

# KAR MOBILES LIMITED

Regd. Office : "Maithri", 132, Cathedral Road, Chennai - 600 086. India  
Tel : +91 44 2811 2472 Fax: +91 44 2811 2449. www.rane.co.in

KML/ VAC-2 / 2014

October 8, 2014

<b>Madras Stock Exchange Limited</b> Exchange Building Second Line Beach, <b>Chennai 600 001.</b>	<b>Bombay Stock Exchange Limited</b> Corporate Relationship Department, 1 <sup>st</sup> Floor, New Trading Ring, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001.	<b>Bangalore Stock Exchange Limited</b> Stock Exchange Towers 51, 1 <sup>st</sup> Cross, JC Road, <b>Bangalore 560 027</b>
<b>Stock Code : KMB</b>	<b>Stock Code : 590053</b>	<b>Code :KARMOBILES</b>

Dear Sir / Madam,

**Sub: Notice of Court Convened Meeting, Postal Ballot / e-voting and explanatory statement - Scheme of amalgamation of Kar Mobiles Limited (KML) with Rane Engine Valve Limited (REVL) and the respective shareholders and creditors.**

We wish to inform you that pursuant to the order of Hon'ble High Court of Madras dated September 9, 2014, the Company has convened the **meeting of equity shareholders** to be held on **Wednesday November 12, 2014** at 2.00 p.m at Narada Gana Sabha (Mini Hall), 314, TTK Road, Alwarpet, Chennai 600 018, to seek approval for the scheme of amalgamation of Kar Mobiles Limited with Rane Engine Valve Limited ('KML' / 'the Company'), under Section 391-394 of the Companies Act, 1956. The notice convening the said meeting along with relevant explanatory statement is being sent to the shareholders.

In compliance with SEBI Circulars No. CIR/ CFD / DIL / 5 / 2013 dated February 4, 2013 and CIR / CFD / DIL / 8/ 2013 dated May 21, 2013, **Postal Ballot notice** under Section 110 of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014, is being sent to the **Public Shareholders (Other than Promoter and Promoter Group members)**, seeking approval for the above mentioned scheme of amalgamation, through Postal Ballot / e-voting.

The Postal Ballot and e-voting period begins on October 8, 2014 and last date for receipt of postal ballot forms / casting votes electronically is till the end of working hours on November 6, 2014. The result of the Postal Ballot and e-voting is scheduled to be declared on Wednesday November 12, 2014.



# Kar Mobiles Limited

Continuation Sheet

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In terms of **Clause 31** of listing agreement, we enclose herewith three copies of notices sent to the equity shareholders containing, *interalia*, the following :-

- (1) Notice of court convened meeting of the Equity Shareholders of Kar Mobiles Limited
- (2) Notice of postal ballot and e-voting for Equity Shareholders of Kar Mobiles Limited
- (3) Explanatory Statement under section 393 of the Companies Act, 1956 and the postal ballot notice to public shareholders ; and
- (4) Scheme of Amalgamation under Sections 391 to 394 of the Companies Act, 1956
- (5) Instructions for Postal Ballot / e-voting

Three specimen copies of Postal Ballot form are also enclosed for your records.

Please acknowledge receipt and note our compliance under the above referred circulars of SEBI and provisions of listing agreement.

Thanking you,  
Yours faithfully,  
**For Kar Mobiles Limited**

*N. B. Rekha*

**N B Rekha**  
**Secretary**

Encl: a/a





## KAR MOBILES LIMITED

Registered Office: 'Maithri', 132, Cathedral Road, Chennai 600 086

CIN No. : L85110TN1936PLC071646

website : www.rane.co.in, Phone : 044-2811 2472



### NOTICE OF COURT CONVENED MEETING OF THE EQUITY SHAREHOLDERS OF KAR MOBILES LIMITED & POSTAL BALLOT NOTICE (postal ballot and e-voting)

Date : November 12, 2014  
Day : Wednesday  
Time : 2.00 p.m.  
Venue : Narada Gana Sabha – Mini Hall, No.314, TTK Road, Alwarpet, Chennai – 600 018

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#### Notes:

1. Public shareholders are entitled to vote both in the court convened meeting either in person or by proxy as well as through postal ballot / e-voting.
2. Attendance slip, instructions for e-voting / postal ballot and postal ballot form are being sent along with this notice.

**IN THE HIGH COURT OF JUDICATURE AT MADRAS**

(Original Jurisdiction)

Company Application No. 875 of 2014

In the matter of Companies Act I of 1956,

And

In the matter of Kar Mobiles Limited

And

In the matter of the Scheme of Amalgamation of

Kar Mobiles Limited

with

Rane Engine Valve Limited

And

their respective Shareholders and Creditors

**Kar Mobiles Limited,**

represented by its director

Mr. L. Lakshman

Having its registered office at "Maithri" 132,  
Cathedral Road, Chennai – 600086

Applicant / Transferor Company

**Notice convening Meeting of the Equity Shareholders of the Applicant Company**

To

All equity shareholders

Take notice that by an order made on 9<sup>th</sup> day of September 2014 the Court has directed that a meeting of the equity shareholders of the Applicant Company be held at Narada Gana Sabha – Mini Hall, No.314, TTK Road, Alwarpet, Chennai – 600 018 on Wednesday, 12<sup>th</sup> day of November, 2014 at 02.00 p.m. for the purpose of considering, and if thought fit, approving, with or without modification, the Scheme of Amalgamation proposed to be made between Kar Mobiles Limited and Rane Engine Valve Limited.

Take further notice that in pursuance of the said order, a meeting of the equity shareholders of the Applicant Company will be held at Narada Gana Sabha - Mini Hall, No.314, TTK Road, Alwarpet, Chennai – 600 018 on Wednesday, 12<sup>th</sup> day of November 2014 at 02.00 p.m. when you are requested to attend.

Take further notice that you may attend and vote at the said meeting in person or by proxy, provided that a proxy in the prescribed form, duly signed by you, is deposited at the registered office of the Applicant Company, at "Maithri", 132, Cathedral Road, Chennai - 600 086 not later than 48 hours before the meeting. The quorum for the meeting shall be 15 members present in person or by proxy.

The Court has appointed Mr.T.D. Vasu, Advocate, Madras High Court to be the Chairman of the said meeting.

A copy of each of the Scheme of Amalgamation, the statement under Section 393 and a form of proxy is enclosed.

Dated at Chennai this the 12<sup>th</sup> day of September 2014.

Sd/-

T.D. Vasu

Chairman appointed for the meeting

Place: Chennai

Date: 12.09.2014

**Kar Mobiles Limited**

Registered Office: "Maithri",

No.132, Cathedral Road,

Chennai – 600 086.

