

# LETTER OF OFFER

## THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Letter of Offer is sent to you as a shareholder of **Rane Brake Lining Limited**. If you require any clarifications about the action to be taken, you may consult your stockbroker or investment consultant or the Manager / Registrar to the Offer. In case you have recently sold your equity shares in **Rane Brake Lining Limited**, please hand over this Letter of Offer, the accompanying Form of Acceptance-cum-Acknowledgement, Form of Withdrawal and Transfer Deed to the member of the stock exchange through whom the said sale was effected.

### **Nisshinbo Industries Inc., ("Acquirer" or "NII")**

*Registered Office:* 2-31-11, Ningyo-cho, Nihonbashi, Chou-ku, Tokyo 103-8560, Japan  
Tel : + 81-3-5695-8920, Fax +81-3-5695-8975

### **Along with**

### **Rane Holdings Limited as Persons Acting in Concert ("PACs" or "RHL")**

*Registered Office:* "Maithri", 132, Cathedral Road, Chennai - 600 086  
Tel : +91- 44 - 2811 2472 Fax: +91 44 - 2811 2449

### **MAKE A CASH OFFER AT Rs. 50/- (RUPEES FIFTY ONLY) PER FULLY PAID-UP EQUITY SHARE OF FACE VALUE OF Rs. 10/- (RUPEES TEN EACH)**

pursuant to Regulations 10 & 11(1) & 12 of, and in compliance with, Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto (the 'SEBI (SAST) Regulations')

### **TO ACQUIRE 15,82,996 FULLY PAID-UP EQUITY SHARES**

representing 20% of the Expanded Voting Capital ("OFFER") OF

### **RANE BRAKE LINING LIMITED ('Target Company' or 'RBL')**



*Registered Office:* "Maithri", 132, Cathedral Road, Chennai 600 086  
Tel: +91 44-2811 2472, Fax: +91 44-2811 2449

#### **Please Note:**

1. The Offer is not subject to a minimum level of acceptance by the shareholders of the Target Company.
2. The Offer is subject to the Acquirer obtaining approval from the Reserve Bank of India ("RBI"), under the Foreign Exchange Management Act, 1999. Please refer to Para 8 of this Letter of Offer for details.
3. If the aggregate of the valid response exceeds 15,82,996 equity shares, the Acquirer shall accept shares equal to 15,82,996 equity shares, on a proportionate basis, in consultation with the Manager to the Offer, in accordance with Regulation 21(6) of SEBI (SAST) Regulations.
4. If there is any upward revision in the Offer Price by the Acquirer till the last date of revision i.e. May 8, 2009 or withdrawal of the Offer in terms of the SEBI (SAST) Regulations, the same would be informed by way of a public announcement in the same newspapers where the original Public Announcement had appeared. Such revised offer price would be payable for all the equity shares of Rane Brake Lining Limited, tendered anytime during the Offer and accepted under the Offer.
5. The procedure for acceptance is set out in Para 9 of this Letter of Offer. A Form of Acceptance-cum-Acknowledgement and a Form of Withdrawal is enclosed with this Letter of Offer.
6. This is not a competitive bid
7. **The Public Announcement, Letter of Offer, Form of Acceptance-cum-Acknowledgement and Form of Withdrawal would also be available on the website of Securities and Exchange Board of India ('SEBI') <http://www.sebi.gov.in>**
8. **Shareholders who have accepted the Offer by tendering the requisite documents, in terms of the Public Announcement / Letter of Offer, can withdraw the same upto three working days prior to the date of closure of the Offer. Requests for such withdrawals should reach the Registrar to the Offer before the close of business hours on May 14, 2009**
9. **If there is a competitive offer/bid:**

**The public offers under all the subsisting bids shall close on the same date.**

**As the Offer Price cannot be revised during the seven (7) working days period prior to the date of closing of the Offers/bids, it would, therefore, be in the interest of the shareholders to wait till the commencement of that period to know the final Offer Price of each offer/ bid and tender their acceptance accordingly.**

MANAGER TO THE OFFER	REGISTRAR TO THE OFFER
 <p><b>Ernst &amp; Young Merchant Banking Services Pvt. Ltd.</b> (Formerly Ind Global Corporate Finance Pvt. Ltd.) Jalan Mill Compound, 95, Ganpatrao Kadam Marg Lower Parel, Mumbai - 400 013. Tel: + 91- 22- 66579326; Fax: +91- 22- 40356400 Contact Person: Ms. Nishita John Email: nishita.john@in.ey.com Website: www.ey.com/india</p>	 <p><b>Integrated Enterprises (India) Limited</b> 2nd Floor, "Kences Towers", No. 1 Ramakrishna Street, North Usman Road, T. Nagar, Chennai - 600 017 Tel: + 91- 44- 2814 0801-03; Fax: + 91 -44- 2814 2479 Contact Person: Mr. S. Sriram Email: sureshbabu@iepindia.com Website: www.iepindia.com</p>
<b>OFFER OPENS ON : Thursday, April 30,2009</b>	<b>OFFER CLOSES ON : Tuesday, May 19, 2009</b>

## SCHEDULE OF MAJOR ACTIVITIES

Activity	Original Schedule		Revised Schedule	
	Date	Day	Date	Day
Public Announcement Date	Tuesday	March 3, 2009	Tuesday	March 3, 2009
Specified Date*	Friday	February 27, 2009	Tuesday	March 31, 2009
Last date for a Competitive Bid	Tuesday	March 24, 2009	Tuesday	March 24, 2009
Last date by which Letter of Offer will be posted to shareholders of Rane Brake Lining Limited	Friday	April 17, 2009	Saturday	April 25, 2009
Date of Opening of the Offer	Friday	April 24, 2009	Thursday	April 30, 2009
Last date for revising the Offer Price / Offer size	Monday	May 4, 2009	Friday	May 8, 2009
Last date of withdrawal of tendered application by the shareholders of Rane Brake Lining Limited	Friday	May 8, 2009	Thursday	May 14, 2009
Date of closing of the Offer	Wednesday	May 13, 2009	Tuesday	May 19, 2009
Last date of communicating rejection/ acceptance and payment of consideration for accepted applications.	Thursday	May 28, 2009	Wednesday	June 3, 2009

\* Specified Date is only for the purpose of determining the names of shareholders as on such date to whom the letter of offer would be sent. Owners (registered or unregistered) of the shares (except the Acquirer and PACs and the Promoter and Promoter Group of RBL) are eligible to participate in the Offer any time before the closure of the Offer.

## **RISK FACTORS**

### **Risks related to the Transaction, the Proposed Offer and in associating with the Acquirer and PACs:**

#### **Risks related to the Transaction, the Proposed Offer**

- i. The Offer is subject to the Acquirer obtaining approval from the Reserve Bank of India ("RBI"), under the Foreign Exchange Management Act, 1999. RBI has vide its letter dated April 15, 2009 advised that it has no objection in relation to the Acquirer's proposed acquisition of the Shares from persons other than erstwhile OCB(s) under the Offer. Acceptance of Shares from erstwhile OCB(s) are subject to receipt of specific approval(s) from the RBI.
- ii. In the event that either (a) a regulatory approval is not received in time, (b) there is any litigation leading to a stay on the Offer, or (c) SEBI instructing the Acquirer not to proceed with the Offer, then the Offer process may be delayed beyond the schedule of activities as indicated in this Letter of Offer. Consequently, the payment of consideration to the shareholders of RBL whose equity shares have been accepted in the Offer as well as the return of the shares not accepted by the Acquirer may be delayed. Further, shareholders should note that after the last date of withdrawal i.e. May 14, 2009, shareholders who have lodged their acceptances would not be able to withdraw them even if the acceptance of shares under the Offer and dispatch of consideration gets delayed. The tendered shares and documents would be held by the Registrar to the Offer, till the time 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.

#### **Risks involved in associating with the Acquirer and PACs:**

- i. The Acquirer and PACs make no assurance with respect to the market price of the shares of RBL, which would prevail both during the Offer period and upon completion of the Offer, and disclaim any responsibility with respect to any decision by the shareholders on whether or not to participate in the Offer.
- ii. The Acquirer and PACs make no assurance with respect to the financial performance of RBL.
- iii. This Offer has been made to the shareholders of RBL pursuant to the Preferential Issue to the Acquirer under provisions of Companies Act, 1956 and the guidelines for preferential issues contained in Chapter XIII of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 and the subsequent amendments thereto (the "Guidelines"). In the event of non-compliance of provisions relating to the Preferential Issue by the Acquirer or by RBL, SEBI or other Regulatory Authorities may pass appropriate directions.

The risk factors set forth above pertain to the acquisition and the Offer and not in relation to the present or future business or operations of RBL or the Acquirer/PACs or their subsidiaries or any other related matters, and are neither exhaustive nor intended to constitute a complete analysis of the risks involved in participation or otherwise by a shareholder in the Offer. Shareholders of RBL are advised to consult their stockbroker or investment consultant, for further risks with respect to their participation in the Offer.

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## 1. DEFINITIONS

Acquirer/NII	Nisshinbo Industries Inc. (Nisshinbo Industries Inc. has transformed to a holding company w.e.f. April 1, 2009 known as Nisshinbo Holdings Inc.)
BSE	Bombay Stock Exchange Limited
CDSL	Central Depository Services (India) Limited
DP	Depository Participant
Depositories	Collectively NSDL and CDSL
EGM	Extraordinary General Meeting
FEMA	Foreign Exchange Management Act, 1999
FDI	Foreign Direct Investment
FII(s)	Foreign Institutional Investor(s)
FIPB	Foreign Investment Promotion Board
Form of Acceptance/ FOA	Form of Acceptance-cum - Acknowledgement
FOW	Form of Withdrawal
FY	Financial Year
JPY	Japanese Yen
Letter of Offer/ LOF	Letter of Offer
Ltd.	Limited
Manager/ Manager to the Offer/ EYMBS	Ernst & Young Merchant Banking Services Private Limited (Formerly Ind Global Corporate Finance Pvt. Ltd./IGCF)
MSE	Madras Stock Exchange Limited
NRI	Non Resident Indian
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCB(s)	Overseas Corporate Bodies
Offer	Open Offer for the acquisition of 15,82,996 fully paid up equity shares of the face value of Rs. 10/- each of Rane Brake Lining Limited at a price of Rs. 50/- per fully paid up equity share
Offer Price	Rs. 50/- (Rupees Fifty only) per fully paid up equity share of Rs. 10/- each
Offer Size	15,82,996 Equity Shares
Persons Acting in Concert/PACs/RHL	Rane Holdings Limited.  Due to the Applicability of Regulation 2(1)E(2) there could be certain entities deemed to be Persons Acting in Concert with the Acquirer and the PACs. However, for the purposes of this Offer, other than RHL no Persons are Acting in Concert with the Acquirer.
Persons Eligible to participate in the Offer	All Public Equity Shareholders of Rane Brake Lining Limited except the Acquirer, PACs and the Promoters and Promoter Group of RBL.
Post Preferential Issue Paid up Voting Equity Capital/ Expanded Voting Capital	The maximum possible expanded voting equity share capital of RBL as at the expiration of 15 days after the Closure of the Offer in terms of Regulation 21(5) including the Preferential Issue of Equity Shares.
Pre Preferential Voting Capital of RBL	The issued, subscribed and the fully paid up equity capital of RBL as on the date of the Public Announcement (Rs. 7,21,49,800 divided into 72,14,980 equity shares of a face value of Rs. 10/- each)
Preferential Issue	Issue of 7,00,000 fully paid-up equity shares for cash at a price of Rs. 50/- per share (including premium of Rs. 40/- per share) aggregating to Rs. 350,00,000/-

	(Rupees Three Hundred and Fifty Lakhs only) to the Acquirer in accordance with the provisions of Section 81(1A) of the Companies Act, 1956 and the guidelines for preferential issues contained in Chapter XIII of SEBI Guidelines
Public Announcement/ PA/ Original Public Announcement	Announcement issued on March 3, 2009 in <i>Financial Express, Jansatta, Makkal Kural and Navshakti</i> by the Manager to the Offer for and on behalf of the Acquirer and PACs
RBI	Reserve Bank of India
RTGS	Real Time Gross Settlement
Registrar to the Offer/Registrar	Integrated Enterprises (India) Ltd
SEBI	Securities & Exchange Board of India
SEBI Act	Securities & Exchange Board of India Act, 1992
SEBI Guidelines	Securities & Exchange Board of India (Disclosure & Investor Protection) Guidelines, 2000 & subsequent amendments thereto.
SEBI Takeover Code or SEBI (SAST) Regulations	Securities & Exchange Board of India (Substantial Acquisition Of Shares And Takeovers) Regulations, 1997 & subsequent amendments thereto.
Share(s)/ Equity Share(s)	Fully paid equity shares of face value of Rs. 10/- each of Rane Brake Lining Limited (RBL)
Specified date	March 31, 2009
Target Company/RBL	Rane Brake Lining Limited

## 2. DISCLAIMER CLAUSE

IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF THE 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 RANE BRAKE LINING LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF THE ACQUIRER, PACs OR THE TARGET COMPANY WHOSE SHARES/ CONTROL IS PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT, WHILE THE ACQUIRER AND THE PACs ARE PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY, AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE MANAGER TO THE OFFER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ACQUIRER AND PACs DULY DISCHARGE THEIR RESPONSIBILITY ADEQUATELY.

IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE MANAGER TO THE OFFER, ERNST & YOUNG MERCHANT BANKING SERVICES PRIVATE LIMITED, HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED MARCH 17, 2009 TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 1997 AND SUBSEQUENT AMENDMENT(S) THEREOF. THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRER AND PACs FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER.

## 3. DETAILS OF THE OFFER

### 3.1 Background of the Offer

- 3.1.1 This Offer is being made to the equity shareholders of Rane Brake Lining Limited ("RBL" or "the Target Company") by the Acquirer and PACs to acquire 15,82,996 fully paid-up equity shares of Rs. 10/- each, representing 20% of the Expanded Voting Capital (as defined in Clause 3.1.5 herein below) of RBL at a price of Rs. 50/- (Rupees Fifty only) per equity share (the "Offer Price"), payable in cash, in terms of Regulation 10, Regulation 11(1) and Regulation 12 of SEBI (SAST) Regulations.
- 3.1.2 The Acquirer and PACs entered into a MOU on February 28, 2009 with the objective of increasing NII's shareholding in RBL from 10% of the Pre Preferential Voting Capital to 25.05% of the Expanded Voting Capital. With this objective, it was agreed that a Preferential Issue of 700,000 equity shares of Rs.10/- each of RBL would be made to NII, increasing NII's shareholding from 10% of the Pre Preferential Voting Capital to 17.96% of the Expanded Voting Capital of RBL and pursuant to the Preferential Issue, RHL and NII will jointly make an open offer to the equity shareholders of RBL for 20% of its Expanded Voting Capital. Further, RHL and NII have also agreed that if the shares received under the open offer are not adequate to increase NII's shareholding in RBL to 25.05% of the Expanded Voting Capital, the shortfall will be made up by RHL by way of an interse-transfer or through stock market acquisitions or through further issue of equity shares by RBL. Such increase in shareholding, if any, shall be subject to compliance with the applicable provisions of SEBI (SAST) Regulations.
- 3.1.3 The Board of Directors of RBL at its meeting held on February 28, 2009 agreed to issue and allot, subject to the approval of the shareholders, 7,00,000 fully paid up equity shares of Rs. 10/- each on preferential basis representing 8.84% of the Expanded Voting Capital of RBL for cash at a price of Rs. 50/- per equity share (including premium of Rs 40/- per share) aggregating to Rs. 350,00,000/- (Rupees Three Hundred and Fifty Lakhs Only) ("Preferential Issue") to the Acquirer in accordance with Section 81(1A) of the Companies Act, 1956 and the guidelines for preferential issues contained in Chapter XIII of SEBI Guidelines (the "Guidelines"). The Preferential Issue was approved by the shareholders on March 30, 2009 and the equity shares were allotted on April 13, 2009.
- 3.1.4 As on the date of the Public Announcement, the issued, subscribed and the fully paid up equity capital of RBL was Rs. 7,21,49,800 divided into 72,14,980 equity shares of a face value of Rs. 10/- each (Pre Preferential Issue Voting Capital). The Acquirer held 7,21,500 equity shares of RBL representing 10% of the Pre Preferential Issue Voting Capital. RHL held 27,81,624 equity shares of RBL representing 38.55% of the Pre Preferential Issue Voting Capital. RHL is one of the promoters of RBL. The promoters and promoter group of RBL other than RHL held 3,19,850 equity shares of RBL representing 4.43% of the Pre Preferential Issue Voting Capital. The combined shareholding of the promoters and promoter group of RBL including RHL was 31,01,474 equity shares representing 42.99% of the Pre Preferential Issue Voting Capital.
- 3.1.5 Pursuant to the Preferential Issue, the issued, subscribed and fully paid up equity share capital of the Target Company has increased to Rs. 7,91,49,800 divided into 79,14,980 equity shares of a face value of Rs.10/- each ("Expanded Voting Capital"). As a result of the Preferential Issue, the shareholding of the Acquirer

increased to 14,21,500 equity shares representing 17.96% of the Expanded Voting Capital of RBL and the shareholding of PACs will remain at 27,81,624 equity shares representing 35.14% of the Expanded Voting Capital of RBL. Pursuant to the Preferential Issue, the shareholding of the promoters and promoter group of RBL other than RHL is 3,19,850 equity shares representing 4.04%, of the Expanded Voting Capital of RBL and the combined shareholding of the promoters and promoter group of RBL including RHL is 31,01,474 equity shares representing 39.15% of the Expanded Voting Capital of RBL.

- 3.1.6 Upon completion of the Offer (assuming full acceptance of the Offer), NII and RHL together will hold upto 73.10% of the Expanded Voting Capital of RBL and NII, RHL and Promoter Group together will hold upto 77.14% of the Expanded Voting Capital of RBL. The calculation of increase in shareholding is given below:

Particulars	As on the date of the PA, March 03, 2009		Preferential Issue		Acquisition in the 20% Open Offer		Post Preferential Issue and Open Offer Shareholding	
	No.	%	No.	%	No.	%	No.	%
Acquirer (A)	721500	10.00	700000	8.84	1072099	13.55	2493599	31.50
PACs (B)	2781624	38.55	-	-	510897	6.45	3292521	41.60
(A + B)	3503124	48.55	700000	8.84	1582996	20.00	5786120	73.10
Promoter Group (C)	319850	4.43	-	-	-	-	319850	4.04
Total (A+B+C)	3822974	52.98	700000	8.84	1582966	20.00	6105970	77.14
Equity Capital	7214980	100.00	7914980	100.00	7914980	100	7914980	100.00

**Note:** Equity shares acquired under the open offer shall be transferred to the Acquirer until its equity shareholding in RBL reaches 25.05% of the Expanded Voting Capital. The excess equity shares, if any, received under the open offer shall be equally shared between RHL and NII. Accordingly, if the Open Offer is fully accepted by the Shareholders of RBL, the shareholding of NII will increase to a maximum of 24,93,599 Shares representing 31.5% of the Expanded Voting Capital.

- 3.1.7 The Acquirer, RHL and RBL have also entered into a Shareholders Agreement (the "Agreement" or the "SHA") on February 28, 2009. The SHA governs the rights and obligations of NII and RHL as shareholders of the Target Company. The salient features of the SHA are given below:

- NII is entitled to nominate two (2) directors on the Board of Directors of RBL, one of whom shall be a director not liable to retire by rotation, if NII together with its subsidiary holds not less than 25.05% of the Expanded Voting Capital of RBL and one director if NII's shareholding together with its subsidiary falls below 25.05% but not less than 10% of the Expanded Voting Capital of RBL. RHL shall have the right to nominate majority of directors on the Board of the Target Company.
- NII shall be treated as one of the persons in control of RBL when NII's shareholding in RBL increases to 17.5%. RBL shall include NII as one of its promoters and shall make the necessary disclosures accordingly.
- NII shall have the right to transfer all or any part of the equity shares of RBL or create any third party interest in the Shares, subject to a first right of refusal to RHL or its nominees.
- RHL, NII and their subsidiaries shall not directly or indirectly compete with the business of the Target Company or enter into any commercial relationship with any competitor in India without a prior written mutual consent.
- In the event that the shareholding of NII is diluted consequent upon preferential allotment to any other party, upon the request of NII, the equity shareholding of NII in RBL may be restored to 25.05%.

- 3.1.8 The Preferential Issue was approved by the shareholders on March 30, 2009 and equity shares were allotted on April 13, 2009. 7,21,500 equity shares representing pre-preferential shareholding of the Acquirer have been locked in upto October 31, 2009 as per Clause 13.3.1 (g) of the SEBI Guidelines.

- 3.1.9 The Acquirer and PACs have not acquired any equity shares of RBL through market purchases or otherwise during the 12 months period preceding the date of the PA.

- 3.1.10 In terms of Regulation 21(5) of the SEBI (SAST) Regulations, for the purpose of computing the percentage of the Offer, the voting rights as at the expiration of 15 days after the closure of the Offer shall be reckoned.



