DETAILED PUBLIC STATEMENT TO THE SHAREHOLDERS OF SHANTHI GEARS LIMITED IN TERMS OF REGULATION 13(4) READ WITH REGULATIONS 14 AND 15(2) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 2011

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Open Offer for Acquisition of up to 2,12,46,122 fully paid up Equity Shares from the shareholders of Shanthi Gears Limited ("Target Company") by Tube Investments of India Limited ("Acquirer").

This Detailed Public Statement ("DPS") is being issued by Enam Securities Private Limited ("ENAM" or "Manager to the Offer"), for and on behalf of Tube Investments of India Limited (the "Acquirer"), to the equity shareholders of Shanthi Gears Limited (the "Target Company") pursuant to and in compliance with Regulation 13(4) and other applicable provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations 2011 and subsequent amendments thereto ("SEBI (SAST) Regulations" or the "Regulations"), pursuant to the Public Announcement ("PA") filed on July 13, 2012 with BSE Limited ("BSE"), the National Stock Exchange of India Limited ("NSE") and the Target Company at its registered office and filed on July 16, 2012 with Securities and Exchange Board of India ("SEBI") in terms of Regulations 3(1) and 4 of the SEBI (SAST) Regulations.

I. ACQUIRER, TARGET COMPANY AND OFFER

A. Information on Acquirer

1. 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. It's registered and corporate office is located at Dare House, 234, N S C Bose Road, Chennai - 600 001, India. (Tel No: (044)-4217 7770-6, Fax No.: (044)-4211 0404). 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.
2. The Acquirer is listed on the BSE and NSE. The Acquirer had voluntarily delisted its shares from the Madras Stock Exchange Limited in April 2012.
3. 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, A. Keertika Unnamalai.
4. 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, Cholamandalam Investment and Finance Company Limited, Cholamandalam Securities Limited. Cholamandalam Distribution Services Limited, Cholamandalam 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, Cholamandalam 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.
5. The names of the Directors of the Acquirer are as follows: Mr. M M Murugappan, Mr. L Ramkumar, Mr. N Srinivasan, Mr. Pradeep V Bhide, Mr. C K Sharma, Mr. Pradeep Mallick, Mr. S Sandilya and Mr. R Srinivasan.
6. The Acquirer has not been prohibited by SEBI from dealing in securities in terms of Section 11B of the Securities and Exchange Board of India Act, 1992, as amended (the "SEBI Act"), or under any of the regulations made under the SEBI Act.
7. Presently, the Acquirer, its Directors and its management personnel do not have any ownership interest in the Target Company except the proposal of the Acquirer to purchase Sale Shares of the Target Company under the Share Purchase Agreement ("SPA") as mentioned in the paragraph II (2). Mr. V Arunachalam and M/s. Pressmet Private Ltd (forming part of Promoter Group of Acquirer) hold 2,950 and 6,500 equity shares respectively constituting 0.0036% and 0.0080% of paid up share capital of Target Company respectively.
8. The financial details of the Acquirer on a consolidated basis is as follows:

(Amount in ₹ Crores except EPS)

Particulars	For the Financial Year ended March 31, 2012 (Audited)	For the Financial Year ended March 31, 2011 (Audited)	For the Financial Year ended March 31, 2010 (Audited)
Total Revenue *	6456.36	5067.71	3181.46
Net Income (Net Profit after tax after and minority interest)	268.91	195.90	112.26
Earning Per Share (EPS) - Basic	14.46	10.58	6.08
Earning Per Share (EPS) - Diluted	14.42	10.52	6.06
Net worth/Shareholders Fund	1310.05	1027.34	805.54

(Source: Annual Report of the Acquirer- FY 2011 and 2012)