CIN: L85110TN1936PLC071646

Website: www.rane.co.in

E-mail: investorservices@rane.co.in

[Note all alterations made in the Form of Proxy should be initialed]

**NOTES:**

- 1 A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE APPLICANT COMPANY. The Form of Proxy duly completed should, however, be deposited at the Registered Office of the Applicant Company not later than 48 hours before the scheduled time for commencement of the Meeting. All alterations made in the Form of Proxy should be initialed.
- 2 A Member or his Proxy is requested to bring the copy of the notice at the meeting and produce at the entrance of the meeting venue, the enclosed attendance slip duly completed and signed.
- 3 All documents referred to in the Notice and the Explanatory Statement annexed hereto, are open for inspection up to 48 hours prior to the said meeting, at the Registered Office of the Applicant Company between 11.00 a.m. and 1.00 p.m. on all working days of the Company (except Saturdays, Sundays and Government Holidays).
- 4 Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send a certified true copy of the Board Resolution and/ or Power of Attorney authorizing such person to attend and vote on their behalf at the Meeting.

## POSTAL BALLOT NOTICE

**NOTICE PURSUANT TO SECTION 110 OF THE COMPANIES ACT, 2013 READ WITH COMPANIES (MANAGEMENT AND ADMINISTRATION) RULES, 2014 FOR THE SCHEME OF AMALGAMATION UNDER SECTIONS 391 TO 394 OF THE COMPANIES ACT, 1956 READ WITH SEBI CIRCULARS BEARING NO. CIR/CFD/DIL/5/2013 DATED FEBRUARY 4, 2013 & CIR/CFD/DIL/8/2013 DATED MAY 21, 2013.**

Dear Shareholders,

The Hon'ble High Court of Judicature at Madras in the Company Application No. 875 of 2014 directed the company to conduct a meeting of its equity shareholders on Wednesday, November 12, 2014.

The Company is also required to provide for postal ballot and e-voting in accordance with SEBI Circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013 & Circular No. CIR/CFD/DIL/8/2013 dated May 21, 2013, and has accordingly made necessary arrangements for obtaining the consent of the public shareholders by way of postal ballot and e-voting.

The Resolution and the Explanatory Statement setting out the material facts and the reasons thereof are given hereunder along with the Postal Ballot / e-voting Form for your consideration and necessary action.

The Company has, in compliance with Rule 20 of Companies (Management and Administration) Rules, 2014 of Companies Act, 2013, appointed Mr. R. Balasubramaniam, Practising Company Secretary, as Scrutinizer for conducting the Postal Ballot and e-voting process in a fair and transparent manner.

The Company has engaged National Securities Depositories Limited ('NSDL') to provide e-voting facilities to the Shareholders of the Company. If a Share holder has voted through e-voting facility, he is not required to send the Postal Ballot Form and vice versa. If a Shareholder votes through e-voting facility and also sends his vote through the Postal Ballot Form, the votes cast through e-voting shall only be considered by the Scrutinizer. The e-voting facility is available at the link: [www.evoting.nsdl.com](http://www.evoting.nsdl.com) till 06.00 p.m. on November 6, 2014.

Please refer to the instructions given for e-voting sent along with this Notice for the purpose and the manner in which e-voting has to be carried out. Shareholders opting to vote through physical mode i.e. sending the Postal Ballot Form are requested to carefully read the instructions printed overleaf and return the Postal Ballot Form duly completed and signed in the attached self-addressed postage prepaid inland letter so as to reach the Scrutinizer on or before the close of working hours on Thursday, November 6, 2014. The postage will be borne and paid for by the Company.

The Scrutinizer will submit his report to the Chairman appointed for the meeting, or in his absence to any other Director authorized by the Chairman, after completion of the scrutiny. The chairman will then submit his report to the Hon'ble Madras High Court. The results of the Postal Ballot and e-voting will be announced on Wednesday, November 12, 2014 and will be subsequently published in at least one English and one Tamil news paper circulating in Chennai, Tamil Nadu. The result of the Postal Ballot will also be displayed at the registered office of the Company, besides being communicated to the Stock Exchanges and in company's website <http://rane.co.in/karmobiles/karmobilesinvestors.html>. The date of declaration of the result of the Postal Ballot shall be the date on which the resolution would be deemed to have been passed, if approved by requisite majority.

Pursuant to section 110 of the Companies Act, 2013 and the rules thereunder read with SEBI Circulars bearing No. CIR/CFD/DIL/5/2013 dated February 4, 2013 & CIR/CFD/DIL/8/2013 dated May 21, 2013, the following special business shall be transacted by the public shareholders of KAR MOBILES LIMITED by passing the resolutions through Postal Ballot process and e-voting:

**To consider and, if thought fit, to pass the following resolutions with requisite majority as per the SEBI circular CIR/CFD/DIL/8/2013 dated May 21, 2013:**

### **Scheme of amalgamation of Kar Mobiles Limited with Rane Engine Valve Limited**

*"RESOLVED THAT pursuant to the provisions of Sections 391 to 394 and other applicable provisions of the Companies Act, 1956 or under the corresponding provisions of the Companies Act, 2013 ('Act') including but not limited to sections 13, 14 and 61 of the Companies Act 2013 and subject to the approval of the High Court of Judicature at Madras or other appropriate authorities, the Scheme of Amalgamation ('the Scheme') of Kar Mobiles Limited ('KML' or 'Transferor Company') with Rane Engine Valve Limited ('REVL' or 'Transferee Company') as circulated along with the notice, be and is hereby approved and agreed to."*

*"RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution and for removal of any difficulties or doubts, the Board of Directors of the Company (herein referred to as 'the Board', which term shall deem to include any committee or any person(s) which the Board may nominate or constitute to exercise its powers, including the powers conferred under this resolution), be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient, usual or proper and to settle any questions or difficulties or doubts that may arise, including passing of such accounting entries and / or making such adjustments in the books of accounts as considered necessary to give effect to the above resolution or to carry out such modifications/directions as may be ordered by the Hon'ble High Court of Judicature at Madras, or any other appropriate statutory or regulatory authority or as may be decided by the Board of Directors to implement the aforesaid resolution."*

Sd/-

T D Vasu,

Chairman appointed for the meeting.

Place: Chennai

Date: 22.09.2014

### **Kar Mobiles Limited,**

Registered Office:

"Maithri", No.132, Cathedral Road,

Chennai – 600 086.

