limits.
- c. The Transaction under the SPA shall be completed upon the fulfilment of the conditions precedent agreed between the Acquirer and the Sellers in the SPA, including the receipt of approval of the shareholders of the Acquirer for the Transaction and the Offer in accordance with Section 372A of the Companies Act, by way of a special resolution, in accordance with the Companies (Passing of the resolution by Postal Ballot) Rules, 2011.
- d. The SPA contains certain non-compete provisions whereby the Sellers have agreed not to directly or indirectly undertake the business of manufacture of gears, gear boxes including worm gear boxes, helical and bevel gear boxes, geared motors, open gearing and custom built gear boxes, electric powered and diesel powered screw air compressors and rendering of consulting services in the area of industrial and windmill gear manufacturing including undertaking maintenance services with regard to the gears manufactured for a period of five years after the execution date under the SPA within the geographical limits of India. There is no separate consideration being paid for this non-compete obligation of the Sellers.
- e. The Sellers shall cause the persons nominated by the Acquirer to be appointed to the Board of Directors of the Target Company and, thereafter, cause all the existing Directors to resign.
- f. One of the conditions precedent to the purchase of the Sale Shares is that the Promoters and the Acquirer have agreed to execute suitable documentation in agreed form with the Target Company to ensure that the Target Company complies with its obligations under the SEBI (SAST) Regulations and any and all obligations under the SPA.
- g. The Promoters having obtained prior written consents from the secured creditors of the Target Company in relation to the Transaction and the change in shareholding consequent upon the Open Offer;

Pursuant to the Deed of Adherence dated July 30, 2012 between the Target Company, the Acquirer and the Sellers, the Target Company has undertaken to comply with its obligations under the SPA and the SEBI (SAST) Regulations.

5. As stipulated in the SPA, the Acquirer has completed the acquisition of the Sale Shares, on September 3, 2012.
6. The proposed change in control of the Target Company is not through any scheme of arrangement.
7. The Acquirer has not been prohibited by SEBI from dealing in securities, in terms of directions issued under Section 11B of the SEBI Act or under any other regulation made under the SEBI Act.
8. After the completion of this Offer and pursuant to the acquisition of Shares of the Target Company under the SPA, the Acquirer will exercise effective control over the management and affairs of the Target Company, replace the Sellers as the promoters of the Target Company and may hold the majority of the Shares of the Target Company.
9. As per Regulation 26(6) of the SEBI (SAST) Regulations, the Board of Directors of the Target Company had constituted a Committee of Independent Directors on July 20, 2012 to provide its written reasoned recommendation on the Offer to the Shareholders of the Target Company and such recommendation was to be published at least two working days before the commencement of the

tendering period in the same newspapers where the DPS related to the Offer was published in compliance with Regulation 26(7) of the SEBI (SAST) Regulations. The Committee of Independent Directors met on July 30, 2012 and provided its written reasoned recommendation on the Offer. The opinion of the Committee of Independent Directors was that the Offer Price was fair and reasonable and in accordance with the SEBI (SAST) Regulations. The recommendation was published on July 31, 2012 in the same newspapers where the DPS related to the Offer was published in compliance with Regulation 26(7) of the SEBI (SAST) Regulations.

Details of the proposed Offer:

10. The Acquirer has released the DPS on July 20, 2012 which appeared in the following newspapers:

Sl. no.	Newspapers	Language	Editions
1	Financial Express	English	All editions
2	Jansatta	Hindi	All editions
3	Mumbai Lakshdeep	Marathi	Mumbai
4	Dinamani	Tamil	Coimbatore

A copy of the DPS is also available on the SEBI's website: www.sebi.gov.in

11. Pursuant to the Open Offer, the Acquirer proposes to acquire 2,12,46,122 Shares representing not more than 26% of the fully paid-up voting equity share capital of the Target Company, as of the tenth (10th) working day from the closure of the tendering period, at the Open Offer Price of Rs.81/- (Rupees Eighty One only) per Share, to be paid in cash, in accordance with the SEBI (SAST) Regulations and subject to the terms and conditions set out in the DPS and in this Letter of Offer.
12. The Offer is being made to all the shareholders of the Target Company other than the parties to the Share Purchase Agreement. All Shares validly tendered in the Open Offer will be acquired by the Acquirer in accordance with the terms and conditions set forth in the DPS and in this Letter of Offer. There shall be no discrimination in the acceptance of locked-in and non locked-in Shares in the Offer. The Shares to be acquired under the Offer must be free from all liens, charges and encumbrances, and will be acquired together with all rights attached thereto, including all rights to dividend, bonus and rights offer declared thereof.
13. There are no partly paid-up Shares in the Target Company.
14. The Offer is not a competing offer in terms of Regulation 20 of the SEBI (SAST) Regulations.
15. This Offer is not conditional upon any minimum level of acceptance in terms of Regulation 19 of the SEBI (SAST) Regulations.
16. The Acquirer has not acquired any Shares of Target Company after the date of PA i.e. July 13, 2012, and up to the date of this Letter of Offer except as per the Share Purchase Agreement dated July 13, 2012 ("**SPA**"), pursuant to which the Acquirer has completed the acquisition of the 44.12% shares of the Target Company from the Promoters upon compliance with Regulation 22(2) of the SEBI (SAST) Regulations, on September 3, 2012.
17. In the event that the Shares tendered in the Open Offer by the Eligible Shareholders are more than the Offer Size, the acquisition of Shares from the Eligible Shareholders will be on a proportionate basis, as detailed in paragraph 93 of this Letter of Offer.
18. The Shares of the Target Company are listed on BSE and NSE. As per Clause 40A of the Listing Agreement read with Rule 19A of the Securities Contract (Regulation) Rules, 1957 ("**SCRR**"), the Target Company is required to maintain at least 25% public shareholding (i.e. Shares of the Target Company held by the public excluding the Shares held by custodian against depository receipts issued overseas) as determined in accordance with the SCRR, on a continuous basis for listing.

Consequent to this Offer, the shareholding of the Acquirer in the Target Company including the Shares acquired under the SPA will not exceed the maximum permissible non-public shareholding specified in the Listing Agreement entered into by the Target Company with the Stock Exchanges, as per Rule 19A of the SCRR, for the purpose of listing on continuous basis. Hence, the provisions of Regulation 7(4) of the SEBI (SAST) Regulations are not applicable.

OBJECT OF THE ACQUISITION/OFFER

19. Acquisition of the Target Company will help the Acquirer to grow organically and inorganically. The Acquirer believes that the Target Company will be an ideal synergistic fit as the product mix of the Acquirer and the Target Company is mutually exclusive. The Target Company is one of the largest organised players in the gears segment and its product profile is targeted towards more of niche products and greater consumer retention. Addition of the Target Company's products will substantially enhance the Acquirer's ability to service other industry segments and reduce its reliance on the Auto sector and at the same time, will help grow the Acquirer's presence in the value added businesses. The Acquirer intends to take control over the Target Company and make changes in the Board of Directors of the Target Company in accordance with the provisions of the SEBI (SAST) Regulations and other applicable laws.
20. In terms of Regulation 25(2) of the SEBI (SAST) Regulations, as of date of this Letter of Offer, the Acquirer does not have any plans to dispose of or otherwise encumber any assets of the Target Company in the next 2 (two) years, except (i) in the ordinary course of business, (ii) with the prior approval of the shareholders, (iii) to the extent required for the purpose of restructuring and/or rationalization of assets, investments, liabilities or business of the Target Company, and (iv) in accordance with the prior decision of Board of Directors of the Target Company. Further, subject to the requisite approvals, the Acquirer may evaluate options regarding disposal of any surplus assets.
21. The Acquirer reserves the right to streamline/restructure its holding in the Target Company and/or the operations, assets, liabilities and/or businesses of the Target Company and/or its subsidiaries, if any, through arrangements, reconstructions, restructurings, mergers, demergers, delisting of the Shares of the Target Company from the Stock Exchanges, sale of assets or undertakings and/or re-negotiation or termination of existing contractual/operating arrangements, at a later date. Such decisions will be taken in accordance with procedures set out by applicable law and pursuant to business requirements and in line with opportunities or changes in the economic scenario, from time to time.

III. BACKGROUND OF THE ACQUIRER

22. The Acquirer – Tube Investments of India Limited - is a public limited company having its registered and corporate office at 'Dare House', 234, N S C Bose Road, Chennai - 600 001, India. (Tel No: (044)-4217 7770-6, Fax no. (044)-4211 0404).
23. The Acquirer was incorporated as "TI Cycles of India Limited" on September 09, 1949 under the Indian Companies Act, 1913, as a public limited company, for the manufacturing of cycles and components. The name of the Acquirer was subsequently changed from TI Cycles of India Limited to "Tube Investments of India Limited", with effect from September 15, 1959. The Company Identification Number ("CIN") of the Acquirer is L35921TN1949PLC002905. The Acquirer belongs to the Murugappa Group of companies and is engaged in the business of manufacture and sale of bicycles, E-Scooters, precision-welded cold drawn welded (CDW) steel tubes, electric resistance welded (ERW) tubes, tubular components, metal formed products viz., car doorframes, automotive and industrial chains.
24. The list of key shareholders being part of promoter/promoter group of the Acquirer are - Murugappa Holdings Limited, New Ambadi Estates Private Limited, Ambadi Enterprises Ltd, A M M Arunachalam & Sons Private Ltd, A M Meyyammai, M.V.Murugappan, Arun Alagappan, Murugappa Educational And Medical Foundation, M.A.Alagappan, M V Murugappan, A A Alagammai, M M Murugappan, M M Venkatachalam, M V Seetha Subbiah, M V Murugappan, A Venkatachalam, M V Ar Meenakshi, M V

Muthiah, S Vellayan, Ar Lakshmi Achi Trust, M.M.Veerappan, M M Muthiah, A Vellayan, Pressmet Pvt Ltd., M.A.Alagappan, M A M Arunachalam, Meyyammai Venkatachalam, M M Murugappan, V Arunachalam, M M Seethalakshmi, Lalitha Vellayan, M V Subbiah, Lakshmi Venkatachalam, V Narayanan, M. M. Muthiah Research Foundation, M M Murugappan, M V Valli Murugappan, A Venkatachalam, A Vellayan, Meenakshi Murugappan, A. M. Meyyammai, M. A. Alagappan, Sigapi Arunachalam, Arun Venkatachalam, M V Subbiah, M A M Arunachalam, M A Alagappan, Lakshmi Venkatachalam, M M Venkatachalam, M Seethalakshmi, A M M Vellayan Sons P Ltd, M M Murugappan, M V Subramanian, M. A. Alagappan, Kabir Subbiah, Karthik Subbiah, Solachi Ramanathan, M. M. Muthiah Sons Private Ltd, Pranav Alagappan, A V Nagalakshmi, Dhruv M Arunachalam, Carborundum Universal Limited, and A.Keertika Unnamalai.