* Total revenue represents income from operations and other income

B. Details of Sellers

1. The Sellers, as mentioned under the SPA are Mr. P Subramanian, M/s. Shanthi General Finance Private Limited and Shanthi Social Services.
2. Mr. P Subramanian, an Indian resident individual, residing at 4/3, GVM Street, Appusamy Naidu Layout, Red Fields, Coimbatore 641 045, Tamil Nadu, is the Promoter of the Target Company. He is also the Chairman and Managing Director of the Target Company.
3. M/s. Shanthi General Finance Private Limited is a private limited company, forming part of the Promoter Group of the Target Company, incorporated under the Companies Act, 1956 on April 1, 1985, with its registered office situated at 4/3, GVM Street, Appusamy Naidu Layout, Red Fields, Coimbatore 641 045, Tamil Nadu. Tel - 91 (422) 2273 722, Fax No - 91 (422) 2273 884. Its Company Identification Number (CIN) is U65921TZ1985PTC001582.
4. Shanthi Social Services, which forms part of the Promoter Group of the Target Company is a public charitable trust, established under the Indian Trusts Act, 1882, with its registered office situated at SF No. 128/2, Door No. 2249, Trichy Road, Singanallur, Coimbatore - 641 005, Tamil Nadu. Shanthi Social Services was formed vide Deed of Declaration of trust made on November 20, 1996 by P. Subramanian. The Trust Deed was registered as Doc. No. 238/1996 with the Sub-Registrar of Sulur at Coimbatore, Tamil Nadu.
5. Mr. P Subramanian, M/s. Shanthi General Finance Private Limited and Shanthi Social Services are part of Promoter and Promoter Group of the Target Company as disclosed in Stock Exchange filings of the Target Company.
6. Shareholding / voting rights of Sellers in the Target Company before and after the underlying Transaction is as follows:

Name	Part of promoter group (Yes / No)	Details of shares/voting rights held by the selling shareholders			
		Pre-Transaction		Post-Transaction	
		Number of shares	% of voting share capital	Number of shares	% of voting share capital
Mr. P Subramanian	Yes	2,82,50,291	34.57	Nil	Nil
Shanthi General Finance Private Limited	Yes	7,00,000	0.86	Nil	Nil
Shanthi Social Services	Yes	71,00,000	8.69	Nil	Nil
Total		3,60,50,291	44.12	Nil	Nil

7. The Sellers have not been prohibited by SEBI from dealing in securities in terms of Section 11B of the Securities and Exchange Board of India Act, 1992, as amended (the "SEBI Act"), or under any of the regulations made under the SEBI Act.

C. Information on the Target Company

(The disclosure mentioned under this section has been sourced from publicly available sources)

1. The Target Company is Shanthi Gears Limited (CIN L29130TZ1972PLC000649). 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 in to a public limited company consequent to which the word "Private" was deleted from its name. 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 id: cs@shanthigears.com, Website: www.shanthigears.com). The Target Company is a manufacturer 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 further renders consulting services in the area of industrial and windmill gear manufacturing including undertaking maintenance services with regard to the gears manufactured.
2. The Shares of the Target Company are listed on the BSE and NSE. The Target Company has voluntarily delisted its equity shares from the Madras Stock Exchange Limited and the Coimbatore Stock Exchange Limited on November 28, 2003 and March 31, 2004 respectively. 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 BSE & NSE. within the meaning of 2(1)(j) of 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).
3. The total authorised share capital of the Target Company is ₹ 10,00,00,000 consisting of 100,000,000 Equity Shares of ₹ 1/- each. As on March 31, 2012 the subscribed, issued and paid up share capital of the Target Company consist of 8,17,15,853 fully paid up equity shares of ₹ 1/- each aggregating ₹ 8,17,15,853. As on March 31, 2012, the Target Company did not have any outstanding partly paid-up equity shares.
4. The Directors of the Target Company are as follows: Mr. P Subramanian, Mr. M J Vijayaraaghavan, Dr. D Padmanaban, Mr. C G Kumar and Mr. M Alagiriswamy.
5. The standalone audited financial highlights of the Target Company for the last 3 (three) years are as given below;