CIN: L85110TN1936PLC071646

Website: [www.rane.co.in](http://www.rane.co.in)

E-mail: [investorservices@rane.co.in](mailto:investorservices@rane.co.in)

**NOTES:**

- 1 A copy of the said Scheme of Amalgamation and Explanatory Statement pursuant to Section 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules and under Section 391 to 394 of Companies Act, 1956, e-voting details, Postal Ballot Form in Pre-paid inland letter are enclosed.
- 2 The Notice of the Postal Ballot has been posted to the registered address of all the equity shareholders whose names appear in the Register of Members/ Beneficial Owners as per the details furnished by the Depositories as on the cut-off date viz. Friday, September 19, 2014. Equity shareholders who have registered their e-mail IDs for receipt of documents in electronic mode have also been sent the Notice of Postal Ballot by email.
- 3 Voting rights shall be reckoned on the paid up value of the shares registered in the names of the Public Shareholders as on the cut-off date i.e. Friday, September 19, 2014.
- 4 The Postal Ballot / e-voting period commences on October 8, 2014 (9.00 a.m. IST) and ends on November 6, 2014 (6.00 p.m. IST). The e-voting module shall be disabled by NSDL for voting thereafter.
- 5 All the material documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection by the equity shareholders at the registered office of the Company at "Maithri", No.132, Cathedral Road, Chennai – 600 086 during office hours on all working days (except Saturdays, Sundays and Government Holidays) between 11.00 a.m. and 1.00 p.m. up to the last date for receipt of the postal ballot / e-vote specified in the accompanying Notice.

IN THE HIGH COURT OF JUDICATURE AT MADRAS

(Original Jurisdiction)

Company Application No. 875 of 2014

In the matter of Companies Act I of 1956  
And  
In the matter of Kar Mobiles Limited  
And  
In the matter of the Scheme of Amalgamation of  
Kar Mobiles Limited  
with  
Rane Engine Valve Limited  
And  
Their respective Shareholders and Creditors

Kar Mobiles Limited,  
rep by its director Mr. L. Lakshman  
Having its registered office at "Maithri" 132,  
Cathedral Road, Chennai – 600086

Applicant/Transferor Company

**EXPLANATORY STATEMENT TO THE NOTICES CONVENING MEETING OF EQUITY SHAREHOLDERS, UNDER SECTION 393 OF THE COMPANIES ACT, 1956 AND POSTAL BALLOT NOTICE TO PUBLIC SHAREHOLDERS**

Scheme of amalgamation of Kar Mobiles Limited with Rane Engine Valve Limited and their respective shareholders and creditors

**1. Background of Companies**

**A. Kar Mobiles Limited ('KML')**

- i. Kar Mobiles Limited was initially incorporated under the Companies Act, 1913 as a public company under the name and style of Cochin State Power & Light Corporation Limited on January 07, 1936. The name was changed from Cochin State Power & Light Corporation Limited to Kar Valves Limited on April 24, 1974. Subsequently the Company changed its name to Kar Mobiles Limited on September 08, 1983.
- ii. The registered office of KML is currently located at "Maithri", No.132, Cathedral Road, Chennai – 600 086.
- iii. KML is engaged in the business of manufacturers of and dealers in engine valves, automobile ancillaries, machinery, spares (partly or fully finished) for all types of engines, whether stationary, automobile, marine, aircraft, locomotives or others.
- iv. The authorized, issued, subscribed and paid-up Share Capital of KML as on March 31, 2014 is as under:

Particulars	(Amount in Rs.)
<b>Authorized Capital</b>	
23,50,000 Equity Shares of Rs.10 each	2,35,00,000
1,50,000 Preference Shares of Rs.10 each	15,00,000
<b>Total</b>	<b>2,50,00,000</b>
<b>Issued, Subscribed and paid up</b>	
22,40,000 Equity Shares of Rs.10 each	<b>2,24,00,000</b>

Since the date of the Scheme being approved by the Board of Directors there is no change in Authorized, Issued, Subscribed and Paid-up Equity Share Capital of KML. Further, as on 31.03.2014, Rane Holdings Limited ('RHL') holds 8,84,369 equity shares in KML constituting 39.48 per cent shareholding and balance 13,55,631 equity shares constituting 60.52 per cent are held by outsiders.

**B. Rane Engine Valve Limited ('REVL')**

- i. Rane Engine Valve Limited was incorporated under the Companies Act, 1956 ("Act") as a public company under the name and style of Techcons Limited on March 09, 1972. Subsequently, upon receipt of the requisite approvals the name was changed to Rane Engine Valve Limited on February 06, 2008.
- ii. REVL is primarily engaged in the manufacture of engine valves, guides and tappets for passenger cars, commercial vehicles, farm tractors and two/three wheelers.
- iii. The registered office is located at "Maithri", No.132, Cathedral Road, Chennai – 600 086.
- iv. The authorized, issued, subscribed and paid-up Share Capital of REVL as on March 31, 2014 is as under:

Particulars	(Amount in Rs.)
<b>Authorized Capital</b>	
1,00,00,000 Equity Shares of Rs.10 each	10,00,00,000
<b>Issued, Subscribed and paid up</b>	
51,50,992 Equity Shares of Rs.10 each	<b>5,15,09,920</b>

- v. Since the date of the Scheme being approved by the Board of Directors there is no change in Authorized, Issued, Subscribed and Paid-up Equity Share Capital of REVL.

## 2. Description and Rationale for the Scheme

### Description

- a. The Scheme of Amalgamation (“Scheme”) pursuant to Sections 391 to 394 of the Companies Act, 1956 provides for merger of KML with REVL and matters incidental and consequential thereto.

### Rationale

1. The Transferee Company is engaged in the manufacture of engine valves, guides and tappets for passenger cars, commercial vehicles, farm tractors and two/three wheelers.
2. The Transferor Company is engaged in the manufacture of medium and large engine valves to be used in stationary engines and in transportation industry.
3. The amalgamation of KML with REVL is being proposed for the purpose of developing the potential for further growth and expansion of their respective businesses and to have better synergies, optimization of resources and fund raising capabilities. The amalgamation is expected to result in following benefits:
  - **Business Synergy:** Enable the two companies to consolidate their business operations and provide significant impetus to their growth since both the companies are engaged in the similar areas of business.
  - **Optimal utilization of resources:** Result in enhancing the scale of operations and reduction in overheads, administrative, managerial and other expenditure, operational rationalization, sharing of technology, organizational efficiency, and optimal utilization of various resources.
  - **Shareholder Value:** Result in improved shareholder value for both the companies by way of improved financial structure and cash flows, increased asset base and stronger consolidated revenue and profitability.
  - **Expansion:** Result in enhanced leveraging capability of the combined entity which in turn will allow the combined entity to undertake larger expansion strategies and to tap bigger opportunities in the automotive industry.
  - **Consolidation of expertise:** Consolidation of managerial expertise of the Companies will facilitate greater focus and utilization of resources. Amalgamation will give additional strength to the operations and management of the amalgamated company.