25. Other than the aforesaid key shareholders, entities forming part of promoter and promoter group of the Acquirer are EID Parry (India) Limited, Parry America Inc, Parrys Investments Limited, Parry Infrastructure Company Private Limited, Parrys Sugar Limited, Parry Phytoremedies Private Limited, Parry Agrochem Exports Limited, Coromandel International Limited, Parry Chemicals Limited, CFL Mauritius Limited, Coromandel Brasil Limitada (Limited Liability Company), Sabero Organics Gujarat Limited, Sabero Europe BV, Sabero Australia Pty Ltd, Sabero Organics America SA, Sabero Argentina SA, Sabero Organics Philippines Asia Inc, Silkroad Sugar Private Limited, Sadashiva Sugars Limited, Parrys Sugar Industries Limited, Alagwadi Bireshwar Sugars Private Limited, US Nutraceuticals LLC, New Ambadi Estates Pvt. Limited., Parry Agro Industries Limited, Thangamalai Tea factory Private Limited, Parry Enterprises India Limited, Parry Murray Limited, UK, Parry Murray and Co Furnishing and Floor Covering (India) Pvt Limited, CUMI America Inc., Net Access (India) Limited. Southern Energy Development Corporation Limited., Sterling Abrasives Limited, CUMI (Australia) Pty Limited, CUMI Canada Inc., CUMI Middle East FZE, CUMI International Limited, Volszhsky Abrasives Works, Foskor Zirconia Pty Limited, South Africa, Cellaris Refractories India Limited, Shine Kids Education Pvt Ltd, CUMI Abrasives and Ceramics Company Limited, China, Cholanmandalam Investment and Finance Company Limited, Cholanmandalam Securities Limited. Cholanmandalam Distribution Services Limited, Cholanmandalam Factoring Limited, Coromandel Engineering Company Limited, Kadamane Estates Company, Yelnoorkhan Group Estates, Murugappa & Sons, AMM Foundation, Kanika Subbiah, M V Subbiah Benefit Trust, Valli Subbiah Benefit Trust, Vedhika Meyyammai, Cholanmandalam MS General Insurance Company Ltd., TI Financial Holdings Ltd., TICI Motors (Wuxi) Co Ltd., Financiere C 10, SAS, Sedis, SAS, Societe De Commercialisation De Composants Industriels, Sedis Company Ltd, UK.
26. There are no persons acting in concert in relation to the Offer within the meaning of Regulation 2(1)(q) of the SEBI (SAST) Regulations.
27. Except as per the Share Purchase Agreement dated July 13, 2012 (“SPA”), pursuant to which the Acquirer has completed the acquisition of 44.12% shares of the Target Company from the Promoters upon compliance with Regulation 22(2) of the SEBI (SAST) Regulations, on September 3, 2012, the Acquirer does not hold any Shares and has never held Shares of the Target Company in the past. Hence, the provisions of chapter V of the SEBI (SAST) Regulations and chapter II of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto are not applicable to the Acquirer as far as the Target Company is concerned. Except the acquisition as stated in paragraph 2 which is in compliance with provisions of chapter V of the SEBI (SAST) Regulations, the Acquirer has not acquired any Shares of Target Company after the date of PA i.e. July 13, 2012 and up to the date of this Letter of Offer.
28. The shareholding pattern of the Acquirer as on date of this Letter of Offer is as follows:

Sl. No	Shareholder's Category	No. of shares	%
1	Promoters	8,97,20,390	48.13
2	FII/ Mutual-Funds/FIs/Banks/ Insurance Companies	4,36,25,973	23.40
3	Public	4,66,50,733	25.02

4	GDR	64,30,630	3.45
5	Total Paid Up Capital	18,64,27,726	100

29. Details of the Board of Directors of the Acquirer are as below:

Sl. No.	Name & Designation	Residential Address	Experience	Qualification	Nature of Experience	Date of Appointment	DIN
1	Mr. M M Murugappan Chairman	"Coromandel House", 14 Boat Club House, Chennai – 600028	32	M.E. (Chem. Engg), University of Michigan	Industrialist; Business Administration	27.03.2002	00170478
2	Mr. L Ramkumar Managing Director	No.10 Link Road , Kottur Garden, Kotturpuram, Chennai-600085	32	AICWA, P.G. Diploma in Management, IIM-Ahmedabad	Overall management of affairs of the Company	01.02.2008	00090089
3	Mr. C K Sharma Director	No.17 Prestige Cedars, 7 Convent Road, Bangalore - 560025	39	Graduate in Chem. Engg, IIT-Madras, P.G. Diploma in Management, IIM-Ahmedabad	General Management, Industry, academic, entrepreneurial and consulting	30.4.2012	00489140
4	Mr. Pradeep Mallick Director	A/2 Pallonji Mansion, 43 Cuffe Parade, Mumbai - 400005	45	B.E. (IIT-Madras), Diploma in Business Mgmt (UK), Fellow of the Institution of Engg and Technology, London	Engineering Industry and General Management	02.06.2003	00061256
5	Mr. Pradeep V Bhide Director	B-1/8 Vasant Vihar, New Delhi – 110057	38	Graduate in Science & Law; Masters degree in Business	General Management and Administration	28.10.2010	3304262

				Admn., with specialisation in Financial Mgmt			
6	Mr. S Sandilya Director	B-17 Kailash Colony, New Delhi – 110048	40	Graduate in Commerce; P.G. Diploma in Management, IIM-Ahmedabad	Engineering Industry and General Management	27.01.2005	00037542
7	Mr. N Srinivasan Director	9 North Avenue, Srinagar Colony, Saidapet, Chennai - 600015	30	ACA; ACS	Finance and General Management	29.01.2007	00123338

As on date of this LOF, Mr. M. M. Murugappan, and Mr. L. Ramkumar, are on the Board of Directors of the Target Company in accordance with Regulation 24(1) of the SEBI (SAST) Regulations. The aforesaid persons have been appointed as additional Directors of the Target at the meeting of the Board of Directors of the Target held on September 03, 2012.

30. Brief consolidated audited financial details of the Acquirer for a period of last three years:
(Amount Rs. in lacs)

Profit & Loss Statement	Year I (March 31, 2012)	Year II (March 31, 2011)	Year III (March 31, 2010)
Income from operations	6,44,183	5,04,883	3,10,118
Other Income	1,453	1,888	8,028
Total Income	6,45,636	5,06,771	3,18,146
Total Expenditure	4,78,125	4,01,889	2,74,067
Profit Before Depreciation Interest and Tax	1,67,511	1,04,882	44,079
Depreciation	10,090	9,125	8,852
Interest	1,06,831	64,339	18,528
Exceptional Income/(Expense)	3,000	2,060	(76)
Profit Before Tax	53,590	33,478	16,623
Provision for Tax	18,392	11,086	5,335
Profit After Tax	35,198	22,392	11,288
Net Profit After Tax and Minority Interest	26,891	19,590	11,226
Balance Sheet Statement	Year I	Year II	Year III
Sources of funds			
Paid up share capital	3,726	3,713	3,695
Reserves and Surplus (excluding revaluation reserves)	1,27,279	99,021	76,859
Networth	1,31,005	1,02,734	80,554

Share Application Money pending allotment	3	-	-
Minority Interest	73,699	49,702	8,205
Secured loans	9,13,766	6,71,331	1,74,135
Unsecured loans	3,14,940	2,03,757	70,823
Deferred Tax Liabilities (Net)	4,998	5,334	4,245
Total	14,38,411	10,32,858	3,37,962
Uses of funds			
Net fixed assets	81,099	69,014	62,249
Investments	1,13,027	90,333	88,668
Goodwill	6,382	6,382	1,226
Deferred Tax Assets (Net)	5,527	13,370	4,926
Net current assets	12,32,376	8,53,759	1,80,893
Total miscellaneous expenditure not written off	-	-	-
Total	14,38,411	10,32,858	3,37,962
Other Financial Data	Year I	Year II	Year III
Dividend (%)	150%	150%	75%
Earnings Per Share - Basic (Rs)	14.46	10.58	6.08
Earnings Per Share - Diluted (Rs)	14.42	10.52	6.06
Book Value Per Share	70.31	55.33	43.59

31. The Acquirer's major contingent liabilities on a consolidated basis as of March 31, 2012 are-
(Amount Rs. in Crores)

Particulars	As at March 31, 2012
a) Disputed Income-Tax demands from A.Y. 1993-94 to 2009-10 under appeal/remand pending before various appellate/assessing authorities against which Rs.29.54 Crores has been deposited. The balance of Rs.1.91 Crores is not deposited for which rectification petitions/appeals have been filed. The Management is of the opinion that the above demands are not sustainable.	31.45
b) Disputed Excise demand amounting to Rs.1.72 Crores and penalty of Rs.1.22 Crores pertaining to financial years 1999-2000 to 2005-06 under appeal pending before the Appellate Tribunal. The same has not been deposited. The Management is of the opinion that the demand is arbitrary and the same is not sustainable.	2.94
c) Cases decided in favour of the Company against which the Department has gone on an appeal: 1. Income Tax 2. Excise	43.14 2.18
d) Export obligation under EPCG/Advance License Scheme not yet fulfilled. The Company is confident of meeting its obligations under the Schemes within the stipulated period.	26.03
e) Counter Guarantee provided by two of the Subsidiaries	56.66
f) Sales Tax pending before Appellate Authorities in respect of which one of the Subsidiaries are on appeal and expects to succeed based on decision in earlier years	3.84

g) Disputed claims against one of the Subsidiary lodged by various parties pending litigation (to the extent quantifiable)	10.83
h) Cases decided in favour of the Subsidiaries against which the Department has gone on appeal	
1. Income Tax	32.35
2. Excise / Service Tax	17.37
i) Service Tax issues pending in respect of which one of the subsidiary is under appeal	0.23
j) Disputed Income Tax Demands in respect of the Subsidiaries and Joint Venture	21.42
k) Claims, under policies, not acknowledged as debts in one of the Subsidiaries – in respect of a disputed claim under a fire policy	2.76

32. The Acquirer is listed on the BSE and NSE. The Acquirer had voluntarily delisted its shares from the Madras Stock Exchange Limited effective April 10, 2012.

33. The closing price of the shares of the Acquirer as quoted on NSE on October 03, 2012 is Rs.179.30 and on BSE on October 03, 2012 is Rs.179.25

34. The Acquirer has complied with all the provisions under Clause 49 of the Listing Agreement relating to corporate governance.

35. The name and other details of the Compliance Officer- Mr. S Suresh, Company Secretary Tube Investments of India Limited, 'Dare House' 234, N S C Bose Road, Chennai – 600 001. E-mail: sureshs@tii.murugappa.com. Tel : (044) – 42286711. Fax : (044) – 42110404.

IV. BACKGROUND OF THE TARGET COMPANY

36. The Target Company is - Shanthi Gears Limited (CIN L29130TZ1972PLC000649). The registered office of the Target Company is situated at 304-A, Trichy Road, Singanallur, Coimbatore 641 005, Tamil Nadu. (Tel: + 91-(0422) 2273722-34, Fax: + 91-(0422) 2273884-85, Email: cs@shanthigears.com, Website: www.shanthigears.com).

37. The total authorised share capital of the Target Company is Rs.10,00,00,000/- consisting of 100,000,000 equity shares of Re. 1/- each. As on March 31, 2012 the subscribed, issued and paid up share capital of the Target Company consisted of 8,17,15,853 fully paid up equity shares of Re.1/- each aggregating Rs.8,17,15,853/-. As on March 31, 2012, the Target Company did not have any outstanding partly paid-up equity shares. The capital structure of the Target Company as of the date of this Letter of Offer is:

Issued and Paid-up Equity Share Capital	Number of Equity Shares (Face Value - Re. 1/-)/Voting Rights	Percentage of Equity Shares/Voting Rights
Fully paid-up equity shares	81,715,853	100%
Partly paid-up equity shares	Nil	Nil
Total paid-up equity shares	81,715,853	100%
Total voting rights in Target Company	81,715,853	100%

38. The Shares of the Target Company are listed on the BSE and the NSE. As on the date of this Letter of Offer, there are no outstanding convertible instruments, fully or partially convertible debentures, depository receipts, warrants or instruments, issued by the Target Company, convertible into Shares of the Target Company. There is no difference in diluted share capital and total paid up equity share

capital of the Target Company. The Target Company has not issued any partly paid up shares. Based on the information available from the websites of the BSE (www.bseindia.com) and the NSE (www.nseindia.com), the equity shares of the Target Company are frequently traded on the BSE & the NSE within the meaning of Regulation 2(1)(j) of the SEBI (SAST) Regulations for the period commencing on July 01, 2011 and ending on June 29, 2012 (i.e. 12 (twelve) calendar months preceding the month in which the PA is issued).

39. The Target Company has complied with the listing requirements and no penal/punitive actions have been taken by the Stock Exchanges. There has not been any non-listing of any shares of the Target Company at the Stock Exchanges.

