Post-Open Offer Report under Regulation 27(7) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011

POST OPEN OFFER REPORT

This Post Open Offer Report is being submitted by ENAM Securities Private Limited* ("**Manager to the Offer**"), on behalf of Tube Investments of India Limited ("**Acquirer**") in compliance with Regulation 27(7) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (**"SAST")**, in respect of the Open Offer made by Acquirer to acquire 2,12,46,122 equity shares ("**Equity Shares**") representing 26 % of the paid up Equity Share Capital of Shanthi Gears Limited ("**Target Company**"). Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Letter of Offer dated October 4, 2012 ("**LoF**").

A. Names of the parties involved

1.	Target Company (TC)	Shanthi Gears Limited
2.	Acquirer(s)	Tube Investments of India Limited
3.	Persons acting in concert with Acquirers (PAC(s))	There are no persons acting in concert in relation to the Offer within the meaning of Regulation 2(1)(q) of the SAST.
4.	Manager to the Open Offer	Enam Securities Private Limited*
5.	Registrar to the Open Offer	Karvy Computershare Private Limited

B. Details of the offer

Whether conditional offer – No
Whether voluntary offer – No
Whether competing offer – No

C. Activity Schedule

Sl. No.	Activity	Due dates as specified in the SAST Regulations	Actual Dates
1.	Date of the public announcement (PA)	July 13, 2012	July 13, 2012
2.	Date of publication of the Detailed Public Statement (DPS)	July 20, 2012	July 20, 2012
3.	Date of filing of draft letter of offer (LOF) with SEBI	July 27, 2012	July 27, 2012
4.	Date of sending a copy of the draft LOF to the TC and the concerned stock exchanges (SE)	July 27, 2012	July 27, 2012
5.	Date of receipt of SEBI comments	September 27, 2012	September 27, 2012
6.	Date of dispatch of LOF to the shareholders / custodian in case of Depositary Receipts	October 09, 2012	October 09, 2012
7.	Dates of price revisions / offer revisions (if any)	October 10, 2012	NA
8.	Date of publication of recommendation by the independent directors of the TC	October 12, 2012	July 30, 2012
9.	Date of issuing the offer opening advertisement	October 15, 2012	October 15, 2012
10.	Date of commencement of the tendering period	October 16, 2012	October 16, 2012
11.	Date of expiry of the tendering period	October 31, 2012	October 31, 2012
12.	Date of making payments to shareholders / return of rejected shares	November 16, 2012	November 12, 2012

D. Details of the payment consideration in the open offer

(Value in Rs Lakhs)

Sl. No.	Item	Details
1.	**Offer Price** for fully paid shares of TC (Rs. per share)	Rs.81/-
2.	**Offer Price** for partly paid shares of TC, if any	NA
3.	**Offer Size** (no. of shares x offer price per share)	17,209.36
4.	**Mode of payment of consideration** (cash or shares or secured listed debt instruments or convertible debt securities or combination)	Cash
5.	**If mode of payment is other than cash, i.e. through shares / debt or convertibles:**	
a.	**Details of offered security** • Nature of the security (shares or debt or convertibles) • Name of the company whose securities have been offered • Salient features of the security	NA
b.	**Swap Ratio** (ratio indicating the number of securities of the offeree company vis-à-vis shares of TC)	NA

E. Details of market price of the shares of TC

1. Name of the Stock Exchange where the shares of TC have been most frequently traded during 12 calendar months period prior to PA, and the volume of trading relative to the total outstanding shares of the TC-

The Equity Shares of TC are frequently traded on both The BSE Limited (BSE) and National Stock Exchange of India Limited (NSE), during the 12 months preceding the calendar month in which the Public Announcement was made. The number of Equity Shares traded during the 12 calendar months preceding July 2012, the month in which the PA was made, on BSE, is 97,62,714 Equity Shares, which is 11.31% of the total paid up equity share capital of TC (Source: www.bseindia.com) and on NSE is 18,126,768 Equity Shares, which is 22.18% of the total paid up equity share capital of TC (source: www.nseindia.com).

2. Details of Market Price of the shares of TC on NSE *[Source:www.nseindia.com]* :

Sl. No.	Particulars	Date	Opening Price**	Closing Price**	Per Share (WAP)
1.	1 trading day prior to the PA date	July 12, 2012	57.4	60.05	59.43
2.	On the date of PA	July 13, 2012	60.1	63.05	62.92
3.	On the date of DPS	July 20, 2012	68.5	67.35	67.22
4.	On the date of commencement of the tendering period.	October 16, 2012	75.7	74.65	75.27
5.	On the date of expiry of the tendering period	October 31, 2012	69.15	66.55	66.67
6.	10 trading days after the last date of the tendering period.	November 15, 2012	59.5	58.6	59.09
7.	Average market price during the tendering period (*viz. Average of the volume weighted market prices for all the days)*	October 16-31, 2012			72.57
8.	Average of the weekly high and low of the closing price of the shares during the period from date of PA till closure of the offer**	Week	Average of weekly high and low of closing price		
		16-20 July 2012	66.98		
		23-27 July 2012	68.23		
		30 July-03 Aug 2012	67.03		
		06-10 Aug 2012	67.03		
		13-17 Aug 2012	67.35		
		21-24 Aug 2012	67.93		
		27-31 Aug 2012	69.95		
		03- 08 Sept 2012	71.73		
		10-14 Sept 2012	72.65		
		17-21 Sept 2012	73.25		