### 3. The salient features of the Scheme are as follows:

- a. Appointed date of the Scheme is April 1, 2014
- b. With effect from the Appointed Date, the whole of the undertaking of KML shall be merged with REVL.
- c. The consideration for the merger would be discharged by REVL as under:
  - i. 7 fully paid up Equity Shares of Rs.10/-(Rupees Ten only) each of the REVL for every 10 Equity Shares of Rs.10/- (Rupees Ten Only) each, held by the shareholders in KML.

The Fairness Opinion issued by M/s. Fortress Capital Management Services Private Limited, Merchant Banker, on the joint valuation report on share exchange ratio for Equity Shares for the purpose of the scheme is attached as part of this notice.
- d. On the Scheme becoming effective, KML shall be dissolved without being wound up.

The features set out above being only the salient features of the Scheme of Amalgamation; the members are requested to read the entire text of the Scheme annexed hereto to get fully acquainted with the provisions thereof.

### 4. The pre amalgamation capital structure of KML & REVL and post amalgamation capital structure and shareholding pattern of REVL is as under:

Capital structure of KML - pre amalgamation

Particulars	(Amount in Rs.)
<b>Authorized Capital</b>	
23,50,000 Equity Shares of Rs.10 each	2,35,00,000
1,50,000 Preference Shares of Rs.10 each	15,00,000
<b>Issued, Subscribed and paid up Capital</b>	
22,40,000 Equity Shares of Rs.10 each	<b>2,24,00,000</b>

Capital structure of REVL - pre amalgamation

Particulars	(Amount in Rs.)
<b>Authorized Capital</b>	
1,00,00,000 Equity Shares of Rs.10 each	10,00,00,000
<b>Issued, Subscribed and paid up Capital</b>	
51,50,992 Equity Shares of Rs.10 each	<b>5,15,09,920</b>



Capital structure of REVL-Post amalgamation

Particulars	(Amount in Rs.)
<b>Authorized Capital</b>	
1,23,50,000 Equity Shares of Rs.10 each	12,35,00,000
1,50,000 Preference Shares of Rs.10 each	15,00,000
<b>Total</b>	<b>12,50,00,000</b>
<b>Issued, Subscribed and paid up Capital</b>	
67,18,992 Equity Shares of Rs.10 each	6,71,89,920
<b>Total</b>	<b>6,71,89,920</b>

Shareholding Pattern

Particulars	Pre-amalgamation Shareholding of KML (as on 30.06.2014)		Pre-amalgamation Shareholding of REVL (as on 30.06.2014)		Post amalgamation Shareholding	
	Shares	%	Shares	%	Shares	%
<b>Promoter and Promoter group</b>						
Indians						
Individual/Hindu Undivided Family	91,418	4.09	4,487	0.09	68,480	1.02
Bodies Corporate	8,87,369	39.61	28,09,686	54.54	34,30,844	51.06
Foreign						
Individual(Non-resident/foreign)						
<b>Total – A</b>	<b>9,78,787</b>	<b>43.70</b>	<b>28,14,173</b>	<b>54.63</b>	<b>34,99,324</b>	<b>52.08</b>
<b>Public</b>						
Financial Institutions/Banks	3,978	0.18	6,318	0.12	9,103	0.14
Insurance Companies			83,226	1.62	83,226	1.24
Central / State Government	37,500	1.67			26,250	0.39
Bodies Corporate(Indian/foreign/Overseas)	2,21,371	9.88	8,10,134	15.73	9,65,093	14.37
Individual shareholders holding Nominal share Capital up to Rs.1 Lakh	5,80,962	25.93	9,17,704	17.82	13,24,377	19.71
Individual shareholders holding Nominal share Capital above Rs.1 Lakh	3,95,532	17.66	5,01,386	9.73	7,78,258	11.58
<b>Any other(specify) ***</b>						
Clearing Member	1,215	0.05	532	0.01	1,383	0.02
Corporate CM / TM – Client Margin A/c	850	0.04	1,001	0.02	1,596	0.02
Corporate CM / TM – Client Beneficiary	240	0.01	1,444	0.03	1,612	0.02
Individual CM / TM – Client Beneficiary			457	0.01	457	0.01
Unclaimed Shares Suspense Account	19,115	0.86	14,617	0.28	27,998	0.42
Limited Liability Partnership	450	0.02			315	0.00
<b>Total – B</b>	<b>12,61,213</b>	<b>56.30</b>	<b>23,36,819</b>	<b>45.37</b>	<b>32,19,668</b>	<b>47.92</b>
<b>GRAND TOTAL (A) + (B)</b>	<b>22,40,000</b>	<b>100.00</b>	<b>51,50,992</b>	<b>100.00</b>	<b>67,18,992</b>	<b>100.00</b>

5. **Interest of Directors**

The Directors holding shares in KML do not have any other interest in the Scheme otherwise than that as shareholders in general.

6. **Material Interest of Directors**

The extent of the shareholding of the Directors of KML in REVL and KML either singly or jointly or as nominee as on March 31, 2014 is as under:

S. No.	Name	Designation	Shares in KML	Shares in REVL
1.	Mr. L. Ganesh	Director	50	50
2.	Mr. L. Lakshman	Director	Nil	50
3.	Mr. V Ramachandran	Director	25,232	12,968
4.	Mr. K.P. Balasubramaniam	Independent Director	650	216
5.	Mr. S. Krishna Kumar	Independent Director	Nil	Nil
6.	Mr. C.N. Srivatsan	Independent Director	Nil	Nil

The extent of the shareholding of the Directors of REVL in KML and REVL either singly or jointly or as nominee as on March 31, 2014 is as under:

S. No.	Name	Designation	Shares in KML	Shares in REVL
1.	Mr. L. Ganesh	Chairman & Managing Director	50	50
2.	Mr. L. Lakshman	Director	Nil	50
3.	Mr. Harish Lakshman	Director	Nil	50
4.	Mr. Ashok Malhotra	Independent Director	Nil	Nil
5.	Mr.R.V. Raghavan	Independent Director	Nil	Nil
6.	Mr. S. Krishna Kumar	Independent Director	Nil	Nil
7.	Mr. C.N. Srivatsan	Independent Director	Nil	Nil
8.	Mr. R. Jagannath *	Independent Director	Nil	Nil

\* ceased to be a director due to retirement at the Annual General Meeting held on 24.07.2014

REVL and KML have the following common directors

1. Mr. L. Ganesh, Promoter
2. Mr. L. Lakshman, Promoter
3. Mr. C.N. Srivatsan, Independent Director
4. Mr. S. Krishna Kumar, Independent Director

Save as aforesaid, none of the Directors of the Companies has any material interest in the proposed Scheme.