40. As on the date of this Letter of Offer, the composition of the Board of Directors of the Target Company is as follows:

S. No.	Name & Designation	Residential Address	Experience	Qualification	Nature of Experience	Date of Appointment	DIN
1.	Mr. M. M. Murugappan Chairman	"Coromandel House", 14 Boat Club House, Chennai – 600028	32	M.E. (Chem. Engg), University of Michigan	Industrialist; Business Administration	03.09.2012	00170478
2.	Mr. L. Ramkumar Director	No.10 Link Road, Kottur Garden, Kotturpuram, Chennai-600085	32	AICWA, P.G. Diploma in Management, IIM-Ahmedabad	Business Administration	03.09.2012	00090089
3.	Mr. Sreeram Srinivasan President & Executive Director	No. 1004, 50th Street, TVS Colony Anand Nagar West Extension, Chennai - 600101	25	B.Tech., IIT, Madras, MS and Ph.D (USA)	Business Administration	03.09.2012	00671052
4.	Mr. C. R. Swaminathan Director (Independent)	D.No.112, GV Residency, Sowripalayam, Coimbatore-641028	42	B.Sc. (Agri), MBA	Industrialist	03.09.2012	00002169
5.	Mr. J Balamurugan Director (Independent)	No. 10, Kambar Street,, Gobichettipalayam,, Erode- 638452	15	B.E.(ECE)	Industrialist	03.09.2012	00023309

Pursuant to the Share Purchase Agreement dated July 13, 2012 and upon compliance with Regulation 24(1) of the SEBI (SAST) Regulations, the Acquirer has appointed Mr. M. M. Murugappan, Mr. L. Ramkumar, and Mr. Sreeram Srinivasan on the Board of Directors of the Target Company. The aforesaid persons have been appointed as additional Directors of the Target at the meeting of the Board of Directors of the Target held on September 03, 2012.

As on the date of this Letter of offer, Mr. C. R. Swaminathan holds 5000 equity shares of the Target Company.

41. The Target Company was originally incorporated as a private limited company under the name of 'Shanthi Gear Products Private Limited' on July 1, 1972. It took over the partnership firm 'Shanthi Engineering and Trading Company' which had been set up in 1969 by the Promoter, Mr. P. Subramanian. The Target Company subsequently changed its name to Shanthi Gears Private Limited on February 27, 1986. On March 10, 1986, the Company was converted into a public limited company consequent to which the word "Private" was deleted from its name.

42. No merger / demerger / spin off have taken place in the Target during the last three years.

43. The brief audited financial results of the Target Company for the three financial years ended on March 31, 2010, March 31, 2011 and March 31, 2012, are as set forth below:

(Amount Rs. in lacs)

	Year I	Year II	Year III
Profit & Loss statement	March 2012	March 2011	March 2010
Income from Operation (Net of excise duty)	17300.52	16234.81	12319.27
Other income	494.44	285.90	478.64
Total income	17794.96	16520.71	12797.91
Total Expenditure	10863.52	9356.91	7274.21
Profit Before Depreciation, Interest, Tax & Exceptional item	6931.44	7163.80	5523.70
Depreciation (Net of transfer to Revaluation reserve)	2709.94	2684.61	2692.66
Interest	61.97	103.09	398.42
Profit/(Loss) Before Tax & Exceptional Item	4159.53	4376.10	2432.62
Exceptional Item	-	-	-
Profit/(Loss) Before Tax	4159.53	4376.10	2432.62
Provision for Tax (including wealth tax, Fringe Benefit Tax and Deferred Tax Charge/Credits)	1346.79	1589.95	814.14
Profit/(Loss) after Tax	2812.74	2786.15	1618.48
Balance sheet Statement			
Sources of Funds			
Paid up share capital	817.16	817.16	817.16
Application Money towards Equity warrants	-	-	-
Reserves & Surplus (Excluding revaluation reserve)	23967.17	22104.15	20267.72
Profit & Loss Account Debit Balance	-	-	-
Net worth	24784.33	22921.31	21084.88
Revaluation Reserve	-	-	-
Secured Loan	395.70	975.35	1570.53
Unsecured Loan	-	-	992.39
Deferred Tax Liability	1073.06	1425.72	1749.35
Total	26253.09	25322.38	25397.15
Uses of Funds			
Net Fixed Assets (Including CWIP & Pre-operative Expenditure)	14379.98	16545.33	18009.39
Investments	-	-	-
DTA	-	-	-
Foreign Currency Monetary Items Translation Difference Account	-	-	-
Net Current Assets	11873.11	8777.05	7387.76
Total Miscellaneous Expenditure not written off	-	-	-
Total	26253.09	25322.38	25397.15
Other Financial Data			
Dividend (%)	100	100	80
Earnings Per Share (Rs-) - Basic	3.44	3.41	1.98
Earnings Per Share (Rs-) Diluted	3.44	3.41	1.98

Return on Net worth	11.35	12.16	7.67
Book Value per share	30.33	28.05	25.80

Source: Annual reports of the Target Company for the year ended March 31, 2012, March 31, 2011 and March 31, 2010

44. Pre and Post Offer Shareholding Pattern of the Target Company as on date of this Letter of Offer is and shall be as follows :

Shareholders' Category	Shareholding & voting rights prior to the acquisition (SPA) and Open Offer		Equity Shares/voting rights agreed to be acquired/acquired which has triggered the Regulations		Equity Shares/voting rights to be acquired in Open Offer (Assuming full acceptances)		Shareholding / voting rights after the SPA and Open Offer (Assuming full acceptances) *	
	(A)		(B)		(C)		(D) = (A) + (B) + (C)	
	No.	%	No.	%	No.	%	No.	%
(1) Promoter/ promoter group								
a. Parties to agreement, if any	36050291	44.12	NA	NA	NA	NA	NA	NA
b. Promoters other than (a) above	NA	NA	NA	NA	NA	NA	NA	NA
Total (1) (a+b)	36050291	44.12	NA	NA	NA	NA	NA	NA
(2) Acquirers								
a. Main Acquirer**	NIL	NIL	36050291	44.12	21246122	26.00	57296413	70.12
b. PACs **	NA	NA	NA	NA	NA	NA	NA	NA
Total 2(a+b)	NIL	NIL	36050291	44.12	21246122	26.00	57296413	70.12
(3) Parties to Agreements other than (1) & (2)	NA	NA	NA	NA	NA	NA	NA	NA
(4) Public (other than parties to agreement, acquirers & PACs)								
a. FIs/MFs/FIIs/ Banks, SFIs	8844481	10.83						
b. Others	6418570	7.85						
<i>Bodies Corporate</i>	3998038	4.89						
<i>Trusts</i>	3000	0.00						
<i>FCCBs holders</i>	NIL	NIL			21246122	26.00	24419440	29.88
<i>Individuals</i>	23565447	28.84						
<i>NRIs/OCBs</i>	1200332	1.47						
<i>Clearing members</i>	938825	1.15						
<i>HUF</i>	696869	0.85						
<i>Market Makers</i>	NIL	NIL						

Total (4) (a+b)	45665562	55.87						
GRAND TOTAL (1+2+3+4)	81715853	100.00	36050291	44.12	21246122	26.00	81715853	100.00

* Mr. V Arunachalam and M/s. Pressmet Private Ltd (forming part of Promoter Group of Acquirer) hold 2,950 and 6,500 equity shares constituting 0.0036% and 0.0080% of paid up share capital of Target Company respectively. Acquirer along with Mr. V. Arunachalam and M/s. Pressmet Private Limited hold 3,60,59,741 equity shares constituting 44.13% of the equity share capital of the Target Company's paid up share capital, assuming NIL subscription and 5,73,05,863 equity shares constituting 70.13% of the paid up share capital, assuming 26% Shares are validly tendered in the Offer.

45. Based on the information available with the Target, the Target Company, promoters of Target Company and major shareholders of the Target are in compliance with the provisions of Chapter II of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations 1997 and Chapter V of SEBI (SAST) Regulations, 2011.

V. OFFER PRICE AND FINANCIAL ARRANGEMENTS

Justification for the Offer Price

46. The Equity Shares of the Target Company are listed on BSE and NSE.

47. The Equity Shares of the Target Company are frequently traded on BSE and NSE, during the 12 months preceding the date on which the PA was made, within the meaning of Regulation 2(1)(j) of the SEBI (SAST) Regulations.

48. The annualized trading turnover in the Shares of the Target Company based on trading volume during July 2011 to June 2012 (12 calendar months preceding the month in which the PA is made) is as given below:

Stock Exchange	Total No. of Shares traded during 12 calendar months prior to the month in which the PA is made	Total No. of Listed Shares	Annualized Trading Turnover (as % of Total Shares Listed)
NSE	18,126,768	8,17,15,853	22.18%
BSE	97,62,714	8,17,15,853	11.31%

(Source: www.bseindia.com, www.nseindia.com)

49. Based on the parameters set out under Regulation 8(2) of the SEBI (SAST) Regulations for frequently traded stocks, the Offer Price of Rs.81/- (Rupees Eighty One only) per fully paid up equity share is justified in terms of the following:

(a)	The highest negotiated price per Sale Share (as per the SPA) attracting the obligation to make this Open Offer	Rs.81 per Share
(b)	The volume-weighted average price paid or payable for acquisition whether by the Acquirer during 52 weeks immediately preceding the date of the PA	Not Applicable*
(c)	The highest price paid or payable for any acquisition, whether by the Acquirer or by any persons acting in concert with him, during 26 weeks immediately preceding the date of the PA	Not Applicable*

(d)	The volume-weighted average market price paid of such Shares for a period of sixty trading days immediately preceding the date of the PA as traded on NSE (as the maximum volume of trading in the Shares of the Target Company is recorded on NSE during such period)	Rs. 51.03 per equity share
-----	--	----------------------------

** Mr. V Arunachalam (forming part of Promoter Group of the Acquirer) acquired 1,500 equity shares of SGL at Rs. 34.67/- on November 21, 2011 i.e. during the fifty-two weeks immediately preceding the date of the public announcement. (The highest price paid being Rs.34.75/-) Mr. V Arunachalam is not acting in concert with the Acquirer for the purpose of the acquisition pursuant to the SPA and the Open Offer.*

50. There have been no corporate actions in the Target Company warranting adjustment of relevant pricing parameters.
51. The Sellers have entered into a non-compete arrangement with the Acquirer embodied in the terms of the Share Purchase Agreement, for which no separate consideration has been paid to the Sellers.
52. In view of the parameters considered and presented above, in the opinion of the Acquirer and Manager to the Offer, the Offer Price of Rs.81/- (Rupees Eighty One only) being the highest of the prices mentioned above, is justified in terms of Regulation 8(2) of the SEBI (SAST) Regulations. The Committee of Independent Directors of the Target met on July 30, 2012 and provided its written reasoned recommendation on the Offer. The opinion was that the Offer Price was fair and reasonable and in accordance with Regulation 26(7) of the SEBI (SAST) Regulations.
53. In the event of further acquisition of Shares of the Target Company by the Acquirer during the offer period, whether by subscription or purchase, at a price higher than the Offer Price, the Offer Price will be revised upwards to be equal to or more than the highest price paid for such acquisition in terms of Regulation 8(8) of the SEBI (SAST) Regulations. However, the Acquirer shall not acquire any Shares of the Target Company after the third working day prior to the commencement of the tendering period and until the expiry of the tendering period.
54. In the event of such a revision in the Offer Price on account of future purchases/competing offers, an announcement would be made in the same newspapers in which the DPS was published and the revised Offer Price would be paid for all Shares accepted under the Offer.
55. If there is any revision in the Offer Price on account of future purchases/competing offers, such revision will be done only up to the period prior to three (3) working days before the commencement of the tendering period of this Offer in accordance with Regulation 18(4) of the SEBI (SAST) Regulations. In the event of such revision, the Acquirer shall (i) make corresponding increases to the escrow amounts; (ii) make a public announcement in the same newspapers in which the DPS has been published; and (iii) simultaneously with the issue of such announcement, inform SEBI, BSE, NSE and the Target Company at its registered office of such revision.
56. If the Acquirer acquires Shares of the Target Company during the period of twenty six weeks after the closure of tendering period at a price higher than the Offer Price, then the Acquirer shall pay the difference between the highest acquisition price and the Offer Price, to all shareholders whose Shares have been accepted in this Offer within sixty days from the date of such acquisition. However, no such difference shall be paid in the event that such acquisition is made under another open offer under the SEBI (SAST) Regulations, or pursuant to the SEBI (Delisting of Equity Shares) Regulations, 2009 or open market purchases made in the ordinary course on the Stock Exchanges, not being negotiated acquisition of Shares of the Target Company in any form.
57. Calculation of the volume-weighted average market price of such Shares for a period of sixty trading days immediately preceding the date of the PA as traded on NSE (as the maximum volume of trading in the Shares of the Target Company was recorded on NSE during such period as stated in paragraph 48 as per Regulation 8(2)(d) of the SEBI (SAST) Regulations is as follows:

Date	Total Traded Quantity No. of Shares	Weighted Average Price (Rs.)	Price (Rs. in Lakhs)
20-Apr-12	36867	39.63	14.61
23-Apr-12	34726	38.99	13.54
24-Apr-12	48813	39.33	19.2
25-Apr-12	140882	38.23	53.86
26-Apr-12	25576	37.65	9.63
27-Apr-12	46308	37.08	17.17
28-Apr-12	2030	37.44	0.76
30-Apr-12	42125	37.08	15.62
2-May-12	50490	38.25	19.31
3-May-12	50390	38.22	19.26
4-May-12	21772	37.85	8.24
7-May-12	40276	37.81	15.23
8-May-12	21462	38.35	8.23
9-May-12	21844	37.91	8.28
10-May-12	33349	37.84	12.62
11-May-12	20961	37.78	7.92
14-May-12	26857	37.31	10.02
15-May-12	4461	37.44	1.67
16-May-12	25777	37.51	9.67
17-May-12	23703	37.97	9
18-May-12	20506	38.57	7.91
21-May-12	57667	39.80	22.95
22-May-12	81971	41.49	34.01
23-May-12	394138	44.37	174.87
24-May-12	924004	49.16	454.28
25-May-12	456430	48.33	220.58
28-May-12	527954	49.44	261.02
29-May-12	363934	52.51	191.11
30-May-12	195020	51.77	100.97
31-May-12	64902	49.89	32.38
1-Jun-12	216007	52.07	112.47
4-Jun-12	312731	53.81	168.29
5-Jun-12	430703	54.61	235.21
6-Jun-12	113043	54.49	61.6
7-Jun-12	57633	53.08	30.59
8-Jun-12	95399	52.97	50.53
11-Jun-12	1364740	55.38	755.78
12-Jun-12	354248	52.59	186.29
13-Jun-12	183227	53.64	98.29

14-Jun-12	69770	52.79	36.83
15-Jun-12	52581	51.33	26.99
18-Jun-12	62044	50.67	31.44
19-Jun-12	39680	50.68	20.11
20-Jun-12	65594	52.55	34.47
21-Jun-12	15963	51.81	8.27
22-Jun-12	36909	50.56	18.66
25-Jun-12	16954	50.78	8.61
26-Jun-12	22128	51.29	11.35
27-Jun-12	26923	51.55	13.88
28-Jun-12	8606	50.78	4.37
29-Jun-12	32043	51.31	16.44
2-Jul-12	17270	51.36	8.87
3-Jul-12	28809	51.82	14.93
4-Jul-12	33390	51.99	17.36
5-Jul-12	22560	53.81	12.14
6-Jul-12	222728	56.23	125.25
9-Jul-12	132836	56.42	74.94
10-Jul-12	109618	56.85	62.32
11-Jul-12	108744	57.36	62.38
12-Jul-12	349575	59.43	207.76
Total	8,407,651		4290.34
Volume weighted average price			51.03

Source: www.nseindia.com

Financial arrangements:

58. The total funds required for implementation of the Offer (assuming full acceptance), i.e., for the acquisition of 2,12,46,122 fully paid up Shares at Rs.81/- (Rupees Eighty One only) per fully paid up Share is Rs.1,720,935,882 (Rupees One Hundred Seventy Two Crores, Nine Lakhs, Thirty Five Thousand, Eight Hundred and Eight Two only) (“**Offer Consideration**”).

59. In accordance with Regulation 17(1) of the SEBI (SAST) Regulations, the Acquirer had opened a “Cash Escrow Account” in the name and style as “Tube Investments- Shanthi Gears --Open Offer” bearing Account No. 042-631986-001 with The Hongkong and Shanghai Banking Corporation Limited, a company incorporated under the Companies Ordinance of the Hong Kong Special Administrative Region (HKSAR), having its registered office at 1, Queens Road Central, Hong Kong, India corporate office at 52/60 Mahatma Gandhi Road, Fort, Mumbai 400 001, Maharashtra and acting through its branch at Shiv Building, Plot No. 139-140 B, Western Express Highway, Sahar Road Junction, Vile Parle (East), Mumbai – 400 057, (hereinafter referred to as “**Escrow Bank**” or “**HSBC**”) and made a cash deposit of Rs. 17,209,359 (Rupees One Crore Seventy Two Lakhs Nine Thousand Three Hundred Fifty Nine only) in the account in accordance with the Regulation 17(3)(a) read with Regulation 17(4) of the SEBI (SAST) Regulations, which represents 1% of the Offer Consideration. The cash deposit has been confirmed vide a confirmation letter dated July 17, 2012 issued by HSBC. In terms of Regulations 22(2) and 24(1) of the SEBI (SAST) Regulations, the Acquirer is required to deposit the Offer Consideration in an escrow account prior to (a) acting upon the SPA for acquisition of the Sale Shares and (b) appointment of its Directors on the Board of the Target Company. Accordingly, the Acquirer has deposited, in cash, Rs. 170,37,26,523/- (Rupees

One Hundred Seventy Crores, Thirty Seven Lakhs, Twenty Six Thousand, Five Hundred and Twenty Three only) ("New Deposit") in addition to Rs. 1,72,09,359/- (Rupees One Crore, Seventy Two Lakhs, Nine Thousand, Three Hundred Fifty Nine only), which had previously been deposited ("Previous Deposit") in the Open Offer Escrow Account with HSBC Bank Limited, ("Escrow Bank"). The cash deposit has been confirmed vide a confirmation letter dated August 30, 2012 issued by HSBC.

60. A lien has been marked on the said Cash Escrow Account in favour of the Manager to the Offer by the Escrow Bank. The Manager to the Offer has been solely authorised by the Acquirer to operate and realise the value of Cash Escrow Account in terms of the SEBI (SAST) Regulations.
61. In addition, the Acquirer has furnished a bank guarantee from Axis Bank Limited Credit Management Centre-Chennai, Karumuthu Nilayam, Ground Floor, No. 192, Anna Salai, Chennai – 600002, Tamil Nadu, having Bank Guarantee No: 11650100002525 for an amount of Rs. 43,02,33,971 (Rupees Forty Three Crores Two Lakhs Thirty Three Thousand Nine Hundred Seventy One only) in favor of the Manager to the Offer ("Bank Guarantee") which is 25% of the Offer Consideration in accordance with Regulation 17(3)(b) of the SEBI (SAST) Regulations. The Manager to the Offer has been duly authorised to realize the value of the aforesaid Bank Guarantee in terms of the SEBI (SAST) Regulations. The Bank Guarantee is valid upto December 17, 2012. The Bank Guarantee is in favour of Manager to the Offer.
62. The Acquirer has made firm financial arrangement for financing the acquisition of equity shares under the Open Offer, in terms of Regulation 25(1) of the SEBI (SAST) Regulations. The Acquirer proposes to fund the Offer out of borrowings and/or internal accruals (redemption of liquid investments).
63. As per certificate dated July 13, 2012 from Ms Geetha Suryanarayanan of M/s. Deloitte Haskins & Sells, Statutory Auditors of the Acquirer, Membership No. 29519 Address: ASV N Ramana Tower, 52, Venkatnarayana Road, T. Nagar, Chennai – 600 017 (Tel No. (044) 6688 5000; Fax No. (044) 6688 5050) has certified that the Acquirer has made firm financial arrangements to meet the financial obligations under the Open Offer to be made to the shareholders of the Target Company.
64. On the basis of the aforesaid financial arrangements and the Chartered Accountant's certificate, the Manager to the Offer is satisfied about the ability of the Acquirer to implement the Offer in accordance with the SEBI (SAST) Regulations as firm financial arrangements are in place to fulfill the obligations under the SEBI (SAST) Regulations.

VI. TERMS AND CONDITIONS OF THE OFFER

65. The Offer is not conditional and is not subject to any minimum level of acceptance.
66. A Letter of Offer specifying the detailed terms and conditions of the Offer, together with a Form of Acceptance-cum-Acknowledgement ("**FOA**") will be mailed on or before Tuesday, October 09, 2012 to the shareholders of the Target Company (other than the parties to the SPA), whose names appear on the Register of Members of the Target Company and to the owners of the Shares whose names appear as beneficiaries on the records of the respective depositories at the close of business hours on Monday, October 01, 2012 (the "**Identified Date**"). Accidental omission to dispatch Letter of Offer to any member entitled to this Open Offer or non-receipt of the Letter of Offer by any member entitled to this Open Offer shall not invalidate the Open Offer in any manner whatsoever. The Offer is subject to terms and conditions set out herein and in the Letter of Offer that will be sent to the shareholders of the Target Company as on the Identified Date. The last date by which the individual Letter of Offer would be dispatched to each of the shareholders of the Target Company is Tuesday, October 09, 2012.
67. There shall be no discrimination in the acceptance of locked-in and non locked-in Shares in the Offer. The Shares to be acquired under the Offer must be free from all liens, charges and encumbrances and will be acquired together with all rights attached thereto.

68. This Offer is made to all shareholders (other than the parties to the SPA) as on the Identified Date, and also to persons who acquire Shares before the closure of the Offer and tender these Shares into the Offer in accordance with this Letter of Offer, save and except for the parties to the SPA. Persons who have acquired Shares of the Target Company (irrespective of the date of purchase) but whose names do not appear on the Register of Members of the Target Company on the Identified Date are also eligible to participate in this Offer.
69. The Acquirer reserves the right to revise the Offer Price and/or the Offer Size upwards up to 3 (three) working days prior to the commencement of the tendering period in accordance with the SEBI (SAST) Regulations and the revision, if any, in the Offer Price and/or the Offer Size would be announced in the same newspapers where the DPS was published. The Acquirer would pay such revised price for all the Shares validly tendered at any time during the Offer and accepted under the Offer in accordance with the terms of the DPS and the Letter of Offer.
70. Eligible Shareholders to whom the Offer is being made are free to offer their shareholding in the Target Company in whole or in part while accepting the Offer. The acceptance must be unconditional and should be absolute and unqualified.
71. Eligible Shareholders who hold Shares in physical form and who wish to tender their Shares will be required to send the Form of Acceptance-cum-Acknowledgement, duly signed and completed in the manner specified therein together with all the necessary documents, as specified in section VII of this Letter of Offer titled "Procedure for Acceptance and Settlement of the Offer", to the Registrar to the Offer at any of its collection centers, mentioned under paragraph 83 of this Letter of Offer so that the same are received by the Registrar to the Offer no later than the date of closure of the tendering period (i.e. October 31, 2012).
72. In respect of dematerialised Equity Shares, registered or unregistered shareholders, the Registrar to the Offer has opened a special depository account with National Securities Depository Limited ("NSDL") – called "KCPL-SHANTHI GEARS LTD-OPEN OFFER ESCROW A/C". Beneficial owners are requested to fill in the following details in the delivery instructions for the purpose of crediting their equity shares in the special depository account:

Depository Name	National Securities Depository Limited
Account Name	KCPL-SHANTHI GEARS LTD-OPEN OFFER ESCROW A/C
DP Name	Karvy Stock Broking Limited
DP ID Number	IN300394
Beneficiary Account Number	18470576
ISIN	INE631A01022
Market	Off Market
Date of Credit	On or before October 31, 2012

It is the sole responsibility of the shareholders to ensure credit of their Shares in the depository account above, prior to the closure of the Offer.