(₹ in Crores except EPS)

Particulars	March 31, 2012	March 31, 2011	March 31, 2010
Total Income *	177.95	165.21	128.45
Net Income (Net Profit/(loss) after tax after minority interest)	28.13	27.86	16.18
Earnings Per Share (EPS) Basic	3.44	3.41	1.98
Earning Per Share (EPS) Diluted	3.44	3.41	1.98
Net worth/Shareholders Fund	247.84	229.21	210.85

(*Source: Annual Reports of the Target Company - 2011 and 2012*)

* Total Income represents income from operations and other income

D. Details of the Offer

1. This Open Offer is a mandatory offer being made by the Acquirer in compliance with Regulations 3(1) and 4 of the SEBI (SAST) Regulations pursuant to SPA as mentioned in Paragraph II below 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. The Acquirer is making an Open Offer to acquire upto 2,12,46,122 fully paid up equity Shares of the face value of ₹ 1 each ("Offer Share"), representing in aggregate 26% of the Share Capital of the Target Company as on 10th working day after closing of tendering period at a price of ₹ 81/- (Rupees Eighty One only) per fully paid up equity share payable in cash, ("**Offer Price**") in accordance with the provisions of the SEBI (SAST) Regulations and subject to the terms and conditions set out in this DPS and the letter of offer that will be circulated to the shareholders in accordance with the provisions of the SEBI (SAST) Regulations ("**Letter of Offer**").
3. The Offer Price will be paid in cash in accordance with Regulation 9(1)(a) of the SEBI (SAST) Regulations.
4. Pursuant to the completion of the Open Offer (assuming full acceptance in the Open Offer), the Acquirer would hold a maximum of 5,72,96,413 Equity Shares of the Target Company constituting 70.12% of the Equity Capital of the Target Company.
5. This Offer is being made to all the shareholders of the Target Company (other than the parties to the SPA). The Acquirer will acquire all the Offer Shares of the Target Company that are validly tendered as per the terms of the Offer as stated in the Letter of Offer (including the receipt of statutory and other approvals as mentioned in Para VI required for the acceptance of Shares by the Acquirer under the Offer), subject to a maximum of 2,12,46,122 shares being 26% of the Equity Capital of the Target Company as on 10th working day after closing of tendering period. There are no partly paid-up Shares in the Target Company.
6. As on the date of this DPS there are no outstanding convertible securities, depository receipts, warrants or instruments, issued by the Target Company, convertible into Shares of the Target Company.
7. All Shares validly tendered in the Open Offer will be acquired by the Acquirer in accordance with the terms and conditions set forth in this DPS and the 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 This Offer is not conditional upon any minimum level of acceptance in terms of Regulation 19 of SEBI (SAST) Regulations.
8. The Offer is not a competing offer in terms of Regulation 20 of SEBI (SAST) Regulations.
9. The Acquirer intends to complete the acquisition of the Sale Shares, as contemplated under the SPA, within 15 (fifteen) days of the completion of the conditions stipulated in the SPA.
10. In terms of Regulation 23(1) of the SEBI (SAST) Regulations, if any of the said conditions mentioned in paragraph VI are not obtained (including if refused) or otherwise complied with, the Acquirer may elect not to proceed with completion of the Transaction as envisaged under the SPA. In such an event, the Acquirer shall also have a right to withdraw this Offer in terms of Regulation 23(1)(c) of the SEBI (SAST) Regulations. In the event of withdrawal, a public announcement will be made within two (2) working days of such withdrawal, in the same newspapers in which this DPS has been published and such public announcement will also be sent to SEBI, the Stock Exchanges and to the Target Company at its registered office.
11. In terms of Regulation 25(2) of the SEBI (SAST) Regulations, as of date of this DPS, 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.
12. 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 (including but not limited to mergers with or between its subsidiaries), 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.
13. In terms of Clause 40A of the Listing Agreement with the BSE and the NSE, the Target Company is required to maintain at least 25% public shareholding for listing on a continuous basis. 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 Securities Contracts (Regulation) Rules, 1957, for the purpose of listing on continuous basis. Hence, the provisions of Regulation 7(4) of the SEBI (SAST) Regulations are not applicable.
14. The Acquirer proposes to appoint its nominees as directors on the Board of Directors of the Target Company after (i) the expiry of 15 working days from the date of this DPS and (ii) the Acquirer having deposited cash equivalent to 100% of the Open Offer consideration (assuming full acceptance) in the Open Offer Escrow Account (as defined below) in terms of Regulation 24(1) of the Regulations.
15. There are no persons acting in concert for the purpose of this Offer within the meaning of Regulation 2(1)(q) of the SEBI (SAST) Regulations.