7. Combination of Share Capital: Upon amalgamation, the Authorized Share Capital of REVL is permitted to be increased by the amount of Authorized Share Capital of KML. Accordingly, upon sanction of the Scheme by the High Court, the Authorized Share Capital of REVL shall automatically stand increased without any further act, instrument or deed on the part of REVL in accordance with the provisions of the Scheme. The approval of the members of REVL to the Scheme shall be deemed to be their consent / approval also to the alteration to the Memorandum and Articles of Association as may be required under the Act.
8. KML has obtained approval to the Scheme pursuant to Clause 24(f) of the Listing Agreement from Madras Stock Exchange ('MSE') and Bangalore Stock Exchange ('KSE'). A copy of the approvals received from MSE and KSE is enclosed as Annexure I & II. The same is also available on the website of the Company (<http://rane.co.in/karmobiles/karmobilesinvestors.html>).
9. The rights and interests of the creditors of KML will not be prejudicially affected post implementation of the Scheme as REVL will be able to meet its liabilities as they arise in the ordinary course of business. Further, the rights and interests of the shareholders and creditors of REVL will not be prejudicially affected by the Scheme as no sacrifice or waivers is called for from them nor are their rights sought to be modified in any manner.
10. No investigation proceedings are pending or are likely to be pending under Sections 210 to 229 of the Companies Act, 2013 in respect of KML. No winding up petitions have been admitted against KML.
11. In the event that this Scheme is terminated or withdrawn in the manner set out herein, this Scheme shall stand revoked, cancelled and be of no effect and null and void and in such event each party hereto shall bear and pay their respective costs, charges and expenses for and or in connection with the Scheme.
12. The following documents are open for inspection by the members of KML at the Registered Office of KML between 11:00 a.m. and 1:00 p.m. up to the date of Court convened meeting on any working day (except Saturdays, Sundays and Government Holidays) prior to the date of the meeting:
  - Certified Copy of the Order dated September 9, 2014 of the Hon'ble High Court of Judicature at Madras passed in Company Application No.875 of 2014 directing the convening of the meeting of the members of KML;
  - Scheme of Amalgamation;
  - Copies of the resolutions passed by the respective Board of Directors of REVL and KML approving the Scheme;
  - Joint Valuation report from BSR and Associates and SSPA & Co., Chartered Accountants on the share exchange ratio of Equity Shares for the purpose of the Scheme
  - Fairness Opinion issued by the Merchant Banker on the joint valuation report on share exchange ratio for Equity Shares, for the purpose of the scheme
  - Memorandum and Articles of Association of KML and REVL;
  - The Audited Financial Statements of KML & REVL for financial period ended March 31, 2014, March 31, 2013 and March 31, 2012;
  - Observation letters issued to KML by MSE and KSE;
  - Register of Directors' Shareholdings of KML and REVL;

This statement may be treated as the statement under section 393 of the Companies Act, 1956 read with SEBI Circular bearing No. CIR/CFD/DIL/5/2013 dated February 4, 2013 & CIR/CFD/DIL/8/2013 dated May 21, 2013. A copy of the Scheme of the Amalgamation and Explanatory Statement may also be obtained from the Registered Office of KML.

The Board of Directors of KML and REVL have approved the Scheme at their respective meetings held on May 20, 2014 and your directors recommend the resolutions as set out in this Notice for your approval.

Dated at Chennai this 22<sup>nd</sup> day of September 2014.

Sd/-  
T D Vasu,  
Chairman appointed for the meeting.

**SCHEME OF AMALGAMATION OF  
KAR MOBILES LIMITED  
WITH RANE ENGINE VALVE LIMITED  
AND THEIR RESPECTIVE SHAREHOLDERS AND  
CREDITORS**

**Under Sections 391 to 394 of the Companies Act, 1956**

This Scheme of Amalgamation (hereinafter referred to as the 'Scheme') is presented pursuant to Sections 391 to 394 of the Companies Act, 1956 for amalgamation of Kar Mobiles Limited ('KML' or 'the Transferor Company') with Rane Engine Valve Limited ('REVL' or 'the Transferee Company').

**I. PREAMBLE**

1. Whereas Kar Mobiles Limited was initially incorporated under the Companies Act, 1913 as a public company under the name and style of Cochin State Power & Light Corporation Limited on January 07, 1936. The name was changed from Cochin State Power & Light Corporation Limited to Kar Valves Limited on April 24, 1974. Subsequently the Company changed its name to Kar Mobiles Limited on September 08, 1983. Its registered office is located at "Maithri", No.132, Cathedral Road, Chennai – 600 086. The equity shares of Kar Mobiles Limited are presently listed on the Bangalore Stock Exchange ('KSE') and the Madras Stock Exchange ('MSE') and are traded on the IndoNext platform of the Bombay Stock Exchange ('BSE').
2. Whereas the Transferor Company is engaged to carry on the business of manufacturers of and dealers in engine valves, automobile ancillaries, machinery, spares (partly or fully finished) for all types of engines, whether stationary, automobile, marine, aircraft, locomotives or others.
3. Whereas Rane Engine Valve Limited was incorporated under the Companies Act, 1956 ("Act") as a public company under the name and style of Techcons Ltd on March 09, 1972. Subsequently, upon receipt of the requisite approvals the name was changed to Rane Engine Valve Limited on February 06, 2008. The registered office is located at "Maithri", No.132, Cathedral Road, Chennai – 600 086. The equity shares of Rane Engine Valve Limited are presently listed on the Bombay Stock Exchange ('BSE') and the National Stock Exchange ('NSE').
4. Whereas the Transferee Company is primarily engaged in the manufacture of engine valves, guides and tappets for passenger cars, commercial vehicles, farm tractors and two/three wheelers.