Shareholders having their beneficiary account in Central Depository Services (India) Limited ("CDSL") have to use inter-depository delivery instruction slips for crediting their Shares in favour of the special depository account with National Securities Depository Limited ("NSDL").

73. Shareholders who have acquired Shares of the Target Company but whose names do not appear in the Register of Members of the Target Company on the Identified Date or those who have not received the Letter of Offer, may also participate in this Offer by submitting an application on a plain paper giving details regarding their shareholding and confirming their agreement to participate in this Offer as per the terms and conditions of this Offer, so as to reach the Registrar to the Offer on or before the closure of the tendering period i.e., no later than October 31, 2012. This is to be sent to the Registrar to the Offer together with: (a) In case of shareholders holding Shares in dematerialized

form, the name, address, number of Shares held, number of Shares offered, Depository ("DP") Participant name, DP ID number, beneficiary account number along with a photocopy of the delivery instruction in "off-market" mode, duly acknowledged by the DP in favour of KCPL-SHANTHI GEARS LTD-OPEN OFFER ESCROW A/C, as per instructions mentioned above. (b) In case of shareholders holding Shares in physical form, the relevant share certificate(s) and transfer deeds, and the original contract note issued by a registered share broker of a recognized stock exchange through whom such Shares were acquired wherever applicable.

- 74. No indemnity would be required from unregistered shareholders regarding the title to the Shares.
- 75. The Acquirer shall not be responsible in any manner for any loss of share certificate(s) and other documents during transit and the Shareholders are advised to adequately safeguard their interests in this regard.
- 76. The instructions, authorizations and provisions contained in the Form of Acceptance-cum-Acknowledgement constitute an integral part of this Letter of Offer.

Statutory and other approvals

- 77. The proposed acquisition by the Acquirer together with the investments already made by the Acquirer, is in excess of the limits prescribed under Section 372A of the Companies Act, 1956 ("the Act"). Hence prior approval of the shareholders of the Acquirer by way of a Special Resolution has been obtained by way of a Postal Ballot under Section 192A of the Companies Act, 1956.
- 78. As of the date of this Letter of Offer, to the best of the knowledge of the Acquirer, there are no other statutory approvals required to implement the Offer. However, in case of any regulatory or statutory approval being required at a later date before the closure of the Offer, the Offer shall be subject to all such approvals and the Acquirer shall make the necessary applications for such approval.
- 79. The acceptance by the Acquirer of Shares tendered by non-resident shareholders pursuant to this Offer is subject to the approval of the Reserve Bank of India ("RBI") under the Foreign Exchange Management Act, 1999 and the regulations made thereunder ("FEMA"), wherever required. The Acquirer will ensure compliance with Regulation 18(11) of SEBI (SAST) Regulations.
- 80. In case of delay/non-receipt of any approval, SEBI may, if satisfied that non receipt of the requisite approvals was not attributable to any wilful default, failure or neglect on the part of the Acquirer to diligently pursue such approval, grant extension of time for the purpose, subject to the Acquirer agreeing to pay interest to the shareholders as directed by SEBI, in terms of Regulation 18(11) of the SEBI (SAST) Regulations.
- 81. The Acquirer, in terms of Regulation 23 of the SEBI (SAST) Regulations, had reserved a right not to proceed with the Offer in the event the statutory/other approvals indicated in Paragraphs 77 and 79 above were refused. All approvals required under Paragraphs 77 and 79 above have been duly obtained as of date, wherever required.
- 82. Subject to the receipt of statutory and other approvals, the Acquirer shall complete all procedures relating to this Offer within 10 working days from the date of closure of the tendering period to those Shareholders whose share certificates and/or other documents are found valid and in order and are accepted for acquisition by the Acquirer.

VII. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT OF THE OFFER

- 83. A tender of Shares pursuant to any of the procedures described in this Letter of Offer will constitute a binding agreement between the Acquirer and the tendering holder, including the tendering holder's acceptance of the terms and conditions of the Letter of Offer.

Shareholders of the Target Company who wish to accept the Offer and tender their Shares can send/deliver the Form of Acceptance-cum-Acknowledgment duly signed along with all the relevant documents at any of the collection centres of the Registrar to the Offer mentioned below during the working hours on or before the date of closure of the tendering period, i.e., no later than October 31, 2012 , in accordance with the procedure as set out in this Letter of Offer.

Sl. No.	Collection Centre	Address of Collection Centres	Contact Person	Phone No.	Fax	Mode of delivery
1	Mumbai (Andheri)	Karvy Computershare Pvt Ltd. 7, Andheri Industrial Estate, Off. Veera Desai Road, Andheri West, Mumbai 400053	Ms. Neelam	022-26730799	N.A	Hand Delivery
2	Mumbai (Fort)	Karvy Computershare. Pvt Ltd. 24-B, Rajabahadur Mansion, Gr Floor 6 Ambalal Doshi Marg, Behind BSE Ltd, Fort ,Mumbai-400001	Ms.Nutan Shirke	022-66235454/ 66235412/27	022-66331135	Hand Delivery
3	New Delhi	Karvy Computershare Pvt. Ltd. 305, New Delhi House, 27, Barakhamba Road, Connaught Place, New Delhi - 110001	Mr. Rakesh Kr Jamwal/ Mr. Vinod Singh Negi/ Mr. John Mathew	011-43681700	011-41036370	Hand Delivery
4	Ahmedabad	Karvy Computershare. Pvt Ltd. 201-203,Shail Bldg ,Opp: Madhusudhan House Behind Girish Cold Drinks Off C G Road Ahmedabad - 380006	Mr.Aditya Gupta/Mr. Robert Joeboy	079-66614772/26400527	NA	Hand Delivery
5	Chennai	Karvy Computershare. Pvt Ltd. No.F11 First Floor,Aks hya Plaza New no.108, Adhithanar Salai Egmore, Chennai – 600 002	Mr. K.Gunasekaran	044-28587781	NA	Hand Delivery
6	Hyderabad	Karvy Computershare Pvt Ltd. Plot No 17-24, Vithalrao Nagar, Madhapur, Hyderabad 500081	Mr. Bhakta Singh	040-/23420818-23/44655000	040-23431551	Hand Delivery/ Regd Post

Sl. No.	Collection Centre	Address of Collection Centres	Contact Person	Phone No.	Fax	Mode of delivery
7	Kolkata	Karvy Computershare Pvt Ltd. 49, Jatin Das Road, Nr.Deshpriya Park, Kolkata - 700029	Mr. Sujit Kundu/Mr. Debnath	033-24644891	033-24644866	Hand Delivery
8	Bengaluru	Karvy Computershare Pvt Ltd. No.59, Skanda, Puttanna Road, Basavanagudi Bengaluru - 560004	Mr. S K Sharma/Mr. Mahadev	080-26621192	080-26621169	Hand Delivery
9	Coimbatore	Karvy Stock Broking Ltd 482/483, SNV Chambers Cross Cut Road Opp Power House Coimbatore-641012	Ms.Elizabeth Sofia	0422-4343211	NA	Hand Delivery
10	Pune	Karvy Computershare Pvt Ltd. Shrinath Plaza, C wing, Office No.58&59,3rd Floor, Dyaneshwar Paduka Chowk,S no.184/4.Off-FC Road. Pune - 411004	Ms. Sandhya	020-25533795/ 25532078/ 25533592	NA	Hand Delivery

Note: Business Hours: Monday to Friday 10:00 AM to 1.00 PM and 2.00 PM to 4:30 PM, except public holidays

84. Shares should not be submitted/tendered to the Manager to the Offer, the Acquirer, or the Target Company.
85. Applicants who cannot hand deliver their documents at the collection centres referred to above, may send the same by registered post with acknowledgement due or by courier, at their own risk and cost, to the Registrar to the Offer at its address, Karvy Computershare Private Limited, Plot nos. 17-24, Vithalrao Nagar Madhapur, Hyderabad - 500 081 Tel: +91 40 44655000/23420815-23: (Fax: +91 40 23431551 E-mail : murali@karvy.com , Contact Person: Mr. M. MuraliKrishna/ Mr. R. Williams)
86. In case of non-receipt of the Letter of Offer i.e. (a) Shareholders who have not received the Letter of Offer, (b) unregistered shareholders, (c) owner of the Shares who have sent the Shares to the Target Company for transfer, the Eligible Shareholders may (i) download the Letter of Offer from the SEBI website, (<http://www.sebi.gov.in>) or (ii) obtain a copy of the same by writing to the Manager to the Offer or (iii) make an application to the Registrar to the Offer, to send their consent to the Registrar to the Offer, on a plain paper stating the name, address, number of Shares held, distinctive numbers, folio number, number of Shares offered along with documents as mentioned above so as to reach the Registrar to the Offer on or before the close of the Offer, i.e., no later than Wednesday, October 31, 2012 or in case of beneficial owners, they may send the application in writing to the Registrar to the Offer, on a plain paper stating the name, address, number of Shares held, number of Shares offered, DP name, DP ID, beneficiary account number and a photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the DP, in favour of the special depository account, so as to reach the Registrar to the Offer, on or before the closure of the Offer, i.e., no later than Wednesday, October 31, 2012.

87. In respect of dematerialised Equity Shares, registered or unregistered shareholders, the Registrar to the Offer has opened a special depository account with National Securities Depository Limited (“NSDL”) – called “KCPL-SHANTHI GEARS LTD-OPEN OFFER ESCROW A/C”. Beneficial owners are requested to fill in the following details in the delivery instructions for the purpose of crediting their equity shares in the special depository account:

Depository Name	National Securities Depository Limited
Account Name	KCPL-SHANTHI GEARS LTD-OPEN OFFER ESCROW A/C
DP Name	Karvy Stock Broking Limited
DP ID Number	IN300394
Beneficiary Account Number	18470576
ISIN	INE631A01022
Market	Off Market
Date of Credit	On or before October 31, 2012

It is the sole responsibility of the shareholders to ensure credit of their Shares in the depository account above, prior to the closure of the Offer.

Shareholders having their beneficiary account in Central Depository Services (India) Limited (“**CDSL**”) have to use inter-depository delivery instruction slips for crediting their Shares in favour of the special depository account with National Securities Depository Limited (“**NSDL**”).

88. Shareholders who wish to tender their Shares, held in physical form, will be required to send the Form of Acceptance-cum-Acknowledgement, original Share Certificate(s) and transfer deed(s) duly signed to the Registrar to the Offer, Karvy Computershare Private Limited (“**Registrar to the Offer**”), either by hand delivery on weekdays or by Registered Post, at their sole risk, so as to reach the Registrar to the Offer, on or before the close of the Offer, i.e., not later than Wednesday, October 31, 2012 in accordance with the instructions to be specified in the Letter of Offer and in the Form of Acceptance-cum-Acknowledgement.

89. Documents to be delivered by all Eligible Shareholders-

a. For Shares held in the DEMATERIALIZED FORM:

- Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein by all the beneficial holders of the Shares, as per the records of the DP.
- Photocopy of the Delivery Instruction in “Off-market” mode or counterfoil of the delivery instruction slip in “Off-market” mode, duly acknowledged by the DP.

Please note the following:

- For each delivery instruction, the beneficial owner should submit a separate Form of Acceptance cum- Acknowledgment.
- The Registrar to the Offer is not bound to accept those acceptances, for which corresponding Shares have not been credited to the above special depository account or for Shares that are credited in the above special depository account but the corresponding Form of Acceptance-cum-Acknowledgment has not been received as on the date of closure of the Offer.

b. In case of Shares held in the PHYSICAL MODE by REGISTERED SHAREHOLDERS:

- Form of Acceptance-cum-Acknowledgement should be duly completed and signed, in accordance with the instructions contained therein, by all shareholders. In case of Shares

- held in joint names, the Form should be filled up in the same order in which they hold Shares in the Company. This order cannot be changed or altered nor can any new name be added for the purpose of accepting the Offer;
- ii. Original equity share certificate(s); and
 - iii. Valid equity share transfer form(s) duly signed by transferor (by all the equity shareholders in case the Shares are in joint names) as per the specimen signatures lodged with the Target Company and duly witnessed at the appropriate place(s).