II. BACKGROUND TO THE OFFER

1. The Acquirer to this Offer is Tube Investments of India Limited**.**
2. Tube Investments of India Limited ("the **Acquirer**"), a company incorporated under the Companies Act 1956, having its registered office at 'Dare House', 234, N S C Bose Road, Chennai 600 001 has 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 ₹ 1/- each representing 44.12% of the subscribed and issued equity share capital of the Target Company at a price of ₹ 81/- (Rupees Eighty One only) per equity share aggregating to approximately ₹ 292.01 crores payable in cash ("**Transaction**").
3. Pursuant to the proposed substantial acquisition of equity shares and consequent change in control of the Target Company contemplated under the SPA referred to in paragraph 2 above, this mandatory offer (the "Offer" or "Open Offer" is being made by the Acquirer in compliance with Regulation 3(1) and 4 of and other applicable provisions of SEBI (SAST) Regulations.
4. 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 ₹ 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 ₹ 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.
5. 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 ₹ 81/- (Rupees Eighty One only) per Sale Share, payable in cash, subject to the satisfaction of various condition 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, 1956, by way of a special resolution.
   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 Seller shall cause the persons nominated by Acquirer to be appointed to the Board of Directors of the Target Company and thereafter, cause all the existing directors to resign.
6. 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 substantially enhances Acquirers 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 SEBI (SAST) Regulations and other applicable laws.
7. The mode of payment of consideration for acquisition of the Sale Shares by the Acquirer is cash.
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.

III. SHAREHOLDING AND ACQUISITION DETAILS

1. As of the date of this DPS neither the Acquirer nor its Directors hold any shares in the Target Company. The proposed shareholding of the Acquirer in the Target Company and the details of acquisition are as follows:

Details	Acquirer	
	Number of Shares	%
Shareholding as on the PA date	Nil	Nil
Shares acquired between the PA date and the DPS date	Nil	Nil
Post Offer shareholding (*) (On Diluted basis,as on 10th working day after closing of tendering period)		
Scenario 1: Assuming Nil Shares are validly tendered in the Offer	36,050,291	44.12%
Scenario 2: Assuming 26% Shares are validly tendered in the Offer	57,296,413	70.12%

** 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 will 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.*

IV. THE OFFER PRICE

1. The Equity Shares of the Target Company are listed on BSE and NSE.
2. 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.

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)

3. Based on the parameters set out under Regulation 8(2) of the SEBI (SAST) Regulations for frequently traded stocks, the Offer Price of ₹ 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	₹ 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)	₹ 51.03 per equity share

* Mr. V Arunachalam (forming part of Promoter Group of Acquirer) acquired 1,500 equity shares of SGL at ₹ 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 ₹ 34.75/-) Mr. V Arunachalam is not acting in concert with the Acquirer for the purpose of the acquisition pursuant to the SPA and Open Offer.