**II. RATIONALE OF AMALGAMATION**

1. The Transferee Company is engaged in the manufacture of engine valves, guides and tappets for passenger cars, commercial vehicles, farm tractors and two/three wheelers.
2. The Transferor Company is engaged in the manufacture of medium and large engine valves to be used in stationary engines and in transportation industry.
3. The amalgamation of KML with REVL is being proposed for the purpose of developing the potential for further growth and expansion of their respective businesses and to have better synergies, optimization of resources and fund raising capabilities. The amalgamation would result in following benefits:
  - **Business Synergy:** Enable the two companies to consolidate their business operations and provide significant impetus to their growth since both the companies are engaged in the similar areas of business.
  - **Optimal utilization of resources:** Result in enhancing the scale of operations and reduction in overheads, administrative, managerial and other expenditure, operational rationalization, sharing of technology, organizational efficiency, and optimal utilization of various resources.
  - **Shareholder Value:** Result in improved shareholder value for both the companies by way of improved financial structure and cash flows, increased asset base and stronger consolidated revenue and profitability.
  - **Expansion:** Result in enhanced leveraging capability of the combined entity which in turn will allow the combined entity to undertake larger expansion strategies and to tap bigger opportunities in the automotive industry.
  - **Consolidation of expertise:** Consolidation of managerial expertise of the Companies will facilitate greater focus and utilization of resources. Amalgamation will give additional strength to the operations and management of the amalgamated company.

**III. PARTS OF THE SCHEME**

The Scheme is divided into the following parts:-

- (a) Part A – General (dealing with definitions and share capital);
- (b) Part B – Amalgamation of Kar Mobiles Limited with Rane Engine Valve Limited;
- (c) Part C – Other Terms and Conditions

**PART A – GENERAL**

**1. DEFINITIONS**

In this Scheme, unless repugnant to the context, the following expressions shall have the following meaning:

- 1.1 "Act" means the Companies Act, 1956 read with the applicable Rules thereunder, and any statutory amendments or re-enactment thereof and the applicable provisions of Companies Act, 2013 read with applicable Rules as may be prescribed or notified by the Government of India for the time being in force.
- 1.2 "Appointed Date" means the 1st day of April, 2014 or such other date as the High Court may direct or fix from which date the Scheme comes into operation.
- 1.3 "Court" or "High Court" shall mean the High Court of Judicature at Madras, and shall include the National Company Law Tribunal as and when applicable.
- 1.4 "Effective Date" means the last of the dates on which the sanctions, approvals, or orders on the scheme have been obtained and the last of the dates on which the certified copies of the orders of the High Court sanctioning the Scheme are filed with the Registrar of Companies, Chennai. All references in this scheme to the date of coming into effect of the Scheme shall mean "the Effective Date".

- 1.5 **“KML” or “Transferor Company”** means Kar Mobiles Limited, a company incorporated under the then Companies Act having its registered office at “Maithri”, No.132, Cathedral Road, Chennai – 600 086, in the State of Tamil Nadu.
- 1.6 **“REVL” or “Transferee Company”** means Rane Engine Valve Limited, a company incorporated under the Companies Act, 1956, having its registered office at “Maithri”, No.132, Cathedral Road, Chennai – 600 086, in the State of Tamil Nadu.
- 1.7 **“Record Date”** shall mean the date to be fixed by the Board of Directors of the Transferee Company for the purpose of issue of equity shares in the Transferee Company to the shareholders of the Transferor Company upon merger of the Transferor Company with the Transferee Company.
- 1.8 **“Scheme” or “the Scheme” or “this Scheme”** means this Scheme of Amalgamation in its present form submitted to the High Court with modifications approved or imposed or directed by the High Court pursuant to amalgamation
- 1.9 **“SEBI”** means Securities and Exchange Board of India established under the Securities and Exchange Board of India Act, 1992.
- 1.10 **“SEBI Circulars”** means Circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013 and Circular No. CIR/CFD/DIL/8/2013 dated May 21, 2013 each issued by SEBI or any other circulars issued by SEBI applicable to the Scheme of arrangement/ amalgamation.
- 1.11 **“Stock Exchange”** means the Stock Exchanges on which the shares of REVL and KML are listed.

## 2. SHARE CAPITAL

- 2.1 The authorized, issued, subscribed and paid-up Share Capital of the Transferor Company as on 31 March, 2014 is as under:-

Particulars	(Amount in Rs.)
<b>Authorized Capital</b>	
23,50,000 Equity Shares of Rs.10 each	2,35,00,000
1,50,000 Preference Shares of Rs.10 each	15,00,000
<b>Issued, Subscribed and paid up</b>	
22,40,000 equity shares of Rs.10 each	2,24,00,000

As on the date of the Scheme being approved by the Board of Directors there is no change in Authorized, Issued, Subscribed and Paid-up equity share capital of Transferor Company. Further, as on date, out of above 22,40,000 equity shares, Rane Holdings Limited holds 8,84,369 equity shares in the Transferor Company constituting 39.48 per cent shareholding and balance 13,55,631 equity shares constituting 60.52 per cent are held by other shareholders.

- 2.2 The authorized, issued, subscribed and paid-up Share Capital of the Transferee Company as on 31 March, 2014 is as under:-

Particulars	(Amount in Rs.)
<b>Authorized Capital</b>	
1,00,00,000 Equity Shares of Rs.10/- each	10,00,00,000
<b>Issued, Subscribed and Paid up</b>	
51,50,992 Equity Shares of Rs.10/- each	5,15,09,920

As on the date of the Scheme being approved by the Board of Directors there is no change in Authorized, Issued, Subscribed and Paid-up equity share capital of the Transferee Company.

## 3. DATE WHEN THE SCHEME COMES INTO OPERATION

- 3.1 The Scheme set out herein in its present form or with any modification(s) approved or imposed or directed by the High Court, shall be operative from the Appointed Date but shall become effective from the Effective Date and shall be in accordance with Section 2(1B) of the Income Tax Act, 1961.

