

LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Letter of Offer constitutes an "offer" and not an "invitation to offer". This Letter of Offer is sent to you as a shareholder of Rane Holdings 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 Holdings 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.

Mr. L. Lakshman, No. 17 Crescent Street, Off ABM Avenue, Chennai - 600 028
 Mr. L. Ganesh, No. 2 George Avenue, Teynampet, Chennai - 600 018
 Mr. Harish Lakshman, No. 17 Crescent Street, Off ABM Avenue, Chennai - 600 028
 Mr. L. Lakshman (HUF), No. 17 Crescent Street, Off ABM Avenue, Chennai - 600 028
 and Mr. L. Ganesh (HUF), No. 2 George Avenue, Teynampet, Chennai - 600 018
 (jointly referred to as the "Acquirers")

Along with

Mrs. Pushpa Lakshman, No. 17 Crescent Street, Off ABM Avenue, Chennai - 600 028
 Mr. Vinay Lakshman, No. 17 Crescent Street, Off ABM Avenue, Chennai - 600 028
 Mrs. Meenakshi Ganesh, No. 2 George Avenue, Teynampet, Chennai - 600 018
 Ms. Aparna Ganesh, No. 2 George Avenue, Teynampet, Chennai - 600 018
 Mr. Aditya Ganesh, No. 2 George Avenue, Teynampet, Chennai - 600 018
 Mrs T G Saraswathy, No. 17 Crescent Street, Off ABM Avenue, Chennai - 600 028
 Mrs. Vanaja Aghoram, 802, Ideal Home Township Kenchanahalli, Bangalore - 560 039
 Mrs. Shanthi Narayan, 64 ABM Avenue, Chennai - 600 028
 Mrs. Saroja Raman, 301 East, 22nd Street, Apart#5D, New York, NY 10010, USA
 Mrs. Ranjini R Iyer, 305, Quincy Ct., Schaumburg, IL, 60193, USA
 Mrs. Geetha Raman Subramanyam, 301 East, 22nd Street, Apart#5D, New York, NY 10010, USA
 Mrs. Rathika R Sundaresan, 16 Waters Edge, Sparta, NJ, 07871, USA
 and Mr T G G Raman, 63 Orrington Ct., Schaumburg, IL, 60173, USA

Acting in concert with them (jointly referred to as "Persons Acting in Concert" or "PACs")
 (Telephone and Fax numbers of Acquirers and PACs:
 Tel : 044 - 2811 2472 Fax: 044 - 2811 2449)

MAKE A CASH OFFER AT Rs.192/- (RUPEES ONE HUNDRED AND NINETY TWO ONLY) PER FULLY PAID-UP EQUITY SHARE OF FACE VALUE OF RUPEES 10/- (TEN) EACH pursuant to Regulation 11(1) 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 1,956,263 FULLY PAID-UP EQUITY SHARES ("OFFER") representing 20% of the Post Preferential Issue, fully expanded, voting Equity Capital of

RANE HOLDINGS LIMITED

('Target Company' or 'RHL')

Registered Office: "Maithri", 132, Cathedral Road, Chennai 600 086
 (Tel: 044-2811 2472, Fax: 044-2811 2449)

All investor queries will be answered on Tel. 044 2811 2472 Fax. 044 2811 2449 by Mr. N. Krishnamoorthy who has been nominated by the Acquirers and PACs

Offer Opens : Friday, April 27, 2007

Offer Closes : Wednesday, May 16, 2007

SCHEDULE OF MAJOR ACTIVITIES


Activity	Original Schedule		Revised Schedule	
	Date	Day	Date	Day
Public Announcement (PA) Date	March 1, 2007	Thursday	March 1, 2007	Thursday
Specified Date	March 16, 2007	Friday	March 16, 2007	Friday
Last date for a Competitive Bid	March 22, 2007	Thursday	March 22, 2007	Thursday
Last Date by which Letter of Offer will be dispatched to shareholders of RHL	April 13, 2007	Friday	April 20, 2007	Friday
Date of Opening of the Offer	April 23, 2007	Monday	April 27, 2007	Friday
Last date for revising the Offer Price / Offer size	May 3, 2007	Thursday	May 7, 2007	Monday
Last date of withdrawal of tendered application by the shareholders of RHL	May 9, 2007	Wednesday	May 11, 2007	Friday
Date of Closing of the Offer	May 14, 2007	Monday	May 16, 2007	Wednesday
Date of communicating acceptance / rejection and payment of consideration for accepted Shares and or return of Share/ Share Certificates for applications rejected	May 28, 2007	Monday	May 30, 2007	Wednesday

Please Note:

- This Offer is being made pursuant to regulation 11(1) and other applicable provisions of the SEBI (SAST) Regulations.
- The Offer is not subject to a minimum level of acceptance by the shareholders of the Target Company
- The Offer is subject to the approval of the Reserve Bank of India under the Foreign Exchange Management Act, 1999 for acquiring the shares tendered by non-resident persons under the Offer. Please refer to Para 8 of this Letter of Offer for details.
- If the aggregate of the valid response exceeds 19,56,263 equity shares, the Acquirers shall accept shares equal to 19,56,263 equity shares, on a proportionate basis, in consultation with the Manager to the Offer, in accordance with Regulation 21(6) of SEBI (SAST) Regulations.
- The Acquirers can revise the Offer Price upto 7 (seven) working days prior to the date of closure of the Offer (i.e. May 7, 2007)
- If there is any upward revision in the Offer Price by the Acquirers till the last date of revision i.e. May 7, 2007 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 Holdings Limited, tendered anytime during the Offer and accepted under the Offer.
- 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.
- This is not a competitive bid
- 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>
- 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 11, 2007**
- There is no competitive bid as on date of this Letter of Offer.**
- As the offer price cannot be revised during the period after May 7, 2007, it would therefore be in the interest of shareholders to wait till the commencement of that period to know the final offer price of each bid and tender their acceptance accordingly.**

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

MANAGER TO THE OFFER:

 **Ind Global Corporate Finance Pvt. Ltd.**
 (A Subsidiary of Ernst & Young Pvt. Ltd.)
 15th Floor, Jolly Maker Chambers II
 225, Nariman Point, Mumbai - 400 021
 Tel: + 91 - 22 - 6749 8000
 Fax: + 91 - 22 - 6749 8200
 Contact Person: Mr. Gigy Mathew
 Email: gigy.mathew@in.ey.com

REGISTRAR TO THE OFFER:


 **Integrated Enterprises (India) Limited**
 2nd Floor, "Kences Towers",
 No. 1 Ramakrishna Street,
 North Usman Road, T. Nagar,
 Chennai - 600 017
 Tel: + 91 - 44 - 2814 0801/ 0802
 Fax: + 91 - 44 - 2814 0652
 Contact Person: Mr. K. Suresh Babu
 E-mail: sureshbabu@ieindia.com

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RISK FACTORS

Given below are the risks related to the transaction, the proposed offer and the risks involved in getting associated with the Acquirers

Risks Related to the Transaction/ Proposed Offer

- i. Transfer of equity shares received from NRI shareholders, as mentioned in Para 8, under the offer is subject to receipt of RBI approval for the same.
- 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 Acquirers 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 RHL whose equity shares have been accepted in the Offer as well as the return of the shares not accepted by the Acquirers may be delayed. In case of delay, due to non-receipt of statutory approvals, as per Regulation 22(12) of the SEBI (SAST) Regulations, SEBI may, if satisfied that the non receipt of approvals was not due to any willful default or negligence on the part of the Acquirers, grant an extension for the purpose of completion of the Offer subject to the Acquirers paying interest to the shareholders, as may be specified by SEBI. Further, shareholders should note that after the last date of withdrawal i.e. May 11, 2007 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 such time as the process of acceptance of tenders and the payment of consideration is completed.
- iii. The Acquirers make no assurance with respect to the market price of the shares both during the Offer period and upon the 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.
- iv. The Acquirers make no assurance with respect to the financial performance of Rane Holdings Limited. The Acquirers also make no assurance with respect to their investment/ divestment decisions relating to their proposed shareholding in Rane Holdings Limited.
- v. RHL has made applications under clause 24(a) of the Listing agreement for issue and allotment of shares of Preferential Issue vide its letters dated February 14, 2007 submitted to BSE, NSE and MSE. On March 16, 2007, RHL has made applications for approval for listing and trading of 16,50,000 shares of Preferential Issue to these stock exchanges and the approvals in respect of the above applications are awaited.

Risks in getting Associated with the Acquirers

Pending litigation against one of the Acquirers (Mr. L Ganesh)

A civil case was filed against Mr. L Ganesh in respect of 0.42 acres of land purchased in Kodaikanal from Mr. V Rajendran, Attuvampatti, Vilaptatti Village, Kodaikanal Taluk, relating to dispute regarding title of the property to Mr. V Rajendran. Decree was awarded against Mr. V Rajendran and Mr. L Ganesh by Sub-ordinate Judge, Dindigul. The appeal against the above judgment before the District and Sessions Judge, Dindigul, was dismissed on 14.06.2006. Subsequently, Mr. Ganesh has filed an appeal against this dismissal in the Madurai bench of the Madras High Court. Value of the property as per the sale deed executed in favour of Mr. L Ganesh on 22.03.1990 was Rs.42,000.