4. There have been no corporate actions in the Target Company warranting adjustment of relevant pricing parameters.
5. In view of the parameters considered and presented above, in the opinion of the Acquirer and Manager to the Offer, the Offer Price of ₹ 81/- (Rupees Eighty One only) being the highest of the prices mentioned above, is justified in terms of Regulations 8(2) of the SEBI (SAST) Regulations.
6. 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, then 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.
7. 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 this DPS has appeared and the revised Offer Price would be paid for all Shares accepted under the Offer.
8. If there is any revision in the offer price on account of future purchases / competing offers, such revision will be done prior to the commencement of the last three 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, as more particularly set out in paragraph V (3) of this DPS; (ii) make a public announcement in the same newspapers in which this 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.

V. FINANCIAL ARRANGEMENTS

1. 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 ₹ 81/- (Rupees Eighty One only) per fully paid up Share is ₹ 1,720,935,882 (Rupees One Hundred Seventy Two Crores, Nine Lakhs, Thirty Five Thousand, Eight Hundred and Eight Two only**) ("Offer Consideration").**
2. 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.
3. In accordance with Regulation 17(1) of the SEBI (SAST) Regulations, the Acquirer has opened a "Cash Escrow Account" in the name and style as "Tube Investments - Shanthi Gears - Open Offer Escrow Account" 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 ₹ 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.
4. 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.
5. 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 ₹ 43,02,33,971 (Rupees Forty Three Crores Two Lakhs Thirty Three Thousand Nine Hundred Seventy One only) in favor of 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 regulations. The Bank Guarantee is valid upto November 2, 2012.
6. In case of any upward revision in the Offer Price or the Offer Size, the cash in the Cash Escrow Account and Bank Guarantee shall be increased by the Acquirer in terms of Regulation 17(2) of the SEBI (SAST) Regulations, prior to effecting such revision.
7. 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 (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.
8. 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. STATUTORY AND OTHER APPROVALS

1. 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.
2. Further, the proposed acquisition by the Acquirer together with the investments already made by the Acquirer, will be 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 is required for the Transaction including the Offer. Postal ballot notice has been sent to the shareholders by the Acquirer for seeking approval under Section 372A of the Act. Pursuant to Regulation 23(1)c of the SEBI (SAST) Regulations, the Transaction is subject to certain conditions precedent specified in the SPA.
3. As of the date of this PA, 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.
4. The Acquirer, in terms of Regulation 23 of SEBI (SAST) Regulations, will have a right not to proceed with the Offer in the event the statutory/other approvals indicated above are refused. In the event of withdrawal, a public announcement will be made in the same newspapers in which this PA is being made.
5. 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.
6. In terms of Regulation 23(1) of the SEBI (SAST) Regulations, if any of the conditions precedent and other conditions as stated in the SPA or approvals mentioned in paragraph VI (1) and (2) are not satisfactorily complied with or any of the statutory approvals are refused, the Acquirer has a right to withdraw the Offer. In the event of withdrawal, a public announcement will be made within two (2) working days of such withdrawal, in the same newspapers in which this DPS has been published and such public announcement will also be sent to SEBI, the Stock Exchanges and the registered office of the Target Company.
7. 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.

VIII. TENTATIVE SCHEDULE OF ACTIVITY

Activity	Date and Day
Public Announcement ("PA") Date	Friday, July 13, 2012
Date of publication of this DPS in newspapers	Friday, July 20, 2012
Filling of the draft letter of offer with SEBI alongwith the soft copies of the PA and this DPS	Friday, July 27, 2012
Last date for public announcement of a competing offer(s) being made	Friday, August 10, 2012
Identified Date *	Wednesday, August 22, 2012
Date by which Letter of Offer to be dispatched to shareholders	Wednesday, August 29, 2012
Last date for upward revision of the Offer Price or any increase in the Offer Size	Thursday, August 30, 2012
Last date for public announcement by the independent directors committee of the Target Company on their recommendation to the shareholders of the Target Company for this Offer	Monday, September 03, 2012
Date of publication of Offer opening public announcement in the newspapers where this DPS has been published	Tuesday, September 04, 2012
Date of commencement of the tendering period (Offer Opening Date)	Wednesday, September 05, 2012
Date of closure of the tendering period (Offer Closing Date)	Tuesday, September 18, 2012
Last date for communicating the rejection / acceptance; completion of payment of consideration or refund of Shares to the shareholders of the Target Company	Monday, October 1, 2012
Date of publication of post-offer public announcement in the newspapers where this DPS has been published	Monday, October 08, 2012
Last date for submission of the final report with SEBI	Monday, October 08, 2012