### PART B - AMALGAMATION OF THE TRANSFEROR COMPANY WITH THE TRANSFEE COMPANY

## 4. AMALGAMATION

- 4.1 With effect from the Appointed Date, the entire business and whole of the undertaking of the Transferor Company including but not limited to all its assets, land, factory buildings, plant and machinery, furniture & fixtures, office equipment, software licences, work in progress, stock in trade, scrap, finished goods, semi-finished goods, inventories, investments, trade receivables, cash and bank balances, loans and advances including but not limited to balances with Government authorities, rebate on excise duty, export incentives receivable, claims receivable, prepaid expenses, deposits recoverable, advances to suppliers, advance taxes, TDS receivable, Fringe benefit tax, sales tax and service tax, MAT credit, deposits of any nature, balance with excise department, forward contract gain, interest accrued and other tangible and intangible assets and liabilities of the Transferor Company shall under the provisions of Sections 391 to 394 of the Act and pursuant to the orders of the High Court or any other appropriate authority sanctioning this Scheme and without further act, instrument or deed, but subject to the charges affecting the same as on the Effective Date be transferred and / or deemed to be transferred to and vested in the Transferee Company so as to become the assets of the Transferee Company.
- 4.2 Further, all assets acquired by the Transferor Company after the Appointed Date and prior to the Effective Date for the purposes of its business shall also be transferred to and vested in and/or be deemed to be transferred to and vested in the Transferee Company upon the coming into effect of the Scheme.
- 4.3 With effect from the Appointed Date, all liabilities, obligations and debts including but not restricted to secured loans, term loans from banks and related party, employee benefits, short term borrowings, packing credit facility, cash credit facility, trade payables, other current liabilities, gratuity, leave encashment, contingent liabilities and other liabilities of any kind of the Transferor Company, as on the Appointed Date whether provided for or not in the books of accounts of the Transferor Company, and all other liabilities which may accrue or arise after the Appointed Date up to the Effective Date, but which relates to the period on or up to the day of the Appointed Date shall, pursuant to the orders of the High Court or such other competent authority as may be applicable under Section 394 and other applicable provisions of the Act and without any further act or deed, be transferred or deemed to be transferred to and vest in and be assumed by the Transferee Company, so as to become as from the Appointed Date authorized share capital, outstanding creditors, provisions, guarantees, contingent liabilities and other liabilities of the Transferee Company on the same terms and conditions as were applicable to the Transferor Company.

- 4.4 Where any of the liabilities and obligations of the Transferor Company as on the Appointed Date deemed to be transferred to the Transferee Company have been discharged by the Transferor Company after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of the Transferee Company, and all loans raised and used and all liabilities and obligations incurred by the Transferor Company for the purposes of its business after the Appointed Date and prior to the Effective Date shall be deemed to have been raised, used or incurred for and on behalf of the Transferee Company and to the extent they are outstanding on the Effective Date, shall also without any further act or deed be and stand transferred to the Transferee Company and shall become its liabilities and obligations.
- 4.5 With effect from the Appointed Date the assets of the Transferor Company, which are moveable in nature or are otherwise capable of transfer by physical or constructive delivery or by endorsement and delivery, shall be so transferred by the Transferor Company and shall become the property of the Transferee Company without any act or deed on the part of the Transferor Company and the Transferee Company without any further act or deed, and shall be appropriately mutated by the statutory authorities concerned therewith in favour of Transferee Company.
- 4.6 With effect from the Appointed Date, the immovable properties of the Transferor Company (including land, buildings and any other immovable property as set out in Schedule A) transferred to the Transferee Company, and any documents of title, rights and easements in relation thereto, shall stand vested in the Transferee Company, without any act, instrument or deed done by the Transferor Company or the Transferee Company, and without any approval or acknowledgement of any third party. With effect from the Appointed Date, the Transferee Company shall be entitled to exercise all rights and privileges and be liable to pay all taxes and charges (if any and as may be applicable), and fulfill all obligations, in relation to or applicable to such immovable properties. The mutation/ substitution of the title to such immovable properties shall be made and duly recorded in the name of the Transferee Company by the appropriate authorities pursuant to the sanction of the Scheme by the High Court and on the Scheme becoming effective, in accordance with the terms hereof and the Transferor Company shall be entitled to lawful, peaceful and unencumbered possession, right, title, interest of the immovable properties vested with it pursuant to the Scheme.
- 4.7 With effect from the Appointed Date and subject to the Scheme becoming effective, all rights, statutory licenses, permissions, approvals or consents of the Transferor Company shall stand vested in or transferred to Transferee Company without any further act or deed and shall be appropriately mutated by the statutory authorities concerned in favour of the Transferee Company. The benefit of all statutory and regulatory permission, environment approvals and consents, registrations or other licenses and consents shall vest in and become available to the Transferee Company pursuant to the Scheme. In so far as the various incentives, subsidies, rehabilitation schemes, special status and other benefits or privileges enjoyed, granted by any government body, local authority or by any other person or availed of by the Transferor Company, is concerned, the same shall vest with and be available to Transferee Company on the same terms and conditions
- 4.8 All taxes of any nature, duties, cess, or any other like payments or deductions made by the Transferor Company to any statutory authorities such as Income tax (including advance tax, TDS receivable and MAT credit), Service Tax, Customs Duty, VAT etc. or any tax deducted/ collected at source relating to the period after the Appointed Date and up to the Effective Date shall be deemed to have been on account of or on behalf of or paid by the Transferee Company and the relevant authorities shall be bound to transfer to the account of and give credit for the same to the Transferee Company upon the passing of the order in the Scheme by High Court upon relevant proof and documents being provided to the said authorities to this effect.
- 4.9 All the loans, advances and other facilities sanctioned to the Transferor Company by its bankers and financial institutions prior to the Appointed Date, which are partly drawn or utilized shall be deemed to be the loans and advances sanctioned to the Transferee Company and the said loans and advances shall be drawn and utilized either partly or fully by the Transferor Company from the Appointed Date till the Effective Date and all the loans, advances and other facilities so drawn by the Transferor Company (within the overall limits sanctioned by their bankers and financial institutions) shall on the Effective Date be treated as loans, advances and other facilities made available to the Transferee Company and all the obligations of the Transferor Company under any loan agreement shall be construed and shall become the obligation of the Transferee Company without any further act or deed on the part of the Transferee Company.
- 4.10 Upon the coming into effect of this Scheme, the borrowing limits of the Transferee Company in terms of Section 180 (1) (c) of the Act shall be deemed without any further act or deed to have been enhanced by the aggregate liabilities of the Transferor Company which are being transferred to the Transferee Company pursuant to the Scheme, such limits being incremental to the existing limits of the Transferee Company, with effect from the Appointed Date.
- 4.11 Any existing encumbrances over the assets and properties of Transferee Company or any part thereof which relate to the liabilities and obligations of Transferee Company prior to the Effective Date shall continue to relate only to such assets and properties of Transferee Company and shall not extend or attach to any of the assets and properties of Transferor Company transferred to and vested in Transferee Company by virtue of this Scheme.
- 4.12 The Scheme has been drawn up to comply with the conditions relating to “Amalgamation” as specified under section 2(1B) of the Income Tax Act, 1961. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said Section at a later date including resulting from an amendment of law or for any other reason whatsoever up to the Effective Date, the provisions of the said Section of the Income tax Act, 1961 shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with Section 2(1B) of the Income Tax Act, 1961. Such modifications shall however not affect other parts of the Scheme.
- 4.13 The Transferee Company shall under the provisions of the Scheme be deemed to be authorized to execute any such writings on behalf of the Transferor Company, to implement and carry out all formalities and compliances, if required, referred to above.
- 5. ALLOTMENT OF SHARES IN CONSIDERATION OF THE AMALGAMATION**
- 5.1 Upon the Scheme finally becoming effective, in consideration of the transfer of and vesting of the said assets and said liabilities of KML, in the Transferee Company in terms of this Scheme, the Transferee Company shall without any further application or deed, issue and allot to the shareholders whose name appear in the Registrar of Members on the Record Date or to their respective heirs, executives, administrators or other legal representatives or the successors-in-title, as the case may be, in the following manner:
- i) 7 fully paid up Equity Shares of Rs.10/- (Rupees Ten only) each of the Transferee Company for every 10 Equity Shares of Rs.10/- (Rupees Ten Only) each, held by the shareholders in Transferor Company.