- 3.1.11 This Offer is being made to all the public shareholders of the Target Company and is not conditional on any minimum level of acceptance by the shareholders of the Target Company. The Acquirer and PACs will acquire all the shares that are validly tendered as per the terms of the Offer of 15,82,996 shares at the Offer Price.
- 3.1.12 No separate consideration has been paid or would be paid by the Acquirer for the Preferential Issue, other than as mentioned in Clause 3.1.3 above.
- 3.1.13 The Acquirer, PACs and the Target Company have not been prohibited by SEBI from dealing in securities, in terms of direction issued under Section 11B or any other regulations made under the SEBI Act, 1992.
- 3.1.14 The Offer is subject to the terms and conditions set out in this Letter of Offer that would be sent to the shareholders of RBL.
- 3.1.15 The Manager to the Offer does not hold any equity shares in the Target Company as on the date of the PA.
- 3.1.16 This is not a competitive bid.
- 3.1.17 RBL made an application vide letters dated March 4, 2009 to BSE, NSE and MSE for seeking in-principle approval for listing of the shares issued on a preferential basis. RBL has received in-principle approval for listing of the preferential shares from BSE, NSE and MSE vide their letter dated April 1, 2009, April 2, 2009 and April 8, 2009 respectively.
- 3.1.18 The Offer is subject to the receipt of approval from RBI under the FEMA. An application was made to RBI on March 04, 2009 and the approval from RBI was obtained vide its letter dated April 15, 2009. No specific approval of FIPB would be required for NII to increase its present shareholding in RBL pursuant to the Preferential Issue and the Open Offer since RBL is engaged in manufacturing of automobile components wherein FDI upto 100% is allowed under the automatic route.
- 3.1.19 The Preferential Issue of 8.84% to the Acquirer together with its present holding in RBL would result in substantial acquisition by the Acquirer under Regulation 10. Pursuant to the provisions of the SHA and the acquisition under the Offer, the Acquirer together with the PACs shall be in control over the management and policy decisions of the RBL (to the extent applicable under the provisions of the SHA). Further, the Preferential Issue will result in increasing the combined shareholding of the Acquirer and PACs beyond the limit i.e. 55% specified under Regulation 11(1). In view of the above, this Offer to the shareholders of the Target Company consequent to the signing of the MOU, SHA and the proposed Preferential Issue is being made in accordance with Regulation 10, Regulation 11(1) and Regulation 12 and other applicable Regulations of the SEBI (SAST) Regulations. Any further acquisition of shares/ voting rights/ control of the Target Company, whether direct or indirect, would be governed by the relevant provisions of SEBI (SAST) Regulations.
- 3.1.20 As on the date of the Public Announcement, the Acquirer has one representative viz. Mr. Kunihiro Toda on the Board of Directors of RBL who was appointed to the Board on February 6, 2008. He has recused himself and has not participated and shall recuse and shall not participate in any matter(s) concerning or relating to the Offer including any preparatory steps leading to the Offer. Any change in the nomination to the Board of RBL will be governed by the existing Financial Collaboration / SHA between RBL and NII. The Acquirer will nominate two (2) directors if the Acquirer together with its subsidiary holds not less than 25.05% of the Expanded Voting Capital of RBL and one director if the Acquirer's shareholding together with its subsidiary is below 25.05% but not less than 10% of the Expanded Voting Capital of RBL. RHL shall have the right to nominate majority of directors on the Board of Directors of the RBL.

### 3.2 Details of the Offer

- 3.2.1 The Public Announcement announcing the Offer in accordance with Regulation 15(1) of the SEBI (SAST) Regulations was made on March 03, 2009 in the following newspapers:

<b>Newspaper</b>	<b>Language</b>	<b>Edition</b>
<i>Financial Express</i>	English	All Editions
<i>Jansatta</i>	Hindi	All Editions
<i>Makkal Kural</i>	Tamil	All Editions
<i>Navshakthi</i>	Marathi	Mumbai

*(The Public Announcement will be available on the SEBI website [www.sebi.gov.in](http://www.sebi.gov.in))*

- 3.2.2 NII together with RHL is making this cash offer to the equity shareholders of RBL for acquisition of 15,82,996 fully paid up equity shares of Rs.10/- each representing 20% of the Expanded Voting Capital of the RBL at a

price of Rs. 50/- (Rupees Fifty only) per fully paid up equity shares of face value Rs.10/- each payable in cash, subject to the terms and conditions mentioned hereinafter.

- 3.2.3 As on the date of the Public Announcement RBL has no partly paid-up equity shares or any other instruments convertible into equity shares.
- 3.2.4 The Acquirer and PACs have not acquired any shares in the Target Company since the date of the PA and upto the date of this Letter of Offer through open market purchases or otherwise.

### **3.3 Object of the Acquisition/ Offer**

- 3.3.1 The Acquirer has an existing techno-financial collaboration with the Target Company for manufacture of brake linings, clutch facings and disc pads. The Acquirer held 7,21,500 equity shares of the Target Company comprising 10% voting capital before the Pre Preferential Issue. The Acquirer and PACs have entered into a MOU on February 28, 2009 to increase shareholding of the Acquirer in the Target Company to 25.05% of the Expanded Voting Capital which will enable increased commitment and technical co-operation from NII. The Preferential Issue will result in substantial acquisition of equity shares and voting rights by the Acquirer under Regulation 10, consolidation of holding by Acquirer and PACs under Regulation 11(1) accompanied with change in control of the Target Company under Regulation 12. The Acquirer and PACs are jointly making this Offer to the public shareholders of the Target Company in accordance with Regulation 10, Regulation 11(1) and Regulation 12 of the SEBI (SAST) Regulations.
- 3.3.2 After conclusion of the Offer, assuming full acceptances in the Offer, the Acquirer together with PACs would hold 73.10% of the Expanded Voting Capital of RBL and the Acquirer and PACs together with the Promoter Group would hold 77.14% of the Expanded Voting Capital of RBL. The Acquirer and PACs will be jointly in control of RBL.
- 3.3.3 The joint goal of RHL and NII would be to continue and maintain RBL's market leadership position. Their future plans would be to focus on technological upgradation, cost reduction, greater co-operation with RBL for enhancing formulation engineering capabilities, training of engineers and understanding customer requirements for developing/upgrading the products. The increased co-operation with NII will not only serve the Japanese and Korean manufacturers but also other European and domestic car companies in India.
- 3.3.4 The Acquirer and PACs do not have any plans to make any change to the existing line of business of the Target Company or to dispose off or otherwise encumber any assets of the Target Company in the next 24 months except in the ordinary course of business of the Target Company.
- 3.3.5 The Acquirer and PACs undertake that they shall not sell, dispose off or otherwise encumber any substantial asset of the Target Company except with the prior approval of the shareholders of the Target Company.
- 3.3.6 Pursuant to the SHA, the Acquirer will nominate two (2) directors if the Acquirer together with its subsidiary holds not less than 25.05% of the Expanded Voting Capital of RBL and one director if the Acquirer's shareholding together with its subsidiary is below 25.05% but not less than 10% of the Expanded Voting Capital of RBL however RHL shall have the right to nominate majority of directors on the Board of Directors of the RBL.

## **4 BACKGROUND OF THE ACQUIRER**

### **I. Details of the Acquirer**

#### **4.1 Nisshinbo Industries Inc.**

- 4.1.1 NII was incorporated on February 5, 1907 under the laws of Japan having its registered office at 2-31-11, Ningyo-cho, Nihonbashi, Chou-ku, Tokyo 103-8650, Japan, Tel. No.: +81-3-5695-8920 Fax No.: +81-3-5695-8975.
- 4.1.2 NII was established in 1907 as a manufacturer of cotton yarn and thread. Over the past century, NII has evolved into a company offering products and services in six areas namely textiles, paper products, automobile brakes, mechatronics, chemicals and electronics.
- 4.1.3 NII is the technical collaborator of RBL having 10% equity investment in RBL. NII offers technology to RBL under License and Technical Assistance Agreement.
- 4.1.4 The authorized share capital of NII consist of 37,17,55,000 equity shares. The paid up capital of NII is JPY 2,75,880 lakhs (equivalent to Rs. 142,206 lakhs) consisting of 18,40,98,939 equity shares.

- 4.1.5 The equity shares of NII are currently listed on Tokyo, Osaka, Nagoya, Fukoka and Sapporo Stock Exchanges in Japan. The closing price of NII on the Tokyo Exchange on March 03, 2009 was JPY 675 (equivalent to Rs.348/-). NII has a market capitalisation of JPY 12,42,668 lakhs (equivalent to Rs. 6,40,550 lakhs) as on March 3, 2009.
- 4.1.6 NII has shifted to a holding company system with effect from April 1, 2009. This will transform NII into a holding company that owns five new companies namely Nisshinbo Textile Inc., Nisshinbo Brakes Inc., Nisshinbo Paper Products Inc., Nisshinbo Mechatronics Inc., Nisshinbo Chemical Inc. established from textiles, automobiles brakes, paper, mechatronics and chemical business divisions as well as New Japan Radio Co. Ltd. an electronic subsidiary. Nisshinbo Holdings Inc., the new holding company will oversee group management and work to raise through corporate value by setting group management policy, allocating management resources and monitoring the status of the business divisions. Following the transformation to a holding company system, each company will be granted management authority so that it can act with flexibility and increase its competitiveness.
- 4.1.7 NII is a professionally managed company. The shares of NII are widely held by institutional and individual shareholders. Hence there are no promoters or controlling shareholders over NII. The shareholding pattern of NII as on the date of the PA is as under:

Sr. No.	Shareholder's Category	No. of shares held	% of shares held
1.	FII/Mutual Funds/ FIs/Banks	10,86,18,374	59%
2.	Public	7,54,80,565	41%
	<b>Total Paid Up Capital</b>	<b>18,40,98,939</b>	<b>100%</b>

- 4.1.8 Details of major shareholders holding more than 2% in NII as on the date of the PA:

Shareholder's Name	No. of shares held (In thousands)	Voting right (%)
Fukoku Mutual Life Insurance Company	12,000	6.5
The Master Trust Bank of Japan, Ltd. (Trust Account)	8,544	4.6
Japan Trustes Services Bank Ltd. (Trust Account)	7,519	4.1
Teijin Ltd.	6,028	3.3
Japan Trustes Services Bank Ltd. (Trust Account 4G)	5,631	3.1
The Master Trust Bank of Japan Ltd. (Retirement Benefit Account for Teijin)	4,700	2.6
Morgan Whitefrairs Equity Derivatives	4,548	2.5
Sojitz Corporation	4,443	2.4

- 4.1.9 NII directly holds 7,21,500 fully paid up equity shares in the Target Company as on the date of the Public Announcement constituting 10% of the Pre Preferential Issue paid up equity share capital of the Target Company. Pursuant to the order dated December 20, 2007 of the High Court of Madras sanctioning the Scheme of Demerger, Merger and Amalgamation between erstwhile Rane Brake Linings Limited and RBL, NII was allotted 7,21,500 equity shares of Rs.10/- each in RBL on February 28, 2008.
- 4.1.10 Compliance with Regulation 7(1) of Chapter II of the SEBI (SAST) Regulations, 1997: Rane Brake Lining Ltd. allotted the shares to NII on February 28, 2008 pursuant to the Scheme of Demerger, Merger and Amalgamation approved by the High Court of Madras on December 20, 2007. Subsequently the shares of RBL were listed on stock exchanges with effect from June 20, 2008. Therefore, at the time of allotment of RBL shares to NII, RBL was an unlisted company. Hence the SEBI (SAST) Regulations were not applicable to NII at the time of allotment. Further, as on the date of Public Announcement, NII has not acquired any shares in RBL after listing.

4.1.11 The details of the Board of Directors of NII as on the date of Public Announcement are as follows:

<b>Sr. No.</b>	<b>Name/Designation/ Date of Appointment</b>	<b>Educational Qualification</b>	<b>Experience</b>	<b>Residential Address</b>
1.	Yoshikazu Sashida Chairman June 27, 2008	Bachelor, Major in Law	Joined Nisshinbo Industries Inc. on April, 1963. He became GM of Personnel Department on, January 1989. Appointed as Director of NII on June 29, 1994. He became President on June, 2000. He has served as Chairman of NII since June, 2006.	1-4-8 Minami Hanazono, Hanamigawa-ku, Chiba-shi, Chiba 262-0022
2.	Takashi Iwashita President June 27, 2008	Bachelor, Major in Law	Joined NII on April, 1966. He became GM of General Affairs Department on June, 1994. Appointed as Director on June 29, 1999. He has served as President of NII since June, 2006.	4-4-1 Isobe, Mihama-ku, Chiba-shi, Chiba 261-0012
3.	Kunihiro Toda Representative Director-Vice President June 27, 2008	Bachelor, Major in Economics	Joined NII on April, 1966. He became GM of Sales Department of Brake Division on January, 1993. Appointed as Director of NII on June 29, 1999. He has served as Vice President of NII since June, 2006.	746-1 Ohaza Fukuroyama, Koshigaya-shi, Sitama 343-0032
4.	Shizuka Uzawa Senior Executive - Managing Officer June 27, 2008	Bachelor, Major in Commerce	Joined NII on April, 1969. He became GM of Account Department on January, 1997. Appointed as Director on June 28, 2001. He has served as Senior Executive Managing Officer since April, 2007.	6-2-10 Yawata, Ichikawa-shi, Chiba 272-0021
5.	Yoshihito Onda Executive - Managing Officer June 27, 2008	Bachelor, Major in Technology	Joined NII on April, 1970. He became GM of Speciality Paper Department on May, 1999. Appointed as Director of NII on June 27, 2002. He has served as Executive Managing Officer since June, 2006.	1-6 Mihama, Urayasu-shi, Chiba 279-0011
6.	Yoshihiro Sakaki Executive -Managing Officer June 27, 2008	Bachelor, Major in Economics	Joined NII in April 1972. He became GM of Sales Department of Mechatronics Division in May 2000. Appointed as Director of NII on June 29, 2004. He has served as Executive Managing Office since April, 2007.	2-13-17 Chuo, Naka-ku, Hamamatsu-shi, Shizuoka 430-0929
7.	Masaaki Isobe Executive -Managing Officer June 27, 2008	Bachelor, Major in Technology	Joined NII on May, 1972. He became Plant Manager of Notogawa Plant on May, 2000. Appointed as Director of NII on June 29, 2004. He has served as Executive Managing Officer since April, 2007.	7-14-31 Shimo renjaku, Mitaka-shi, Tokyo 181-0013

Sr. No.	Name/Designation/ Date of Appointment	Educational Qualification	Experience	Residential Address
8.	Masaya Kawata Managing Officer June 27, 2008	Bachelor, Major in Economics	Joined NII on April, 1975. He became GM of Personnel Department on January, 2002. Appointed as Director of NII on June 28, 2007. He has served as Managing officer since June, 2007.	4-22-11 Takaido higashi, Suginami-ku, Tokyo 168-0072
9.	Tomofumi Akiyama Outside Director June 27, 2008	Bachelor, Major in Law	Joined Fukoku Mutual Life Insurance Company on April, 1959. He has served as President of Fukoku Mutual Life Insurance Company since July, 1998. Appointed as Director of NII on June 29, 2006.	4-3-14 Saginuma, Miyamae-ku, Kawasaki-shi, Kanagawa 216-0004
10.	Toshiya Hanawa Outside Director June 27, 2008	Master, Major in Economics	He became Professor of faculty of commerce at Hitotsubashi University on November, 1973. He has served as the emeritus of Hitotsubashi University since 1995. Appointed as Director of NII on June 29, 2006.	2-6-13 Kudanminami, Chiyoda-ku, Tokyo 102-0037
11.	Koji Kato Outside Director June 27, 2008	Bachelor, Major in Economics	Joined Industrial Bank of Japan, Ltd. on April 1967. He became Vice President of Sasebo Haevy Industires Co.,Ltd. on June, 1995. Appointed as Director of NII on June 29, 2006. He has served as Vice President of Osaka Sohchi Kensetsu Co. Ltd. since 2007.	2-34-5 Katakura, Kanagawa-ku, Yokohama-shi, Kanagawa 221-0865

Mr. Kunihiro Toda is the present NII' representative on the Board of Directors of RBL appointed on February 06, 2008.

He has recused himself and has not participated and shall recuse and shall not participate in any matter(s) concerning or relating to the Offer including any preparatory steps leading to the Offer.

- 4.1.12 There are no other agreements between the Acquirer and PACs in relation to the Offer / acquisition of the shares except as disclosed in this Letter of Offer.
- 4.1.13 Brief consolidated financials of NII are presented below (*Source*: Annual Reports for the year ending March 31, 2008 and March 31, 2007 and half yearly review report for the period ending September 30, 2008 duly certified by the statutory auditors of NII)

**Profit and Loss Statement:**

(INR = Yen 1.94)

Particulars	For the year ended March 31, 2006		For the year ended March 31, 2007		For the year ended March 31, 2008		For the 6 months ended September 30, 2008	
	Rupees in lakhs	Yen in lakhs	Rupees in lakhs	Yen in lakhs	Rupees in lakhs	Yen in lakhs	Rupees in lakhs	Yen in lakhs
Income from operations	14,36,170	27,86,169	16,12,501	31,28,252	16,61,916	32,24,118	790,158	15,32,907
Other income	100,875	195,698	110,353	214,085	83,893	162,753	35,195	68,277
Total income	15,37,045	29,81,867	17,22,854	33,42,337	17,45,809	33,86,871	825,353	16,01,184
Total expenditure	13,57,826	26,34,183	15,20,289	29,49,361	15,49,782	30,06,578	747,191	14,49,550

Particulars	For the year ended March 31, 2006		For the year ended March 31, 2007		For the year ended March 31, 2008		For the 6 months ended September 30, 2008	
	Rupees in lakhs	Yen in lakhs	Rupees in lakhs	Yen in lakhs	Rupees in lakhs	Yen in lakhs	Rupees in lakhs	Yen in lakhs
Profit before depreciation, interest expense, tax and minority interests	179,219	347,684	202,565	392,976	196,027	380,293	78,162	151,634
Depreciation	71,217	138,160	77,236	149,838	87,062	168,901	45,765	88,784
Interest expense	5,840	11,329	6,333	12,285	6,470	12,552	2,981	5,784
Profit before tax and minority interests	102,162	198,195	118,996	230,853	102,495	198,840	29,416	57,066
Provision for tax	38,343	74,385	32,419	62,893	33,636	65,253	8,597	16,678
Minority interests	6,177	11,984	8,705	16,888	5,511	10,691	1,510	2,929
Profit after tax	57,642	111,826	77,872	151,072	63,348	122,896	19,309	37,459

### Balance Sheet Statement

(INR = Yen 1.94)

Particulars	For the year ended March 31, 2006		For the year ended March 31, 2007		For the year ended March 31, 2008		For the 6 months ended September 30, 2008	
	Rupees in lakhs	Yen in lakhs	Rupees in lakhs	Yen in lakhs	Rupees in lakhs	Yen in lakhs	Rupees in lakhs	Yen in lakhs
<b>Sources of funds</b>								
Paid up capital	142,206	275,880	142,206	275,880	142,206	275,880	142,206	275,880
Capital surplus	105,409	204,493	105,158	204,007	105,158	204,007	105,158	204,007
Retained earnings	742,713	14,40,863	770,657	14,95,074	792,503	15,37,455	706,138	1,369,907
Net unrealized gain on available-for-Securities	386,569	749,943	315,594	612,253	155,388	301,452	137,391	266,539
Deferred gain(loss) on derivatives under hedge funds	-	-	351	681	(578)	(1,122)	(180)	(350)
Foreign currency Transaction adjustment	(1,182)	(2,293)	15,407	29,889	22,277	43,218	11,317	21,955
Treasury stock	(2,342)	(4,543)	(2,884)	(5,595)	(56,207)	(109,041)	(9,685)	(18,788)
Networth	13,73,373	26,64,343	13,46,489	26,12,189	11,60,747	22,51,849	10,92,345	21,19,150
Stock acquisition rights	-	-	81	157	301	585	426	826
Minority interest	108,991	211,443	107,112	207,797	106,513	206,636	104,971	203,644
Current liability	563,410	10,93,017	541,907	10,51,300	564,305	10,94,751	589,474	1,143,579
Long term liability	486,338	943,495	440,855	855,258	357,336	693,231	347,072	673,319
<b>Total</b>	<b>25,32,112</b>	<b>49,12,298</b>	<b>24,36,444</b>	<b>47,26,701</b>	<b>21,89,202</b>	<b>42,47,052</b>	<b>21,34,288</b>	<b>41,40,518</b>

Particulars	For the year ended March 31, 2006		For the year ended March 31, 2007		For the year ended March 31, 2008		For the 6 months ended September 30, 2008	
	Rupees in lakhs	Yen in lakhs	Rupees in lakhs	Yen in lakhs	Rupees in lakhs	Yen in lakhs	Rupees in lakhs	Yen in lakhs
<b>Use of funds</b>								
Current assets	886,963	17,20,709	870,531	16,88,830	841,690	16,32,879	833,074	16,16,163
Property, plant and equipments	624,476	12,11,483	628,375	12,19,048	655,643	12,71,948	651,154	12,63,238
Investments and other assets	10,20,673	19,80,106	937,538	18,18,823	691,869	13,42,225	650,060	12,61,117
<b>Total</b>	<b>25,32,112</b>	<b>49,12,298</b>	<b>24,36,444</b>	<b>47,26,701</b>	<b>21,89,202</b>	<b>42,47,052</b>	<b>21,34,288</b>	<b>41,40,518</b>

**Other Financial Data**

(INR= Yen 1.94)

Particulars	For the year ended March 31, 2006		For the year ended March 31, 2007		For the year ended March 31, 2008		For the 6 months ended September 30, 2008	
	Rupees in lakhs	Yen in lakhs	Rupees in lakhs	Yen in lakhs	Rupees in lakhs	Yen in lakhs	Rupees in lakhs	Yen in lakhs
Dividend per share	5	10	8	15	8	15	4	8
Earning per share	27	53	38	74	32	63	10	20
Return on Networth (%)	4.6	5.7	5.1	1.8				
Book value per shares	661	1,283	671	1,301	608	1,179	601	1,166

- Dividend per share has been calculated as actual dividend amount per equity share of face value of 50 yen each
- Earning per share has been calculated as Profit after Tax/ No. of shares
- Return on Net worth has been calculated as Profit After Tax / Net Worth
- Book Value per share has been calculated as Net Worth/ No. of shares

**Other income (expenses) consists of the following:**

**(INR = Yen 1.94)**

Particulars	For the year ended March 31, 2006		For the year ended March 31, 2007		For the year ended March 31, 2008		For the 6 months ended September 30, 2008	
	Rupees in lakhs	Yen in lakhs	Rupees in lakhs	Yen in lakhs	Rupees in lakhs	Yen in lakhs	Rupees in lakhs	Yen in lakhs
Interest and dividend income	22450	11572	27,450	14149	33190	17108	21390	11026
Interest expenses	(11330)	(5840)	(12290)	(6335)	(12550)	(6469)	(5780)	(2979)
Equity in earnings of affiliates	20170	10397	41,780	21536	52030	26820	14630	7541
Gain on sale of property, plant and equipment	(770)	(397)	8,310	4284	22,500	11598	(7750)	(3995)
Gain on sale of securities	137320	70784	106,680	54990	36,780	18959	24110	12428
Loss on inventory disposal	(6780)	(3495)	(4010)	(2067)	(10390)	(5356)	(520)	(268)
Impairment of long-lived assets	(54150)	(27912)	(13280)	(6845)	(1550)	(799)	(80)	(41)
Loss on plant closures	(4870)	(2510)	(26490)	(13655)	(14030)	(7232)	(750)	(387)
Retirement benefits paid due to restructuring of business operations	(810)	(418)	(19,690)	(10149)	(320)	(165)	(300)	(155)
Amortisation of goodwill	(5750)	(2964)	-	-	(23200)	(11959)	-	-
Other, net	(1200)	(619)	6,880	3546	(3950)	(2036)	(19530)	(10067)
Total	92960	47918	115340	59454	78510	40469	25420	13103

**(NOTE:** The above figures have been converted into INR using the RBI Reference rate 100 Yen = INR 51.51 (*Source:* www.rbi.org.in) dated February 27, 2009.)