** Identified Date is only for the purpose of determining the names of the shareholders of the Target Company as on such date to whom the Letter of Offer would be sent. It is clarified that all the shareholders holding Shares of the Target Company (registered or unregistered) (except the parties to the SPA) are eligible to participate in this Offer any time before the closure of this Offer.*

IX. PROCEDURE FOR TENDERING THE EQUITY SHARES IN CASE OF NON RECEIPT OF LETTER OF OFFER

1. All shareholders holding Shares of the Target Company (other than the parties to the SPA) whether holding Shares in dematerialised form or physical form, registered or unregistered, are eligible to participate in this Offer any time during the tendering period.
2. 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 Wednesday, August 29, 2012 to the shareholders of the Target Company (other than parties to the SPA), whose names appear on the Register of members of the Target Company and to the owner of the Shares whose names appear as beneficiaries on the records of the respective depositories at the close of business hours on Wednesday, August 22, 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 Wednesday, August 29, 2012.
3. 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.
4. 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 DPS, 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.
5. Shareholders who wish to tender their Shares, held in physical form, will be required to send the FOA, 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 Tuesday, September 18, 2012 in accordance with the instructions to be specified in the Letter of Offer and in the Form of Acceptance-cum-Acknowledgement.
6. 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 Participant ("DP") 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 September 18, 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**").

7. Duly executed Form(s) of Acceptance along with share certificate(s) and share transfer form(s) should be sent only to the Registrar to the Offer and not to the Manager to the Offer or Acquirer or their advisors or Target Company.
8. 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 September 18, 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.
9. No indemnity would be required from unregistered shareholders regarding the title to the Shares.
10. In case of non-receipt of the Letter of Offer, the eligible persons may eligible shareholders may (i) download the same 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 Tuesday, September 18, 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 Tuesday, September 18, 2012.
11. A copy of the 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.
12. **The detailed procedure for tendering Shares in this Offer will be available in the Letter of Offer.**

X. OTHER INFORMATION

1. For the purpose of disclosures in this DPS 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 have not independently verified the accuracy of details of the Target Company and/or the Sellers. Subject to the aforesaid. Acquirer and its Directors accept the responsibility for the information contained in the Public Announcement and also for the obligations of the Acquirer laid down in the "SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011" and subsequent amendments made thereof.
2. Pursuant to Regulation 12 of the SEBI (SAST) Regulations, the Acquirer has appointed Enam Securities Private Limited Address: 1st Floor, Axis House, C-2, Wadia International Centre, P.B. Marg, Worli, Mumbai- 400025. Tel. No.: +91 22 4325 2525 Fax No: +91 22 4325 3000. Email: sgl@enam.com Website: www.enam.com Contact Person: Sachin K Chandiwal / Sonal Sinha as Manager to the Offer.
3. The Acquirer has appointed Karvy Computershare Private Limited as the Registrar to the Offer. 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 / R. Williams)
4. This DPS is expected to be available on the SEBI website at http://www.sebi.gov.in

Issued on behalf of the Acquirer by Manager to the Offer

MANAGER TO THE OFFER

ENAM

Enam Securities Private Limited
1st Floor, Axis House, C-2, Wadia International Centre,
P.B. Marg, Worli, Mumbai - 400025.
Tel. No.: + 91 22 4325 2525; 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

Place : Mumbai
Date : July 19, 2012

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