1. DEFINITIONS

Acquirers	Mr. L. Lakshman, Mr. L. Ganesh, L. Lakshman (HUF), L. Ganesh (HUF) and Mr. Harish Lakshman
BSE	Bombay Stock Exchange Limited
CDSL	Central Depository Services (India) Limited
DP	Depository Participant
EGM	Extraordinary General Meeting
FEMA	Foreign Exchange Management Act, 1999
FII(s)	Foreign Institutional Investor(s)
Form of Acceptance/ FOA	Form of Acceptance-cum- Acknowledgement
FOW	Form of Withdrawal
FY	Financial Year
Letter of Offer/ LOF	This Letter of Offer
Ltd.	Limited
Manager/ Manager to the Offer/ IGCF	Ind Global Corporate Finance Private Limited (A Subsidiary of Ernst & Young Private Limited)
MSE	Madras Stock Exchange Limited
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCB	Overseas Corporate Bodies
Offer	Open Offer for the acquisition of 19,56,263 fully paid up equity shares of the face value of Rs. 10 each of Rane Holdings Limited at a price of Rs. 192/- per fully paid up equity share
Offer Price	Rs. 192/- (Rupees One hundred and ninety two only) per fully paid up share of Rs. 10 each
Offer Size	19,56,263 Equity Shares
Other Promoters	Ms. T G Ramani, Ms. Chitra Sundaresan, Mr. Pravin Kumar, Ms. Suchitra Narayan, Mr. Sumant Narayan, Ms. Rekha Sundar, Mr. Karthik Aghoram, Mrs. Malavika Lakshman, Master Keshav Harish Lakshman
Persons Acting in Concert/PACs	Mrs. Pushpa Lakshman, Mr. Vinay Lakshman, Mrs. Meenakshi Ganesh, Ms. Aparna Ganesh, Mr. Aditya Ganesh, Mrs. T G Saraswathy, Mrs. Vanaja Aghoram, Mrs. Shanthi Narayan, Mrs. Saroja Raman, Mrs. Ranjini R Iyer, Mrs. Geetha Raman Subramanyam, Mrs. Rathika R Sundaresan and Mr. T G G Raman
Persons Eligible to participate in the Offer	All Equity Shareholders of Rane Holdings Limited except the Promoter Group .
Post Issue Paid up Voting Equity Capital	The Maximum possible expanded voting equity share capital of RHL 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
Preferential Issue	Issue of 1,650,000 fully paid-up equity shares for cash at a price of Rs. 180/- per share (including premium of Rs. 170/- per share) aggregating to Rs. 29,70,00,000/- (Rupees Twenty Nine crores Seventy lakhs only) to the Acquirers and PACs in accordance with the provisions of Section 81(1A) of the Companies Act, 1956 and the guidelines for Preferential Issue of SEBI (Disclosure and Investor Protection) Guidelines, 2000 and subsequent amendments thereto.
Promoter Group	Mr. L. Lakshman, Mr. L. Ganesh, L. Lakshman (HUF), L. Ganesh (HUF), Mr. Harish Lakshman, Mrs. Pushpa Lakshman, Mr. Vinay Lakshman, Mrs. Meenakshi Ganesh, Ms. Aparna Ganesh, Mr. Aditya Ganesh, Mrs. T G Saraswathy, Mrs.

	Vanaja Aghoram, Mrs. Shanthi Narayan, Mrs. Saroja Raman, Mrs. Ranjini R Iyer, Mrs. Geetha Raman Subramanyam, Mrs. Rathika R Sundaresan, Mr. T G G Raman, Ms. T G Ramani, Ms. Chitra Sundaresan, Mr. Pravin Kumar, Ms. Suchitra Narayan, Mr. Sumant Narayan, Ms. Rekha Sundar, Mr. Karthik Aghoram, Mrs. Malavika Lakshman, and Master Keshav Harish Lakshman.
Public Announcement/ PA/ Original Public Announcement	Announcement issued on March 1, 2007 in Financial Express, Jansatta and Makkal Kurral and on March 2, 2007 in Navashakti by the Managers to the Offer for and on behalf of the Acquirers and PACs
RHL	Rane Holdings Limited
RBI	Reserve Bank of India
Registrar to the Offer	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 Regulations 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 Holdings Limited (RHL)
Specified date	March 16, 2007 (Friday)
Target Company	Rane Holdings 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 HOLDINGS LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF THE ACQUIRERS OR THE 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 ACQUIRERS 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 ACQUIRERS DULY DISCHARGE THEIR RESPONSIBILITY ADEQUATELY.

IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE MERCHANT BANKER, IND GLOBAL CORPORATE FINANCE PRIVATE LIMITED, HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED MARCH 13, 2007 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 ACQUIRERS 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 Mr. L. Lakshman, Mr. L. Ganesh, L. Lakshman (HUF), L. Ganesh (HUF), Mr. Harish Lakshman (hereinafter collectively referred to as "the Acquirers") along with Mrs. Pushpa Lakshman, Mr. Vinay Lakshman, Mrs. Meenakshi Ganesh, Ms. Aparna Ganesh, Mr. Aditya Ganesh, Mrs. T G Saraswathy, Mrs. Vanaja Aghoram, Mrs. Shanthi Narayan, Mrs. Saroja Raman, Mrs. Ranjini R Iyer, Mrs. Geetha Raman Subramanyam, Mrs. Rathika R Sundaresan, and Mr. T G G Raman, acting in concert with them (hereinafter collectively referred to as "Persons Acting in Concert" or "PACs") represented by Mr. L. Lakshman residing at No. 17 Crescent

Street, Off ABM Avenue, Chennai – 600 028 or by Mr. L. Ganesh residing at No. 2 George Avenue, Chennai – 600 018 are making this Offer to the equity shareholders of RHL. The Acquirers and PACs collectively hold 33,65,714 equity shares of RHL, representing 41.39% of the fully paid-up equity share capital as on the date of the PA. The Acquirers form part of the promoter group of RHL. The Acquirers together with other promoters (hereinafter collectively referred to as Promoter Group) hold 34,49,410 equity shares of RHL representing 42.42% of the fully paid equity share capital as on the date of the PA.

- 3.1.2 The Board of Directors of the Target Company, in its meeting held on January 24, 2007, had agreed to issue and allot 16,50,000 fully paid-up equity shares of Rs. 10/- each on preferential basis representing 16.87% of the post preferential fully paid-up voting equity share capital of the Target Company for cash at a price of Rs. 180 /- per share (including premium of Rs. 170/- per share) aggregating to Rs. 29,70,00,000 /- (Rs. Twenty Nine crores and seventy lakhs only) to the Acquirers and PACs (“Preferential Issue”) in accordance with the guidelines for Preferential Issue of SEBI (Disclosure and Investor Protection) Guidelines, 2000 and subsequent amendments thereto.
- 3.1.3 The Subscription and Allotment of shares under the Preferential Issue as specified in 3.1.2 above was subject to approval of the shareholders. Accordingly, an EGM was held on February 23,2007 and the shareholders have accorded their approval /consent by way of special resolution passed in the said meeting under Section 81 (1A) of the Act and other applicable provisions, for the issue and allotment of 16,50,000 fully paid-up equity shares of Rs. 10/- each on preferential basis for cash at a price of Rs. 180/- per share (including premium of Rs. 170/- per share) aggregating to Rs. 29,70,00,000 (Rs. Twenty Nine crores and seventy lakhs only) to the Acquirers and PACs.
- 3.1.4 RHL has allotted 16,50,000 equity shares of Rs.10/- each fully paid at a premium of Rs.170/- per share on a preferential basis to the promoters / promoter group on March 9, 2007. On March 16, 2007 RHL has applied to MSE, BSE & NSE for obtaining their approval for listing and trading in these shares in the said stock exchanges. The listing approvals from these stock exchanges are awaited.
- 3.1.5 As a result of the aforesaid allotment, the holding of the Acquirers has increased to 50,15,714 equity shares representing 51.28% of the post preferential fully paid-up voting equity share capital of the Target Company and the holding of the Promoter Group has increased to 50,99,410 equity shares representing 52.13% of the post preferential fully paid-up voting equity share capital of the Target Company.
- 3.1.6 Consequent to the aforesaid Preferential Issue, the Offer to the shareholders of the Target Company is being made by the Acquirers in accordance with regulation 11(1) and other applicable regulations of the SEBI (SAST) Regulations and to consolidate their holding in RHL. 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 and amendments thereto.
- 3.1.7 The Acquirers and PACs have acquired 26,950 equity shares of RHL through market purchases during the 12 months period prior to the date of PA. The highest and average price at which the Acquirers and PACs have acquired shares of RHL during the last 12 months are Rs 205.00 and Rs. 180.19 respectively
- 3.1.8 During the period beginning from August 31, 2006 to February 28, 2007, the Acquirers and the PACs have collectively done net market purchases 14,044 equity shares of Rs. 10/- each representing 0.17% in the paid up equity share capital of RHL. The highest and average prices at which the Acquirers and PACs have acquired shares of RHL during this 26 weeks period are Rs 190.95 and Rs 185.69 respectively.
- 3.1.9 Neither the Acquirers and PACs nor the Target Company has 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.
- 3.1.10 The Manager to the Offer does not hold any equity shares in the Target Company, as on the date of the Public Announcement and has not acquired any equity shares of the Target Company since the date of PA upto the date of this Letter of Offer.
- 3.1.11 The Acquirers and PACs hold 33,65,714 equity shares and the Promoter Group holds 34,49,410 equity shares representing 41.39% and 42.42% respectively, of the fully paid equity share capital of RHL as on the date of the PA. Further, as a result of the subscription to Preferential Issue and assuming full acceptance of the Offer, the holding of the Acquirers and PACs will increase to 69,71,977 equity shares representing 71.28% and the holding of the ‘Promoter Group’ will increase to 70,55,673 equity shares representing 72.13% of the post preferential fully paid-up voting equity share capital of the Target Company.
- 3.1.12 No separate consideration has been paid or would be paid by the Acquirers for the preferential allotment, other than as mentioned in Clause 3.1.2 above.
- 3.1.13 There is no proposal to change the Board of Directors of the Target Company after the Offer.

3.2 Details of Offer

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

Newspaper	Language	Edition
Financial Express	English	All Editions
Jansatta	Hindi	All Editions
Makkal Kural	Tamil	Chennai Edition
Navasakti	Marathi	Mumbai Edition

The Public Announcement in Financial Express, Janasatta and Makkal Kural were made on March 1, 2006 and in Navasakti was made on March 2, 2006.

(The Public Announcement is available on the SEBI website www.sebi.gov.in)

- 3.2.2 The Acquirers are making an open offer to the equity shareholders of RHL to acquire 19,56,263 fully paid up equity shares of Rs.10/- each representing 20% of the fully expanded voting equity capital of the Target Company at a price of Rs. 192/- (Rupees One Hundred and Ninety Two only) for each equity share of the Target Company (the 'Offer Price'), payable in cash, in terms of regulation 20 of SEBI (SAST) Regulations (the 'Offer' or 'Open Offer').
- 3.2.3 In terms of regulation 21(5) of SEBI (SAST) Regulations, for the purpose of computing the percentage referred to above, the voting rights as at the expiration of 15 days after the closure of the public offer shall be reckoned.
- 3.2.4 There are no partly paid-up shares of RHL
- 3.2.5 This is not a Conditional Offer. The Offer is not subject to any minimum level of acceptance. Acquirers will acquire all the shares that are validly tendered in terms of the Offer, upto a maximum of 19,56,263 shares at the Offer Price.
- 3.2.6 This is not a Competitive Bid.