4.1.14 Nil has the following contingent liabilities and commitments as on March 31, 2008:

**(INR = Yen 1.94)**

Particulars	Rupees in lakhs	Yen in lakhs
Loans Guaranteed	7,216.8	3,720
Commitments for capital expenditures outstanding	2,60,289.8	1,34,170

4.1.15 Reasons for rise/fall in Total Income and in Profit After Tax

- A. Total Income 2008 vs. 2007: The increase in total income for March 2008 as compared to March 2007 was on account of the increased sales from expansion of brake business in overseas subsidiaries due to increased demand of vehicles from developing and countries producing oils.
- B. Total Income 2007 vs. 2006: The increase in total income for March 2007 as compared to March 2006 was on account of increase in brake products due to higher production of vehicles by Japanese and Korean automobile manufacturers.
- C. Profit After Tax 2008 vs. 2007: The decrease in profit for March 2008 as compared to March 2007 was due to decrease in sale of securities in 2008.
- D. Profit After Tax 2007 vs. 2006: The increase in profit for March 2007 as compared to March 2006 was on account of increase in sales of brake business, earnings recovery by brake subsidiary in US and also because of withdrawing from underperforming operation of chemical business.



#### 4.1.16 Significant Accounting Policies of NII (*Source: Annual Report 2008*):

##### **(a) Consolidation**

The consolidated financial statements include the accounts of NII and its significant subsidiaries (together, the 'Group'). Under the control or influence concept, those companies in which the parent, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Group has the ability to exercise significant influence are accounted for by the equity method. Investments in unconsolidated subsidiaries and associated companies are accounted for by the equity method. Investments in the remaining unconsolidated subsidiaries and associated companies are stated at cost. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material. All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is eliminated.

##### **(b) Foreign currency transactions**

All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the income statement to the extent that they are not hedged by forward exchange contracts. Investments in and advances to unconsolidated subsidiaries and affiliates in foreign currencies are translated at the historical rates effective at the dates of transaction from which such accounts were originated.

##### **(c) Foreign Currency Financial Statements**

The balance sheet accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate. Revenue and expense accounts of consolidated foreign subsidiaries are translated into yen at the average exchange rate.

##### **(d) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits placed with banks on demand and highly liquid investments with insignificant risk of changes in value which have maturities of six months or less when purchased.

##### **(e) Marketable securities and other investments**

The Group classifies all of its marketable securities as available-for-sale which are reported at fair value, with unrealized gains and losses included in accumulated other comprehensive income (loss), net of taxes. Other investments without quoted market prices are stated at cost. Realised gains or losses on the sale of securities are based on the average cost of a particular security held at the time of sale. Marketable securities and other investment securities are regularly reviewed for other -than-temporary declines in carrying amount based on criteria that include the length of time and the extent to which the market value has been less than cost, the financial condition and near-term prospects of the issuer and NII's intent and ability to retain marketable securities and investment securities for a period of time sufficient to allow for any anticipated recovery in market value. When such a decline exists, NII recognizes an impairment loss to the extent of such decline.

##### **(f) Property, plant and equipment**

Property, plant and equipment is stated at cost. Depreciation is computed principally on the declining balance method over their estimated useful lives. Contributions in aid or purchases of property, plant and equipment from national and local governments are deducted from the acquisition costs of related assets in accordance with tax regulations.

##### **(g) Goodwill**

The difference between the cost and the underlying fair value of the net equity of investments in subsidiaries at acquisition is included in goodwill or other long-term liabilities and amortised on a straight-line basis over five years.

##### **(h) Impairment of long-lived assets**

Long-lived assets are evaluated for impairment using an estimate of undiscounted cash flows whenever events or changes in circumstances indicate that the carrying amount of such asset may not be recoverable. If the estimate of the undiscounted cash flow is less than the carrying amount of the asset, an impairment loss is recorded based on the fair value of the asset. Fair value is determined primarily by using the anticipated cash flows discounted at a rate commensurate with the risk involved. For

asserts held for sale, an impairment loss is further increased by costs to sell. Long lived assets to be disposed off other than by sale are considered held and used until disposed off.

**(i) Retirement and pension plans**

Under the employees' retirement plans for NII and certain consolidated subsidiaries, the annual provision for retirement benefits is calculated to state the liability for retirement benefits based on the projected benefit obligations and plan assets at the balance sheet date. Retirement benefits to directors and corporate auditors are provided at the amount which would be required if all directors and corporate auditors retired at the balance sheet date.

**(j) Stock options**

On December 27, 2005, the Accounting Standards Board of Japan (the "ASBJ") issued ASBJ Statement No. 8 "Accounting Standard for Stock Options" and related guidance. The new standard and guidance are applicable to stock options newly granted on and after May 1, 2006. This standard requires companies to recognize compensation expense for employee stock options based on their fair value at the date of grant and over the vesting period as consideration for receiving goods or services. The standard also requires companies to account for stock options granted to non-employees based on the fair value of the entire stock option or the goods or received. In the balance sheet, the stock option is presented as a stock option right as a separate component of equity until exercised. The standard covers equity-settled, share-based payment transactions, but does not cover cash-settled, share-based payment transactions. In addition, the standard allows unlisted companies to measure options at their intrinsic value if they cannot reliably estimate fair value.

**(k) Research and Development costs**

Research and development costs are charged to income as incurred.

**(l) Accounting for certain lease transactions**

Financial leases, which do not transfer titles to leasees, are accounted for in the same manner as operating leases under accounting principles generally followed in Japan.

**(m) Bonuses to directors and corporate auditors**

Prior to the fiscal year ended March 31, 2005, bonuses to directors and corporate auditors were accounted for as a reduction of retained earnings in the fiscal year following approval at the general shareholders meeting. The ASBJ issued ASBJ Practical Task Force (PITF) No. 13, "Accounting Treatment for bonuses to directors and corporate auditors," which encouraged companies to record bonuses to directors and corporate auditors on the accrual basis with a related charge to income, but still permitted the direct reduction of such bonuses from retained earnings after approval of the appropriation of retained earnings.

The ASBJ replaced the above accounting pronouncement by issuing a new accounting standard for bonuses to directors and corporate auditors on November 29, 2005. Under the new accounting standard, bonuses to directors and corporate auditors must be expensed and are no longer allowed to be directly charged to retained earnings. This accounting standard is effective for fiscal years ending on or after May 1, 2006. The companies must accrue bonuses to directors and corporate auditors at the year end to which such bonuses are attributable.

**(n) Income taxes**

The provision for income taxes is computed based on the pretax income included in the consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

**(o) Derivative financial instruments**

The Group uses a variety of derivative financial instruments, including foreign currency forward contracts and interest rate swaps, as a means of hedging exposure to foreign currency and interest rate risks. The Group does not enter into derivatives for trading or speculative purposes.

The foreign currency forward contracts are utilized to hedge foreign currency exposures in procurement of raw materials from overseas suppliers. Trade payables denominated in foreign currencies are translated at the contracted rates if the forward contracts qualify for hedge accounting.

Interest rate swaps are utilized to hedge interest rate exposures of long-term debt. These swaps which qualify for hedge accounting and meet specific matching under the swap agreements are recognized

and included in interest expense or income criteria are not remeasured at market value, but the differential paid or received.

#### 4.1.17 Corporate Governance of NII

In accordance with the corporate philosophy of the Nisshinbo Group, the Groupwide corporate governance measures are as follows:

- Reduce the number of Directors to streamline the Board of Directors and accelerate decision-making for management strategies and policies
- Introduce an outside director system to increase management transparency
- Introduce a managing officer system to accelerate decision-making during the execution of business

NII has enhanced directors' roles for the monitoring of business activities as well as reduced their term of office to one year. Three of the 11 directors are outside directors. The Board of Directors convenes monthly and monitors the execution of business matters by directors based on resolutions concerning the establishment, amendment and abolishment of important regulations as well as medium- and long-term management plans, fiscal year plans and companywide divisional management plans and revisions to these plans.

NII has instituted a managing officer system, segregating management's decision-making and surveillance functions from functions pertaining to the execution of business with the intent of strengthening both of these areas. Excluding the Chairman and the three outside directors, the remaining eight directors also serve as managing officers. A total of 18 managing officers, including these eight and 10 others, meet to deliberate and decide on matters concerning the execution of business, as authorized by the President at the Board of Directors meeting.

NII has adopted a Board of Auditors system. There are four auditors that include two internal auditors and two external auditors. The auditors attend the meeting of the Board of Directors throughout the entire duration of the meeting and make appropriate suggestions and ascertain and monitor the execution of management duties in a timely manner. Additionally, the auditors perform regular auditing of NII and its subsidiaries based on auditing policies and operational roles in an effort to improve our auditing. In addition, the auditors collaborate with the Company's certified public accountants and the Internal Audit Department to enhance auditing functions through internal auditing and monitoring of subsidiaries.

NII has instituted the Nisshinbo Group Risk Management Regulations for risk management. Determined to promote thoroughgoing compliance of corporate ethics NII has established a Corporate Conduct Charter and also formulated a Personal Information Protection Charter. As part of efforts to strengthen ethics and compliance with laws and ordinances NII has established a Corporate Ethics Committee. Recognizing the need to take measures for the prevention of insider trading NII has established the Insider Information Management Regulations.

4.1.18 The compliance officer of NII is Mr. Kunihiro Toda. The compliance officer can be contacted at: Tel: +81-(0)3-5695-8920 Fax: +81-(0)3-5695-8975. Email: s-sudo@nisshinbo.co.jp

4.1.19 There have been no mergers/demergers, spin off during the last 3 years involving NII.

4.1.20 Details of acquisitions during the last 3 years involving NII:

- (1) NBS (Nisshinbo Brake Sales Co, Ltd.) which was a consolidated subsidiary of NII has become a wholly owned subsidiary of NII on October 1, 2008 by exchange of shares between NII and NBS. NBS has a function of domestic sales of Brake business in Japan.
- (2) Choya Corporation (Choya) which was a consolidated subsidiary of NII has become a wholly owned subsidiary of NII on July 1, 2008 by exchange of shares between NII and Choya. Choya is a shirt manufacturer.

4.1.21 The Nisshinbo Group consists of NII, its 54 subsidiaries and 42 affiliates as per Annual Report of NII for the year ended March 31, 2008. NII has several subsidiary companies in Japan and abroad. NII has not promoted any company in India.

## Main Group Companies of NII

### A. Consolidated Subsidiaries

Company	Location	Capital	Business
Choya Corp.	Tokyo, Japan	Yen 4594 million	Textiles
Nisshin Toa Inc.	Tokyo, Japan	Yen 450 million Food ingredients	Textiles, Papers,
Nisshinbo Yarn Dyed Co.Ltd.	Aichi, Japan	Yen 80 million	Textiles
Nisshin Denim Inc.	Tokushima, Japan	Yen 200 million	Textiles
Nisshin Tex Co. Ltd.	Osaka, Japan	Yen 10 million	Textiles
Naigai Shirts Co. Ltd.	Osaka, Japan	Yen 300 million	Textiles
Nisshinbo (Shanghai) Co. Ltd.	China	RMB 9,932 thousand	Textiles
Nisshinbo Do Brasil Industria Textil Ltd.	Brazil	R\$ 20.075 million	Textiles
P.T. Naigai Shirts Indonesia	Indonesia	USD 0.85 million	Textiles
Shanghai CHoya Fashion Co. Ltd.	China	RMB 34063 thousand	Textiles
P.T. Nikawa Textile Industry	Indonesia	USD 75 million	Textiles
P.T. Gistex Nisshinbo Indonesia	Indonesia	USD 10 million	Textiles
Nisshinbo Brake Sales Co. Ltd.	Tokyo, Japan	Yen 346 million	Automobile Brakes
Nisshinbo Automotive Corporation	U.S.A.	USD 88 million	Automobile Brakes
Nisshinbo Automotive Manufacturing Inc.	U.S.A.	USD 15.44 million	Automobile Brakes
Nisshinbo Somboon Automotive Co. Ltd.	Thailand	THB 732.6 million	Automobile Brakes
Saeron Automotive Corporation	South Korea	KRW 9600 million	Automobile Brakes
Tokai Seishi Co. Ltd.	Shizuoka, Japan	Yen 300 million	Paper
Daiwa Shiko Co. Ltd.	Tokyo, Japan	Yen 100 million	Paper
Nisshinbo Postal Chemical Co. Ltd.	Tokyo, Japan	Yen 310 million	Papers, Chemical Products
Nippon Kohbunshi Co. Ltd.	Aichi, Japan	Yen 310 million	Plastic molded Products
Kohbunshi (Thailand) Ltd.	Thailand	THB 100 million	Plastic molded Products
Pudong Kohbunshi (Shanghai) Co. Ltd.	China	USD 7 million	Plastic molded Products
Iwao & Co. Ltd.	Osaka, Japan	Yen 250 million	Textile, Chemical Products, Real Estate Leasing
New Japan Radio Co. Ltd.	Tokyo, Japan	Yen 5220 million	Electronics
Ueda Japan Radio Co. Ltd.	Nagano, Japan	Yen 700 million	Electronics
Nisshinbo Urban Development Co. Ltd.	Tokyo, Japan	Yen 480 million	Real Estate Leasing
Nisshinbo Europe B.V.	The Netherlands	Euro 2.165 million	Real Estate Leasing

### B. Subsidiary and Affiliates accounted for by the Equity Method

Company	Location	Capital	Business
Continental Automotive Corporation	Kanagawa, Japan	Yen 5000 million	Automobile Brakes
Continental Automotive Corporation (LYG) Co. Ltd.	China	USD 3.68 million	Automobile Brakes
Aloka Co. Ltd.	Tokyo, Japan	Yen 6,465 million	Medical Equipment
Japan Radio Co. Ltd.	Tokyo, Japan	Yen 14, 704 million	Electronics
Nagano Japan Radio Co. Ltd.	Nagano, Japan	Yen 3,649 million	Electronics

**Notes:** 1. Consolidated subsidiaries are those companies in which the parent, directly or indirectly, is able to exercise control over operations and Subsidiaries accounted for by the Equity Method are those companies over which the Group has the ability to exercise significant influence.

2. NII has shifted to a holding company system with effect from April 1, 2009 as explained on Clause No. 4.1.6 of this LOF.

4.1.22 Details of the top 5 subsidiaries of NII are given as under:

Name of Subsidiary	% Share holding of NII	Date of Incorporation	Registered Office	Nature of business
New Japan Radio Co. Ltd.	60%	December 14, 2005	3-10, Nihonbashi Yokoyama-cho, Chuo-ku, Tokyo 103-8456, Japan	Electronics
Nisshinbo Autmotive Corporation	100%	February 28, 2005	42355 Merrill Road Sterling Heights, Michigan 48314 USA	Automotive Brakes
Nisshinbo Somboon Automotive Co., Ltd.	97%	June 26, 1996	Eastern Seaboard Industrial Estate 18 Moo 4, Tambon Pluak Daeng, Amphur Pluak Daeng, Rayong 21140,Thailand	Automotive Brakes
Saeron Automotive Corporation	65%	March 17, 1999	306-1, Gajunri, Byungcheon-Myun, Cheonan-Si, Choongcheongnam-Do, Korea	Automotive Brakes
Nisshinbo Brake Sales Co., Ltd.	100%	May 25, 1950	3-14-12, Nishi-Shinbashi Minato-ku,Tokyo,Japan	Automotive Brakes

**Note:** Out of the above 5 top subsidiaries, New Japan Radio Co., Ltd., Nisshinbo Autmotive Corporation, Nisshinbo Somboon Automotive Co., Ltd. and Saeron Automotive Corporation have been selected on the basis of Income from Operations and Nisshinbo Brake Sales Co., Ltd. has been selected since it is a key company in NII's Brake business.

4.1.23 Financials of the top 5 subsidiaries are given as under:

**New Japan Radio Co., Ltd. - Japan**

(INR = Yen 1.94)

Particulars	For the year ended March 31, 2006		For the year ended March 31, 2007		For the year ended March 31, 2008	
	Yen in millions	Rs. in lakhs	Yen in millions	Rs. in lakhs	Yen in millions	Rs. in lakhs
Total Income	1,741	8974	2,741	14129	923	4758
Profit After Tax	1,118	5763	1,722	8876	435	2242
Equity Capital	5,220	26907	5,220	26907	5,220	26907
Reserves	13,639	70304	14,856	76577	14,822	76402
Total Shareholders Equity	24,334	125433	25,985	133943	25,523	131562
EPS	28	143	44	227	11	57
Book Value per share	621	3201	664	3423	652	3362

(NOTE: The above figures have been converted into INR using the Reference rate of 100 Yen = INR 51.51 (Source: www.rbi.org.in) dated February 27, 2009.)

**Nisshinbo Automotive Corporation - USA**

(1 USD = INR 50.47 )

Particulars	For the year ended December 31, 2005		For the year ended December 31, 2006		For the year ended December 31, 2007	
	USD in thousands	Rs. in lakhs	USD in thousands	Rs. in lakhs	USD in thousands	Rs. in lakhs
Total Income	(24,069)	(12156)	8,537	4312	10,246	5175
Profit After Tax	(24,069)	(12156)	8,454	4270	10,109	5106
Equity Capital	88,000	44444	88,000	44444	88,000	44444
Reserves	(69,770)	(35237)	(63,314)	(31977)	(53,206)	(26872)
Total Shareholders Equity	18,230	9207	24,686	12468	34,794	17573
EPS	(274)	(138)	96	49	115	58
Book Value per share (US\$/Rs.)	207	105	281	142	395	200

(NOTE: The above figures have been converted into INR using the Reference rate of 1 USD = INR 50.47 (Source: www.oanda.com) dated February 27, 2009.)

**Nisshinbo Somboon Automotive Co., Ltd. - Thailand**
**(1 Thai Baht = INR 1.406)**

Particulars	For the year ended December 31, 2005		For the year ended December 31, 2006		For the year ended December 31, 2007	
	Bahts in thousands	Rs. in lakhs	Bahts in thousands	Rs. in lakhs	Bahts in thousands	Rs. in lakhs
Total Income	255	3592	244	3437	357	5028
Profit After Tax	247	3479	225	3169	329	4634
Equity Capital	733	10324	733	10324	733	10324
Reserves	62	873	286	4028	396	5577
Total Shareholders Equity	868	12225	1,092	15380	1,202	16930
EPS(Bt/Rs.)	34	475	31	433	45	633
Book Value per share (Bt/Rs.)	118	1669	149	2099	164	2311

(NOTE: The above figures have been converted into INR using the Reference rate of 1 Thai Baht = INR 1.406  
(Source: www.oanda.com) dated February 27, 2009.)