		24-28 Sept 2012	74.05		
		01-05 Oct 2012	75.48		
		08- 12 Oct 2012	75.73		
		15-19 Oct 2012	74.7		
		22- 26 Oct 2012	73.08		
		29- 31 Oct 2012	69.73		

**As required in Point number 9 of SEBI Observation Letter No. CFD/DCR/SKS/21725/2012 dated September 27, 2012

Details of Market Price of the shares of TC on BSE *[Source:www.bseindia.com*]**-**

Sl. No.	**Particulars**	**Date**	**Opening Price****	**Closing Price****	**Per Share (WAP)**
1.	1 trading day prior to the PA date	July 12, 2012	56.25	60.15	59.22
2.	On the date of PA	July 13, 2012	61.45	63.15	62.96
3.	On the date of DPS	July 20, 2012	68.5	67.3	67.24
4.	On the date of commencement of the tendering period.	October 16, 2012	75.9	74.9	75.15
5.	On the date of expiry of the tendering period	October 31, 2012	68.1	66.7	66.83
6.	10 trading days after the last date of the tendering period.	November 15, 2012	59.1	58.8	58.96
7.	Average market price during the tendering period (*viz. Average of the volume weighted market prices for all the days)*	October 16-31, 2012			72.51
8.	Average of the weekly high and low of the closing price of the shares during the period from date of PA till closure of the offer**	Week	Average of weekly high and low of closing price		
		16-20 July 2012	66.9		
		23-27 July 2012	68.2		
		30 July-03 Aug 2012	66.95		
		06-10 Aug 2012	66.95		

		13-17 Aug 2012	67.33		
		21-24 Aug 2012	67.93		
		27-31 Aug 2012	69.93		
		03- 08 Sept 2012	71.68		
		10-14 Sept 2012	72.68		
		17-21 Sept 2012	73.25		
		24-28 Sept 2012	74.13		
		01-05 Oct 2012	75.58		
		08- 12 Oct 2012	75.73		
		15-19 Oct 2012	74.83		
		22- 26 Oct 2012	73.05		
		29- 31 Oct 2012	69.5		

**As required in Point number 9 of SEBI Observation Letter No. CFD/DCR/SKS/21725/2012 dated September 27, 2012

F. Details of escrow arrangements

1. Details of creation of Escrow account, as under

	Date(s) of creation	**Amount (Rs. Lakhs)**	**Form of escrow account (Cash or Bank guarantee (BG) or Securities).** (In case escrow consists of BG or securities, at least 1 % consideration is to be deposited in cash; the same may be indicated separately.)
Escrow account	July 16, 2012	Rs. 172.09 ##	Cash #

In addition, the Acquirer has furnished a bank guarantee from Axis Bank Limited for an amount of Rs. 43,02,33,971 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 Acquirer further deposited, in cash, Rs. 170,37,26,523/- in addition to Rs. 1,72,09,359/- in the Open Offer Escrow Account with HSBC Bank Limited on August 30, 2012.

2. For such part of escrow account, which is in the form of cash, give following details:

i. Name of the Scheduled Commercial Bank where cash is deposited- The Hongkong And Shanghai Banking Corporation Limited (HSBC)- having its 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,

ii. Indicate when, how and for what purpose the amount deposited in escrow account was released, as under

Release of escrow account		
Purpose	**Date**	**Amount (Rs Lakhs)**
Transfer to Special Account, if any	November 07, 2012	15488.42
Amount released to Acquirer • Upon withdrawal of Offer • Any other purpose (to be clearly specified)** • Other entities on forfeiture	NA	NA

***Apart from closure*

3. For such part of Escrow which consists of Bank Guarantee (BG) / Deposit of Securities, provide the following details

- <u>For Bank Guarantee</u>

Name of Bank	Amount of Bank Guarantee (Rs Lakhs)	Date of creation/ revalidation of guarantee	Validity period of Bank Guarantee	Date of Release if applicable	Purpose of release
Axis Bank Limited	4302.34	July 16, 2012	Till December 17, 2012	NA	NA

- <u>For Securities</u>

Name of company whose security is deposited	Type of security	Value of securities as on date of creation of escrow account	Margin considered while depositing the securities	Date of Release if applicable	Purpose of release
NA	NA	NA	NA	NA	NA