PLEASE DO NOT FILL IN ANY OTHER DETAILS IN THE TRANSFER DEED

- c. In case of Shares held in the PHYSICAL MODE by PERSONS NOT REGISTERED AS SHAREHOLDERS:
 - i. Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein;
 - ii. Original equity share certificate(s) accompanied by valid share transfer forms as received from the market, wherein the name of the transferee has not been filled in; and
 - iii. Original broker contract note of a registered broker of a recognized stock exchange in relation to the purchase of the Shares being tendered in this case.
 - iv. In case the share certificate(s) and the transfer deed(s) are lodged with the Target Company/its transfer agents for transfer, then the acceptance shall be accompanied by the acknowledgment of lodgment with, or receipt by, the Target Company/its transfer agents, of the share certificate(s) and the transfer deed(s).
 - v. No indemnity regarding title is required from persons not registered as Shareholders.
90. Shareholders who have sent the Shares held by them for dematerialization need to ensure that the process of getting the Shares held by them dematerialized is completed in time for the credit in the special depository account, to be received on or before the closure of the tendering period, i.e., no later than October 31, 2012 or else their application will be rejected.
91. Shares that are subject to any charge, lien or encumbrance are liable to be rejected in the Offer. Applications in respect of Shares of the Target Company that are subject matter of litigation wherein the shareholders of the Target Company may be prohibited from transferring such Shares during the pendency of the said litigation are liable to be rejected if the directions/orders regarding such Shares are not received together with the Shares tendered under the Offer. The Letter of Offer in some of these cases, wherever possible, will be forwarded to the concerned statutory authorities for further action by such authorities.
92. The Shareholders should also provide all relevant documents which are necessary to ensure transferability of the Shares in respect of which the application is being sent. Such documents may include, but are not limited to:
- Duly attested death certificate and succession certificate/probate/letter of administration (in case of single Shareholder) if the original Shareholder has expired
 - Duly attested power of attorney if any person apart from the Shareholder has signed the acceptance form and/or transfer deed(s);
 - No objection certificate from any lender, if the Shares in respect of which the acceptance is sent, were under any charge, lien or encumbrance;
 - In case of companies, the necessary corporate authorization (including certified copy of board and/or general meeting resolution(s)); and
 - Any other relevant documents.
93. In case the number of Shares validly tendered in the Offer by the Shareholders are more than the Shares to be acquired under the Offer, the acquisition of Shares from each shareholder will be on a proportionate basis in such a way that the acquisition from any shareholder shall not be less than the minimum marketable lot, or the entire holding if it is less than the marketable lot. As the Shares trade

in the compulsory dematerialized settlement segment of BSE and NSE, the minimum marketable lot for the Shares is 1 (one).

94. The Acquirer intends to complete all formalities, including the payment of consideration within a period of 10 (ten) working days from the closure of the tendering period, (i.e., October 31, 2012) and for the purpose open a special account as provided under Regulation 21(1) of the SEBI (SAST) Regulations, provided that where the Acquirer is unable to make the payment to the Eligible Shareholders who have accepted the Offer before the said period of 10 (ten) working days due to non-receipt of requisite statutory approvals, SEBI may, if satisfied that non-receipt of requisite statutory approvals was not due to any willful default or neglect of the Acquirer or failure of the Acquirer to diligently pursue the applications for such approvals, grant extension of time for the purpose, subject to the Acquirer agreeing to pay interest to the Shareholders for delay beyond such 10 (ten) working days period, as may be specified by SEBI from time to time.
95. The unaccepted share certificates, transfer forms and other documents, if any, would be returned by registered post at the Shareholders' sole risk. Unaccepted Shares held in dematerialised form will be credited back to the beneficial owners' depository account with the respective Depository Participant as per details received from their Depository Participant. It will be the responsibility of the Shareholders to ensure that the unaccepted Shares are accepted by their respective Depository Participants when transferred by the Registrar to the Offer. Shareholders holding Shares in dematerialized form are requested to issue the necessary standing instruction for the receipt of the credit, if any, in their DP account. Shareholders should ensure that their depository account is maintained till the Offer formalities are completed.
96. The Registrar to the Offer will hold in trust the Form of Acceptance, Shares, share certificates, transfer deed(s) and/or other documents on behalf of the shareholders of the Target Company who have accepted this Offer, until the warrants/cheques/drafts for the consideration are dispatched and unaccepted share certificate/Shares, if any, are dispatched/returned to the relevant Shareholders.
97. Payment to those Shareholders whose share certificates and/or other documents are found valid and in order and are approved by the Acquirer, will be by way of a crossed account payee cheque/ demand draft/pay order/through Direct Credit ("DC")/National Electronic Clearance System ("NECS")/Electronic Clearing Services ("ECS")/National Electronic Funds Transfer ("NEFT")/Real Time Gross Settlement ("RTGS"). So as to avoid fraudulent encashment in transit, the Shareholder(s) holding Shares in physical form should provide details of bank account of the first/sole shareholder as provided in the Form of Acceptance-cum-Acknowledgment and the consideration cheque or demand draft will be drawn accordingly. For Shares that are tendered in dematerialised form, the bank account details as obtained from the beneficiary position download to be provided by the depositories will be considered and the payment shall be processed with the said bank particulars, and not any details provided in the Form of Acceptance-cum-Acknowledgment. In case of shareholder(s) holding Shares in physical form, if the bank account details are not provided, then the consideration will be dispatched in the name of the sole/first named holder at his registered address (at their own risk). The decision regarding (i) the acquisition (in part or full), of the Shares tendered pursuant to the Offer, or (ii) rejection of the Shares tendered pursuant to the Offer along with (a) any corresponding payment for the acquired Shares and/or (b) return of share certificates for any rejected Shares or Shares accepted in part, will be dispatched to the Shareholders by registered post or by ordinary post as the case may be, at the Shareholder's sole risk. Shares held in dematerialized form to the extent not acquired 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-Acknowledgment.
98. For Shareholders who do not opt for electronic mode of transfer or whose payment consideration is rejected/not credited through DC/NECS/ECS/NEFT/RTGS, due to technical errors or incomplete/incorrect bank account details, payment consideration will be dispatched through registered post at the Shareholder's sole risk.

99. All cheques/demand drafts /pay orders will be drawn in the name of the first holder, in case of joint holder(s). In case of unregistered owners of Shares, payment will be made in the name of the person stated in the contract note.
100. A copy of this Letter of Offer (including Form of Acceptance-cum-Acknowledgment) is expected to be available on SEBI's website (<http://www.sebi.gov.in>) during the period the Offer is open and may also be downloaded from the site.
101. Compliance with Tax Provisions:

General

- As per the provisions of Section 195(1) of the Income tax Act, 1961("IT Act"), any person responsible for paying to a non-resident any sum chargeable to tax is required to deduct tax at source (including surcharge and education cess as applicable). Since the consideration payable under the Offer would be chargeable to capital gains or as business profits or interest income (if any), as the case may be, under the provisions of the I-T Act, the Acquirer is required to deduct taxes at source (including surcharge and education cess), as applicable.
- Resident and non-resident Shareholders (including FIIs and FII sub-accounts) as per the I-T Act are required to submit their Permanent Account Number ("PAN") for income-tax purposes. In case the PAN is not submitted (including where such PAN has been applied for but not obtained), or is invalid or does not belong to the Shareholder, the Acquirer will arrange to deduct tax at the rate of 20% (twenty percent) or at the rates in force or at the rate specified in the relevant provisions of the I-T Act, or at the maximum rate as discussed in paragraphs below, whichever is higher.
- In case of ambiguity, incomplete or conflicting information or the information not being provided to the Acquirer, it would be assumed that the Shareholder is a non-resident Shareholder and taxes shall be deducted at the maximum rate as may be applicable to the relevant category to which the Shareholder belongs under the I-T Act, on the gross consideration towards acquisition of Shares and interest, if any, payable to such Shareholder under the Offer.
- Securities transaction tax will not be applicable to the Shares accepted in this Offer.
- The provisions contained under clause above shall apply notwithstanding anything contrary contained in paragraphs below.
- All references to maximum rate include applicable surcharge and education cess, as may be applicable.

Withholding tax implications for Non-resident Shareholders (other than FIIs and FII sub-accounts)

- While tendering Shares under the Offer, all non-resident Shareholders (other than FIIs and FII sub-accounts) including NRIs/OCBs/foreign Shareholders shall be required to submit a valid No Objection Certificate ("NOC")/Tax Clearance Certificate ("TCC") issued by the Income-tax authorities under Section 195(3) or Section 197 of the I-T Act along with the Form of Acceptance-cum-Acknowledgement, indicating the amount of tax to be deducted by the Acquirer/PAC before remitting the consideration (and the interest, if any). The Acquirer/PAC will arrange to deduct taxes at source in accordance with such NOC/TCC only if the NOC/TCC has been submitted along with the Form of Acceptance-cum-Acknowledgement and the NOC/TCC is valid and effective as of the date on which tax is required to be deducted at source.
- In case the aforesaid NOC or TCC is not submitted as aforesaid or is otherwise not valid and effective as of the date on which tax is required to be deducted at source, the Acquirer/PAC will arrange to deduct tax at the maximum rate as may be applicable to the relevant category to which the Shareholder belongs under the I-T Act, on the gross consideration towards acquisition of Shares and interest, if any, payable to such Shareholder under the Offer.

Withholding tax implications for FIIs and FII sub-accounts

- As per the provisions of Section 196D(2) of the I-T Act, no deduction of tax at source will be made from any income by way of capital gains arising from transfer of securities referred to in Section 115AD of the I-T Act to a FII, as defined in Section 115AD of the I-T Act. The Acquirer would not withhold tax on the purchase consideration to a FII or FII sub-account subject to the receipt of a confirmation from the FII or the FII sub-account, as the case may be, confirming the following:
 - Residential status of the FII / FII sub-account
 - FII / FII sub-account is holding the Shares in the Target Company on the capital account and not on the trade account as on the date of tendering the Shares under this Offer;
 - Income arising from sale of the Shares of the Target Company is in nature of capital gain and not business income in the hands of the FII / FII sub-account; and
 - FII / FII sub-account neither has a business connection in India as defined in Explanation 2 to Section 9(1)(i) of the I-T Act (along with the provisos thereto) nor a permanent establishment in India under any treaty (if applicable) to the FII / FII sub-account.
- In the absence of the confirmation specified in the paragraph above, the Acquirer will deduct tax at the maximum rate applicable to the category to which such FII / FII sub-account belongs on the gross consideration payable to such FII / FII sub-account towards acquisition of Shares under this Offer. Should the FII / FII sub-account submit a NOC or TCC from the Income-tax authorities while tendering the Shares, indicating the amount of tax to be deducted by the Acquirer under the I-T Act, the Acquirer will deduct tax in accordance with such NOC/TCC only if the NOC/TCC has been submitted along with the Form of Acceptance-cum-Acknowledgement and the NOC/TCC is valid and effective as of the date on which tax is required to be deducted at source.
- In respect of interest income, should the FII / FII sub-account submit a NOC or TCC from the Income tax authorities indicating the amount of tax to be deducted by the Acquirer/PAC under the I-T Act, the Acquirer will deduct tax in accordance with the NOC/TCC so submitted only if the NOC/TCC has been submitted along with the Form of Acceptance-cum-Acknowledgement and the NOC/TCC is valid and effective as of the date on which tax is required to be deducted at source. In absence of such NOC/TCC, the Acquirer will arrange to deduct tax at the maximum rate applicable to the category to which such FII / FII sub-account belongs.