**Saeron Automotive Corporation - South Korea**
**(1 South-Korean Won = INR 0.033)**

Particulars	For the year ended December 31, 2005		For the year ended December 31, 2006		For the year ended December 31, 2007	
	Won in thousands	Rs. in lakhs	Won in thousands	Rs. in lakhs	Won in thousands	Rs. in lakhs
Total Income	13,114	4377	17,007	5677	22,461	7497
Profit After Tax	12,534	4184	13,746	4588	17,679	5901
Equity Capital	9,600	3204	9,600	3204	9,600	3204
Reserves	30,155	10065	41,065	13707	54,585	18219
Total Shareholders Equity	67,005	22365	77,874	25993	93,263	31129
EPS(Won/Rs.)	653	218	716	239	921	307
Book Value per share (Won/Rs.)	3,490	1165	4,056	1354	4,857	1621

(NOTE: The above figures have been converted into INR using the Reference rate of 1 South-Korean Won = INR 0.033  
(Source: www.oanda.com) dated February 27, 2009.)

**Nisshinbo Brake Sales Co., Ltd. - Tokyo, Japan**
**(INR = Yen 1.94)**

Particulars	For the year ended March 31, 2006		For the year ended March 31, 2007		For the year ended March 31, 2008	
	Yen in millions	Rs. in lakhs	Yen in millions	Rs. in lakhs	Yen in millions	Rs. in lakhs
Total Income	191	985	372	1918	364	1876
Profit After Tax	120	619	211	1088	172	887
Equity Capital	347	1789	347	1789	347	1789
Reserves	2,289	11799	2,518	12979	2,655	13686
Total Shareholders Equity	3,092	15938	3,312	17072	3,294	16979
EPS (JPY/Rs.)	17	89	30	157	25	128
Book Value per share (JPY/Rs.)	446	2297	477	2461	475	2447

(NOTE: The above figures have been converted into INR using the Reference rate of 100 Yen = INR 51.51  
(Source: www.rbi.org.in) dated February 27, 2009.)

## 4.2 Background of Rane Holdings Limited (RHL) - PACs

- 4.2.1 Rane Holdings Limited, having its registered office in "Maithri", 132, Cathedral Road, Chennai - 600 086, Tel. No. +91 - 44 - 2811 2472, is the primary holding company of the Rane Group. Rane Group is one of India's oldest and experienced auto components manufacturer.
- 4.2.2 RHL was incorporated on March 3, 1936 as Rane (Madras) Limited as a public limited company under the Indian Companies Act, 1913. The name was changed to Rane Holdings Limited with effect from May 18, 2005.
- 4.2.3 Pursuant to a Scheme of Arrangement RHL's manufacturing activities were demerged and transferred to a new company named Rane (Madras) Manufacturing Limited which was subsequently renamed as Rane (Madras) Limited. The investing activities were retained with the PACs and the name was changed to Rane Holdings Limited on May 18, 2005 in order to reflect the present nature of activities of the company.
- Pursuant to a Scheme of Demerger, Merger and Amalgamation between erstwhile Rane Engine Valves Limited, erstwhile Rane Brake Linings Limited, Rane Brake Products Limited (renamed as Rane Brake Lining Limited), Techcons Limited (renamed as Rane Engine Valve Limited) and Rane Holdings Limited sanctioned by the High Court of Madras vide its order dated December 20, 2007,
- (a) the manufacturing undertaking of erstwhile Rane Brake Linings Limited and erstwhile Rane Engine Valves Limited were demerged and merged into Rane Brake Products Limited (renamed as Rane Brake Linings Limited) and Techcons Limited (renamed as Rane Engine Valve Limited) respectively w.e.f. April 1, 2007.
- (b) the remaining businesses viz., investments businesses of erstwhile Rane Engine Valves Limited and erstwhile Rane Brake Linings Limited have been amalgamated into Rane Holdings Limited w.e.f. April 1, 2007.
- 4.2.4 Apart from being a holding company of the Rane Group, RHL is the registered owner of the trademark "Rane" and extends brand equity services to the group companies. RHL also provides a range of other services to its group companies. These include employee training and development, investor services, business development and information systems support.
- 4.2.5 As on the date of the LOF, RHL has a paid up capital of Rs. 142,778,090 consisting of 14,277,809 equity shares of face value of Rs.10/- each. The shares of RHL are listed on BSE, NSE and MSE. RHL has made an application on December 11, 2008 to MSE for voluntary delisting of its shares from MSE and is expecting a confirmation from MSE on the same.
- 4.2.6 The shareholding pattern of RHL as on February 28, 2009 is given under:

Sr. No.	Category	No of shares	% total capital
1	Promoters	60,83,211	42.61%
2	Mutual Funds / UTI	150	0.00%
3	Financial Institutions / Banks	6,900	0.05%
4	Insurance Companies	724,302	5.07%
5	Foreign Institutional Investors	157,260	1.10%
6	Bodies Corporate	2,392,141	16.75%
7	Indian Public	4,339,857	30.40%
8	Non-resident Indians	561,881	3.94%
9	Clearing Members	12,107	0.08%
	<b>Total</b>	<b>14,277,809</b>	<b>100%</b>

4.2.7 Identity of the promoters and/or persons having control over RHL:

Sr. No.	Name	Age (Years)	Qualifications	Address
1.	Mr. L. Lakshman	61	B.E, Executive M.B.A. from London Business School	No.17 Crescent Street, Off ABM Avenue, Chennai 600 028
2.	Mr. L. Lakshman (HUF)	N.A	N.A.	
3.	Mr. L Ganesh	54	ACA, MBA	Door No 5A, Valliammai Achi Road, Koturpuram, Chennai 600 085
4.	L. Ganesh (HUF)	NA.	N.A	
5.	Mrs. Pushpa Lakshman	56	M.A, Ph.D	No.17 Crescent Street, Off Archbishop Mathias Avenue, Chennai 600 028
6.	Mr. Harish Lakshman	34	B.E (Mechanical), MSM	G-B, #11, 2nd Street, Prithivi Avenue, Chennai 600 018
7.	Mr. Vinay Lakshman	31	M.Com. CA	No.17 Crescent Street, Off ABM Avenue, Chennai 600 028
8.	Mrs. Meenakshi Ganesh	45	M.A	Door No 5A, Valliammai Achi Road, Koturpuram, Chennai 600 085
9.	Ms. Aparna Ganesh	24	B.Com, MBA	Door No 5A, Valliammai Achi Road, Koturpuram, Chennai 600 085
10.	Mr. Aditya Ganesh	20	Student	Door No 5A, Valliammai Achi Road, Koturpuram, Chennai 600 085
11.	Mrs. Vanaja Aghoram	63	Graduate	802 Ideal Home Township Kenchanahalli Bangalore 560 039
12.	Mrs. Shanthi Narayan	59	Graduate	64, ABM Avenue, Chennai 600 028
13.	Mrs. Ranjini R Iyer	56	Graduate	305, Quincy Ct., Schaumburg, IL 60193, USA
14.	Mrs. Geetha Raman Subramanyam	52	Graduate	301 East, 22nd Street, Apart # 5D, New York NY 10010 USA
15.	Mrs. Rathika R. Sundaresan	50	Graduate	16 Waters Edge, Sparta NJ 07871, USA
16.	Mr. T G G Raman	44	B.Sc, MBA	63 Orrington Ct, Schaumburg, IL 60173, USA
17.	Mrs. T G Ramani	61	Matriculate	C/o R Subramanian Old No 20 New No 3, Thirumoothi Street, T Nagar, Chennai 600 017
18.	Mr. Pravin Kumar	44	MS	C/o Lakshman, 132 Cathedral Road, Chennai 600 086
19.	Mrs. Chitra Sundaresan	57	Graduate	No 4 Royal Villa, 4th Main Road Extension, Kotturpuram, Chennai-600 085
20.	Ms. Suchitra Narayan	34	B.E, MBA	C1/31 Bapa Nagar, 4th Main Road Extension, Kotturpuram, Chennai - 600 085
21.	Mr. Sumant Narayan	35	MS, MBA	C/o. Mr. L Lakshman, 132, Cathedral Road, Chennai - 600 086
22.	Mr. Karthik Aghoram	37	M.Sc, Ph.d	C/o Lakshman, 132 Cathedral Road, Chennai 600 086
23.	Mrs. Rekha Sundar	43	Graduate	C/o Lakshman, 132 Cathedral Road, Chennai 600 086
24.	Mrs. Malavika Lakshman	31	Graduate	G-B, #11, 2nd Street, Prithivi Avenue, Chennai 600 018
25.	Master Keshav Harish Lakshman	3	-	G-B, #11, 2nd Street, Prithivi Avenue, Chennai 600 018



4.2.8 As on the date of the LOF, RHL has the following shareholding in other Rane Group companies:

Sr. No.	Name of the Company	Shareholding (%)
1.	Rane Investments Limited (Subsidiary)	100%
2.	Rane (Madras) Limited	53.50%
3.	Rane Diecast Limited (Became a Subsidiary on April 1, 2007)	78.70%
4.	Rane Engine Valve Limited (Subsidiary)	51.59%
5.	Rane Brake Lining Limited (Interests in Associates)	42.71%
6.	Rane TRW Steering Systems Limited (Interest in Joint Ventures)	50.00%
7.	Rane NSK Steering Systems Limited (Interest in Joint Ventures)	50.00%
8.	Kar Mobiles Limited	36.88%

4.2.9 As on the date of this Letter of Offer the details of the directors of RHL are as mentioned below:

Name/Designation/ Date of Appointment	Educational Qualification	Experience	Residential Address
<b>Mr. L Lakshman</b> Executive Chairman November 12, 1976	B.E., MBA from London Business School	38 years experience in management of auto component companies	Old No. 17, New No. 6, Crescent Street Arch bishop Mathias Avenue. Chennai 600 028
<b>Mr. L Ganesh</b> Vice Chairman (Non- Executive Director) June 26, 1986	B.Com,, ACA, MBA	32 years experience in management of auto component companies	Door No.5A, Valliammai Achi Road, Kotturpuram, Chennai 600 085
<b>Mr. Harish Lakshman</b> Director (Non- Executive Director) May 19, 2004	B.E, MSM	10 years experience in management of auto component companies	G-B, #11, Prithivi Avenue, II Street, Chennai 600 018
<b>Mr. V Narayanan</b> Independent Director June 11, 1998	M.Sc.	45 years experience	Flat No.19 'The Manor' 11, Cenetoph Road II Lane, Teynampet, Chennai-600 018.
<b>Mr. Krishnan S. Waran</b> Independent Director June 26, 1998	M.Com., Dip. in Marketing, ICWAI Inter, MFM	39 years experience	3, Pyramid Complex, Opp. Vanapraastha, KTN Palayam, Vadavally, Comibatore 641 041
<b>Mr. Shujaat Khan</b> Independent Director October 29, 2007	B.A. & M.B.A. (USA)	Over 16 years of rich industrial experience	Blue River Capital Advisors (India) Pvt. Ltd. 97, 3rd North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra (East), Mumbai 400 051
<b>Mr. D. Vijay Mohan</b> Independent Director June 9, 2008	B.E., MMS	37 years of experience	Managing Director, Pricol, 1087A, Avanashi Road, Comibatore 641 037

4.2.10 None of the directors of RHL have acquired any shares of the Target Company during the last 12 months preceding the date of the Public Announcement. None of the directors/representatives of RHL are on the Board of Directors of the Target Company except Mr. L Ganesh, Mr. L Lakshman and Mr. Harish Lakshman.

The above directors have recused themselves and have not participated and shall recuse and shall not participate in any matter(s) concerning or relating to the Offer including any preparatory steps leading to the Offer.

4.2.11 There are no other agreements between the Acquirer and PACs in relation to the Offer / acquisition of the shares except as disclosed in this Letter of Offer.

4.2.12 RHL directly holds 27,81,624 fully paid up equity shares in the Target Company as on the date of the Public Announcement constituting 38.55% of the pre Preferential Issue paid up equity share capital of the Target Company. The shares of the Target Company were acquired by RHL as per the table given below:

Date of Acquisition	Consideration of Acquisition	Number of Shares	Cumulative Number of Shares	Share-holding %	Mode	Selling Shareholder	Compliance
February 28, 2008	Swap ratio as approved by the Court	27,81,624	27,81,624	38.55	Court Order Scheme	N.A	N.A
<b>Total</b>		<b>27,81,624</b>		<b>38.55</b>			

RHL has complied with applicable provisions of Chapter II of SEBI (SAST) Regulations, 1997 within the time specified.

4.2.13 Status of corporate governance of RHL:

RHL has duly complied with the various requirements of Clause 49 relating to corporate governance under the Listing Agreement with the Stock Exchanges from time to time. No penal action has been initiated by the Stock Exchanges or SEBI against RHL.

4.2.14 The authorized share capital of RHL as on the date of PA is Rs. 20,00,00,000 (Rupees Twenty Crores Only) comprising of 1,50,00,000 equity shares of Rs.10/- each and 50,00,000 preference shares of Rs.10/- each. The issued, subscribed and paid up equity share capital as on the date of PA stood at Rs. 14,27,78,090 (Rupees Fourteen Crores Twenty Seven Lakhs Seventy Eight Thousand and Ninety Only)/- comprising of 1,42,77,809 equity shares of Rs.10/- each, fully paid up.

4.2.15 The summary financial information of RHL disclosed in the PA is the standalone financials for the period ended March 31, 2008.

The brief consolidated financials of RHL are presented below (*Source:* Annual Reports for year ending March 31, 2008 and March 31, 2007 and nine months unaudited financials for the period ended December 31, 2008 duly certified by the statutory auditors of RHL)

**Profit & Loss Statement**

**Rupees in Lakhs**

Particulars	For the year ended March 31, 2006	For the year ended March 31, 2007	For the year ended March 31, 2008	For the 9 months ended December 31, 2008
Income from operations	19,101	22,249	57,720	61,248
Other Income	546	1,877	1,997	90
Total Income	19,648	24,126	59,717	61,338
Total Expenditure.	13,893	17,049	52,913	56,473
Profit Before Depreciation Interest and Tax	5,754	7,077	6,805	4,865
Depreciation	796	947	2066	2,565
Interest	160	122	1,103	1,437
Profit Before Tax	4,798	6,008	3,636	863
Exceptional items - (profit on sale of properties)	-	-	4,912	-
Provision for Tax	1,514	2,139	2,357	848
Profit After Tax	3,284	3,870	6,192	15
Minority Interest in subsidiary	(1,449)	(1,719)	(1,619)	347
Share of profit in associate companies	1,001	1,074	484	(7)
Consolidated net profit	2,836	3,225	5,058	356

**Balance Sheet Statement**

Rupees in Lakhs

Particulars	For the year ended March 31, 2006	For the year ended March 31, 2007	For the year ended March 31, 2008	For the 9 months ended December 31, 2008
<b>Sources of funds</b>				
Paid up share capital - Equity	813	978	1,428	1,428
Paid up share capital - Preference shares	175	88	-	-
Reserves and Surplus (excluding revaluation reserves)	11,859	16,797	27,584	27,728
Networth	12,847	17,863	29,012	29,156
Minority Interest	4,223	7,192	3,554	7,043
Deferred Grants	6	6	5	5
Secured loans	819	7,220	8,137	21,191
Unsecured loans	686	1,680	398	1,319
Total Loan Funds	1,505	8,900	8,535	22,510
Deferred Tax Liability	230	921	443	1,092
<b>Total</b>	<b>18,810</b>	<b>34,881</b>	<b>41,550</b>	<b>59,806</b>

Particulars	For the year ended March 31, 2006	For the year ended March 31, 2007	For the year ended March 31, 2008	For the 9 months ended December 31, 2008
<b>Uses of funds</b>				
Net fixed assets	6,536	15,713	21,771	39,809
Investments	10,599	10,888	12,566	3,648
Net current assets	1,674	7,797	7,185	16,324
Total miscellaneous expenditure not written off	-	484	28	25
<b>Total</b>	<b>18,810</b>	<b>34,881</b>	<b>41,550</b>	<b>59,806</b>

**Other Financial Data**

Particulars	For the year ended March 31, 2006	For the year ended March 31, 2007	For the year ended March 31, 2008	For the 9 months ended December 31, 2008
Dividend (%)	50%	75%	60%	40%*
Earning Per Share (not annualised) Rs.	34.46	38.86	35.29	2.49
Return on Net worth (%)	22.10%	18.10%	17.40%	1.20%
Book Value Per Share -Rs.	156	177	203	204

\*Interim Dividend

- Return on Net worth has been calculated as Profit After Tax / Net Worth
- Book Value per share has been calculated as Net Worth/ No. of shares
- Earning per share has been calculated as Profit after Tax/ No. of shares
- Minority interest is that part of the net results of operations of a Subsidiary attributable to interests which are not owned, directly or indirectly through subsidiary(ies), by the parent. As per AS 21, the financial statements of the parent and its subsidiaries should be combined on a line by line basis by adding together items of income and expenses while preparing Consolidated Profit and Loss Account. Minority interests in the net income of consolidated subsidiaries for the reporting period should be

identified and adjusted against the income of the group in order to arrive at the net income attributable to the owners of the parent.

4.2.16 RHL has the following contingent liabilities and commitments as on March 31, 2008:

Particulars	Rupees (Lakhs)
Claims against RHL not acknowledged as debts	131.05

Contingent liabilities include a sum of Rs. 85.48 Lakhs being income tax demand for the year 2004-05, disputed by RHL and its appeal is pending disposal. In view of a favourable opinion issued by the tax counsel no provision has been made therefore.

4.2.17 Reasons for rise/fall in total income/PAT:

**Total Income 2008 vs. 2007 and Profit After Tax 2008 vs. 2007:**

Pursuant to the Scheme of Demerger, Merger and Amalgamation, Rane Diecast Limited has become the subsidiary of RHL. Also, Kar Mobiles Limited and Rane Engine Valve Ltd have been treated as associate companies of RHL in addition to Rane Brake Lining Limited. Since, the Consolidated Financial Results for the period ended March 31, 2007 do not include the effects of the Scheme of Demerger, Merger & Amalgamation, the financial results for the period ended March 31, 2008 vis-à-vis March 31, 2007 are not comparable.

**Total Income 2007 vs. 2006:**

The year has seen the economy spiralling on an upward swing with most of the sectors registering a buoyant growth. In light of the boom in the economy, the sales in the automotive sectors viz., domestic and exports, also grew significantly thereby registering a income of Rs.2,412 million as against Rs.1,965 million in the previous year.

**Profit After Tax 2007 vs. 2006:**

The PAT has grown from Rs.328 million to Rs.387 million primarily on account of economic upswing and increased efficiency.

4.2.18 Significant Accounting Policies of RHL are as given under:

**Accounting Policies**

**(a) Principles of Consolidation**

The consolidated financial statements have been prepared on the following basis

The financial statements of the Company, its subsidiaries, Interests in Joint Ventures held through a subsidiary and investments in Associate companies are consolidated in accordance with Accounting Standard 21 (AS 21) - "Consolidated Financial Statements", Accounting Standard 27 (AS 27) – "Financial Reporting of Interests in Joint Ventures" and Accounting Standard 23 (AS 23) – "Accounting for Investments in Associates in Consolidated Financial Statements" issued by Institute of Chartered Accountants of India, as detailed below:

The financial statements of the parent company and its subsidiaries have been consolidated on a line-by-line basis by adding together the book values of like items, assets, liabilities, income and expenses, after eliminating intra-company balances, intra company transactions and unrealised profits/losses on intra-company transactions.

The Company's interests in joint ventures held through a subsidiary have been consolidated by including the subsidiary's share of revenues, common expenses, assets and liabilities respectively in the joint ventures and then eliminating minority interest in the subsidiary.

Investments in associate companies have been accounted for by using equity method whereby investment is initially recorded at cost and the carrying amount is adjusted thereafter for post acquisition change in the Company's share of net assets of the associates.

Goodwill/ Capital reserve arising on investment in Subsidiary and joint ventures are separately recognised in the consolidated financial statements. Goodwill/capital reserve arising on the acquisition of an associate is included in the carrying amount of investment in the associate. Goodwill is tested for impairment on annual basis.

Investments other than in subsidiary, Joint Ventures and Associates have been accounted as per Accounting standard 13 (AS 13) on "Accounting for Investments"

Companies included in Consolidation

Subsidiaries	Equity shares held		% of Voting Power held	
	March 31, 2008	March 31, 2007	March 31, 2008	March 31, 2007
Rane Investments Ltd	845,000	430,950	100.00%	51.00%
Rane (Madras) Ltd	5,438,125	5,212,125	53.50%	51.30%
Rane Diecast Ltd*	7,700,100	-	78.70%	-
Interest in Joint Ventures held by the Company and through subsidiary				
Rane TRW Steering Systems Ltd	4,369,115	4,369,115	50.00%	50.00%
Rane NSK Steering Systems Ltd	8,950,000	8,000,000	50.00%	50.00%
Interests in Associates – held by the Company and through its subsidiary				
Rane Engine Valve Ltd	2,657,285	-	51.60%	-
Rane Engine Valves Ltd	-	1,918,038	-	37.20%
Rane Brake Lining Ltd	2,781,264	-	42.70%	-
Rane Brake Linings Ltd		1,404,800		19.50%

All the above companies are incorporated in India

\* Rane Diecast Ltd. became a subsidiary on April 01, 2007, consequent to the Scheme of Demerger, Merger and Amalgamation sanctioned by the High Court of Judicature at Madras.