3.3 Object of the Acquisition/ Offer

- 3.3.1 Presently the Acquirers are in the management control of RHL, its subsidiaries and associate companies. This Offer to the shareholders of RHL is being made pursuant to regulation 11(1) of SEBI (SAST) Regulations consequent to consolidation of their holding in RHL through the Preferential Issue of Equity Shares by the Acquirers and PACs as explained in 3.1.2 above. The proceeds of the Preferential offer would be utilized to meet the increased fund requirements of RHL to finance various restructuring activities proposed in terms of consolidation and / or acquisition of further holdings in the companies in the Rane Group and such other strategic investments.

4 BACKGROUND OF THE ACQUIRERS

4.1 Details of the Acquirers

- 4.1.1 Mr. L. Lakshman, son of Late Mr. L. L. Narayan, aged 60 years, is the Chairman and Managing Director of the Target Company. He is a Mechanical Engineer from the University of Madras. He joined Rane Brake Linings Limited, one of the Rane Companies, in 1970 and held different positions in the Group companies. He has over 35 years of experience in Management of Auto Component Companies. He has also served industry organizations such as Automotive Components Manufacturers Association, Madras Chamber of Commerce & Industry and ASSOCHAM, a federation of Chambers of Commerce as President. He has been the Chairman of Rane Group from 1992 until 2006.
- 4.1.2 Mr. L. Ganesh, son of Late Mr. L. L. Narayan, aged 52 years, is the Vice-Chairman of RHL. He is a B.Com graduate from Madras University, an Associate Member of the Institute of Chartered Accountants of India and an MBA from the Pennsylvania State University. He is presently the Chairman of Rane Group and is also engaged in other professional assignments like:

- (a) Honorary Consul for New Zealand Government in South India
- (b) Member – National Council, Confederation of Indian Industry.

He has over 30 years of experience in Management of Auto Component Companies.

- 4.1.3 Mr. Harish Lakshman, son of Mr. L. Lakshman, aged 33 years, holds a Bachelor Degree in Mechanical Engineering and Master's Degree (MSM) from Purdue University, USA. He has 7 years of experience in his profession and currently he is the Managing Director of Rane TRW Steering Systems Limited.
- 4.1.4 The names, addresses and net worth of the Acquirers and PACs, as on December 31, 2006 as certified by Mr. P. Ananthapadmanabhan, Membership No. 6472, Partner, Harsha, Ananthu and Sankar, Chartered Accountants, New No. 68 (Old No. 104), Ramanaicken Street, Nungambakkam, Chennai – 600 034 , dated January 20, 2007, are as follows:

Sl. No	Name	Age	Address	Net Worth (Rs. crores)	Occupation / Experience (Yrs)
1	Mr L Lakshman	60	17, Crescent Street Off ABM Avenue, Chennai 600 028 Phone No.: +91 44 28112472	11.63	Co. Director 36 Yrs.
2	L Lakshman (HUF)	N.A	17, Crescent Street Off ABM Avenue Chennai 600 028 Phone No.: +91 44 28112472	3.87	N.A
3	Mr L Ganesh	53	No.2, George Avenue Teynampet Chennai 600 018 Phone No.: +91 44 28112472	15.50	Co. Director 30 yrs.
4	L Ganesh (HUF)	N.A	No. 2, George AvenueTeynampet Chennai 600 018 Phone No.: +91 44 28112472	3.29	N.A
5	Mr Harish Lakshman	33	17, Crescent Street Off ABM Avenue, Chennai 600 028 Phone No.: +91 44 28112472	1.68	Co. Director 8 yrs.
6	Mrs Vanaja Aghoram	63	802, Ideal Home Township Kenchana halli Bangalore 560 039 Phone No.: +91 44 28112472	4.92	Housewife
7	Mrs Shanthi Narayan	46	64, ABM Avenue Chennai – 600 028 Phone No.: +91 44 28112472	2.50	Housewife
8	Mrs Meenakshi Ganesh	44	No.2, George AvenueTeynampet Chennai - 600 018 Phone No.: +91 44 28112472	2.73	Housewife
9	Mrs Pushpa Lakshman	55	17, Crescent Street Off ABM Avenue Chennai - 600 028 Phone No.: +91 44 28112472	1.35	Housewife
10	Mrs T G Saraswathy	83	17, Crescent Street Off ABM Avenue Chennai - 600 028 Phone No.: +91 44 28112472	2.93	Housewife
11	Mr Vinay Lakshman	30	17, Crescent Street Off ABM AvenueChennai - 600 028 Phone No.: +91 44 28112472	1.14	Co. Executive 3 yrs.
12	Mr Aditya Ganesh	19	No. 2, George AvenueTeynampet Chennai - 600 018 Phone No.: +91 44 28112472	0.47	Student
13	Ms Aparna Ganesh	23	No.2, George AvenueTeynampet Chennai - 600 018 Phone No.: +91 44 28112472	0.44	Student
14	Mr T G G Raman *	44	63, Orrington Ct., Schaumburg, IL 60173USA Phone No.: +91 44 28112472	35.33	Co. Executive 18 years
15	Mrs Rathika R Sundaresan *	50	16 Waters Edge Sparta NJ 07871 USA Phone No.: +91 44 28112472	10.12	Housewife

Sl. No	Name	Age	Address	Net Worth (Rs. crores)	Occupation / Experience (Yrs)
16	Mrs Saroja Raman *	74	301 East, 22 nd Street, Apart #5D, New York, NY 10010 USA Phone No.: +91 44 28112472	9.59	Housewife
17	Mrs Ranjini R Iyer *	55	305, Quincy Ct. Schaumburg, IL 60193, USA Phone No.: +91 44 28112472	6.13	Housewife
18	Mrs Geetha Raman Subramanyam *	52	301 East, 22 nd Street, Apart #5D, New York, NY 10010 USA Phone No.: +91 44 28112472	5.84	Housewife

* Non Resident Indian (NRI)

Except Mr. T G G Raman, Mrs. Rathika R Sundaresan, Mrs. Saroja Raman, Mrs. Ranjini R Iyer and Mrs. Geetha Raman Subramanyam, all other PACs are relatives of the Acquirers, as defined under the Companies Act, 1956.

4.1.5 Professional experience of PACs:

Mr. Vinay Lakshman is a Chartered Accountant and has a degree in management from Keller Graduate School of Management, USA with expertise in financial management.

Mr. T G G Raman has 18 years of experience in the area of general management.

4.1.6 Positions held by the Acquirers/PACs on the Board of Directors of listed companies

Sl. No.	Name	Designation	Name of the Company
1	Mr. L Lakshman	Non-executive Director	1 Kar Mobiles Limited
			2 Pricol Limited
			3 Rane Brake Linings Limited
			4 Rane Engine Valves Limited
			5 Rane (Madras) Limited
2	Mr. L Ganesh	Non-executive Director	1 EIH Associated Hotels Limited
			2 Kar Mobiles Limited
			3 Rane Brake Linings Limited
			4 Rane Engine Valves Limited
			5 Rane (Madras) Limited
3	Mr. Harish Lakshman	Non- Executive Director	1 Rane (Madras) Limited

4.1.7 Name of the Company where Acquirers/PACs are full time directors

Sl. No.	Name	Designation	Name of the company
1	Mr. L Lakshman	Chairman & Managing Director	1 Rane Holdings Limited
			2 Rane Brake Linings Limited
2	Mr. L Ganesh	Chairman & Managing Director	1 Rane Engine Valves Limited
3	Mr. Harish Lakshman	Managing Director	1 Rane TRW Steering Systems Limited

4.2 Disclosures in terms of Regulation 16(ix) of the SEBI Takeover Code and Acquirers' future plans for RHL

The Acquirers and PACs in consultation with the Board of Directors of RHL will work towards enhancement of shareholder value and this could entail a restructuring exercise. The restructuring may also involve rationalization of assets, investments, liabilities, business of RHL by way of arrangement/reconstruction, mergers/demergers, at a later date, which would be subject to the approvals of Board of Directors and shareholders of RHL as required and other relevant statutory approvals.

The Acquirers and PACs do not propose to, dispose of 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 and except to the extent required for the purpose of restructuring, rationalizing and/ or streamlining various operations, assets, liabilities, investments, businesses or otherwise of the Target Company which will be done subject to the approval of the Board of Directors of RHL and shareholders of RHL

Except with the prior approval of RHL's shareholders, the Acquirers and PACs undertake that they shall not sell, dispose of or otherwise encumber any substantial assets of RHL.

The present areas of operations of RHL are holding investment in group companies and rendering management and consultancy services including services related to Intellectual Property Rights . The Acquirers and PACs do not have any plans to change the areas of operations of RHL in the immediate future.

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

Pursuant to the Preferential Issue and this Offer (assuming full acceptance), the public shareholding in RHL will not be reduced to below 25% of the listed equity and voting capital.

6 BACKGROUND OF THE TARGET COMPANY

6.1 General Information

- 6.1.1 Rane Holdings Limited, having its registered office in "Maithri", 132, Cathedral Road, Chennai – 600 086 (Telephone No. +91 – 44 – 2811 2472), is the primary holding company of the Rane Group. Rane Group is one of India's oldest and most experienced auto components manufacturers.
- 6.1.2 The Target Company was incorporated on March 3, 1936 as Rane (Madras) Limited as a public limited company under the Indian Companies Act, 1913. In 1936, the Target Company took over, on a going concern basis, the business of a private limited company carrying on sale of automobiles and parts since 1929. The Target Company also represented companies like Renault, General Motors and America Motors.
- 6.1.3 In 1960 the Target Company started its own manufacturing activities by setting up a plant at Chennai for manufacture of tie rod ends for passenger cars and commercial vehicles. In 1965 it discontinued its trading activities completely and became a purely manufacturing company. In 1975 the Target Company commenced manufacturing of manual steering gears for commercial vehicles. The plant at Mysore was commissioned in 1984 and the plant at Pondicherry was commissioned in 1995 for the manufacture of manual steering gears for tractors and passenger cars and steering and suspension linkage products.
- 6.1.4 The "Rane" trademark was registered in the name of the Target Company in 1981. From 1994 the Target Company started licensing of Rane trademark to other companies in the group for which it is charging a trademark fee calculated as percentage of the sales.
- 6.1.5 The Target Company demerged its manufacturing activities into a separate company with effect from July 1, 2004 through a "Scheme of Arrangement" approved by the Honorable High Court of Madras on April 25, 2005
- 6.1.6 As part of the "scheme of arrangement" the name of the Target Company was changed from Rane (Madras) Limited to **Rane Holdings Limited (RHL)** and the resulting company (the manufacturing company) was renamed as Rane (Madras) Limited. A fresh Certificate of Incorporation for RHL was issued on May 18, 2005.
- 6.1.7 The present areas of operations of RHL are as follows:-
1. Holding investment in group companies
 2. Rendering management and consultancy services including services related to Intellectual Property Rights

Pursuant to the changes in the main activities of RHL after the demerger of the manufacturing activity, RHL has amended its Memorandum of Association and Articles of Association to bring greater clarity to the existing and future line of business.