G. Details of response to the open offer

Shares proposed to be acquired		Shares tendered.		Response level (no of times)	Shares accepted		Shares rejected	
No	% to total diluted share capital of TC	No.	% w.r.t (A)	(C) / (A)	No.	% w.r.t '(C)	No (C) - (E)	Reasons
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
2,12,46,122	26%	2,87,01,152	135.08	1.35	2,12,46,122	74.03	5480	Joint holder not signed

H. Payment of Consideration

Due date for paying consideration to shareholders whose shares have been accepted	Actual date of payment of consideration	Reasons for delay beyond the due date
November 16, 2012	November 09, 2012	Nil

Details of special account where it has been created for the purpose of payment to shareholders.

Name of the concerned Bank- The Hongkong And Shanghai Banking Corporation Limited (HSBC)

Details of the manner in which consideration (where consideration has been paid in cash), has been paid to shareholders whose shares have been accepted:

Mode of paying the consideration	**No. of Shareholders**	**Amount of Consideration (Rs. lakhs)**
Physical mode	98	85.49
Electronic mode (ECS/ direct transfer, etc.)	2014	17123.19 #

Excludes Rs. 68,187 which is deducted as TDS

I. Pre and post offer Shareholding of the Acquirer / PAC in TC

	Shareholding of acquirer and PACs	No of shares	% of total share capital of TC as on closure of tendering period
1.	Shareholding before PA	Nil	Nil
2.	Shares acquired by way of an agreement, if applicable	36,050,291	44.12%
3.	Shares acquired after the PA but before 3 business days prior to commencement of tendering period. - Through market purchases - Through negotiated deals/ off market deals	36,050,291**	44.12%**
4.	Shares acquired in the open offer	2,12,46,122	26%
5.	Shares acquired during exempted 21-day period after offer (if applicable)	NA **	NA **
6.	Post - offer shareholding	57,296,413	70.12%#

**As per the Share Purchase Agreement dated July 13, 2012 ("SPA"), the Acquirer completed the acquisition of 44.12% shares from the promoters of the Target comprising Mr. P Subramanian, M/s. Shanthi General Finance Private Limited and Shanthi Social Services upon compliance with Regulation 22(2) of the SEBI (SAST) Regulations, on September 3, 2012.

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 5,73,05,863 equity shares constituting 70.13% of the paid up share capital of Target Company pursuant to acquisition of 26% shares in the Offer.

J. Give further details, as under, regarding the acquisitions mentioned at points 3, 4 & 5 of the above table -

1.	Name(s) of the entity who acquired the shares	Tube Investments of India Limited
2.	Whether disclosure about the above entity(s) was given in the LOF as either Acquirer or PAC.	Yes. Acquirer.
3.	No of shares acquired per entity	57,296,413
4.	Purchase price per share	Rs 81/-
5.	Mode of acquisition	Cash
6.	Date of acquisition	September 3, 2012, November 19, 2012
7.	Name of the Seller in case identifiable	Mr. P Subramanian, M/s. Shanthi General Finance Private Limited and Shanthi Social Services, other shareholders under the open offer

K. Pre and post offer Shareholding Pattern of the Target Company

		Shareholding in TC			
	Class of entities	**Pre- offer**		**Post offer (actuals)**	
		No.	**%**	**No.**	**%**
1.	Acquirer	Nil	Nil	5,72,96,413 #	70.12
2.	Erstwhile Promoters (persons who cease to be promoters pursuant to the Offer)	3,60,50,291	44.12	Nil	Nil
3.	Continuing Promoters	NA	NA	NA	NA
4.	Sellers if not in 1 and 2	NA	NA	NA	NA
5.	Other Public Shareholders	4,56,65,562	55.87	2,44,19,440	29.88
TOTAL		8,17.15.853	100.0	8,17,15,853	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 5,73,05,863 equity shares constituting 70.13% of the paid up share capital of Target Company pursuant to acquisition of 26% shares in the Offer.

L. Details of Public Shareholding in TC

1.	State if the acquirer had declared upfront his intention to delist at the time of issuing the DPS	No	NA
2.	Indicate the minimum public shareholding the TC is required to maintain for continuous listing	2,04,28,963	25% of the total paid up capital of TC
3.	Indicate the actual public shareholding and if it has fallen below the minimum public shareholding limit, delineate the further steps which will taken in accordance with the disclosures given in the LOF	2,44,19,440	29.88% of total paid up capital of TC

M. Other relevant information, if any : None

For ENAM SECURITIES PRIVATE LIMITED*

Signature of the Manager to the Offer

Date
Place

Phone: 022-43253136

*The merchant banking business of ENAM Securities Private Limited ("ESPL") has legally vested with Axis Capital Limited, and ESPL is in process of completing the formalities of vesting of the SEBI registration certificate.