**(b) Basis of preparation of Financial Statements**

The Company follows mercantile system of accounting and recognises income and expenditure on accrual basis. The Financial Statements are prepared in accordance with generally accepted accounting principles and accounting policies that are based on mandatory accounting standards as applicable.

**(c) Fixed Assets**

Fixed Assets are stated at cost of acquisition or construction, net of cenvat credit and depreciation. Cost includes direct cost and financing cost related to borrowing attributable to acquisition that are capitalised until the assets are ready for use. Capital work-in-progress includes cost of assets not ready for their intended use and includes advances paid to acquire fixed assets.

**(d) Depreciation**

Depreciation is charged on straight-line basis at rates specified in Schedule XIV of the Companies Act, 1956.

Depreciation on the following assets is charged on the basis of their estimated useful lives at rates higher than those prescribed in the Companies Act, 1956.

Sr. No.	Assets	Useful Life (years)
1.	Vehicles	5
2.	Furniture and Fittings	5
3.	Office Equipment	3
4.	Lab equipment	3
5.	Jigs and Fixtures (included in Plant and Machinery)	3

Depreciation is provided pro-rata with reference to the month of addition / deletion. Assets costing less than Rs. 5,000 each are fully depreciated in the year of acquisition.

**(e) Investments**

Investments are categorised into Long Term and Current Investments.

Long Term Investments are valued at cost and current investments are valued at lower of cost and fair value.

Any decline in the value of long-term investments (other than associates) is recognised by reducing the value of Investments unless such reduction is of a temporary nature.

**(f) Foreign currency transactions**

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction.

Gain or loss in respect of foreign exchange fluctuation on transactions concluded during the year is recognised as income or expenditure of the year.

Current assets and current liabilities (other than those relating to fixed assets) in foreign currencies are translated at the rates of exchange prevailing on the balance sheet date. Gain or loss arising on such transactions is recognised as income or expenditure of the year.

Gain or loss on translation of long term liabilities utilised for acquisition of fixed assets is adjusted against the carrying cost of the relevant fixed asset.

In respect of forward contracts, the exchange differences is dealt with in the Profit and Loss Account over the period of the contracts. Realised gains or losses on cancellation of forward contracts are recognised in the Profit and Loss Account of the year in which they are cancelled.

**(g) Borrowing costs**

Borrowing costs attributable to acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. Qualifying assets are those that take substantial time to get ready for intended use. All other borrowing costs are recognised as revenue in nature.

**(h) Inventories**

Raw materials, work in progress and finished goods are valued at lower of cost and net realizable value. Other items of inventory are valued at cost. Cost is determined on weighted average basis. Cost includes conversion and other costs incurred in bringing the inventories to the present location and condition.

**(i) Capital Subsidy**

Lumpsum Capital Subsidies, not relating to any specific fixed asset, received from State Government for setting up new projects, are accounted as capital reserve.

**(j) Employee Benefits**

**Short term**

Short term Employee Benefits including accumulated compensated absence and Voluntary Retirement Scheme are recognised as expense as per the Company's scheme based on expected obligations on undiscounted basis.

**Post retirement**

Post Retirement Benefits comprise Provident Fund, Superannuation Fund and Gratuity which are accounted for as follows:

**Provident Fund**

This is a defined contribution plan, and contributions made to the Fund are charged to Revenue. The Company has no further obligations for future provident fund benefits other than annual contributions.

**Superannuation Fund**

This is a defined contribution plan. The Company contributes a sum equivalent to 15% of eligible employees' salary towards superannuation fund administered by the Trustees and managed by Life Insurance Corporation of India (LIC). The Company has no further obligations for future superannuation benefits other than its annual contributions and recognizes such contributions as expense as and when due.

**Gratuity**

This is a defined benefit plan. The Company's scheme is administered by LIC. The liability is determined based on the actuarial valuation using projected unit credit method. Actuarial gains and losses,

comprising of experience adjustments and the effects of changes in actuarial assumptions, are recognised immediately in the profit and loss account as income or expense.

#### **Long term**

Long term employee benefits represent compensated absence which is provided for based on actuarial valuation using projected unit credit method.

#### **(k) Revenue recognition**

Sales are recognised on despatch of goods and recorded net of sales return and trade discounts and exclude sales tax and other charges.

Sales include excise duty recovered.

Dividend income is recognised when the right to receive is established.

Service fees and Trademark fees are recognised on accrual basis in accordance with terms of the relevant agreement.

#### **(l) Income Tax**

Current tax is determined as the amount of tax payable in respect of taxable income for the period.

Deferred tax is recognised on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversing in one or more subsequent periods. Deferred tax assets are recognised only to the extent there is a reasonable certainty of its realisation.

#### **(m) Impairment of Fixed Assets**

Consideration is given at each Balance Sheet date, to determine whether there is any indication of impairment on the carrying amount of the Company's fixed assets. If any indication exists, an asset's recoverable amount is estimated and impairment loss is recognised whenever the carrying amount of an asset exceeds recoverable amount.

#### **(n) Provisions and Contingent Liabilities**

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

#### **(o) Earnings per Share**

Earnings per share is determined by considering the net profit after tax attributable to Equity Shareholders and the weighted average number of shares outstanding at the year-end.

#### **4.2.19 Details of subsidiary companies of RHL are listed below:**

<b>Name of Subsidiary</b>	<b>% shareholding of RHL</b>	<b>Date of Incorporation</b>	<b>Registered Office</b>	<b>Nature of Business</b>	<b>Listing Status</b>
Rane Investments Limited	100.00	December 15, 1982	"Maithri", 132, Cathedral Road, Chennai 600 086	Investment across group companies	Unlisted
Rane (Madras) Limited	53.50	March 31, 2004		Manufacture of automotive components	Listed on BSE, NSE and MSE*
Rane Diecast Limited	78.75	August 23, 1996			Unlisted
Rane Engine Valve Ltd.	51.59	March 9, 1972		Listed on BSE, NSE and MSE	

\* Rane (Madras) Limited has filed an application vide letter dated December 8, 2008 seeking voluntary Delisting of shares from the MSE.

Financials of subsidiaries of RHL are given below:

**Rane Investments Limited**

(Rupees in lakhs)

Particulars	For the year ended March 31, 2008	For the year ended March 31, 2007	For the year ended March 31, 2006
Income	1,101.15	2,452.35	1343.80
Profit after Tax	1,015.15	2,375.57	1193.55
Paid up Equity Capital	84.50	84.50	84.50
Reserves (excluding revaluation reserves)	3,398.91	3,273.51	2728.61
Earnings Per Share (EPS)	120.14	281.13	141.25
Net Asset Value (Per Share)	412.24	397.40	332.91

**Rane (Madras) Limited**

(Rupees in lakhs)

Particulars	For the year ended March 31, 2008	For the year ended March 31, 2007	For the year ended March 31, 2006
Income	35,082.03	33,298.05	28,051.36
Profit after Tax	3,659.70	1,361.66	864.02
Equity Capital	1,016.41	1,016.41	1016.41
Reserves (excluding Revaluation Reserves)	6,312.65	3,381.34	2,515.11
Earnings Per Share (Rs.)	35.86	13.08	8.02
Net Asset Value (Rs.)	72.11	38.50	30.46

**Rane Diecast Limited**

(Rupees in lakhs)

Particulars	For the year ended March 31, 2008	For the year ended March 31, 2007	For the year ended March 31, 2006
Income	1,708.31	883.74	548.16
Profit after Tax	(355.39)	(311.32)	(25.20)
Equity Capital	977.81	831.11	440.00
Reserves (excluding Revaluation Reserves)	582.01	428.71	20.00
Earnings Per Share (Rs.)	(3.63)	(3.75)	(0.57)
Net Asset Value (Rs.)	6.76	8.52	4.80

**Rane Engine Valve Limited**

(Rupees in lakhs)

Particulars	For the year ended March 31, 2008	For the year ended March 31, 2007	For the year ended March 31, 2006
Income	19,939	51	18,886
Profit after Tax	242	15	85
Equity Capital	515.10	5	5
Reserves (excluding Revaluation Reserves)	7,398	68	53
Earnings Per Share (Rs.)	4.70	0.29	1.67
Net Asset Value (Rs.)	153.05	11.32	11.03



#### 4.2.20 Details of merger/demerger, spin off during the last 3 years involving RHL:

Pursuant to a Scheme of Arrangement RHL's manufacturing activities were demerged and transferred to a new company named Rane (Madras) Manufacturing Limited which was subsequently renamed as Rane (Madras) Limited. The investing activities were retained with the PACs and the name was changed to Rane Holdings Limited on May 18, 2005 in order to reflect the present nature of activities of the company.

Pursuant to a Scheme of Demerger, Merger and Amalgamation between erstwhile Rane Engine Valves Limited, erstwhile Rane Brake Linings Limited, Rane Brake Products Limited (renamed as Rane Brake Linings Limited), Techcons Limited (renamed as Rane Engine Valve Limited) and Rane Holdings Limited sanctioned by the High Court of Madras vide its order dated December 20, 2007,

- (a) the manufacturing undertaking of erstwhile Rane Brake Linings Limited and erstwhile Rane Engine Valves Limited were demerged and merged into Rane Brake Products Limited (renamed as Rane Brake Linings Limited) and Techcons Limited (renamed as Rane Engine Valves Limited) respectively w.e.f. April 1, 2007.
- (b) the remaining businesses viz., investments businesses of erstwhile Rane Engine Valves Limited and erstwhile Rane Brake Linings Limited have been amalgamated into Rane Holdings Limited w.e.f. April 1, 2007.

#### 4.2.21 Details of acquisitions during the last 3 years:

RHL has not made any acquisitions during the last 3 years, except as stated above.

#### 4.2.22 The details of the Compliance officer of RHL are as under:

**Mr. C. Siva**

Secretary

Rane Holdings Limited

"Maithri"

132, Cathedral Road

Chennai - 600 086

Tel : +91 44 2811 2472

Fax: +91 44 2811 2449

Email: c.siva@rane.co.in

#### 4.2.23 Details of pending litigations involving RHL:

Brief Particulars	Claim Amount (Rs. in Lakhs)	Forum	Current Status
Dispute related to lease rental for lease land 1990-2003 demanded by Tahsildhar, Mylapore.	190	Collector of Chennai	Appeal filed with Collector of Chennai

4.2.24 SEBI has issued a notice against Mr. L. Ganesh & Mr. L. Lakshman, the promoter directors of Rane Holdings Limited under Section 15-I of the SEBI Act and under Rule 4 of the SEBI (Procedure for Holding Inquiry and the Imposing Penalties by Adjudicating Officer) Rules, 1995 to inquire into and adjudge under Section 15HB of the Securities and Exchange Board of India Act, 1992 the alleged violation Regulations 16 (xix) and 22 (19) of the SEBI (SAST) Regulations in the matter of the open offer for acquisition of 27.90% of the equity share capital of Kar Mobiles Ltd by the erstwhile Rane Engine Valves Ltd. opened on December 2, 2005 and closed on December 21, 2005. With respect to the aforementioned notice, a Consent Application has been filed by the parties with SEBI on April 26, 2008 and a response to the same is awaited

## II. Future plans with regard to the Target Company

The Acquirer and PACs do not propose to, dispose off or otherwise encumber any assets of the Target Company in the succeeding two years, except such disposals or encumbrances are in the ordinary course of business of the Target Company.

Except with the prior approval of RBL's shareholders, the Acquirer and PAC undertake that they shall not sell, dispose off or otherwise encumber any substantial assets of RBL.

## 5 OPTION IN TERMS OF REGULATION 21(2), IF APPLICABLE

As per the listing agreements with the BSE, the NSE, the MSE and the Target Company, the Target Company is required to maintain at least 25% public shareholding for listing on a continuous basis. In case the public shareholding falls below 25%, post the Offer, the Acquirer and PACs undertake that they shall take necessary steps to facilitate compliance by the Target Company with the relevant provisions of Clause 40A of the Listing Agreement, within the time period mentioned therein.

With regard to maintaining the listing status of the Target Company in future, taking into account the current market conditions, the Acquirer and PACs have not yet taken a decision on the manner in which the compliance with Clause 40A will be met in the event the public shareholding falls below the limits specified in the Listing Agreement any point of time in the next three years period. The Acquirer and PACs shall, depending on the market conditions prevailing at the relevant point in time, adopt the methods specified in Clause 40A based on commercial considerations, the interest of the Target Company and its shareholders to comply with Clause 40A in accordance with all applicable laws.

## 6 BACKGROUND OF THE TARGET COMPANY

### 6.1 General Information

- 6.1.1 Rane Brake Lining Limited, having its registered office at "Maithri", 132, Cathedral Road, Chennai - 600 086, is engaged in the manufacture of brake linings, disc pads for automotive industry and railway brake blocks and parts out of asbestos and asbestos free-based friction materials. The company is a part of the Rane Group, one of India's oldest and most experienced auto components manufacturer.
- 6.1.2 The Target Company was incorporated as a Private Limited company on December 17, 2004 under the Companies Act, 1956 as EMS Logistics (India) Private Limited. On September 20, 2005 the name of the company was changed to Richfield Logistics Line Private Limited. The name of the company was changed to Rane Brake Products Private Limited w.e.f. September 24, 2007. The status of the company was changed from "Private Limited" to "Public Limited" and the company became a public limited company on September 26, 2007. In terms of the Scheme of arrangement of transfer of the manufacturing undertaking of erstwhile Rane Brake Linings Limited, as approved by the Hon'ble High Court of Judicature at Madras vide its order dated December 20, 2007, the name of the Company was changed to Rane Brake Lining Limited w.e.f. February 06, 2008. The Objects clause of the Memorandum of Association of the Target Company was amended on August 6, 2007 to bring it in line with the present business.
- 6.1.3 In 1991 the erstwhile Rane Brake Linings Limited commissioned its manufacturing plant at Hyderabad and in 1997 the Pondicherry plant was commissioned. Pursuant to the Scheme the above plants have been transferred and vested with the Target Company w.e.f. April 1, 2007. At present, the Target Company has three manufacturing plants located at Chennai, Hyderabad and Pondicherry and a fourth plant with state of the art technology for manufacturing disc pads at Trichy.
- 6.1.4 The Target Company took over the manufacturing business of erstwhile Rane Brake Linings Ltd. as per the scheme of arrangement approved by the Hon'ble High Court of Judicature at Madras vide its order dated December 20, 2007.
- 6.1.5 The Target Company has received the following certifications viz., ISO 9001-2000, ISO 14001-2000, TS 16949 certification and OHSAS 18001.
- 6.1.6 The Target Company does not own shares in other Rane Group companies.
- 6.1.7 The Target Company has entered into a technical collaboration with Nisshinbo Industries Inc., Japan (NII) in the year 1985 for manufacturing of brake linings, clutch facings and disc pads. As on the date of the Public Announcement, NII hold 10% equity in the Pre Preferential Issue equity capital of the Target Company.
- 6.1.8 As on the date of the PA, the paid up share capital of the Target Company is Rs.7,21,49,800 comprising of 72,14,980 Equity Shares of Rs.10/- each. The equity shares of RBL are listed on the BSE, NSE and MSE.
- 6.1.9 As on the date of the PA, there are no outstanding partly paid up shares or any other instruments convertible into Equity Shares of the Target Company at a future date.
- 6.1.10 The paid up share capital of the Target Company shall increase to Rs.7,91,49,800 comprising of 79,14,980 Equity Shares of Rs.10/- each after the Preferential Issue.

6.1.11 The post Preferential Issue voting share capital of the Target Company is given below:

<b>Paid up Equity Share Capital of the Target Company</b>	<b>No. of Equity Shares/ Voting Rights</b>	<b>% of Equity Shares/ Voting Rights</b>
Fully paid up equity capital	79,14,980	100%
Partly paid up equity capital	-	-
Total Issued and paid up equity capital	79,14,980	100%
Total Voting Rights	79,14,980	100%

6.1.12 Built up of the capital structure of RBL since inception and the disclosure status of compliance with applicable provisions of SEBI (SAST) Regulations and other statutory requirements as applicable are as follows:

<b>Date of Allotment/ Period</b>	<b>No. of shares allotted</b>	<b>% of Shares Issued</b>	<b>Face Value (Rs.)</b>	<b>Cumulative Shares</b>	<b>Cumulative Paid-up Capital (Rs.)</b>	<b>Mode of Allotment</b>	<b>Identity of allottees (Promoters/ ex-promoters/ others)</b>	<b>Status of Compliance</b>
December 14, 2004	10,000	-	10	10,000	1,00,000	Subscribers to Memorandum	Promoters	Complied
August 10, 2007	40,000	-	10	50,000	5,00,000	Rights	Promoters	Complied
February 22, 2008	50,000	-	10	-	-	Cancellation pursuant to the scheme	-	Complied
February 28, 2008	7,214,980	-	10	72,14,980	7,21,49,800	Issuance pursuant to the scheme	Shareholders of erstwhile Rane Brake Linings Ltd.	Complied
April 13, 2009	7,00,000	8.84	10	79,14,980	7,91,49,800	Preferential Issue	Acquirer (NII)	Complied

As per the confirmation provided by RBL, the promoters and all major shareholders of RBL have complied with the provisions of Chapter II of SEBI (SAST) Regulations.

6.1.13 The shares of RBL are listed on BSE, NSE and MSE. RBL has submitted applications for in-principle listing approval of the Preferential Issue shares with these Stock Exchanges. RBL has received in-principle approval for listing the shares issued on a preferential basis from BSE, NSE and MSE vide their letter dated April 1, 2009, April 2, 2009 and April 8, 2009 respectively.

6.1.14 RBL is in compliance with the listing agreement as on the date of the Public Announcement and no penal/punitive action has been initiated against RBL by the stock exchanges where its shares are listed.

6.1.15 As on the date of the Public Announcement, no equity shares of RBL were locked-in. However, 7,21,500 equity shares representing pre-preferential shareholding of the Acquirer have been locked-in as per clause 13.3.1 (g) of SEBI Guidelines.

6.1.16 The equity shares of RBL are listed on the BSE, NSE and MSE. Details of the last traded price and volume as on February 27, 2009, the date preceding the date of the Board Meeting to consider Preferential Issue on BSE and NSE are as follows:

<b>Name of Stock Exchange</b>	<b>Last Traded Price</b>	<b>Volume</b>
BSE	36.15	100
NSE	38.45	156
MSE	-	-

6.1.17 There has been no suspension of trading of the equity shares of RBL by any of the Stock Exchanges.

6.1.18 The Target Company, Promoters and other major shareholders of the Target Company have complied with applicable provisions of Chapter II of SEBI (SAST) Regulations within the time specified in SEBI (SAST) Regulations.

6.1.19 The Board of Directors of RBL as on the date of the LOF is as under:

Sr. No.	Name	Designation & Date of Appointment	Qualification	Experience	Residential Address
1	Mr. L Ganesh	Chairman June 18, 2007	B.Com, ACA, MBA	32 years of experience in management of Auto component companies	Door No. 5A Valliammai Achi Road, Kotturpuram Chennai 600 085
2	Mr. L Lakshman	Managing Director & Non-executive Director June 18, 2007 Became a Non-executive Director on April 1, 2008	B.E., MBA from London Business School	Mr. Lakshman has been spearheading the business of different companies in Rane Group and has more than 38 years of industrial experience.	17, Crescent Archbishop Mathias Avenue Chennai 600 028.
3	Mr. Anil Kumar V Epur	Independent & Non-executive Director February 6, 2008	B.S., M.E.E and M.B.A - Cornell University, USA	Mr. Anil Kumar has over 32 years of industrial experience.	B - 2 - 703 / 7 / A Road No.12 Banjara Hills Hyderabad 500 034.
4	Mr. S A Murli Prasad	Independent & Non-executive Director February 6, 2008	ACA, AICWA	Mr. Murali Prasad provides consultancy services for large and medium sized corporate houses	54 (New) P S Sivasamy Road Chennai - 600 004
5	Mr. S Sandilya	Independent & Non-executive Director February 6, 2008	B.Com., M.B.A.	Mr. Sandilya contributes his expertise in the policy and decision making of the Company. He has over 38 years of industrial experience	R-49, Greater Kailash - Part I New Delhi 110 048.
6	Mr. Kunihiro Toda	Independent & Non-executive Director February 6, 2008	Bachelor, Major in Economics	Mr. Toda provides technical advice and support to the Company. He has over 35 years of industrial experience.	Nisshinbo Industries Inc. No.2-31-11 Ningyo-Cho Nihonbashi Chuo-Ku, Tokyo Japan
7	Mr.Suresh Chandra Gupta	Independent & Non-executive Director March 24, 2008	B. Tech (Hons.)	Mr. Gupta was associated with the Indian Railways and has over 40 years of industrial experience.	B-80, First Floor Sarvodaya Enclave New Delhi 110 017

Sr. No.	Name	Designation & Date of Appointment	Qualification	Experience	Residential Address
8	Harish Lakshman	Non-executive Director July 22, 2008	B.E, MSM	10 years experience in management of auto component companies	G-B, #11, Prithivi Avenue, II Street Chennai 600 018

6.1.20 As on the date of this Letter of Offer Mr. L Ganesh, Mr. L Lakshman and Mr. Harish Lakshman are common directors on the Board of RBL and PAC's. These directors have recused themselves and have not participated and shall recuse and shall not participate in any matter(s) concerning or relating to the Offer including any preparatory steps leading to the Offer.