6.1.8 As on the date of Public Announcement, RHL has the following shareholding in other Rane Group companies:

SI No	Name of Company	Shareholding (%)
1.	Rane (Madras) Limited	20.00%*
2.	Rane Engine Valves Limited	33.55%
3.	Rane Brake Linings Limited	19.47%
4.	Rane Investments Limited (Subsidiary)	51.00%
5.	JMA Rane Marketing Limited	20.00%

* Subsequently increased to 51.24%

6.1.9 RHL has a subsidiary, Rane Investments Limited (RIL) in which RHL holds 51% of the equity share capital. RIL holds Rane's 50% share in the equity of the following two JVs:

- Rane TRW Steering Systems Ltd (JV with TRW Automotive JV LLC., of USA) for manufacture of hydraulic power steering gears and seat belts
- Rane NSK Steering Systems Ltd (JV with NSK Ltd., Japan) for manufacture of energy absorbing steering columns

6.2 Share capital of the Target Company after the Preferential Issue is given below:

Paid up Equity Shares of Target Company	No of Equity Shares/ Voting Rights	% of Equity Shares/ Voting Rights
Fully paid up equity capital	97,81,316	100%
Partly paid up equity capital	-	-
Total Issued and paid up equity capital	97,81,316	100%
Total Voting Rights	97,81,316	100%

6.3 Build up of the capital structure of RHL (as certified by RHL) is as follows:

Date of Allotment/ Period	No of shares allotted	Face Val (Rs)	Cumulative No. of equity shares	Cumulative Paid-up Capital (Rs.)	Status of Compliance	Identity of Allottees (Promoters/ Ex-promoters/ Others)
1937-43	1,298	100	1,298	1,24,800	Complied	Ex – promoters - Equity Capital since incorporation in the year 1936
1943-44	1,298	100	1,298	64,900	Complied	Reduction of capital by 50%
1946-47	500	100	1,798	1,14,900	Complied	Ex-promoters - Issue of shares to specified individuals
1949-50	1,149	100	2,947	2,29,800	Complied	a) All shareholders - 500 equity shares issued under bonus issue made in the ratio of 1:1 to the holders of shares who acquired shares out of the 500 equity shares allotted to the specified individuals b) All shareholders- 649 shares issued under bonus issue made in the ratio of 1: 2 to the holders of erstwhile 1298 equity shares in the capital of the Company.
1955-56	45,960	5	45,960	2,29,800	Complied	Face value of each share was reduced to Rs.5/- per share

Date of Allotment/ Period	No of shares allotted	Face Val (Rs)	Cumulative No. of equity shares	Cumulative Paid-up Capital (Rs.)	Status of Compliance	Identity of Allottees (Promoters/ Ex-promoters/ Others)
1956-57	45,960	5	91,920	4,59,600	Complied	All shareholders - Bonus issue made in the ratio of 1:1.
1957-58	91,920	5	1,83,840	9,19,200	Complied	All shareholders - Rights Issue made in the ratio of 1:1
1959-60	61,280	5	2,45,120	12,25,600	Complied	All shareholders - Rights Issue made in the ratio of 1:3
1964-65	1,22,560	5	3,67,680	18,00,007	Complied	All shareholders - Rights Issue made in the ratio of 1:2
1966-67	1,22,560	5	4,90,240	24,51,200	Complied	All shareholders - Bonus Issue made in the ratio of 1:3
1968-69	2,45,120	5	7,35,360	36,76,800	Complied	All shareholders - Bonus issue made in the ratio of 1:2
1971-72	3,67,680	5	11,03,040	55,15,200	Complied	Bonus issue made in the ratio of 1:2
1979-80	7,61,520	5	18,64,560	93,22,800	Complied	All shareholders - 621,520 equity shares of Rs.5/- each allotted under rights issue in the ratio of 1:2. And Others - 140,000 equity shares of Rs.5/- each allotted to ICICI Ltd., on exercising their option for conversion of part of the Term Loan into equity share capital at a premium of Rs.0.50 per share on 01.11.1979
1981-82	9,32,280	5	27,96,840	1,39,84,200	Complied	All shareholders - Bonus issue made in the ratio of 1:2
1982-83	13,98,420	10	13,98,420	1,39,84,200	Complied	Rs.5/- per share consolidated into Rs.10/- per share
1986-87	6,99,210	10	20,97,630	2,09,76,300	Complied	All shareholders - Bonus issue made in the ratio of 1:2
1994-95	20,97,630	10	41,95,260	4,19,52,600	Complied	All shareholders - Bonus issue made in the ratio of 1:1
2004-05	39,36,056	10	81,31,316	8,13,13,160	Complied	Promoters - 1,920,112 equity shares And Others-2,015,944 equity shares

On account of the Preferential Offer of 16,50,000 equity shares of Rs 10/- each at a price of Rs 180/- per share the cumulative number of equity shares increased to 97,81,316 equity shares of Rs 10/- each. The shares were fully paid up on the March 7, 2007 and allotment was done on March 9, 2007 (both the dates being post the date of Public Announcement).

- 6.4 The equity shares of RHL are listed on the BSE, NSE and MSE. Details of the last traded price and volume as on January 24, 2007, the date of the Board Meeting to consider Preferential Issue on BSE and NSE are as follows:

Name of Stock Exchange	Last Traded Price	Volume
BSE	172.05	290
NSE	173.00	50
MSE	-	-

- 6.5 There has been no suspension of trading of the equity shares of Rane Holdings Limited by any of the Stock Exchanges.

- 6.6 There are no partly paid up shares of the Target Company as at the date of the Public Announcement. There are no outstanding instruments in the nature of warrants/ fully convertible debentures/ partly convertible debentures etc. which are convertible into equity at any later date. 33,65,714 equity shares representing pre-preferential shareholding of the Acquirers and PACs are locked-in in the following manner (a) 1,620,056 equity shares of Rs. 10/- each have been locked-in up to January 5, 2008; and (b) 1,745,658 equity shares of Rs. 10/- each have been locked-in till September 9, 2007 covering a period of six months after the preferential allotment in order to satisfy clause 13.3.1 (g) of the SEBI (Disclosure and Investor Protection) Guidelines, 2000.

- 6.7 The Target Company has complied with provisions of Chapter II within the stipulated time except the following:

The Target Company received a letter dated November 16, 2004 from SEBI with regard to non-compliance of regulation 8(3) of the SEBI (Substantial Acquisitions of Shares and Takeovers) Regulations, 1997 (Takeover Regulations) stating that the Target Company had not filed the return under Regulation 8(3) of the Takeover Regulations for the record date for the year 2000 and that the SEBI had introduced a Regularization Scheme, 2002 and the Target Company had not availed of the same. In view of this, SEBI imposed a penalty on the Target Company under the provisions of the SEBI Act, 1992.

The Target Company in its reply to SEBI dated December 3, 2004 clarified that the Target Company had filed the required documents under Regulation 8(3) of the Takeover Regulations. The Target Company stated that the allegation of non-submission of the returns under Regulation 8(3) was therefore not applicable to the Company. However the Target Company agreed to make a payment of an amount of Rs 25,000 as suggested by SEBI in their letter and issued a cheque for the said amount on December 3, 2004. SEBI vide Letter No CFD/DCR/TO/AK/89389/2007 dated March 20, 2007 has returned the above instrument and has advised that the penalty amount shall be paid only on completion of the proceedings.

- 6.8 The Board of Directors of RHL as on the date of Public Announcement is as under:

Sl. No.	Name & Address	Designation	Date of Appointment	Qualifications and Experience
1	Mr. L Lakshman S/o. Late Mr. L Narayan 17, Crescent Street Arch Bishop Mathias Avenue Chennai 600 028. Age: 60	Chairman & Managing Director (Executive)	12.11.1976	B.E 35 years experience in management of auto component companies
2	Mr. L Ganesh S/o. Late Mr. L Narayan Lakshmi 'Nivas' 2A, George Avenue Chennai 600 018. Age: 52	Vice Chairman	26.06.1986	B.Com, ACA, MBA Non- Executive Director 30 years experience in management of Auto component companies
3	Mr. Harish Lakshman S/o. Mr. Lakshman 17, Crescent Street Arch Bishop Mathias Avenue, Chennai 600 028. Age: 32	Non- Executive Director	19.05.2004	BE, MSM 8 years experience in Management of Auto component Companies

Sl. No.	Name & Address	Designation	Date of Appointment	Qualifications and Experience
4	Mr. V Narayanan S/o Late Mr G V Ayyar Flat No.19 'The Manor' 11, Cenetoph Road II Lane, Teynampet Chennai - 600 018. Age: 68	Non-Executive Independent Director	11.06.1998	M.Sc 43 years
5	Mr. Krishnan S Waran S/o Mr K Appu Iyer Plot No.569, First BlockHMT Layout, Vidyaranpura Bangalore - 560 097. Age: 60	Non- Executive Independent Director	26.06.1998	M.Com, Dip. In Marketing management, MFM, ICWAI inter 37 years experience
6	Mr. P N Vencatesan S/o Mr Pazhayalur Narayana Iyer 324 A, Samudra Mahal, Dr. Annie Besant Road Mumbai 400 018Age: 80	Non- Executive Independent Director	24.09.1984	ACA 53 years experience

6.9 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 in the Target Company and the name of the Target Company was changed to Rane Holdings Limited on May 18, 2005 in order to reflect the present nature of activities of the Company.