Withholding tax implications for resident Shareholders

- In the absence of any specific provision under the I-T Act, the Acquirer will not deduct tax on the consideration payable to resident Shareholders for acquisition of Shares under this Offer.
- The Acquirer will deduct the tax at the stipulated rates (including applicable surcharge, education cess and secondary higher education cess) on interest, if any, payable to resident Shareholders, if amount of interest payable is in excess of Rs.5,000/- (Rupees Five Thousand only) as per the provisions of Section 194A the I-T Act.
- The resident Shareholder claiming no tax is to be deducted or tax to be deducted at a lower rate on interest amount, should submit along with the Form of Acceptance-cum-Acknowledgement an NOC or TCC from the income-tax authorities indicating the amount of tax to be deducted by the Acquirer or, in the case of resident Shareholder not being a company or firm, a self declaration in Form 15G or Form 15H as may be applicable. The self-declaration in Form 15G or Form 15H would not be valid unless the Shareholder furnishes PAN in such declaration. In case the aforesaid NOC or TCC or Form 15G or 15H, if applicable, is not submitted, and the amount of interest payable exceeds Rs. 5,000/- (Rupees Five Thousand only), the Acquirer/PAC will arrange to deduct tax at the maximum rate as may be applicable to the category of the Shareholder under the I-T Act. Also, no tax is to be deducted on interest amount in the case of resident Shareholder being an entity specified under Section 194A(3)(iii) of the I-T Act if it submits a self attested copy of the relevant registration, or notification along with the Form of Acceptance-cum-Acknowledgement.

Issue of tax deduction at source certificate

- The Acquirer will issue a certificate in the prescribed form to the Shareholders (resident and non-resident) who have been paid the consideration and interest, if any, after deduction of tax on the same certifying the amount of tax deducted and other prescribed particulars in accordance with the provisions of Section 203 of the I-T Act read with the Income-tax Rules, 1962. This certificate shall be issued only to those Shareholders who have reported their valid PAN as no certificate can be generated from the Income-tax Database for those who do not have a valid PAN

Withholding taxes in respect of overseas jurisdictions

- Apart from the above, the Acquirer will be entitled (but not obligated) to withhold tax in accordance with the tax laws applicable in the overseas jurisdiction where the non-resident Shareholder is a resident for tax purposes ("Overseas tax") provided the non-resident Shareholder has represented in the Form of Acceptance-cum-Acknowledgement the quantum of the Overseas tax to be withheld as per the relevant tax laws of the country in which the non-resident Shareholder is a tax resident and the Acquirer will be entitled to rely on this representation at their/its sole discretion.

102. Shareholders who wish to tender their Shares must submit the following information/documents, as applicable, along with the Form of Acceptance-cum-Acknowledgement:

Information requirement from non-resident Shareholder

- Self attested copy of PAN card
- Confirmation in respect of residential status (for tax purposes), status of Shareholders (e.g. Individual, HUF, Firm, Company, FII, Trust, or any other - please specify)
- In case of FII / FII sub-account, confirmation as referred in paragraph 101 above
- NOC or TCC from the Income tax authorities
- Self attested copy of SEBI registration certificate for FII / FII sub-account

Information requirement in case of resident Shareholder

- Self attested copy of PAN card
- Confirmation in respect of residential status (for tax purposes), status of Shareholders (e.g. Individual, Firm, Company, Trust, or any other - please specify)
- NOC or TCC from the Income tax authorities (applicable only for the interest payment, if any)
- If applicable, self declaration form in Form 15G or Form 15H (in duplicate), as applicable
- For specified entities under Section 194A(3)(iii) of the I-T Act – Self attested copy of relevant registration or notification (applicable only for the interest payment, if any)

103. The tax deducted under this Offer is not the final liability of the Shareholders or in no way discharges the obligation of Shareholders to disclose the amount received pursuant to this Offer. The tax rates and other provisions may undergo change.

104. All Shareholders are advised to consult their tax advisors for the treatment that may be given by their respective assessing officers in their case, and the appropriate course of action that they should take. The Acquirer and the Manager to the Offer do not accept any responsibility for the accuracy or otherwise of such advice. The aforesaid treatment of tax deduction at source may not necessarily be the treatment also for filing the return of income.

VIII. DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection to the Shareholders at the office of the Manager to the Offer at 1st floor, Axis House, C-2, Wadia International Centre, P.B. Marg, Worli, Mumbai-400025, on any working day (i.e. Monday to Friday and not being a bank holiday in Mumbai) between 10:30 a.m. to 1:00 p.m. from the date of opening of the Offer until the closure of this Offer:

- Certified true copies of the Certificate of Incorporation, Memorandum and Articles of Association of the Acquirer
- Firm financial arrangements Certificate to fulfill the Offer obligations dated July 13, 2012 from Ms Geetha Suryanarayanan of M/s. Deloitte Haskins & Sells, Statutory Auditors of the Acquirer, Annual reports of the Tube Investments of India Limited (Acquirer) for the financial years ending March 31, 2012, March 31, 2011 and March 31, 2010
- Annual Reports of Shanthi Gears (Target Company) for the financial years ending March 31, 2012, March 31, 2011 and March 31, 2010
- Letter from the HSBC Bank dated July 17, 2012 and August 30, 2012 confirming the amount kept in the Escrow Account and a lien in favour of the Manager
- Share Purchase Agreement - between Tube Investments of India Limited and Promoters dated July 13, 2012
- A copy of the Public Announcement dated July 13, 2012, published copy of the Detailed Public Statement – dated July 19, 2012
- A copy of the recommendation made by the TC's Independent Directors Committee.
- A copy of the comments letter from SEBI dated September 27, 2012.
- A copy of the Agreement with the Depository Participant for opening a special depository account for the purpose of the Offer.
- Deed of Adherence between the Target Company, the Acquirer and the Promoters dated July 30, 2012

Manager to the Offer, for and on behalf of the Acquirer

ENAM Securities Private Limited

ENAM

IX. DECLARATION BY THE ACQUIRER

For the purpose of disclosures in this Letter of Offer relating to the Target Company and the Sellers, the Acquirer has relied on the information provided by the Target Company and/or the Sellers and has not independently verified the accuracy of details of the Target Company and/or the Sellers. Subject to the aforesaid, the Acquirer, and the Directors of the Acquirer accept full responsibility for the information contained in this Letter of Offer and also accept responsibility for the obligations of the Acquirer as laid down in the SEBI (SAST) Regulations. The Acquirer shall be severally and jointly responsible for ensuring compliance with the SEBI (SAST) Regulations.

By Order of the Board,

For and on behalf of Tube Investments of India Limited (Acquirer)

Sd/ -

Authorized Signatory

Place: Mumbai

Date: October 4, 2012.

Encl: 1) Form of Acceptance-cum-Acknowledgement
2) Mandate Form

FORM OF ACCEPTANCE-CUM-ACKNOWLEDGEMENT

Shanthi Gears Limited Open Offer

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**(Please send this Form of Acceptance with enclosures to any of the Collection Centres as mentioned in the Letter of Offer)**

(All terms and expressions used herein shall have the same meaning as ascribed thereto in the Letter of Offer)

From

OFFER OPENS ON	Tuesday, October 16, 2012
OFFER CLOSES ON	Wednesday, October 31, 2012

Folio NO./DP ID No./Client ID No.:

To

The Acquirer:**Tube Investments of India Limited**

Dare House', 234, N S C Bose Road,

Chennai - 600 001, India.

Tel No: (044)-4217 7770-6

Fax no. (044)-4211 0404

Dear Sir,

Sub: **Open offer ("Offer") for acquisition of 2,12,46,122 equity shares of Shanthi Gears Limited ("Target Company") of Re. 1/-each at a price of Rs. 81/- per equity share by Tube Investments of India Ltd ("Acquirer"), in compliance with Regulations 3(1) and 4 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and subsequent amendments thereto ("SEBI (SAST) Regulations")**

I/We refer to the Public Announcement dated July 13, 2012, Detailed Public Statement dated July 20, 2012 and the Letter of Offer for acquiring the equity shares held by me/us in Shanthi Gears Limited.

I/We, the undersigned, have read the Public Announcement, Detailed Public Statement and Letter of Offer and understood their contents including the terms and conditions mentioned therein.

☐ SHARES IN DEMATERIALIZED FORM

I/We, holding Shares in the dematerialized form, accept the Offer and enclose the photocopy of the Delivery Instruction in "Off-market" mode, duly acknowledged by the Depository Participant ("DP") in respect of my Shares as detailed below:

DP Name	DP ID	Client ID	Beneficiary Name	No. of Shares

I/We have executed an off-market transaction for crediting the Shares to the Special Depository Account as per the details below

- ☐ via a delivery instruction from my account with NSDL
- ☐ via an inter-depository delivery instruction from my account with CDSL

Depository Name	National Securities Depository Ltd. (NSDL)
Account Name	KCPL-SHANTHI GEARS LTD-OPEN OFFER ESCROW A/C
DP Name	Karvy Stock Broking Limited
DP ID Number	IN300394
Beneficiary Account Number	18470576
ISIN	INE631A01022
Market	Off Market
Date of Credit	On or before October 31 , 2012

Shareholders should ensure that the Shares are credited in the aforementioned account before the close of business hours on October 31 , 2012.

I/We note and understand that the Shares would lie in the Special Depository Account until the time the Acquirer dispatches the purchase consideration as mentioned in the Letter of Offer. I/We also note and understand that the Acquirer will pay the purchase consideration only after verification of the documents and signatures.

Tear along this line

Acknowledgement Slip
Shanthi Gears Limited Open Offer

Received from Mr./Ms. _____ a Form of Acceptance-cum-Acknowledgement for _____ Shares along with:

- ☐ Copy of depository instruction slip from DP ID _____ Client ID _____
- ☐ _____ Share certificate(s) _____ transfer deed(s) under folio number(s) _____
- for accepting the Offer made by the Acquirer.

Stamp of Collection Centre:		Signature of Official		Date of Receipt	
--	--	----------------------------------	--	------------------------	--

☐ **SHARES IN PHYSICAL FORM**

I/We accept the Offer and enclose the original share certificate(s) and duly signed transfer deed(s) in respect of my/our Shares as detailed below.

Sr. No.	Ledger Folio No.(s)	Certificate No(s)	Distinctive No.(s)		No. of Shares
			From	To	
1					
2					
3					
4					
5					
(In case the space provided is inadequate, please attach a separate sheet with details)					
Total No. of Equity Shares					

I/We note and understand that the Registrar to the Offer will hold the original share certificate(s) and valid share transfer deed in trust for me/us until the time the Acquirer dispatches the purchase consideration as mentioned in the Letter of Offer. I/We also note and understand that the Acquirer will pay the purchase consideration only after verification of the documents and signatures.

For all shareholders*

I / We, confirm that our residential status for the purposes of tax is:

☐ Resident ☐ Non-resident. If yes, please state country of tax residency - _____

I / We, confirm that our status is:

☐ Individual ☐ Firm
☐ Company ☐ Association of Persons / Body of Individuals
☐ Trust ☐ Any other - please specify _____

For FII and FII sub-account shareholders

I/We hereby confirm

- ☐ FII / FII sub-account is holding the Shares in the Target Company on the capital account and not on the trade account as on the date of tendering the Shares under this Offer
- ☐ Income arising from sale of the Shares of the Target Company is in nature of capital gain and not business income in the hands of the FII / FII sub-account
- ☐ FII / FII sub-account neither has a business connection in India as defined in Explanation 2 to Section 9(1)(i) of the I-T Act (along with the provisos thereto) nor a permanent establishment in India under any treaty (if applicable) to the FII / FII sub-account.

I / We, have enclosed the following documents:

- ☐ Self attested copy of PAN card
- ☐ SEBI registration certificate for FII (including sub – account of FII)
- ☐ Certificate from the Income-tax Authorities under Section 195 (3) / 197 of the I-T Act, wherever applicable
- ☐ Copy of RBI approvals, if any, for acquiring shares of Shanthi Gears Ltd hereby tendered in the Offer.

For Non-resident shareholders (other than FII and FII sub-accounts)

- ☐ Self attested copy of PAN card
- ☐ Certificate from the Income-tax Authorities under Section 195 (3) / 197 of the I-T Act, wherever applicable
- ☐ Copy of RBI approvals, if any, for acquiring shares of Shanthi Gears Ltd hereby tendered in the Offer.