6.1.21 The brief financials of RBL are presented below (Source: Annual Reports for year ending December 31, 2005, 15 months period ending March 31, 2007 and for year ending March 31, 2008 and 9 months unaudited financial data for the period ended December 31, 2008 duly certified by the statutory auditors of RBL)

#### Profit & Loss Statement

(Rs. In lakhs)

Particulars	For the period ended December 31, 2005 (12 months)	For the period ended March 31, 2007 (15 months)	For the period ended March 31, 2008 (12 months)	For the period ended March 31 2008* (9 months)
Income from Operations	-	-	18,102	14,364
Other Income	-	-	325	101
Total Income	-	-	18,427	14,465
Total Expenditure	0.08	0.08	17,308	13,223
PBDIT	(0.08)	(0.08)	2,330	1,242
Depreciation	-	-	878	776
Interest	-	-	331	443
PBT	(0.08)	(0.08)	1,119	23
Provision for Tax	-	-	225	30
PAT	(0.08)	(0.08)	894	(7)

\* As certified by the Auditors

#### Balance Sheet Statement

(Rs. In lakhs)

Particulars	For the period ended December 31, 2005 (12 months)	For the period ended March 31, 2007 (15 months)	For the period ended March 31, 2008 (12 months)	For the period ended March 31 2008* (9 months)
<b>Sources of funds</b>				
Paid up share capital	1	1	721	721
Reserves and Surplus (Excluding revaluation reserves)	-	-	5,848	5,841
Net-worth	1	1	6,570	6,562
Secured loans	-	-	4,682	5,122
Unsecured loans	-	-	1,095	1,660
Deferred Tax Liability	-	-	740	743
<b>Total</b>	<b>1</b>	<b>1</b>	<b>13,086</b>	<b>14,087</b>

(Rs. In lakhs)

Particulars	For the period ended December 31, 2005 (12 months)	For the period ended March 31, 2007 (15 months)	For the period ended March 31, 2008 (12 months)	For the period ended March 31 2008* (9 months)
<b>Use of funds</b>				
Net fixed assets	-	8,542	9,538	
Investments	-	-	-	
Net current assets	0.77	0.73	4,425	4,519
Deferred Tax Assets	-	-	-	-
Total misc. expenditures not written off	0.15	0.11	119	30
Profit & Loss A/c	0.08	0.16	-	-
<b>Total</b>	<b>1</b>	<b>1</b>	<b>13,086</b>	<b>14,087</b>

\* As certified by the Auditors

**Other Financial Data**

(Rs. In lakhs)

Particulars	For the period ended December 31, 2005 (12 months)	For the period ended March 31, 2007 (15 months)	For the period ended March 31, 2008 (12 months)	For the period ended December 31, 2008* (9 months)
Dividend (%)	-	-	40%	-
Earnings per Share (Rs.)	-	-	12.39	(0.10)
Return on Net Worth (%)	-	-	9.23%	-0.11%
Book Value per Share (Rs.)	1	1	89.40	90.95

\* As certified by the Auditors

- Return on Net worth has been calculated as Profit After Tax / Net Worth
- Book Value per share has been calculated as Net Worth/ No. of shares
- Earning per share has been calculated as Profit after Tax/ No. of shares

## 6.1.22 Reasons for rise and fall in Total Income and Profit after Tax:

The company was incorporated on December 17, 2004. There were no operations for the two years ended December 31, 2005 and March 31, 2007. Pursuant to the Scheme of Demerger, Merger and Amalgamation, the manufacturing undertaking of erstwhile Rane Brake Linings Limited was vested with the company with effect from the appointed date viz., April 1, 2007 as per the Scheme. Hence, the figures for the period ended March 31, 2008 are not comparable with the figures for the period ended March 31, 2007 and December 31, 2005.

6.1.23 Pre and Post Offer Shareholding pattern (as on the date of this Letter of Offer) of RBL is as follows:-

Shareholders' Category		Shareholding & voting rights prior to the acquisition (preferential issue) and offer		Shares & voting rights agreed to be acquired (Preferential issue) which triggered off SEBI (SAST) Regulations		Shares & voting rights to be acquired in open offer (assuming full acceptance)		Shareholding & voting rights after the acquisition (preferential issue) and the Offer	
		(A)		(B)		(C)		(A) + (B) + (C) = (D)	
		No	%	No.	%	No.	%	No.	%
<b>(1)</b>	<b>Promoter Group</b>								
(a)	Parties to agreement (Persons Acting in Concert)	27,81,624	38.55	-	-	5,10,897	6.45	32,92,521	41.6
(b)	Promoters other than (a) above								
(i)	Group Company	3,00,000	4.16	-	-	-	-	3,00,000	3.79
(ii)	Individuals	19,850	0.28	-	-	-	-	19,850	0.25
	<b>Total 1 (a + b)</b>	<b>31,01,474</b>	<b>42.99</b>	<b>-</b>	<b>-</b>	<b>5,10,897</b>	<b>6.45</b>	<b>36,12,371</b>	<b>45.64</b>
<b>(2)</b>	<b>Acquirer (NIL)</b>	7,21,500	10.00	7,00,000	8.84	10,72,099	13.55	24,93,599	31.50
(3)	Public (Other than parties to agreement, acquirer & PACs)								
(a)	FIs/MFs/FIIs/Banks, SFIs	7,72,768	10.71	-	-	-	-	-	-
(b)	Others (Bodies Corporate and Individuals)	26,19,238	36.30	-	-	-	-	-	-
	<b>Total (3) (a) + (b)</b>	<b>33,92,006</b>	<b>47.01</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18,09,010</b>	<b>22.86</b>
	<b>Grand Total (1+2+3)</b>	<b>72,14,980</b>	<b>100</b>	<b>7,00,000</b>	<b>8.84</b>	<b>15,82,996</b>	<b>20</b>	<b>79,14,980</b>	<b>100</b>

**Notes:**

- No equity Shares of the Target Company have been purchased by the Acquirer and PACs after the Public Announcement till the date of this Letter of Offer.
- Shareholding pattern as on February 27, 2009 is as per the data provided by the Target Company.
- Promoters included in 1(b) will not be eligible to participate in the offer.
- Percentage calculated in column D is based on the post Preferential Issue share capital.
- As on the Specified Date (i.e. March 31, 2009) the total number of retail shareholders of the Target Company is 6,525.

6.1.24 Details of change in shareholding of the Promoter Group as and when it happened in RBL are as under:

Pursuant to the Scheme of Demerger, Merger and Amalgamation sanctioned by the Hon'ble High Court of Judicature at Madras vide its order dated December 20, 2007, the shareholders of erstwhile Rane Brake Linings Limited have been allotted shares in the company on February 28, 2008. Subsequently there has been no change in the shareholding of the promoters / promoters group.

6.1.25 The contingent liabilities and commitments of RBL as on March 31, 2008 is Rs. 35,011/-, on account of claims against RBL not acknowledged as debts.

6.1.26 Details of merger/demerger/spin offs/acquisitions involving RBL during the last 3 years:

Pursuant to a Scheme of Demerger, Merger and Amalgamation between erstwhile Rane Engine Valves Limited, erstwhile Rane Brake Linings Limited, Rane Brake Products Limited (renamed as Rane Brake Lining Limited), Techcons Limited (renamed as Rane Engine Valve Limited) and Rane Holdings Limited sanctioned by the High Court of Madras vide its order dated December 20, 2007,

- the manufacturing undertaking of erstwhile Rane Brake Linings Limited and erstwhile Rane Engine Valves Limited were demerged and merged into Rane Brake Products Limited (renamed as Rane Brake Lining Limited) and Techcons Limited (renamed as Rane Engine Valve Limited) respectively w.e.f. April 1, 2007.
- the remaining businesses viz., investments businesses of erstwhile Rane Engine Valves Limited and erstwhile Rane Brake Lining Limited have been amalgamated into Rane Holdings Limited w.e.f. April 1, 2007.

6.1.27 RBL has the following litigations pending before the Sales tax / Central Excise / Income Tax / Service tax and Labour authorities as on the date of the Letter of Offer:

<b>Authority</b>	<b>Claim Amount (Rs. In Lakhs)</b>
Central Sales Tax / State Sales Tax authorities	34.23
Central Excise	101.90
Service tax	92.86
Income Tax authorities	416.57
Labour authorities	2.00

6.1.28 SEBI has issued a notice against Mr. L. Ganesh & Mr. L. Lakshman, the promoter directors of Rane Brake Lining Limited under Section 15-I of the SEBI Act and under rule 4 of the SEBI (Procedure for Holding Inquiry and the Imposing Penalties by Adjudicating Officer) Rules 1995 to inquire into and adjudge under Section 15HB of the Securities and Exchange Board of India Act, 1992, the alleged violation of Regulations 16 (xix) and 22 (19) of the SEBI (SAST) Regulations in the matter of the open offer for acquisition of 27.90% of the equity share capital of Kar Mobiles Ltd. by the erstwhile Rane Engine Valves Ltd. opened on December 2, 2005 and closed on December 21, 2005. With respect to the aforementioned notice, a Consent Application has been filed by the parties with SEBI on April 26, 2008 and a response to the same is awaited.

6.1.29 Details of the Compliance Officer of RBL is given below:

**Mr. K V Anantharam**  
 Compliance Officer  
 Rane Brake Lining Limited  
 "Maithri", 132, Cathedral Road  
 Chennai - 600 086  
 Tel: +91 44 2811 2472  
 Fax: +91 44 2811 2449  
 Email: investorservices@rane.co.in

## **7 OFFER PRICE AND FINANCIAL ARRANGEMENTS**

### **7.1 Justification of Offer Price**

7.1.1 The equity shares of RBL are currently listed on the BSE, NSE and MSE.

7.1.2 The annualized trading turnover during the preceding six calendar months ended February 2009 in each of the Stock Exchange where the shares are listed is as follows:-

<b>Name of the Stock Exchange</b>	<b>Total Number of shares traded during Sept. 08 - Feb. 09</b>	<b>Total Number of Listed Shares (Equity)</b>	<b>Annualized Trading Turnover (% of total listed shares)</b>
NSE	73,040	72,14,980	2.02%
BSE	99,711	72,14,980	2.76%
MSE	Not Traded	-	-

Based on the above information, the equity shares of the RBL are infrequently traded on BSE, NSE and MSE within the meaning of explanation (i) to Regulation 20(5) of the SEBI (SAST) Regulations during the six months period mentioned above.



7.1.3 The Offer Price of Rs 50/- per equity share is justified in terms of Regulation 20(4) and 20(5) read with Explanation (ii) to Regulation 20(11) of the SEBI (SAST) Regulations:-

a) Negotiated price	Not applicable
b) Acquisition price under the Preferential Issue	Rs. 50/- per equity share
c) Highest price paid by the Acquirer and PACs for acquisition of any of the Equity share of RBL during the 26 weeks prior to the date of the PA	Not applicable *
d) Average of the weekly high and low of the closing prices of the equity shares of RBL on BSE during the 26 weeks preceding February 28, 2009 i.e. the date of the meeting of the Board of Directors of the Target Company authorising the Preferential Issue.	Rs. 45.19
e) Average daily high and low of the prices of the equity shares of RBL on BSE during the 2 weeks preceding February 28, 2009 i.e. the date of the meeting of the Board of Directors of the Target Company authorizing the Preferential Issue.	Rs. 38.44
f) Other parameters with reference to the Target Company for	<b>Year ended March 31, 2008</b>
Return on Net Worth (%)	9.23
Book Value (Rs.)	89.40
Earnings per Share (Rs.)	12.39
Price Earnings Ratio based on Offer Price	4.04
Price Earnings Ratio - Industry Average#	11.70

#/Source: Capital Market Journal Vol.XXIII/26, Feb 23 - March 08, 2009.

\* The Acquirer and the PACs have not acquired any equity shares of the Target Company, including through allotment in a public, rights or preferential issue, during the 26-week period prior to the date of the PA, except agreeing to acquire the new shares pursuant to the Preferential Issue at a price of Rs. 50/- per equity share.

Mr. R. Nagendra Prasad (Membership No. 203377) of Brahmayya & Co., Chartered Accountants, 48, Masilamani Road, Balaji Nagar, Royapettah, Chennai - 600 014 have vide their report dated February 28, 2009, certified the value of the equity shares of RBL as Rs. 47.79 based on the decision of the Hon'ble Supreme Court of India in case of Hindustan Lever Employees Union vs Hindustan Lever Limited, 1995, (83 Com case 30) ("HLL Case") using a combination of Book Value (Net Asset Value), Price Earning Capacity Value (PECV) and Market Price. On application of valuation technique as in the HLL Case, the valuation of the Target Company's shares is determined as under:

Sr. No.	Method	Value per share (Rs.)	Weightage	Weighted average value per share (Rs.)
1	Net Asset Value per share (as at December 31, 2008)	84.89	1	84.89
2	Price Earning Capacity Value (PECV) per share*	31.85	2	63.69
3	Market Price (average of last 26 weeks)	45.19	2	90.38
	<b>Total</b>		<b>5</b>	<b>238.96</b>
	<b>Fair Value per share</b>			<b>47.79</b>

\* Rate of capitalization for PECV method is in the band of 12% - 15% as per CCI guidelines. However, Return on Net Worth of industry is considered appropriate for arriving at the value and accordingly the rate considered is 17.84% (Return on Net worth as per the database of Centre for Monitoring Indian Economy (CMIE) applicable to Automobile Ancillaries dated 20.02.2009).

In view of the above, the Offer Price of Rs. 50/- per Equity Share is justified as per the SEBI (SAST) Regulations

7.1.4 The computation of average price in terms of Regulation 20 (4) (c) of SEBI (SAST) Regulations is as below:

**Table 1:** The average price for the 26 weeks preceding the date of the Board Meeting i.e. February 28, 2009 when the Preferential Issue was proposed is shown in the table below:

Week	Week ending	Closing Price at BSE		Average Price (Rs.)	Volume Shares
		High (Rs.)	Low (Rs.)		
1	February 27, 2009	38.95	36.15	37.55	931
2	February 19, 2009	40.90	38.35	39.63	514
3	February 13, 2009	39.00	38.30	38.65	221
4	February 6, 2009	39.00	35.60	37.3	1303
5	January 30, 2009	39.05	35.45	37.25	1863
6	January 23, 2009	44.25	39.00	41.63	1969
7	January 14, 2009	43.90	41.10	42.50	1610
8	January 9, 2009	47.45	43.50	45.48	4005
9	January 2, 2009	45.80	41.35	43.58	259
10	December 26, 2008	45.45	41.50	43.48	4978
11	December 19, 2008	43.90	41.20	42.55	1057
12	December 12, 2008	44.45	39.80	42.13	904
13	December 5, 2008	41.05	38.00	39.53	2402
14	November 28, 2008	44.05	37.70	40.88	1394
15	November 21, 2008	43.40	40.55	41.98	5612
16	November 14, 2008	46.05	42.95	44.50	6011
17	November 7, 2008	49.65	45.15	47.40	5211
18	October 31, 2008	48.95	42.00	45.48	3573
19	October 24, 2008	47.95	44.80	46.38	8348
20	October 17, 2008	49.05	46.80	47.93	781
21	October 10, 2008	51.65	49.00	50.33	3639
22	October 3, 2008	55.45	49.20	52.33	10382
23	September 26, 2008	57.00	52.55	54.78	4541
24	September 19, 2008	56.10	54.80	55.45	10357
25	September 12, 2008	59.85	56.60	58.23	4013
26	September 5, 2008	59.50	56.75	58.13	2803
	<b>Average</b>			<b>45.19</b>	

Source: [www.bseindia.com](http://www.bseindia.com)

**Table 2:** The average of the daily high and low of the price of equity shares of RBL during the 2 weeks preceding the date of the Board Meeting February 28, 2009 when the Preferential Issue was proposed is shown in the table below:

Day	Date	Daily Prices at BSE		Average Price (Rs.)	Volume Shares
		High (Rs.)	Low (Rs.)		
1	February 27, 2009	36.20	36.15	36.18	100
2	February 26, 2009	38.95	36.00	37.48	146
3	February 25, 2009	38.00	36.00	37.00	404
4	February 24, 2009	39.45	36.10	37.78	281
5	February 19, 2009	40.55	40.25	40.40	26
6	February 18, 2009	40.95	40.85	40.90	4
7	February 17, 2009	38.95	37.10	38.03	71
8	February 16, 2009	40.85	38.65	39.75	413
	<b>Average</b>			<b>38.44</b>	

Source: [www.bseindia.com](http://www.bseindia.com)

- 7.1.5 There is no non-compete fees agreement between the Acquirer and PACs and any other entity as envisaged under Regulation 20(8) of the SEBI (SAST) Regulations. No additional payment by way of non-compete fees are being made by the Acquirer.
- 7.1.6 The Offer Price of Rs. 50/- per share offered by the Acquirer and PACs to the shareholders of RBL under the proposed Open Offer is justified in terms of Regulations 20(4) and 20(5) of the SEBI (SAST) Regulations read with Regulation 20(11) (ii) of SEBI (SAST) Regulations. In the opinion of the Manager to the Offer, Acquirer and PACs, the Offer Price is justified.
- 7.1.7 The Acquirer and PACs are permitted to revise this Offer upwards upto seven working days prior to the date of closure of the Offer. In the event of such revision, an announcement will be made in the same newspapers in which the PA has appeared and the revised offer price will be paid for all the equity shares tendered at any time during the Offer. If the Acquirer and PACs acquire equity shares of RBL after the date of Public Announcement upto seven working days prior to the closure of the Offer at a price higher than the Offer Price then the highest price paid for such acquisition shall be payable for all valid acceptances received under the Open Offer.
- 7.1.8 To the extent of the Offer size, all equity shares of the Target Company that are validly tendered pursuant to this Offer are proposed to be acquired by the Acquirer and PACs. The equity shares acquired by the Acquirer and PACs shall be free from all liens, charges and encumbrances and together with all rights attached thereto, including the right to all dividends, bonus and rights offer declared hereafter.

## **7.2 Financial Arrangements for the Offer**

- 7.2.1 The total fund requirement or the maximum consideration of the Offer, assuming full acceptance of the Offer, will be Rs.791,49,800/- (Rupees Seven Hundred and Ninety One Lakhs Forty Nine Thousand Eight Hundred only) i.e. consideration payable for acquisition of 15,82,996 fully paid-up equity shares of RBL at an Offer Price of Rs. 50 per share.
- 7.2.2 The Acquirer and PACs have made firm financial arrangements to meet their obligations in full under the Offer. For this purpose the Acquirer and PACs intend to utilize their own resources.
- 7.2.3 In addition, NII, RHL, EYMBS and Hong Kong and Shanghai Banking Corporation Limited, a company incorporated under the Companies Ordinance of the Hong Kong Special Administrative Region ('HKSAR'), having its India corporate office at 52/60 Mahatma Gandhi Road, Fort, Mumbai 400 001, India and acting through its branch at Chennai India ('Escrow Agent'), have entered into an open offer escrow agreement, dated March 2, 2009 (the 'Escrow Agreement') in accordance with Regulation 28 of the SEBI (SAST) Regulations. By way of security for performance of its obligations under the Regulations, the Acquirer and PACs have made a cash deposit of Rs. 198,86,213/- (Rupees One Hundred and Ninety Eight Lakhs Eighty Six Thousand Two Hundred and Thirteen only) in the 'Rane Brake Lining Limited Open Offer Escrow Account' with the Escrow Agent. The cash deposit complies with the stipulation under Regulation 28 (2) of the SEBI (SAST) Regulations. The Manager to the Offer is duly authorised by the Acquirer and PACs to realize the value of the aforesaid escrow account in terms of the SEBI (SAST) Regulations.
- 7.2.4 Mr. Etsuko Nagashima, CPA, Veritas & Co., 4-4-2 Jingumae, Shibuya-ku, Tokyo 150-0001, Japan, Tel. No. +81-3-5411-5677, Fax. No. +81-3-3403-3590, has certified the adequacy of financial resources of the Acquirer for fulfilling the obligations in full under the Offer.
- 7.2.5 The source of funding in order to meet the obligations under the Offer, that is, payments to be made to the shareholders of RBL who validly tender their shares, is as under:
- NII- Existing cash generated from operations (cash and bank balances)
  - RHL- Existing cash and bank balances comprising internal accruals
- 7.2.6 The Manager to the Offer has satisfied itself that the Acquirer and PACs have the ability to implement the Offer in accordance with the SEBI (SAST) Regulations as firm arrangements for funds for payment through verifiable means are in place to fulfill the Offer obligations.