6.10 **The financial highlights for the last 3 financial years and for the nine months period ended December 31, 2006 of the Target Company are as given below:**

Profit & Loss Statement

Year/Period Ended (Rupees in lakhs, except per share amounts)	9 months ending December 31, 2006*	March 31, 2006	March 31, 2005	March 31, 2004
Income from Operations	—	—	5,758.74	17,561.79
Other Income	2,032.39	1,101.20	843.11	478.57
Total Income	2,032.39	1,101.2	6,601.85	18,040.36
Total Expenditure	953.16	71.12	5,279.68	16,023.87
PBDIT	1,079.23	1,030.08	1,322.17	2,016.49
Depreciation	6.81	2.82	189.46	679.03
Interest	23.90	3.92	195.63	845.90
PBT	1,048.52	1,023.34	937.08	491.56
Provision for Tax	155.91	151.53	224.45	(228.60)
PAT	892.61	871.81	712.63	720.16

* As certified by the Auditors

Balance Sheet Statement

Year/Period Ended (Rupees in lakhs, except per share amounts)	9months ending December 31, 2006*	March 31, 2006	March 31, 2005	March 31, 2004
Sources of funds				
Paid up share capital	988.13	988.13	1,075.63	1,219.53
Equity Share Capital	813.13	813.13	813.13	419.52
Reserves and Surplus (Excluding revaluation reserves)	6,708.22	6,093.76	5,677.41	2,157.84
Net-worth	7,696.35	7,081.89	6,753.04	3,377.37
Secured loans	300.00	12.90	64.50	5,127.58
Unsecured loans	—	—	—	702.46
Deferred Tax Liability	11.66	17.03	11.20	
Total	8,008.01	7,111.82	6,828.74	9,207.41
Use of funds				
Net fixed assets	145.80	90.48	82.01	5,068.09
CWIP	69.54	11.60	—	156.18
Investments	7,463.79	7,157.09	7,102.42	769.12
Net current assets	328.88	(147.35)	(355.69)	2,892.12
Deferred Tax Assets	—	—	—	321.90
Total misc. expenditures not written off	—	—	—	—
Total	8,008.01	7,111.82	6,828.74	9,207.41
Other Financial Data				
Dividend (%)	30%	45%	25%	10%
Earnings per Share	10.98	10.25	10.50	17.17
Return on Net Worth	11.6%	12.3%	10.6%	21.32
Book Value per Share	92.50	84.94	79.82	61.44

* As certified by the Auditors

Earnings Per Share	= PAT/ Total number of outstanding equity shares
Return on Net Worth	= PAT/ (Issued and paid up equity capital + Reserves and Surplus) *100
Book Value per Share	= (Issued and paid up equity capital + Reserves and Surplus)/ Total number of outstanding equity shares

Note:

- RHL had issued 80,00,000 13.5% Cumulative Redeemable Preference Shares (CRPS) of Rs. 10 each during the financial year ended March 1999. The outstanding CRPS as on Financial Years ending March 2004, 2005, 2006 and 9 months period ending December 2006 were Rs. 800 lacs, Rs.262.50 lacs, Rs.175.00 and Rs.175.00 respectively. The paid up share capital of Rs. 988.13 lacs of the target company as on December 31, 2006 consists of equity share capital of Rs.813.13 lacs and CRPS of Rs.175 lacs.
- Sources of Other Income: Dividend income, income from rendering of management and consultancy services including services related to intellectual property rights and interest income.
- Consequent to the demerger of the manufacturing undertaking during 2004-05, no income from manufacturing operations was reported for the year ended March 31, 2006 and for the 9 months period ended December 31, 2006.

4. During the financial year 2005, RHL had issued and allotted 19,20,112 equity shares of Rs.10/- each fully paid-up at a premium of Rs.136/- per share on a preferential basis to promoters / promoters' group and 20,15,944 equity shares of Rs.10/- each fully paid-up were allotted at the same premium in settlement of consideration of 7,17,893 equity shares of REVL acquired under the voluntary open offer. Consequent to the above the securities premium account of RHL increased from Rs Nil to Rs 5,353 lakhs and resulted in substantial increase of Reserves and Surplus for the FY 05.

6.11 Reasons for rise and fall in total income and Profit after Tax for the last 3 years

The sales and profit for 2003-04 relate to the erstwhile Rane (Madras) Limited encompassing both the manufacturing and investment activities whereas the figures for 2004-05 relate to the full year of investment activities of 2004-05 and the manufacturing activities carried on by the Target Company for three months up to June 30, 2004. The manufacturing activities of the Target Company were demerged with effect from 1st July 2005. In view of this, the figures for the two years are not strictly comparable. However, there was an additional income by way of "Trademark fee" of Rs. 454.7 lakhs in 2004-05 and as a result profit before tax increased to Rs.937.1 lakhs as compared to Rs.491.6 lakhs in 2003-04.

The figures for 2005-06 and 2004-05 again are not strictly comparable because 2004-05 results included sales and operating revenue of Rs.5,758.7 lakhs arising out of the manufacturing activity carried on by the Target Company up to June 30, 2004. However, the dividend income for 2005-06 increased to Rs.551.3 lakhs as compared to Rs.388.4 lakhs in 2004-05.

6.12 RHL has complied with the listing agreements entered into with the Stock Exchanges.

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

Shareholders' Category	Shareholding & voting rights prior to the acquisition (preferential issue) and offer		Shareholding & voting rights agreed to be acquired (preferential issue) which triggered off SEBI (SAST) Regulations.		Shareholding & voting rights to be acquired in open offer (Assuming full acceptance)		Shareholding & voting rights after the acquisition (preferential issue) and the offer (Assuming full acceptance of 19,56,263 (20%) shares)	
	(A)		(B)		(C)		(A)+(B)+(C) =(D)	
	No.	%	No.	%	No.	%	No.	%
(1) Promoter Group								
(a) Acquirers and Persons Acting on Concert	33,65,714	41.39	16,50,000	16.87	19,56,263	20.00	69,71,977	71.28
(b) Promoters other than (a) above	83,696	1.03	N.A	N.A	N.A	N.A	83,696	0.86
Total 1 (a+b)	34,49,410	42.42	16,50,000	16.87	19,56,263	20.00	70,55,673	72.13
(2) Parties to agreement other than (1)(a)	N.A							
(3) Public (Other than parties to agreement, acquirer & PACs)								
(a) FIs/MFs/ FII/ Banks, SFIs	10,46,360	12.87						
(b) Others (Bodies Corporate and Individuals)	36,35,546	44.71						
Total (3) (a) + (b)	46,81,906	57.58	N.A	N.A	N.A	N.A	27,25,643	27.87
Grand Total (1+2+3)	81,31,316	100.00	16,50,000	16.87	19,56,263	20.00	97,81,316	100.00

Notes:

- No equity Shares of the Target Company have been purchased by the Acquirers after the Public Announcement till the date of this Letter of Offer
- Shareholding pattern as on 31.12.2006 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 16, 2007) the total number of retail shareholders of the Target Company is 3,585.

- 6.14 The details of shares acquired / sold by promoter group since the SEBI (SAST) Regulations came into effect, are provided as follows. The Promoter group has complied with the applicable provisions of Chapter II of SEBI (SAST) Regulations without any delay.

Year	No. of Shares	% of shares	Change	
			No. of shares	% of shares
1996-97	1,374,349	32.76	N.A	N.A
1997-98	1,375,199	32.78	850	0.02
1998-99	1,417,847	33.80	42,648	1.02
1999-00	1,572,342	37.48	154,495	3.68
2000-01	1,582,975	37.73	10,633	0.25
2001-02	1,775,020	42.31	192,042	4.58
2002-03	1,833,067	43.69	58,047	1.38
2003-04	1,894,900	45.17	61,833	1.47
2004-05	3,441,224	42.32	1,546,324	*19.02
2005-06	3,423,360	42.10	(17,864)	(0.22)
2006-07	5,099,410	52.13	1,676,050	**17.14

* RHL made a preferential allotment of 19,20,112 equity shares of Rs 10/- each fully paid up at a premium of Rs.136 per share to the promoters and their family members on May 26, 2004. On the basis of this acquisition, the promoters along with persons acting in concert have made an open offer for acquisition of 1,626,274 shares of RHL representing 20% of the enhanced equity share capital (voting capital) of RHL at a price of Rs.147/- per share, in order to comply with SEBI (SAST) Regulations, 1997.

** Includes preferential allotment of 16,50,000 (16.87%) equity shares of Rs.10/- each fully paid-up at a premium of Rs.170 per share made to promoters / promoters' group. In compliance with the SEBI (SAST) Regulations, 1997, the promoters / promoters' group have made a public announcement for acquisition of 1,956,263 shares of RHL representing 20% of the enhanced equity share capital (voting capital) of RHL at a price of Rs.192/- per share on March 1, 2007.

- 6.15 The status of Corporate Governance and pending litigations matters are as follows: -

- 6.15.1 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.

6.16 **Details of Pending Litigations**

Brief Particulars	Claim Amount (Rs. in Lakhs)	Forum	Current Status
Dispute related to lease rental for lease land 1990-2003 demanded by Tahsildhar, Mylapore.	17.00	Collector of Chennai	Appeal filed with Collector of Chennai

6.17 **Details of the Compliance Officer**

Mr. C.Siva
 Company 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

7 OFFER PRICE AND FINANCIAL ARRANGEMENTS

7.1 Justification of Offer Price

7.1.1 The equity shares of RHL are currently listed on the Bombay Stock Exchange Limited (“BSE”), National Stock Exchange of India Limited (“NSE”) and Madras Stock Exchange Limited (“MSE”).

7.1.2 The annualized trading turnover during the preceding six calendar months ended January 2007 in each of the Stock Exchange where the shares are listed is as follows:-

Name of the Stock Exchange	Total Number of shares traded during Aug '06 –Jan '07	Total Number of Listed Shares (Equity)	Annualized Trading Turnover (% of total listed shares)
NSE	4,38,437	81,31,316	10.78
BSE	7,42,173	81,31,316	18.25
MSE	Not Traded	81,31,316	-

Based on the above information, the equity shares of RHL are frequently traded on BSE (Source: www.bseindia.com) and NSE (www.nseindia.com) and are infrequently traded at MSE within the meaning of explanation (i) to Regulation 20(5) of SEBI (SAST) Regulations.