I/We confirm that _____ [please specify the amount / rate of Overseas tax to be withheld] is deductible on the entire consideration towards Overseas tax as per the relevant tax laws of the country in which I/we am/are a tax resident. (Refer paragraph 101 of the Letter of Offer)

***All shareholders are advised to refer to paragraph 101 on taxation of the Letter of Offer regarding important disclosures on taxation of the consideration to be received by them.**

For Resident shareholders

I / We have enclosed the following documents:

- ☐ Self attested copy of PAN card
- ☐ Certificate from the Income-tax Authorities under Section 197 of the I-T Act, wherever applicable
- ☐ Self declaration form in Form 15G / Form 15H (in duplicate), if applicable
- ☐ For specified entities under Section 194A(3)(iii) of the Income Tax Act, 1961, self-attested copy of relevant Registration or notification (applicable only for interest payment, if any)

----- Tear along this line -----

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

Karvy Computershare Private Limited

Unit : – Tube Investments of India Ltd- Open Offer

Plot nos. 17-24, Vithalrao Nagar Madhapur, Hyderabad - 500 081.

Tel: +91 40 44655000 / 23420815-23,

Fax: +91 40 23431551

E-mail: murali@karvy.com

SEBI Registration Number: INR000000221

Contact Person: Mr. M. Murali Krishna/ Mr.R. Williams

website : www.karisma.karvy.com

I/We confirm that the equity shares of Shanthi Gears Limited, which are being tendered herewith by me/us under the Offer, are free from liens, charges and encumbrances of any kind whatsoever.

I/We authorize the Acquirer to accept the Shares so offered which it may decide to accept in consultation with the Manager to the Offer and in terms of the Letter of Offer and I/We further authorize the Acquirer to return to me/us, share certificate(s)/Shares in respect of which the Offer is not found valid/not accepted without specifying the reasons thereof.

I/We authorize the Acquirer and the Registrar to the Offer and the Manager to the Offer to send by Registered Post as may be applicable at my/our risk, the draft/cheque/warrant, in full and final settlement of the amount due to me/us and/or other documents or papers or correspondence to the sole/first holder at the address mentioned below. In case I have tendered my Shares in dematerialized form, I authorize the Acquirer and the Registrar to the Offer and the Manager to the Offer to use my details regarding my address and bank account details as obtained from my Depository Participant for the purpose of mailing the aforementioned instruments.

I/We authorize the Acquirer to accept the Shares so offered or such lesser number of Shares that it may decide to accept in terms of the Letter of Offer and I/We authorize the Acquirer to split / consolidate the share certificates comprising the Shares that are not acquired to be returned to me/us and for the aforesaid purposes the Acquirer is hereby authorized to do all such things and execute such documents as may be found necessary and expedient for the purpose.

Bank Details

So as to avoid fraudulent encashment in transit, the shareholder(s) holding Shares in physical form should provide details of bank account of the first/sole shareholder and the consideration cheque or demand draft will be drawn accordingly. For Shares that are tendered in demat form, the Bank account as obtained from the beneficiary position download to be provided by the depositories will be considered and the warrants will be issued with the said Bank particulars, and not any details provided herein.

Name of the Bank		Branch	
Account Number		Savings/Current/ (Others: please specify)	

Yours faithfully,

Signed and Delivered

	Full Name(s) of the Shareholders	Signature
First/Sole Holder		
Joint Holder 1		
Joint Holder 2		
Joint Holder 3		

Address of First/Sole Shareholder

Place:

Date:

The details of the collection centres are as follows:

Sl. No.	Collection Center	Address of Collection Center	Contact Person	Phone No.	Fax	Mode of Delivery
1.	Mumbai(Andheri)	Karvy Computershare Pvt Ltd 7, Andheri Industrial Estate, Off. Veera Desai Road, Andheri West, Mumbai 400053	Ms. Neelam	022-26730799	N.A	Hand Delivery
2.	Mumbai (Fort)	Karvy Computershare. Pvt Ltd. 24-B, Rajabahadur Mansion, Gr Floor 6 Ambalal Doshi Marg, Behind BSE Ltd, Fort Mumbai-400001	Ms.Nutan Shirke	022-66235454/ 66235412/27	022-66331135	Hand Delivery
3.	New Delhi	Karvy Computershare Pvt. Ltd. 305, New Delhi House, 27, Barakhamba Road, Connaught Place, New Delhi - 110 001	Mr. Rakesh Kr Jamwal/ Mr. Vinod Singh Negi / Mr. John Mathew	011-43681700	011- /41036370	Hand Delivery
4.	Ahmedabad	Karvy Computershare Pvt Ltd. 201-203,Shail Bldg, Opp: Madhusudhan House Behind Girish Cold Drinks Off C G Road Ahmedabad 380 006	Mr.Aditya Gupta/ Mr. Robert Joeboy	079-66614772/ 26400527	NA	Hand Delivery
5.	Chennai	Karvy Computershare Pvt Ltd. No.F11 First Floor Akshya Plaza New no.108 Adhithanar Salai Egmore, Chennai 600 002	Mr. K.Gunasekaran	044-28587781	NA	Hand Delivery
6.	Hyderabad	Karvy Computershare Pvt Ltd. Plot No 17-24, Vithalrao Nagar, Madhapur, Hyderabad 500 081	Mr. Bhakta Singh	040-23420818- 23/44655000	040-23431551	Hand Delivery/ Regd Post
7.	Kolkata	Karvy Computershare Pvt Ltd. 49, Jatin Das Road, Nr.Deshpriya Park, Kolkata 700 029	Mr. Sujit Kundu/ Mr. Debnath	033-24644891	033-24644866	Hand Delivery
8.	Bengaluru	Karvy Computershare Pvt Ltd. No.59, Skanda, Puttanna Road, Basavanagudi Bengaluru 560 004	Mr. S K Sharma/ Mr. Mahadev	080- 26621192	080-26621169	Hand Delivery
9	Coimbatore	Karvy Stock Broking Ltd 482/483, SNV ChambersCross Cut Road Opp Power House Coimbatore-641012	Ms.Elizabeth Sofia	0422-4343211	NA	Hand Delivery
10	Pune	Karvy Computershare Pvt Ltd. Shrinath Plaza, C wing, Office No.58&59, 3rd Floor, Dyaneshwar Paduka Chowk, Sino.184/4.Off-FC Road. Pune 411004	Ms. Sandhya	020-25533795/ 25532078/ 25533592	NA	Hand Delivery

Note: Business Hours: Monday to Friday 10:00 AM to 1.00 PM and 2.00 PM to 4:30 PM, except Public Holidays

INSTRUCTIONS:

PLEASE NOTE THAT NO SHARES / FORMS SHOULD BE SENT DIRECTLY TO THE ACQUIRER OR TO THE MANAGER TO THE OFFER

- (1) All queries pertaining to the Offer may be directed to the Registrar to the Offer.
- (2) **Shareholders holding registered physical Shares** should submit the Form duly completed and signed in accordance with the instructions contained therein, by the holders of the Shares, along with the original equity share certificate(s) and valid equity share transfer form(s) duly signed as per the specimen signatures lodged with the Target Company and duly witnessed at the appropriate place. Please do not fill in any other details in the transfer deed.
- (3) **Shareholders holding Shares in dematerialised form** should submit the Form duly completed and signed in accordance with the instructions contained therein by all the beneficial holders of the Shares, as per the records of the Depository Participant ("DP").
- (4) **In case of shares held in joint names**, names should be filled up in the same order in the Form and in the transfer deed(s) as the order in which they hold Shares in the Target Company, and should be duly witnessed. This order cannot be changed or altered nor can any new name be added for the purpose of accepting the Offer.
- (5) **In case where the signature is subscribed by thumb impression**, the same shall be verified and attested by a Magistrate, Notary Public or Special Executive Magistrate or a similar authority holding a Public Office and authorized to use the seal of his office.
- (6) **Persons who own physical Shares (as on the Specified Date or otherwise) but are not the registered holders** of such Shares and who desire to accept the Offer, will have to communicate their acceptance in writing to the Registrar to the Offer together with the original contract note issued by the broker, the share certificate(s), the transfer deed(s) with the buyers details not filled in and other relevant documents. In case the share certificate(s) and transfer deed(s) are lodged with the Target Company/its transfer agents for transfer, then the Form shall be accompanied by the acknowledgment of lodgment with, or receipt by, the Target Company/its transfer agents, of the share certificate(s) and transfer deed(s). Persons under this clause should submit their acceptance and necessary documents by registered post or in person to the Registrar at their offices as mentioned above.
The sole/first holder may also mention particulars relating to savings/current account number and the name of the bank and branch with whom such account is held in the respective spaces allotted in the Form, to enable the Registrar to print the said details in the cheques after the name of the payee.
In order to avail Electronic Clearing Service ("ECS") for receipt of consideration, the attached ECS mandate form needs to be duly filled in and signed by the Sole/First Shareholder and submitted with the Form before the closure of the Offer.
- (7) **Non-resident Shareholders** should enclose copy(ies) of permission received from the Reserve Bank of India to acquire Shares held by them in the Target Company. OCBs (as defined under FEMA) are requested to seek a specific approval of the Reserve Bank of India for tendering their shares and a copy of such approval must be provided along with other requisite documents.
- (8) **Shareholders** are also advised to refer to paragraph 101 of the Letter of Offer regarding important disclosures on taxation of the consideration to be received by them.
- (9) NRIs, OCBs and foreign shareholders are required to furnish Banker's Certificate certifying inward remittances of funds for acquisition of shares of the Target Company.
- (10) **In case of bodies corporate**, certified copies of appropriate authorization (including Board/shareholder resolutions, as applicable) authorizing the sale of Shares along with specimen signatures duly attested by a bank must be annexed. The common seal should also be affixed.
- (11) **All the Shareholders** should provide all relevant documents which are necessary to ensure transferability of the Shares in respect of which the acceptance is being sent. Such documents may include (but not be limited to):
 - (a) Duly attested death certificate and succession certificate (in case of single shareholder) in case the original shareholder has expired.
 - (b) Duly attested power of attorney if any person apart from the shareholder has signed acceptance form or transfer deed(s).
 - (c) No objection certificate from any lender, if the Shares in respect of which the acceptance is sent, were under any charge, lien or encumbrance.

MANDATE FORM
ELECTRONIC CLEARING SERVICE (CREDIT CLEARING)

Tube Investments of India Limited

Dare House', 234, N S C Bose Road,
Chennai - 600 001, India.

Tel No: (044)-4217 7770-6

Fax no. (044)-4211 0404

Dear Sirs:

I am pleased to participate in the Electronic Clearing Services (ECS) introduced by the Reserve Bank of India (RBI). The particulars of my Bank Account to which the payment of Offer consideration may be electronically credited are as follows:

1. Name of Sole/First Holder of shares : _____
2. Folio No. : _____
3. Name of the Bank : _____

4. Branch address of Bank to which : _____
consideration amount to be credited

5. 9-digit Code Number of the Bank and : _____
Branch appearing on the MICR cheque
issued by your Bank. This is mentioned on
the MICR band next to the cheque number.
**(Please attach blank "cancelled" cheque or
a photo copy thereof).**
6. Account Type (tick one) : ☐ Savings ☐ Current ☐ Cash Credit
7. Ledger Folio of your Bank Account : _____
(If any, appearing on your cheque book)
8. Account No. (as appearing on your : _____
cheque book)

I hereby declare that the particulars given above are correct and complete. If the payment of Offer consideration is delayed or not effected at all for reasons of incomplete or incorrect information, I would not hold the Company responsible.

Date:

.....
Signature of Sole/First Holder

In case the shareholder is not in a position to give blank "cancelled" cheque or a photo copy thereof, a certificate of the shareholder's Bank may be furnished as under:

Certificate of the Shareholder's Bank

(To be submitted only if blank "cancelled" cheque or a photo copy thereof is not enclosed)

Certified that the particulars furnished above are correct as per our records.

Bank's Stamp:

Date:

Signature of the Authorized Official of the Bank