## **8 TERMS AND CONDITIONS OF THE OFFER**

- 8.1.1 The Offer is subject to the receipt of approval from Reserve Bank of India (RBI) under the Foreign Exchange Management Act, 1999 (FEMA). An application was made to RBI on March 04, 2009 and the approval from RBI was obtained vide its letter dated April 15, 2009 advising that it has no objection in relation to the Acquirer's proposed acquisition of the Shares from persons other than erstwhile OCB(s) under the Offer. Acceptance of Shares from erstwhile OCB(s) are subject to receipt of specific approval(s) from the RBI. No specific approval of FIPB would be required for NII to increase its present shareholding in RBL pursuant to the Preferential Issue and the Open Offer

since RBL is engaged in manufacturing of automobile components wherein FDI upto 100% is allowed under the automatic route.

8.1.2 To the best of knowledge and belief of the Acquirer and PACs, as of the date of the Public Announcement, there are no other statutory approvals required for the acquisition of equity shares tendered pursuant to this Offer. The Offer would be subject to all other statutory approvals that may become applicable at a later date before the completion of the Offer.

8.1.3 In case of delay in receipt of any statutory approval, SEBI has the power to grant an extension of the time required for payment of consideration under the Offer provided that the Acquirer agrees to pay interest in accordance with Regulation 22(12) of the SEBI (SAST) Regulations. If the delay occurs due to the wilful default or neglect or inaction or non-action on the part of the Acquirer and PACs in obtaining the requisite approvals, Regulation 22(13) of the SEBI (SAST) Regulations will become applicable. The Acquirer and PACs will not proceed with the Offer in terms of Regulations 27 of the SEBI (SAST) Regulation in the event the statutory approvals indicated above are refused.

## **8.2 Other Terms**

8.2.1 The Letter of Offer, specifying the detailed terms and conditions, together with the Form of Acceptance-cum-Acknowledgement ("Form of Acceptance"), Form of Withdrawal and Transfer Deed (for shareholders holding equity shares in the physical form) will be mailed to the shareholders of RBL whose names appear on the register of members of RBL and to the Beneficial Owners of the equity shares of RBL whose names appear as beneficiaries on the records of respective depositories, at the close of the business hours on March 31, 2009 (the "Specified Date").

8.2.2 All owners of shares, registered or unregistered (except the Acquirer, PACs and the Promoter Group of RBL), are eligible to participate in the Offer, at any time before the closure of the Offer, as per the procedure set out in Part 9 below. Eligible persons can participate in the Offer by offering their shareholding in whole or in part. The acceptance must be unconditional and should be absolute and unqualified. No indemnity is required from the unregistered owners. No Letter of Offer together with a Form of Acceptance-cum-Acknowledgement will be mailed to the Acquirer, PACs and the Promoter Group of RBL.

8.2.3 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. A copy of the Letter of Offer (including Form of Acceptance) 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.

8.2.4 The Offer is not subject to any minimum level of acceptance.

8.2.5 Any Shares of RBL that are the subject matter of litigation or are held in abeyance due to the restriction from Court/ Forum/ ITO attachment etc. wherein the shareholder(s) may be precluded from transferring the equity shares during the pendency of the said litigation are liable to be rejected in case directions/orders of the court/ forum/ITO etc permitting transfer of these shares are not received together with the equity shares tendered under the Offer.

8.2.6 The acceptance of the Offer made by the Acquirer and PACs is entirely at the discretion of the shareholders of the Target Company. The Acquirer and PACs will not be responsible in any manner for any loss of equity share certificate(s) and offer acceptance documents during transit and the shareholders of the Target Company are advised to adequately safeguard their interest in this regard.

8.2.7 Incomplete applications, including non-submission of necessary enclosures, if any, are liable to be rejected.

8.2.8 Equity shares tendered in the Offer by the shareholders of RBL shall be free from lien, charges and encumbrances of any kind whatsoever.

8.2.9 The instructions and provisions contained in the Form of Acceptance-cum-Acknowledgement and Form of Withdrawal constitute an integral part of the terms of this Offer.

## **8.3 Tax Deducted at Source**

Summary of various provisions related to Tax Deduction at Source (withholding tax) under the Income Tax Act:

- All the shareholders should be classified as resident and non-resident. The status as resident / non-resident is to be determined on the basis of criteria laid down in Section 6 of the Income Tax Act, 1961.
- No tax is required to be deducted on payment of consideration to resident shareholders.
- The rate of deduction of tax in the case of non-resident is dependent on few other factors. Since the Acquirer and PACs do not have in-house information in respect of various shareholders, all the shareholders have to specify their category in the form of acceptance.
- As per the provisions of the Section 2(37A) (iii) of the Income Tax Act, 1961, for the purposes of deduction

of tax under Section 195, the rate or rates of income-tax specified in this behalf in the Finance Act of the relevant financial year i.e. 2008-09 or the rates or rates of income tax specified in an agreement entered into by the Central Government under Section 90 or an agreement notified by the Central Government under Section 90A, whichever is applicable by virtue of the provisions of Section 90, or Section 90A, as the case may be, i.e. whichever beneficial, would be the applicable rate of TDS.

- In the event the aforementioned categories of shareholders require the Acquirer and PACs not to deduct tax or to deduct tax at a lower rate or on a lower amount, they would need to obtain a certificate from the income tax authorities either under Section 195(3) or under Section 197 of the Income Tax Act, and submit the same to Acquirer while submitting the Form of Acceptance. In the absence of any such certificate from the income tax authorities, the Acquirer and PACs will deduct tax as aforesaid, and a certificate in the prescribed form shall be issued to that effect.
- As per the provisions of Section 196D(2) of the Income-tax Act, 1961, and as amended ("Income-tax Act"), no deduction of tax at source shall be made from any income by way of capital gains arising from the transfer of securities referred to in Section 115AD payable to a Foreign Institutional Investor ("FII") as defined in Section 115 AD of the Income-tax Act. However the Acquirer and PACs will not deduct tax at source only if the Shares are held by the FII on investment/capital account.
- NRIs, OCBs and other non resident Shareholders are required to submit a No Objection Certificate ("NOC") /Tax Clearance Certificate ("TCC") indicating the amount of tax to be deducted by the Acquirer and the PACs before remitting the consideration, from Income Tax authorities under the Income Tax Act. In case the aforesaid NOC / TCC is not submitted, the Acquirer and the PACs will arrange to deduct tax at the maximum marginal rate as may be applicable to the category of shareholders, on the entire consideration amount payable to such shareholders. Further, FIIs will also have to enclose their SEBI registration letter. The Acquirer and the PACs also reserve the right to reject such tenders from non-resident shareholders, where the aforesaid NOC / TCC is not submitted.

## 9 PROCEDURE FOR ACCEPTANCE AND SETTLEMENT

- 9.1 Shareholders who hold equity shares of RBL in physical form and wish to tender their equity share pursuant to the Offer will be required to submit the Form of Acceptance, original Share Certificate(s) and Transfer Deed(s) duly signed to the Registrar to the Offer - Integrated Enterprises (India) Limited, 2nd Floor, Kences Towers, No. 1, Ramakrishna Street, North Usman Road, T Nagar, Chennai- 600017, so as to reach on or before the closure of the Offer i.e. May 19, 2009 in accordance with the instructions provided in the Letter of Offer and the Form of Acceptance. In case of non-receipt of the Letter of Offer, shareholder(s) may download the same from the SEBI website or obtain a copy of the same from the Manager to the Offer or Registrar to the Offer on providing suitable documentary evidence of acquisition of the said shares.

### Name and Address of the Collection Centres of the Registrar to the Offer

Name and Address of the Collection Centres	Contact Person	Mode of Delivery	Tel. No.	Fax
<b>Chennai</b> Integrated Enterprises (India) Ltd. 2nd Floor, "Kences Towers", No.1, Ramakrishna Street, North Usman Road, T Nagar, Chennai - 600 017	S Sriram Email: suresh babu@ iepindia.com	Registered Post / Hand Delivery	044-2814 0801 / 044-2814 0802	044-2814 2479
<b>Bangalore</b> Integrated Enterprises (India) Ltd. 30 & 31-1, Ramana Residency, 4th Cross, Bangalore - 560 003	Vijayagopal Email: suresh babu@ iepindia.com	Hand Delivery	080 - 2346 0815	080 - 2346 0819
<b>Mumbai</b> Integrated Enterprises (India) Ltd. 15, 1st Floor, Modern House, Dr. V.B. Gandhi Marg, Forbes Street, Fort, Mumbai - 400 023	P.R. Sriram Email: suresh babu@ iepindia.com	Hand Delivery	022-2287 4672	022-2287 4676

<b>Name and Address of the Collection Centres</b>	<b>Contact Person</b>	<b>Mode of Delivery</b>	<b>Tel. No.</b>	<b>Fax</b>
<b>Ahmedabad</b> Integrated Enterprises (India) Ltd. 21, "NIRMAN", Gr.Flr, Bhd. Navrangpura Bus Stop, Navrangpura, Ahmedabad -380 009	G R Balaji Email: suresh babu@ iepindia.com	Hand Delivery	079 - 2644 3289	079 - 2656 8122
<b>Hyderabad</b> Integrated Enterprises (India) Ltd. Flat No.5-10-197/A, B&C/G4 First Floor Reliance Krishna Apts, Beside Kalanjali Bhavan, Navat Pahad, Hill Fort Road, Hyderabad - 500 004	Venkateswaralu Email: suresh babu@ iepindia.com	Hand Delivery	040 - 2324 2375	040 - 2329 8944
<b>Kolkata</b> Integrated Enterprises (India) Ltd. Trikut, Flat No.1-B, 4C Lansdowne Place, Opp. Road of Ramakrishna Mission Hospital, Kolkata - 700 029	Anantha Padmanabhan Email: suresh babu@ iepindia.com	Hand Delivery	033 - 2474 6400	033 - 2476 7131
<b>New Delhi</b> Integrated Enterprises (India) Ltd. 16/11, 3rd Floor, R D Chambers, Arya Samaj Road, Karol Bagh, New Delhi - 110 005	L Sudhakar Email: suresh babu@ iepindia.com	Hand Delivery	011 - 2875 6824	011 - 2875 0478
<b>Pune</b> Integrated Enterprises (India) Ltd. 7 & 8 Arthshilp, Gr Fl, 1349, 1350, Shukrawar Peth, Bajirao Road, Pune - 411 002	V.V.S.S. Prakash Email: suresh babu@ iepindia.com	Hand Delivery	020 - 2447 3944	020 - 2443 1569

All registered owners can send Form of Acceptance duly completed and signed in accordance with the instructions contained therein to the Registrars to the Offer, Integrated Enterprises (India) Limited, at the collection centres mentioned above, on or before the closure of the Offer i.e. May 19, 2009. The centres will be closed on Sundays and other public holidays.

9.2 Shareholders who wish to tender their shares under this Offer should enclose **the following documents duly completed:**

For equity shares held in physical form

**Registered shareholders should enclose**

- Form of Acceptance - cum - Acknowledgement duly completed and signed in accordance with the instructions contained therein, by all shareholders whose name appear on the share certificates.
- Original share certificates
- Valid transfer deed/ form(s) duly signed as transferors by all registered shareholders (in case of joint holding) in the same order and as per specimen signature with RBL and duly witnessed at the appropriate place.

**Unregistered Owners should enclose**

- Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein.
- Original share certificate(s)

- Original broker contract note
- Valid share transfer deed(s) as received from the market. The details of the buyer should be left blank failing which the same will be invalid under the Offer. Unregistered shareholders should not sign the transfer deed. The transfer deed should be valid for transfer. No indemnity is required from unregistered shareholders.
- All other requirements for valid transfers will be pre-condition for acceptance.

9.3 For Equity shares held in demat form

**Beneficial Owners should enclose:**

- Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein, by all the beneficial owners whose names appear in the beneficiary account, as per the records of the respective depository.
- Photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instruction in "Offmarket" mode, duly acknowledged by DP in favour of the special depository account.

The Form of Acceptance-cum-Acknowledgement for which corresponding Shares have not been credited to the special depository account as on the date of closure of the Offer will be rejected.

The Registrar to the Offer, Integrated Enterprises (India) Limited, has opened a special depository account. The Beneficial Owners holding equity shares of RBL in the dematerialized form, will be required to send their Form of Acceptance to the Registrars to the Offer at the collection centres mentioned above in paragraph 9.1 on or before the closure of the Offer, along with a photocopy or counterfoil of the delivery instructions in "Off-market" mode, duly acknowledged by the Depository Participant ('DP') and filled with the details given below:

<b>DP Name</b>	Integrated Enterprises (India) Limited
<b>DP ID Number</b>	IN301313
<b>Client ID Number</b>	21278009
<b>Account Name</b>	Demat Escrow Account RBL Open Offer
<b>Depository</b>	National Securities Depository Limited

Forms of Acceptance of dematerialized equity shares not credited to the above special depository account on or before the closure of the Offer are liable to be rejected. Beneficial owners are therefore requested to tender their delivery instructions at least two days prior to the closing of the Offer. Shareholders having their beneficiary account in CDSL have to use inter-depository delivery instruction slip for the purpose of crediting their equity shares in favour of the special depository account with NSDL.

9.4 Shareholders should also provide all relevant documents, which are necessary to ensure transferability of shares in respect of which application is being sent failing which the tender would be considered invalid and would be liable to be rejected. Such documents may include (but not limited to)

- Duly attested death certificate and succession certificate (for single shareholder) in case the original shareholder has expired.
- Duly attested power of attorney if any person apart from the shareholder has signed acceptance form 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 certified corporate authorizations (including board and/or general meeting resolutions).

9.5 The share certificate(s), share transfer form, Form of Acceptance-cum-Acknowledgement and other documents, if any should be sent only to the Registrar to the Offer. **They should not be sent to the Manager to the Offer or to the Acquirer or to the PACs or to the Target Company.** The above-mentioned documents can be sent by hand delivery on all days except Sundays and public holidays.

9.6 The minimum marketable lot for the purposes of acceptance, for both physical and demat shares, would be one share.

9.7 In case of unregistered owners or shareholders who have not received the Letter of Offer, may send their consent, to the Registrar to the Offer, on a plain paper stating the name, address, number of shares held, number of shares offered, along with the documents as mentioned above, so as to reach the Registrar to the Offer on or before the

closure of the Offer. In the 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 the "Off-market" mode, duly acknowledged by the DP, in favour of the aforesaid special depository account, so as to reach the Registrar to the Offer, on or before the closure of the Offer. No Indemnity is required from the unregistered owners.

The application should be signed by all the shareholders as per the registration details available with RBL and should be sent to the Registrar to the Offer in an envelope clearly marked 'RBL Open Offer'.

Shareholders of RBL who have sent their physical equity shares for transfer should submit, Form of Acceptance duly completed and signed, copy of the letter sent to RBL (for transfer of said shares) and acknowledgement received thereon and valid share transfer form. Shareholders who have sent their physical shares for dematerialisation should submit their form of acceptance as applicable along with the copy of the demat request form (DRF) duly acknowledged by their DP. However, they have to ensure that the corresponding credit of the dematerialized shares is received in the escrow depository account on or before closure of the Offer.

In case of non-receipt of the Letter of Offer / Form of Acceptance-cum-Acknowledgement / Form of Withdrawal, the eligible shareholders may obtain a copy of the same from the collection centre of Registrar to the Offer mentioned above on providing suitable documentary evidence of acquisition of shares of RBL. The Letter of Offer and Form of Acceptance-cum- Acknowledgment will be available on SEBI's website: <http://www.sebi.gov.in> from the Offer opening date. The eligible shareholders, desirous of participating in the Offer, can download these documents from the SEBI's website and apply on the same.

- 9.8 Besides the documents specified in the Letter of Offer and Form of Acceptance while tendering the Shares under the Offer NRIs / OCBs / foreign shareholders will be required to submit to the Registrar to the Offer, previous RBI Approvals (specific or general) that they would have obtained for acquiring the Equity Shares of the Target Company and the FIs are requested to enclose the SEBI registration letter. In case the previous RBI approvals are not submitted, the Acquirer and PACs reserve the right to reject such Equity Shares tendered.
- 9.9 In case of delay in receipt of statutory approvals, SEBI has the power to grant extension of time to Acquirer for payment of consideration to shareholders, subject to the Acquirer agreeing to pay interest for the delayed period, as directed by SEBI in terms of Regulation 22(12) of the SEBI (SAST) Regulations.
- 9.10 In accordance with the Regulation 22(5A) of SEBI (SAST) Regulations, shareholders who have tendered the requisite documents in terms of the Public Announcement and Letter of Offer shall have the option to withdraw acceptances tendered up to three working days prior to the Offer Closing Date. The withdrawal option can be exercised by submitting the documents as per the instructions below so as to reach the Registrar to the Offer on or before May 14, 2009.

Kindly follow the detailed instructions given below with respect to withdrawal:

- a) The withdrawal option can be exercised by submitting the Form of Withdrawal, enclosed with the Letter of Offer, duly signed by all the registered holders as per their specimen signature recorded with RBL for shareholders in case of physical holdings/ with the Depository in case of electronic holdings so as to reach the Registrar to the Offer at the collection centre mentioned above on or before May 14, 2009. The signature of the beneficial owners on the Form of Withdrawal should be attested by the Depository Participants.
- b) The withdrawal option can be exercised by submitting the Form of Withdrawal attached to this Letter of Offer, duly completed together with Acknowledgement slip in original / copy of the submitted Form of Acceptance-cum-Acknowledgement in case delivered by Registered A.D.
- c) In case of non-receipt of the Form of Withdrawal, the withdrawal option can be exercised by making an application on plain paper along with the following details:
  - i. In case of physical shares: Name, address, distinctive numbers, folio number and number of shares tendered / withdrawn.
  - ii. In case of dematerialised shares: Name, address, number of shares tendered / withdrawn, DP name, DP ID, Beneficiary Account no., and a photocopy of delivery instructions 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.
- d) Shareholders who have tendered shares in physical form and wish to partially withdraw their tenders, should also enclose valid share transfer form(s) for the remaining equity shares (i.e. shares not withdrawn) duly signed as transferors by all registered shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with RBL and duly witnessed at the appropriate place.



- e) The withdrawal of shares will be available only for the share certificates/ shares that have been received by the Registrar to the Offer/ credited to the special depository account.
  - f) The intimation of returned shares to the shareholders will be at the address as per the records of RBL or the Depositories as the case may be.
  - g) In case of partial withdrawal of shares tendered in physical form, if the original share certificates are required to be split, the same will be returned on receipt of share certificates from RBL.
  - h) Partial withdrawal of tendered shares can be done only by the registered shareholders / beneficial owners. In case of partial withdrawal, the earlier Form of Acceptance-cum-Acknowledgement will stand revised to that effect.
  - i) Shareholders holding shares in dematerialized form are requested to issue the necessary standing instruction for receipt of the credit in their DP accounts.
- 9.11 In case the number of shares tendered for sale by the shareholders are more than the shares agreed to be acquired under the Offer, the Acquirer and PACs shall accept the offers received from the shareholders on a proportionate basis as per Regulation 21(6) of SEBI (SAST) Regulations in consultation with the Manager to the Offer. The shares are compulsorily traded in dematerialized form, hence minimum acceptance will be one share.
- Unaccepted share certificates, transfer forms and other documents, if any, will be returned by registered post at the shareholders'/unregistered owners' sole risk to the sole/first shareholder. Shares held in demat form, to the extent not accepted, will be credited back to the beneficial owners' depository account with the respective depository participant as per the details furnished by the beneficial owner in the Form of Acceptance-cum-Acknowledgement.
- It will be the responsibility of the equity shareholders to ensure that the unaccepted equity shares are accepted by their respective Depository Participants when transferred by the Registrar to the Offer. Shareholders holding Shares in dematerialised form are requested to issue the necessary standing instruction for receipt of the credit, if any, in their DP accounts. Shareholders should ensure that their depository accounts are maintained till the offer formalities are completed.
- 9.12 The consideration to those shareholders whose Shares or share certificates and/or other documents are found complete, valid and in order will be paid by crossed account payee cheques/demand drafts/ Electronic Clearance Service (ECS) where applicable. Such considerations in excess of Rs. 1500/- or unaccepted Share Certificate(s), transfer deed(s) and other documents, if any, will be returned by registered post/speed post at the shareholders'/unregistered owners' sole risk to the sole/first shareholder/unregistered owner. Equity shares held in dematerialised form, to the extent not accepted, will be credited back to the beneficial owners' depository account with the respective depository participant as per the details furnished by the beneficial owner in the Form of Acceptance or otherwise. The Acquirer and PACs are required to deduct tax at source, as may be applicable. All dispatches involving payment of a value upto Rs.1,500/- will be made under certificate of posting at the shareholders sole risk.
- It is advised that shareholders provide bank details in the Form of Acceptance-cum- Acknowledgment so that same can be incorporated in the cheque / demand draft/pay order.
- 9.13 The Registrars to the Offer will hold in trust the equity shares and share certificate(s), equity shares lying in credit of the special depository account, Form of Acceptance, and the transfer deed(s) on behalf of the shareholders of RBL who have accepted the Offer, until the cheques/drafts for the consideration and/or the unaccepted equity shares / share certificates are dispatched/ returned.
- 9.14 The Acquirer is permitted to revise the Offer Price of shares / No. of equity shares upwards. Such upward revision will be made in accordance with Regulation 26 of SEBI (SAST) Regulations, not later than May 8, 2009, which is not less than 7 (seven) working days prior to the date of closure of the Offer. If the Offer Price is revised upward, such revised price will be payable to all shareholders who have accepted the Offer and submitted their equity shares at any time during the offer period to the extent that their shares have been verified and accepted by the Acquirer. The same would be informed by way of an announcement in the same newspapers where the Public Announcement appeared.
- 9.15 The Acquirer, PACs and RBL have not been prohibited by SEBI from dealing in securities, in terms of directions issued under Section 11B of the SEBI Act, 1992, as amended or any other regulation made thereunder.