7.1.3 In accordance with Regulations 20(4) and 20(5) of the SEBI (SAST) Regulations read with Regulation 20(11) (ii) of SEBI (SAST) Regulations, the Offer price of Rs 192/- per equity share is higher of the following parameters:-

a)	Negotiated price payable under the investment agreement	Not applicable
b)	Acquisition price under the Preferential Issue per equity share	Rs 180/-
c)	Highest price paid by the Acquirers for acquisition of any of the equity share of RHL during the 26 weeks preceding the date of the PA	Rs 190.95
d)	Average of the weekly high and low of the closing prices (BSE) of the equity shares of RHL during the 26 weeks preceding January 24, 2007, the date of the Board Meeting where the Preferential Issue was proposed.	Rs 179.51
e)	Average daily high and low of the prices (BSE) of the equity shares of RHL during the 2 weeks preceding January 24, 2007, the date of the Board Meeting where the Preferential Issue was proposed.	Rs 178.83
f)	Other parameters with reference to the Target Company for	Year ended March 31, 2006
	Return on Net Worth (%)	12.31
	Book Value (Rs.)	84.94
	Earnings per Share (Rs.)	10.25
	Price Earnings Ratio based on Offer Price	20.80*

* The Target Company is operating in the industry “Auto Ancillaries” (Since it is the holding company for the Rane Group of Companies which are primarily engaged in manufacturing of auto ancillaries) with an industry PE of 20.8 [Source: Capital Market, February 26, 2007 – March 11, 2007]. The industry PE is not strictly comparable as the industry segment covered by the Capital Market consists of Companies, which have varied and different businesses as compared to RHL and also vary in terms of financial parameters with RHL.

Mr. B. Ramani (Membership No. 19603) of D. Rangaswamy & Co., Chartered Accountants, Chennai, vide report dated February 28, 2007, has stated that 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), the value of the equity shares of RHL is Rs. 123.78 based on net asset value per share of Rs 95.60 and profit earning capacity value per share of Rs 82.15

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. January 24, 2007 where 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	1-Aug-06	170.80	163.55	165.63	2,738
2	8-Aug-06	166.00	162.00	164.00	1,005
3	15-Aug-06	169.00	163.70	166.35	1,493
4	22-Aug-06	166.90	158.15	162.53	4,413
5	29-Aug-06	172.80	160.05	166.43	718
6	5-Sep-06	168.20	163.00	165.54	2,315
7	12-Sep-06	170.75	163.55	167.15	3,135
8	19-Sep-06	171.00	163.60	167.30	3,062
9	26-Sep-06	195.00	165.75	180.38	8,049
10	3-Oct-06	194.75	188.00	191.38	2,557
11	10-Oct-06	195.00	184.55	189.51	71,774
12	17-Oct-06	198.95	188.90	193.93	9,644
13	25-Oct-06	192.80	186.85	189.83	3,018
14	31-Oct-06	193.00	187.15	190.08	1,929
15	7-Nov-06	190.00	186.55	188.28	28,314
16	14-Nov-06	190.05	182.95	186.50	30,511
17	21-Nov-06	191.00	187.10	189.05	3,943
18	28-Nov-06	191.80	188.00	189.90	436,972
19	5-Dec-06	188.65	185.30	186.98	49,003
20	12-Dec-06	185.55	174.70	180.13	31,516
21	19-Dec-06	183.55	178.60	181.08	4,936
22	26-Dec-06	185.00	180.00	182.50	4,612
23	2-Jan-07	182.75	179.60	181.18	4,464
24	9-Jan-07	184.90	180.95	182.93	4,718
25	16-Jan-07	183.00	175.20	179.10	2,216
26	23-Jan-07	181.80	174.00	177.90	1,317
	Average			179.51	

Source: www.bseindia.com

Table 2: The average of the daily high and low of the price of equity shares of RHL during the 2 weeks preceding the date of the Board Meeting January 24, 2007 where the preferential issue was proposed is shown in the table below:

Day	Date	Closing Price at BSE		Average Price(Rs.)	Volume Shares
		High (Rs.)	Low (Rs.)		
1	10-Jan-07	180.00	175.70	177.85	571
2	11-Jan-07	176.00	175.20	175.60	155
3	12-Jan-07	181.60	176.25	178.93	475
4	15-Jan-07	180.00	175.50	177.75	413
5	16-Jan-07	183.00	180.10	181.55	602
6	17-Jan-07	182.60	175.00	178.80	880
7	18-Jan-07	181.80	181.00	181.40	4
8	19-Jan-07	182.90	174.00	178.45	110
9	22-Jan-07	180.00	178.90	179.45	120
10	23-Jan-07	179.00	178.00	178.50	203
	Average			178.83	

Source: www.bseindia.com

- 7.1.5 There is no non-compete fees agreement between the Acquirers 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 Acquirers.
- 7.1.6 The Offer Price of Rs 192/- per share offered by the Acquirers and PACs to the shareholders of RHL 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 and Acquirers, the Offer Price is justified.
- 7.1.7 The Acquirers 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 Acquirers and PACs acquire equity shares of RHL 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 Acquirers and PACs. The equity shares shall be acquired by the Acquirers and PACs 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. 37,56,02,496 (Rupees Thirty seven crores fifty six lakhs two thousand four hundred and ninety six only) i.e. consideration payable for acquisition of 19,56,263 fully paid-up equity shares of RHL at an Offer price of Rs 192/- (Rupees One hundred and Ninety Two only) per share.
- 7.2.2 The Acquirers have made firm financial arrangements to meet their obligations in full under the Offer. For this purpose the Acquirers intend to utilize their own resources.
- 7.2.3 In accordance with provisions of regulation 28 of the SEBI (SAST) Regulations, the Acquirers have opened an escrow account and deposited a sum of Rs.9,40,00,000 (Rupees Nine crores forty lakhs only), being more than 25% of the consideration payable under the Offer with Kotak Mahindra Bank Ltd, Egmore Branch, Chennai – 600 008. The Manager to the Offer has been empowered to operate the escrow account in accordance with SEBI (SAST) Regulations.
- 7.2.4 Mr. P.Ananthapadmanabhan, Membership No 6472, Partner, Harsha, Ananathu and Sankar, Chartered Accountants, New No. 68 (Old No. 104), Ramanaicken Street, Nungambakkam, Chennai – 600 034, Tel – 044 2827 8389, Fax – 044 2820 4716, has certified vide letter dated February 23, 2007 the adequacy of financial resources of the Acquirers for fulfilling the obligations under the Offer.
- 7.2.5 The Manager to the Offer, on the basis of the above, has satisfied itself about the the ability of the Acquirers to implement the Offer in accordance with 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) for the acquisition of equity shares by the Acquirers from non-resident persons under the Offer.
- 8.1.2 To the best of knowledge and belief of the Acquirers, as of the date of this draft Letter of Offer, 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. The Acquirers will not proceed with the Offer in the event that such statutory approvals that are required are refused in terms of Regulation 27 of the SEBI (SAST) Regulations.
- 8.1.3 In case of non receipt of any approval, SEBI may, if satisfied that non receipt of the requisite approvals was not due to any willful default or neglect of the Acquirers or failure of the Acquirers to diligently pursue the application for the approval, grant extension of time for the purpose, subject to the Acquirers agreeing to pay interest to the shareholders as directed by SEBI, in terms of regulation 22(12) of SEBI (SAST) Regulations, 1997. Further, if delay occurs on account of willful default by the Acquirers in obtaining the requisite approvals, regulation 22(13) of SEBI (SAST) Regulations will also become applicable.
- 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 only) will be mailed to the shareholders of RHL whose names appear on the register of members of RHL and to the Beneficial Owners of the equity shares of RHL whose names appear as beneficiaries on the records of the respective Depositories, at the close of business on March 16, 2007 (the 'Specified Date').
- 8.2.2 All owners of shares, registered or unregistered (except the Acquirers and PACs), 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 Acquirers.
- 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 RHL 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 Acquirers is entirely at the discretion of the shareholders of the Target Company. The Acquirers 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 RHL 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.
- 8.2.10 Tax Deducted at Source
- 8.2.10.1 As per the provisions of Section 195(1) of the Income Tax Act, any person responsible for paying to a non-resident any sum chargeable to tax is required to deduct tax at source (including surcharge and education cess as applicable).

8.2.10.2 Since the consideration payable under the Offer would be chargeable to capital gains under section 45 of the Income Tax Act or as business profits as the case may be, Acquirers will need to deduct tax at source (including surcharge and education cess) at the applicable tax rate on the gross consideration payable to the following categories of shareholders, as given below:

Non-resident Indians (NRIs): The Acquirers will deduct tax at source at the rate of 30% on the Offer Price in case of short-term capital gains or business profits, and at the rate of 20% on the Offer Price in case of long-term capital gains. In the event that the aforesaid amount of gross proceeds exceeds Rs.10,00,000/- the aforesaid rate will be increased by a surcharge of 10% of the tax sum. The amount so arrived at will be further increased by an education cess of 2% of the aggregate of the tax and surcharge to be deducted in all cases

Overseas Corporate Bodies (OCB) / Non-domestic companies: The Acquirers will deduct tax at source at the rate of 41.82% (including surcharge and education cess) on the Offer Price in the case of short-term capital gains or business profits, and at the rate of 20.91% (including surcharge and education cess) on the Offer Price in the case of long-term capital gains.

Other persons who are not resident in India: The Acquirers will deduct tax at source at the rate of 30% on the Offer Price in the case of short-term capital gains or business profits, and at the rate of 20% on the Offer Price in the case of long-term capital gains. In the event that the aforesaid amount exceeds Rs.10,00,000/- the aforesaid rate will be increased by a surcharge of 10% of the sum. The amount so arrived at will be further increased by an education cess of 2% of the aggregate of the tax and surcharge to be deducted in all cases. In the case of a firm, the surcharge would be 10% which would be further increased by an education cess of 2% on tax and surcharge.

8.2.10.3 NRI / OCB / Non-domestic Companies / Other Persons who are not resident in India should certify in the Form of Acceptance whether the equity shares are held by them on investment / capital account or on trade account and whether the investment are held as long-term capital asset or short-term capital asset. If the NRI / OCB/ Non-domestic companies/Other persons fail to certify in the Form, then the Acquirers will deduct tax at the rate applicable to business income.

8.2.10.4 For the purpose of determining as to whether the capital gains are short-term or long-term in nature, the Acquirers shall take certification from the shareholders. In the case of any ambiguity, incomplete or conflicting information or the information not being provided to the Acquirers, the capital gain shall be assumed to be short-term in nature.

8.2.10.5 Foreign Institutional Investors ("FII"): As per the provisions of Section 196D(2) of the Income-tax Act, 1961 ('the Act'), no deduction of tax at source shall be made from any income by way of capital gains arising from the transfer of shares, payable to a FII.

8.2.10.6 FII should certify in the Form of Acceptance whether the equity shares are held by them on investment / capital account or on trade account.