**Payment of consideration:**

- 9.16 Shareholders must note that on the basis of name of the Shareholders, Depository Participant's name, DP ID, Beneficiary Account number provided by them in the Form of Acceptance-cum-Acknowledgement, the Registrar to the Issue will obtain, from the Depositories, the Shareholders' demographic details including address, bank account details, the nine digit Magnetic Ink Character Recognition ("MICR") code as appearing on a cheque leaf and occupation. These bank account details will be used to make payment to the Shareholders. Hence Shareholders

are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in despatch of payment or electronic transfer of funds, as applicable, and any such delay shall be at the Shareholders' sole risk and neither the Acquirer, the PACS, the Manager to the Offer, Registrar to the Offer nor the Escrow Bank shall be liable to compensate the Shareholders for any losses caused to the Shareholder due to any such delay or liable to pay any interest for such delay.

9.17 The payment to the Shareholders would be done through various modes in the following order of preference:

- **Electronic Clearing System ('ECS')** - Payment would be done through ECS for Shareholders having an account at any of the following 15 centres: Ahmedabad, Bangalore, Bhubaneswar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna, Thiruvananthapuram (managed by RBI). This mode of payment would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment through ECS is mandatory for Shareholders having a bank account at any of the abovementioned 15 centres, except where the Shareholder, being eligible, opts to receive payment through direct credit or RTGS.
- **Direct Credit** - Shareholders having bank accounts with the Escrow Banker, as mentioned in the Acceptance cum Acknowledgement Form, shall be eligible to receive payments through direct credit. Charges, if any, levied by the Escrow Bank for the same would be borne by the Acquirer and PACs.
- **Real Time Gross Settlement ('RTGS')** - Shareholders having a bank account at any of the abovementioned 15 centres and whose amount exceeds Rs. 1 million, have the option to receive the payment through RTGS. Such eligible Shareholders who indicate their preference to receive payment through RTGS are required to provide the IFSC code in the Acceptance-cum-Acknowledgement form. In the event the same is not provided, payment shall be made through ECS. Charges, if any, levied by the Escrow Bank for the same would be borne by the Acquirer and PACS. Charges, if any, levied by the Shareholder's bank receiving the credit would be borne by the Shareholder.
- **National Electronic Fund Transfer ('NEFT')** - Payment shall be undertaken through NEFT wherever the Shareholder's bank has been assigned the Indian Financial System Code ('IFSC'), which can be linked to a MICR, if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment, duly mapped with MICR numbers. Wherever the Shareholders have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment will be made to the Shareholder through this method. The process flow in respect of payments by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency. In the event that NEFT is not operationally feasible, the payment would be made through any one of the other modes as discussed above. For all other Shareholders, including physical Shareholders and those who have not updated their bank particulars with the MICR code, the payments will be despatched under certificate of posting for value upto Rs. 1,500 and through Speed Post/Registered Post for payments above Rs. 1,500. Such payments will be made by cheques, pay orders or demand drafts drawn on the Escrow Bank and payable at par at places where acceptance forms are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Shareholders.

## 10 DOCUMENTS FOR INSPECTION

The following material documents are available for inspection by shareholders of RBL at the office of the Manager to the Offer, Ernst & Young Merchant Banking Services Private Limited, Jalan Mill Compound, 95 Ganpatrao Kadam Marg, Lower Parel, Mumbai - 400 013 from 10.30 a.m. to 1.00 p.m. on any day except Saturdays, Sundays and public holidays from the date of opening of the Offer until the Offer closes.

- a. Copy of Public Announcement as published in the newspapers on March 3, 2009.
- b. A copy the Shareholders agreement dated February 28, 2009 between the Acquirer, RHL and RBL.
- c. Copy of the Memorandum of Understanding dated February 28, 2009 between the Acquirer, RHL and RBL.
- d. Certificate of Incorporation and Memorandum and Articles of Association of Rane Brake Lining Limited.
- e. Annual Reports of Rane Brake Lining Limited for the financial years ended on March 31 2006, 2007 and 2008 and certified Financial Data of Rane Brake Lining Limited for the 9 months period ended December 31, 2008.
- f. Certificate of Incorporation and Memorandum and Articles of Association of Rane Holdings Limited.
- g. Annual Reports of Rane Holdings Limited for the financial years ended on March 31 2006, 2007 and 2008 and certified Financial Data of Rane Brake Lining Limited for the 9 months period ended December 31, 2008.

- h. Certificate from RHL for compliance in respect of applicable provisions of Chapter II of SEBI (SAST) Regulations, 1997
- i. Certificate of Incorporation of NII.
- j. Annual Reports of NII for the financial years ended on March 31, 2006, 2007 and 2008 and certified Financial Data of NII for the 6 months period ended September 30, 2008.
- k. Certificate dated March 2, 2009 from Mr. Etsuko Nagashima, CPA, Veritas & Co. certifying the adequacy of financial resources of the Acquirer for fulfilling the obligations under the Offer.
- l. Copy of the letter issued by HSBC Bank, confirming the deposit in terms of the Escrow requirements.
- m. Copy of the engagement letter between Ernst & Young Merchant Banking Services Private Limited, the Manager to the Offer and the Acquirer.
- n. Copy of the Agreement with M/s Integrated Enterprise (India) Limited, Registrar to the Offer, the PACs and the Acquirer.
- o. Copy of confirmation regarding opening of Special Depository Account in the name and Style of 'Demat Escrow Account RBL Open Offer'
- p. Copy of Board Resolution of the meeting held on February 28, 2009 where preferential issue was proposed.
- q. Copy of EGM notice dated February 28, 2009 for the EGM to be held on March 30, 2009 for the proposed Preferential Issue.
- r. Copy of shareholders Resolution for the EGM to approve the Preferential Issue.
- s. Certificate dated February 28, 2009, for fair value of equity shares of Rane Brake Lining Limited from R. Nagendra Prasad of Brahmayya & Co., Chartered Accountants, Chennai.
- t. Copies of letters dated April 1, 2009, April 2, 2009 and April 8, 2009 from BSE, NSE and MSE respectively giving their in principle approval for listing of preferential shares
- u. Copy of Board Resolution for allotment of preferential shares.
- v. Letter No. CFD/DCR/TO/SS/160229/2009 dated April 15, 2009 received from Securities and Exchange Board of India in terms of provisions of Regulation 18(2) of SEBI (SAST) Regulations.

## 12 DECLARATION BY ACQUIRER AND PACs

The Acquirer and PACs accepts responsibility for the information contained in this Letter of Offer and for their obligations under the SEBI (SAST) Regulations and subsequent amendments made thereto. The Acquirer and PAC are severally and jointly responsible for fulfillment of their obligations in terms of SEBI Takeover Code.

For **Nisshinbo Holdings Inc. (Formerly Nisshinbo Industries Inc.)**  
Sd/-

Authorised Signatory

Name : Kunihiro Toda  
Representative Director

Place : Tokyo, Japan  
Date : April 23, 2009

For **Rane Holdings Limited**  
Sd/-

Authorised Signatory

Name : C. Siva  
Secretary

Place : Chennai, India  
Date : April 23, 2009

**Encl. :** Form of Acceptance-cum-Acknowledgment  
Form of Withdrawal

**THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

(Please send this Form with enclosures to Integrated Enterprises (India) Limited at the collection centres as mentioned in the Letter of Offer)

**FORM OF ACCEPTANCE-CUM-ACKNOWLEDGMENT**

From :  
Name :  
Address :

OFFER	
<b>Opens On</b>	<b>: Thursday, April 30, 2009</b>
<b>Closes On</b>	<b>: Tuesday, May 19, 2009</b>

Tel No. :                      Fax No. :                      E-mail ID :  
Status : Resident / Non-Resident

Folio No./DP ID :                      Client No. :                      No. of Shares held :

To,

**The Acquirers**  
**C/o Integrated Enterprises (India) Limited**  
II Floor, "Kences Towers", No. 1, Ramakrishna Street  
North Usman Road, T. Nagar, Chennai - 600 017

Dear Sir,

**Sub. : Cash Offer to acquire 15,82,996 fully paid up equity shares of Rs.10/- each, representing 20% of the Expanded Voting Capital (as defined in the Letter of Offer), of Rane Brake Lining Limited ('RBL' / 'Target company') at a price of Rs. 50 /- per fully paid up equity share ("Offer Price")**

I/We refer to the Letter of Offer dated April 23, 2009 constituting an offer for acquiring the equity shares held by me/us in Rane Brake Lining Limited. I/We, the undersigned, have read the Letter of Offer and understood its contents and unconditionally accept 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/ our shares as detailed below:

DP NAME	DP ID	CLIENT ID	NAME OF BENEFICIARY	TOTAL NO. OF SHARES

I/We have executed an off-market transaction for crediting the shares to the special depository account with Integrated Enterprises (India) Limited styled "**Demat Escrow Account RBL Open Offer**" with the following particulars:

<b>DP Name : Integrated Enterprises (India) Limited</b>	<b>DP ID : IN 301313</b>	<b>Client ID : 21278009</b>
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Shareholders having their beneficiary account with CDSL will have to use inter-depository slip for the purpose of crediting their shares in favour of the special depository account with NSDL.

I/We note and understand that the shares would lie in the special depository account until the time the Acquirers dispatches the purchase consideration as mentioned in the Letter of Offer. I/We also note and understand that the Acquirers will pay the purchase consideration only after verification of the documents and signatures.

**SHARES IN PHYSICAL FORM**

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

SR. NO.	LEDGER FOLIO NO.	CERTIFICATE NO.	DISTINCTIVE NOS.	NO. OF SHARES
			FROM	TO
1.				
2.				
3.				
4.				
<i>(In case the space provided is inadequate, please attach a separate sheet with details)</i>				<b>Total No. of Equity Shares</b>

----- TEAR ALONG THIS LINE -----

**INTEGRATED ENTERPRISES (INDIA) LIMITED**  
**(Unit : Rane Brake Lining Limited - Open Offer)**

Folio No. / DP ID / Client ID : \_\_\_\_\_

Sr. No.: \_\_\_\_\_

Received from Mr./Ms. \_\_\_\_\_  
Form of Acceptance-cum-Acknowledgement along with (Please put tick (✓) mark in the box, whichever is applicable)

- Physical Form : Certificate for \_\_\_\_\_ Shares along with Transfer Deed.  
 Electronic Form :  Copy of DP Delivery Instruction Slip  
 Copy of Inter-Depository Delivery Slip (for beneficiary holders maintaining an account with CDSL).

Signature of Official and Date of Receipt	Stamp of Collection Centre

**Note:** All future correspondence, if any, should be addressed to Registrar to the Offer : **Integrated Enterprises (India) Limited, (Unit : Rane Brake Lining Limited - Open Offer)**, 2nd Floor, "Kences Towers", No. 1 Ramakrishna Street, North Usman Road, T. Nagar, Chennai - 600 017

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 Acquirers dispatch the purchase consideration as mentioned in the Letter of Offer. I/We also note and understand that the Acquirers will pay the purchase consideration only after verification of the documents and signatures. For NRIs / OCBs / FIs / Foreign Shareholders:

I/We have enclosed the following documents:

- No Objection Certificate/ Tax Clearance Certificate from Income Tax Authorities  
 RBI Approvals for acquiring shares of Rane Brake Lining Limited hereby tendered in Offer

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

I/We authorize the Acquirers 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 Acquirers to return to me/us, share certificate(s)/ share(s) in respect of which the Offer is not found valid/ not accepted without specifying the reasons thereof.

I/We authorize the Acquirers, the Registrar to the Offer and the Manager to the Offer to send by Registered Post/ UPC as may be applicable, at my/our risk, the draft/ cheque 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:

Yours faithfully

Signed and Delivered

	FULL NAME(S) OF THE SHAREHOLDER(S)	SIGNATURE(S)
First/Sole Holder		
Joint Holder 1		
Joint Holder 2		
Joint Holder 3		

Address of the Sole/ First Shareholder: \_\_\_\_\_

Place:

Date:

**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.

Name of the Bank:	Branch:
Account No.	Savings/Current/Others (Please specify)

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 draft/cheque will be issued with the said Bank particulars.

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

**General Instructions:**

- In case of shares held in joint names, names of shareholders 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 Rane Brake Lining Limited, 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.
- 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.
- Non-resident shareholders should enclose copy (ies) of permission received from Reserve Bank of India to acquire shares held by them in Rane Brake Lining Limited.
- In case of bodies corporate, certified copies of appropriate authorization (including Board/shareholder resolutions, as applicable) for the sale of shares along with specimen signatures duly attested by a bank must be annexed.
- 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):
  - Duly attested death certificate and succession certificate (in case of single shareholder) in case the original shareholder has expired
  - Duly attested power of attorney if any person apart from the shareholder has signed acceptance form of the transfer deed
  - No Objection Certificate from any lender, if the shares in respect of which the acceptance is sent, were under any charge, lien or encumbrances

**PLEASE REFER TO THE DETAILED INSTRUCTIONS UNDER PARA 9 TITLED "PROCEDURE FOR ACCEPTANCE AND SETTLEMENT" ON PAGE 45 OF THIS LETTER OF OFFER.**

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**TEAR ALONG THIS LINE**  
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**All queries in this regard to be addressed to the Registrar to the Offer at the following address quoting your reference Folio No/DP ID/ Client ID:**

**INTEGRATED ENTERPRISES (INDIA) LIMITED**  
**(Unit: Rane Brake Lining Limited)**  
Address: II Floor, "Kences Towers", No 1, Ramakrishna Street  
North Usman Road, T. Nagar, Chennai - 600 017  
Tel: 044 - 2814 0801; Fax : 044 - 2814 2479  
Email: sureshbabu@iepindia.com  
Contact Person: S. Sriram

**FORM OF WITHDRAWAL**

(Please send this Form with enclosures to Integrated Enterprises (India) Limited at the collection centres as mentioned in the Letter of Offer)

From :  
Name :  
Address :

OFFER	
Opens On	: Thursday, April 30, 2009
Closes On	: Tuesday, May 19, 2009
Last Date of Withdrawal	: Thursday, May 14, 2009

Tel No. :                      Fax No. :                      E-mail ID :  
Status : Resident / Non-Resident

Folio No./DP ID :                      Client No. :                      No. of Shares held :

To,

**The Acquirers**  
**C/o Integrated Enterprises (India) Limited**  
II Floor, "Kences Towers", No. 1, Ramakrishna Street  
North Usman Road, T. Nagar, Chennai - 600 017

Dear Sir,

**Sub. : Cash Offer to acquire 15,82,996 fully paid up equity shares of Rs.10/- each, representing 20% of the Expanded Voting Capital (as defined in the Letter of Offer), of Rane Brake Lining Limited ('RBL' / 'Target company') at a price of Rs. 50 /- per fully paid up equity share ("Offer Price")**

I/ We refer to the Letter of Offer dated April 23, 2009 for acquiring the equity shares held by me/us in **Rane Brake Lining Limited**. I/We the undersigned have read the Letter of Offer and understood its contents and unconditionally accept the terms and conditions as mentioned therein.

I/We hereby consent unconditionally and irrevocably to withdraw my/ our shares from the Offer and I/we further authorize the Acquirers to return to me / us, the tendered share certificate(s)/ Share(s) at my/ our sole risk(s).

I/ We note that upon withdrawal of my/ our shares from the Offer, no claim or liability shall be against the Acquirers/ Manager to the Offer/ Registrar to the Offer.

I/We note that this Form of Withdrawal should reach the Registrar to the Offer on or before the last date of withdrawal i.e. May 14, 2009 (Thursday).

I/We note that the Acquirers / Manager to the Offer/ Registrar to the Offer shall not be liable for any postal delay/ loss in transit of the shares held in physical form and also for the non-receipt of shares held in the dematerialized form in the DP account due to inaccurate/ incomplete particulars/ instructions.

I / We also note and understand that the Acquirers will return the original share certificate(s), share transfer deed(s) / shares in dematerialized form only on completion of verification of the documents, signatures and beneficiary position as available with the depositories from time to time.

The particulars of tendered original share certificate(s) which I/We wish to withdraw are detailed below:

SR. NO.	LEDGER FOLIO NO(S).	CERTIFICATE NO(S).	DISTINCTIVE NO(S).	NO. OF SHARES
<b>Shares Tendered</b>			<b>FROM</b>	<b>TO</b>
1.				
2.				
3.				
			<b>Total Shares Tendered</b>	
<b>Shares Withdrawn</b>				
1.				
2.				
3.				
			<b>Total Shares Withdrawn</b>	

*(In case the space provided is inadequate, please attach a separate sheet with details)*

**TEAR ALONG THIS LINE**

**INTEGRATED ENTERPRISES (INDIA) LIMITED**  
**(Unit : Rane Brake Lining Limited - Open Offer)**

Folio No. / DP ID / Client ID : \_\_\_\_\_

Sr. No.: \_\_\_\_\_

Received from Mr./Ms. \_\_\_\_\_  
Form of Withdrawal alongwith Acknowledgement / Delivery Instructions / Copy of Form of Acceptance

For Physical Form **Physical Shares**  
No. of Shares tendered \_\_\_\_\_ / Withdrawal request for \_\_\_\_\_ shares  
Fresh Transfer Form for \_\_\_\_\_ shares (in case of partial withdrawal)

Demat Form **Demat Shares**  
No. of Shares tendered \_\_\_\_\_ / Withdrawal request for \_\_\_\_\_ shares

Signature of Official and Date of Receipt	Stamp of Collection Centre

**Note:** All future correspondence, if any, should be addressed to Registrar to the Offer : **Integrated Enterprises (India) Limited, (Unit : Rane Brake Lining Limited - Open Offer)**, 2nd Floor, "Kences Towers", No. 1 Ramakrishna Street, North Usman Road, T. Nagar, Chennai - 600 017

I / We hold the following shares in dematerialized form and had executed an off-market transaction for crediting the shares to the 'Demat Escrow Account RBL Open Offer' which I/We wish to withdraw . Please find enclosed a photocopy of the depository delivery instruction(s) duly acknowledged by DP. The particulars of the account from which my / our shares have been tendered are as follows:

DP NAME	DP ID	CLIENT ID	NAME OF BENEFICIARY	TOTAL NO. OF SHARES

I / We note that the shares will be credited back only to that depository account, from which the shares have been tendered and necessary standing instructions have been issued in this regard.

I / We confirm that the particulars given above are true and correct.

In case of dematerialized shares, I / We confirm that the signatures have been verified by the DP as per their records and the same have been duly attested.

Yours faithfully

Signed and Delivered

	FULL NAME(S) OF THE SHAREHOLDER(S)	SIGNATURE(S)	VERIFIED AND ATTESTED BY THE DP (IN CASE OF DEMAT SHARES) BANK (IN CASE OF PHYSICAL SHARES)
First/Sole Holder			
Joint Holder 1			
Joint Holder 2			
Joint Holder 3			

Address of the Sole/ First Shareholder: \_\_\_\_\_

Place:

Date:

**PLEASE NOTE THAT THE FORM OF WITHDRAWAL SHOULD NOT BE SENT DIRECTLY TO THE ACQUIRERS OR TO THE MANAGER TO THE OFFER**

**General Instructions**

- In case of shares held in joint names, names of shareholders 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 Rane Brake Lining Limited, 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 Counter Offer.
- 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.
- In case of bodies corporate, certified copies of appropriate authorization (including Board/shareholder resolutions, as applicable) for the sale of shares along with specimen signatures duly attested by a bank must be annexed.
- All the shareholders should provide all relevant documents which are necessary to ensure transferability of the shares in respect of which the withdrawal is being sent. Such documents may include (but not be limited to):
  - Duly attested death certificate and succession certificate (in case of single shareholder) in case the original shareholder has expired.
  - Duly attested power of attorney if any person apart from the shareholder has signed withdrawal form or transfer deed(s).

**PLEASE REFER TO THE DETAILED INSTRUCTIONS UNDER PARA 9 TITLED "PROCEDURE FOR ACCEPTANCE AND SETTLEMENT" ON PAGE 45 OF THIS LETTER OF OFFER.**

----- **TEAR ALONG THIS LINE** -----

**All queries in this regard to be addressed to the Registrar to the Offer at the following address quoting your reference Folio No/DP ID/Client ID:**

**Integrated Enterprises (India) Limited**  
**(Unit: Rane Brake Lining Limited)**  
 Address: II Floor, "Kences Towers", No 1, Ramakrishna Street  
 North Usman Road, T. Nagar, Chennai - 600 017  
 Tel: 044 - 2814 0801; Fax : 044 - 2814 2479  
 Email: sureshbabu@iepindia.com  
 Contact Person: Suresh Babu