8.2.10.7 If the equity shares are held on trade account or if the FII fails to certify in the Form that the equity shares are held by it on investment / capital account, then the Acquirer will deduct tax at source from the gross Offer Price at the currently prevailing rate of 41.82% in case of a non-resident corporate FII shareholder; 33.66% in case of nonresident individual or trust FII shareholder to whom the payment to be made exceeds INR 1,000,000; or 30.60% in case of non-resident individual or trust FII shareholders to whom the payment to be made does not exceeds INR 1,000,000.

8.2.10.8 No tax will be deducted at source on payment of offer price to Indian shareholders.

Note: The TDS rates mentioned above are subject to change according to the revised rates announced by the Finance Minister in the Budget for the Fiscal Year 2007-08, if applicable.

9 PROCEDURE FOR ACCEPTANCE AND SETTLEMENT

9.1 Shareholders who hold equity shares of RHL in physical form and wish to tender their equity shares 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 Registrars to the Offer – Integrated Enterprises (India) Ltd. at the following address by hand delivery or registered post between 10.30 am and 4.30 pm (Monday to Friday) and on Saturday from 10.30 am to 1.00 pm (excluding public holidays) on or before the closure of the Offer i.e. May 16, 2007, in accordance with the instructions specified 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 Centers of the Registrar to the Offer

Name and Address of the Collection Centers	Contact Person	Mode of Delivery	Tel No	Fax
Chennai Integrated Enterprises (India) Ltd. 2 nd Floor, "Kences Towers", No.1, Ramakrishna Street, North Usman Road, T Nagar, Chennai 600017	S Sriram Email: suresh babu@iepindia.com	Registered Post / Hand Delivery	044-2814 0801 / 044-2814 0802	044-2814 2161
Bangalore Integrated Enterprises (India) Ltd 30 & 31-1, Ramana, Residency, 4th Cross, Bangalore -560 003	Guruswamy Babu Email: suresh babu@ iepindia.com	Hand Delivery	080 - 2346 0815	080 - 2346 0819
Mumbai Integrated Enterprises (India) Ltd No.217, Shilpin Centre, II Floor, Near Shriram Industrial Estate, Katrak Road, Wadala, Mumbai - 400 031	Ashok Kambli Email: suresh babu @iepindia.com	Hand Delivery	022-2417 0417/18/19/20	022-2417 0421
Ahmedabad 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
Hyderabad 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
Kolkata 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 5294	033 - 2476 7131
New Delhi Integrated Enterprises (India) Ltd 16/11, 3 rd Floor, R D Chambers, Arya Samaj Road, Karol Bagh, New Delhi - 110 005	Shankar Krishnamurthy/ Sudharsan Email: suresh babu @iepindia.com	Hand Delivery	011 - 2571 6824	011 - 2572 0478

Name and Address of the Collection Centers	Contact Person	Mode of Delivery	Tel No	Fax
Pune Integrated Enterprises (India) Ltd 7 & 8 Arthshilp, Gr Fl, 1349 , 1350, Shukrawar Peth, Bajirao Road, Pune – 411 002	L Sudhakar 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 16, 2007. 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 :**

9.2.1 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 RHL 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.

9.2.2 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 RHL 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:

DP Name	Integrated Enterprises (India) Limited
DP ID Number	IN300441
Client ID Number	11081772
ISIN Number	INE 384A01010
Account Name	INTEGRATED ENTERPRISES INDIA LTD DEMAT ESCROW A/C RHL OPEN OFFER
Depository	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.

- 9.2.3 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).
- 9.3 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 Acquirers or to the Target Company.** The above-mentioned documents can be sent by hand delivery on all days except Sundays and public holidays.
- 9.4 The minimum marketable lot for the purposes of acceptance, for both physical and demat shares, would be one share.
- 9.5 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 RHL and should be sent to the Registrar to the Offer in an envelope clearly marked RHL Open Offer’.

Shareholders of RHL who have sent their physical equity shares for transfer should submit, Form of Acceptance duly completed and signed, copy of the letter sent to RHL (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 RHL. 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.

9.6 Non-Resident shareholders should submit copy of the permission received from Reserve Bank of India for acquisition of the shares of RHL. In case of its non-submission, Acquirers reserve their right to reject the shares tendered in the Offer.

9.7 In case of delay in receipt of statutory approvals, SEBI has the power to grant extension of time to Acquirers for payment of consideration to shareholders, subject to the Acquirers agreeing to pay interest for the delayed period, as directed by SEBI in terms of Regulation 22(12) of the SEBI (SAST) Regulations.

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 11, 2007.

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 RHL 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 11, 2007. 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 transfers by all registered shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with RHL 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 RHL 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 RHL.
- 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.

- 9.8 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 Acquirers 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.
- 9.9 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. 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 Acquirers 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.
- 9.10 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 RHL who have accepted the Offer, until the cheques/drafts for the consideration and/or the unaccepted equity shares / share certificates are dispatched/ returned.
- 9.11 The Acquirers are 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 7, 2007, 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 Acquirers. The same would be informed by way of an announcement in the same newspapers where the Public Announcement appeared.
- 9.12 The Acquirers and RHL 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.

10 DOCUMENTS FOR INSPECTION

The following material documents are available for inspection by shareholders of RHL at the office of the Manager to the Offer, Ind Global Corporate Finance Private Limited, 15th Floor, Jolly Maker Chambers II, 225 Nariman Point, Mumbai – 400 021 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 1, 2007.
- b. The Net worth certificates of the Acquirers Mr. L. Lakshman, Mr. L. Lakshman (HUF) Mr L. Ganesh, Mr L. Ganesh (HUF) and Mr Harish Lakshman ,dated February 23, 2007 by Mr. P. Ananthpadmanabhan, Partner, M/s Harsha, Ananthu and Shankar (Chartered Accountants).
- c. The Net worth certificates of the PACs Mrs. Pushpa Lakshman, Mr. Vinay Lakshman, Mrs. Meenakshi Ganesh, Ms. AparnaGanesh, Mr. Aditya Ganesh, Mrs. T G Saraswathy, Mrs. Vanaja Aghoram, Mrs. Shanthi Narayan, Mrs. Saroja Raman, Mrs. Ranjini R Iyer, Mrs. Geetha Raman Subramanyam, Mrs. Rathika R Sundaresan, and Mr. T G G Raman, dated February 23, 2007 by Mr. P. Ananthpadmanabhan, Partner, M/s Harsha, Ananthu and Shankar (Chartered Accountants).

- d. Certificate of Incorporation and Memorandum and Articles of Association of Rane Holdings Limited.
- e. Annual Reports of Rane Holdings Limited for the financial years ended 2004, 2005 and 2006.
- f. Certified Financial Data of Rane Holdings Limited for the 9 months period end December 31, 2006.
- g. Copy of the letter issued by Kotak Mahindra Bank, Egmore Branch, Chennai confirming deposit of Rs 94,000,000 in terms of the Escrow requirements.
- h. Copy of the engagement letter dated January 24, 2007 between Ind Global Corporate Finance Private Limited, the Manager to the Offer and the Acquirers.
- i. Copy of confirmation regarding opening of Special Depository Account in the name and Style of 'INTEGRATED ENTERPRISES INDIA LTD DEMAT ESCROW A/C RHL OPEN OFFER '
- j. Copy of Board Resolution of the meeting held on January 24, 2007 where Preferential Issue was proposed.
- k. Copy of EGM notice dated January 24, 2007 for the EGM held on February 23, 2007 for the Preferential Issue.
- l. Copy of shareholders Resolution for the EGM held on February 23, 2007 to approve the Preferential Issue.
- m. Valuation certificate dated February 28, 2007, for fair value of equity shares of Rane Holdings Limited by D.Rangaswamy & Co, Chartered Accountants, Chennai.
- n. Copy of Board Resolution for allotment of preferential shares.
- o. Letter No. CFD/DCR/TO/AK/ 90747/2007 dated April 10, 2007 received from Securities and Exchange Board of India in terms of provisions of Regulation 18(2) of SEBI (SAST) Regulations.

11 DECLARATION BY ACQUIRERS AND PACs

The Acquirers and PACs accept 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 Acquirers and PACs are severally and jointly responsible for fulfillment of their obligations in terms of SEBI (SAST) Regulations.

Mr. L. Ganesh has been authorised by the Acquirers and PACs to sign the Letter of Offer on their behalf.

For and on behalf of the Acquirers and PACs.

Sd/-

L. Ganesh

Date: April 18, 2007

Place: Chennai

Encl : Form of Acceptance cum Acknowledgment

Form of Withdrawal

Transfer Deed for Shareholders holding shares in Physical Form.

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FORM OF ACCEPTANCE-CUM-ACKNOWLEDGMENT

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

(Please send this Form of Acceptance cum Acknowledgement with enclosure to Integrated Enterprises (India) Limited at the collection centers as mentioned in the Letter of Offer)

From:

Name:

Address:

Status: Resident / Non-Resident

Tel No.:

Fax No.:

E-mail :

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: Open Offer to acquire upto 19,56,263 equity shares of Rs 10/- each, representing 20% of the Post Preferential Issue fully expanded voting equity share capital (as defined in the Letter of Offer), of Rane Holdings Limited ('RHL' 'Target company') by Mr. L. Lakshman, Mr. L. Ganesh, L. Lakshman (HUF), L. Ganesh (HUF) and Mr Harish Lakshman at a price of Rs 192/- (Rupees One Hundred and Ninety Two only) per fully paid up equity share (Offer Price) payable in cash.

I/We refer to the Letter of Offer dated April 18, 2007 for acquiring the equity shares held by me/us in **Rane Holdings 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 HELD 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.	Folio No.	Certificate No.	Distinctive Nos.		No. of Shares
			From	To	
1					
2					
3					
4					
5					
			Total Number of Shares		

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

I/We also note and understand that the Acquirer will pay the purchase consideration only after verification of the documents and signatures.

SHARES HELD IN DEMAT FORM

I/We, holding Shares in demat form, accept the Offer and enclose a photocopy of the Delivery Instructions duly acknowledged by my/ our DP in respect of my/our Shares as detailed below.

DP Name	DP ID	Client ID	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 "INTEGRATED ENTERPRISES INDIA LTD DEMAT ESCROW A/C RHL OPEN OFFER" with the following particulars:

DP Name: Integrated Enterprises (India) Limited	DP ID: IN 300441	Client ID: 11081772
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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 Acquirer dispatches the purchase consideration as mentioned in the Letter of Offer.

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

Enclosures (Please tick as appropriate, if applicable)

I/ We have enclosed the following documents:

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

I/We confirm that the equity shares of Rane Holdings 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 in respect of which the Offer is not found valid/ not accepted without specifying the reasons thereof.

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

Acknowledgement Slip

(to be filled by the shareholder) (subject to verification)

Folio No./DP ID

Client ID

Received from Mr./Ms./M/s. _____

residing at _____ Form of Acceptance cum Acknowledgement for _____

Copy of Depository Instruction slip from DP ID _____ Client ID _____

_____ Share Certificate(s) _____ transfer deed(s) under folio number(s)

_____ for accepting the Offer made by the Acquirers

STAMP OF COLLECTION CENTRE

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:

Address of the Sole/ First Shareholder: _____

My / Our Permanent Account Number (PAN)/ General Index Register number (GIR) is as follows (refer instruction no. 5) :

Permanent Account Number				
General Index Register No.				
	First/Sole Holder	Joint Holder 1	Joint Holder 2	Joint Holder 3

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 _____	City _____
Account Number _____	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.

Yours faithfully,

Signed and Delivered

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

Note: In case of joint holdings, all holders must sign. In case of body corporate, the company seal should be affixed.

Place: _____

Date: _____

INSTRUCTIONS

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

- In the case of dematerialised shares, the shareholders are advised to ensure that their shares are credited in favour of the special depository account, before the closure of the Offer i.e. Wednesday, May 16, 2007. The Form of Acceptance-cum-Acknowledgement of such demat shares not credited in favour of the special depository account, before the closure of the Offer will be rejected.
 - General Permission and whether on repatriable basis or nonrepatriable basis.
 - No Objection Certificate / Tax Clearance Certificate from the Income Tax Authorities under Income Tax Act, 1961, indicating the tax to be deducted by the Acquirer before remittance of consideration otherwise tax will be deducted at the marginal rate as may be applicable to the category of the shareholder on the consideration payable by the Acquirer.
- Shareholders should enclose the following:
 - For Equity Shares held in demat form : Beneficial owners should enclose
 - Form of Acceptance-cum-Acknowledgement duly completed
 - Photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the DP as per the instruction in the Letter of Offer.
 - For Equity Shares held in physical form: Registered shareholders should enclose
 - Form of Acceptance-cum-Acknowledgement duly completed
 - Original Share Certificate(s).
 - Valid Share Transfer form(s) duly signed as transferors by all registered shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with Rane Holdings Limited and duly witnessed at the appropriate place. A blank Share Transfer form is enclosed along with the Letter of Offer. Attestation, where required, (for thumb impressions, signature difference, etc.) should be done.
 - All other requirements for valid transfer will be preconditions for valid acceptance.
 - 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 form(s) as received from the market leaving details of buyer blank. If the same is filled in then the Share(s) are liable to be rejected.
 - Non-Resident Shareholders should enclose
 - A copy of the permission received from RBI for the equity shares held by them in Rane Holdings Limited. If the shares are held under General Permission of RBI, the non-resident shareholder should state that the shares are held under
- The share certificate(s), share transfer form(s) and the Form of Acceptance should be sent only to the Registrar to the Offer and not to the Manager to the Offer or the Acquirer or Target Company.
- Shareholders having their beneficiary account in CDSL have to use "INTER DEPOSITORY DELIVERY INSTRUCTION SLIP" for the purpose of crediting their shares in favour of the special depository account with NSDL.
- The Form of Acceptance-cum-Acknowledgement and other related documents should be submitted at any of the Collection Centres of Integrated Enterprises (India) Limited as stated in Paragraph 9 of the Letter of Offer. Applicants who cannot hand deliver their documents at the Collection Centres, may send their documents only by Registered Post / Speed Post / Courier, at their own risk, to the Registrar to the Offer at Integrated Enterprises (India) Limited II Floor, "Kences Towers" No 1, Ramakrishna Street, North Usman Road, T. Nagar, Chennai - 600 017 so as to reach the Registrar to the Offer on or before the last date of acceptance i.e. Wednesday, May 16, 2007.
- 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 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

----- 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 Holdings 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: Mr. K. Suresh Babu

FORM OF WITHDRAWAL

From _____

Name: _____

Address: _____

OFFER OPENS ON : Friday, April 27, 2007
LAST DATE OF WITHDRAWAL : Friday, May 11, 2007
OFFER CLOSES ON : Wednesday, May 16, 2007

Tel No.:

Fax No.:

E-mail :

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/Madam,

Sub: Open Offer to acquire up to 19,56,263 fully paid up equity shares of Rs.10/- each, representing 20% of the Post Preferential Issue fully expanded voting equity capital (as defined in the Letter of Offer), of Rane Holdings Limited ('RHL'/ 'Target company') by Mr. L. Lakshman, Mr. L. Ganesh, L. Lakshman (HUF) and L. Ganesh (HUF), Mr Harish Lakshman at a price of Rs. 192/- (Rupees One Hundred and Ninety Two only) per fully paid up equity share ("Offer Price") payable in cash.

I/We refer to the Letter of Offer dated April 18, 2007 for acquiring the equity shares held by me/us in Rane Holdings 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 11, 2007 (Friday).

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 Acquirer 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:

Tendered	Sr. No.	Folio No.	Certificate No.	Distinctive Nos.		No. of Shares
				From	To	
Total Shares Tendered						
Withdrawn						
Total Shares Withdrawn						

(In case of insufficient space, please use an additional sheet and authenticate the same)

I / We hold the following equity shares in dematerialised form, have tendered the equity shares in the Offer and had done an off-market transaction for crediting the Shares to the Escrow Demat /**Depository Account with "Integrated Enterprises India Ltd Demat Escrow A/c RHL Open Offer"** with the following particulars:

DP Name: Integrated Enterprises (India) Limited	DP ID: IN 300441	Client ID: 11081772
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Please find enclosed a photocopy of the Depository Delivery Instruction(s) duly acknowledged by the Depository Participant.

The particulars of the account from which my/our Equity Shares have been tendered are as detailed below

DP Name	DP ID	Client ID	No. of Shares

I / We note that the equity shares will be credited back only to that Depository Account, from which the equity 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 dematerialised equity shares, I / We confirm that the signatures of the beneficiary holders have been verified by the DP as per the records maintained at their end and the same have also been duly attested by them under their seal.

Yours faithfully,

Signed and Delivered _____

	FULL NAME(S) OF THE HOLDER	SIGNATURE(S)	VERIFIED AND ATTESTED BY US. PLEASE AFFIX THE STAMP OF DP (IN CASE OF DEMAT SHARES) / BANK (IN CASE OF PHYSICAL SHARES)
First / Sole Shareholder			
Second Shareholder			
Third Shareholder			

Note: In case of joint holdings, all holders must sign. A corporation must affix its rubber stamp.

Place: _____

Date: _____

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

ACKNOWLEDGEMENT SLIP : RANE HOLDINGS LIMITED

Sr. No. _____

Received from Mr. / Ms _____

Address _____

Physical Shares: Folio No. _____

/ Demat Shares: DP ID _____

Client ID _____

Form of Withdrawal for withdrawal of

Physical Shares: No. of shares tendered _____ No. of shares withdrawn _____

Demat Shares: Copy of delivery instruction for shares tendered _____

(Tick whichever is applicable)

Signature of Official _____

Date of Receipt _____

Stamp of Collection Centre

GENERAL INSTRUCTIONS

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

1. Shareholders are advised to ensure that the Form of Withdrawal should reach the Registrar to the Offer at any of the Collection Centres mentioned in the Letter of Offer as per the mode of delivery indicated therein on or before the last date of withdrawal i.e. Friday, May 11, 2007.
2. Shareholders should enclose the following:
 - I. For Equity Shares held in demat form :

Beneficial owners should enclose

 - Duly signed and completed Form of Withdrawal
 - Acknowledgement slip in original / copy of the submitted Form of Acceptance-cum-Acknowledgement in case delivered by Registered A.D.
 - Photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the DP as per the instruction in the Letter of Offer.
 - II. For Equity Shares held in physical form:

Registered shareholders should enclose

 - Duly signed and completed Form of Withdrawal.
 - Acknowledgement slip in original / copy of the submitted Form of Acceptance-cum-Acknowledgement in case delivered by Registered A.D.
 - In case of partial withdrawal, Valid Share Transfer form(s) duly signed as transferors by all registered shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with Rane Holdings Limited and duly witnessed at the appropriate place.
 - III. Unregistered owners should enclose:
 - Duly signed and completed Form of Withdrawal.
 - Acknowledgement slip in original / Copy of the submitted Form of Acceptance-cum-Acknowledgement in case delivered by Registered A.D.
3. The withdrawal of Shares will be available only for the Share certificates / the Shares that have been received by the Registrar to the Offer / Special Depository Escrow Account.
4. The intimation of returned Shares to the Shareholders will be at the address as per the records of the Target Company / Depository as the case may be.
5. The Form of Withdrawal should be sent only to the Registrar to the Offer.
6. 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 the Target Company. The facility of partial withdrawal is available only to registered shareholders.
7. Shareholders holding Shares in dematerialised form are requested to issue the necessary standing instruction for receipt of the credit in their DP account.
8. The Form of Withdrawal and other related documents should be submitted at any of the Collection Centres of Integrated Enterprises (India) Limited stated in Paragraph 9 of the Letter of Offer.
9. Applicants who cannot hand deliver their documents at the Collection Centres, may send their documents only by Registered Post / Speed Post / Courier, at their own risk, to the Registrar to the Offer at Integrated Enterprises (India) Limited, II Floor, "Kences Towers", No 1, Ramakrishna Street, North Usman Road, T. Nagar, Chennai - 600 017 so as to reach the Registrar to the Offer on or before the last date of withdrawal i.e. Friday, May 11, 2007.

PLEASE REFER TO THE DETAILED INSTRUCTIONS UNDER PARA 9 TITLED "PROCEDURE FOR ACCEPTANCE AND SETTLEMENT" ON PAGE 19 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 Holdings Limited)
Address: II Floor, "Kences Towers", No 1, Ramakrishna Street
North Usman Road, T. Nagar, Chennai - 600 017
Tel: 044 - 2814 0801/ 0802 **Fax :** 044 - 2814 2479
Email: sureshbabu@iepindia.com
Contact Person: Mr. K. Suresh Babu