- 5.2 In so far as issue of shares pursuant to clause 5.1 is concerned, each member of the Transferor Company shall have the option to exercise, by way of giving a notice to the Transferee Company, on or before such date as may be determined by the Board of Directors of the Transferee Company to receive the shares either in certificate form or in dematerialized form. In the event that such notice or requisite details have not been received by the Transferee Company in respect of any member, the shares shall be issued by them to such members in the form in which they hold the shares in the Transferor Company. In respect of those members exercising the option to receive the shares in dematerialized form, such members shall have opened and maintained an account with a depository participant, and shall provide such other confirmation, information and details as may be required.
- 5.3 Upon the Scheme coming into effect, the Authorised Share Capital of the Transferee Company shall be deemed to be increased to the extent of the Authorized Share Capital of the Transferor Company in line with Clause 11 of this Scheme.
- 5.4 Equity shares of the Transferee Company issued in terms of Clause 5.1(i) above will be listed and/or admitted to trading on BSE and NSE. The Transferee Company shall enter into such arrangements and give such confirmations as may be necessary in accordance with the applicable laws or regulations for complying with the formalities of the said Stock Exchange(s). On such formalities being fulfilled the said Stock Exchange(s) shall list and or admit such equity shares also for the purpose of credit.
- 5.5 Equity shares to be issued and allotted in terms of Clause 5.1(i) above shall rank pari passu with the existing equity shares of the Transferee Company.
- 5.6 The issue and allotment of equity shares in the Transferee Company, by the Transferee Company to the shareholders of the Transferor Company as provided in this Scheme is an integral part hereof and shall be deemed to have been carried out without any further act or deed by the Transferee Company as if the procedure laid down under Section 62(1)(a) of the Act and any other applicable provisions of the Act were duly complied with.
- 5.7 The Transferee Company will not issue any fractional shares to the equity shareholders of the Transferor Company. All such fractional entitlements to which the said shareholders will be entitled to, on allotment of the equity shares in the ratio agreed to, will be consolidated and the Transferee Company will issue and allot equity shares in lieu thereof to a trustee appointed by the Board of Directors of the Transferee Company for this purpose, which would be sold in the market. The net sale proceeds thereof will be distributed in the proportion of entitlement to those persons who are entitled to fractional entitlements.
- 6. STAFF WORKMEN AND EMPLOYEES**
- 6.1 On the Scheme becoming operative, all employees of the Transferor Company in service on the Effective Date shall become employees of the Transferee Company on such date without any break or interruption in their service and on terms and conditions not less favourable than those subsisting with reference to the Transferor Company as on the said date. The position, rank or designation of the employees would however be decided by the Transferee Company.
- 6.2 The Transferee Company shall abide by the terms and agreements, if any, entered into by the Transferor Company with its employees.
- 6.3 It is expressly provided that, on the Scheme becoming effective, the Provident Fund, Gratuity Fund, Superannuation Fund, Employees State Insurance or any other Special Funds or Trusts, if any, created or existing for the benefit of the staff and employees of the Transferor Company shall become trusts/funds of the Transferee Company for all purposes whatsoever in relation to the administration or operation of such Fund or Funds or in relation to the obligation to make contributions to the said Fund or Funds in accordance with the provisions thereof as per the terms provided in the respective Trust Deeds, if any, to the end and intent that all rights, duties, powers and obligations of the Transferor Company in relation to such Fund or Funds shall become those of the Transferee Company. It is clarified that the services of the staff and employees, if any, of the Transferor Company will be treated as having been continuous for the purpose of the said Fund or Funds.
- 7. ACCOUNTING TREATMENT IN BOOKS OF THE TRANSFEEE COMPANY**
- On the Scheme becoming effective, the Transferee Company shall account for merger in its books with effect from the appointed date as under:
- 7.1 The Transferee Company would follow "pooling of interest" method as prescribed in the Accounting Standard 14 issued by the Institute of Chartered Accountants of India and notified by the National Advisory Committee on Accounting Standards, Ministry of Corporate Affairs vide Notification No. G.S.R. 739(E) dated 07.12.2006, as amended from time to time and shall record the assets, liabilities and reserves (including balance in profit & loss account) of the Transferor Company vested in it pursuant to the Scheme, at their respective book values;
- 7.2 The face value of equity shares issued by the Transferee Company to the shareholders of the Transferor Company, pursuant to clause 5 above, will be recorded as equity share capital of the Transferee Company. The excess of the amount recorded as share capital issued by the Transferee Company over the amount of share capital of the Transferor Company will be reduced from General Reserve Account. In case of excess of the amount of share capital of the Transferor Company over the amount recorded as share capital issued by the Transferee Company, such excess will be credited to Capital Reserve.
- 7.3 Intercompany loans or balances between the Transferor Company and the Transferee Company, if any, shall stand cancelled. No interest shall be provided on such intercompany loans or balances after the Appointed Date.
- 7.4 In case of any differences in accounting policy between the Transferor Company and the Transferee Company, the impact of such difference will be quantified and adjusted in the books of the Transferee Company in accordance with the principles enunciated by applicable Accounting Standards.
- 8. LEGAL PROCEEDINGS**
- 8.1 If any suit, appeal or other proceeding of whatever nature by or against the Transferor Company are pending prior to Effective Date, the same shall not abate or be discontinued or in any way be prejudicially affected by reason of the amalgamation or by anything contained in this Scheme, but the said suit, appeal or other legal proceedings may be continued, prosecuted and enforced by or against the Transferee Company in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against the Transferor Company as if this Scheme had not been made. Any amount receivable under the pending suits, actions and proceedings shall solely belong to the transferee company. Similarly the Transferee Company will be responsible for discharging the liability in future in pending suits, actions and proceedings.

## 9. CONTRACTS, DEEDS AND OTHER INSTRUMENTS

9.1 Subject to the provisions of the Scheme, all contracts, deeds, bonds, agreements, arrangements and other instruments of whatsoever nature to which the Transferor Company is a party, or the benefit to which the Transferor Company is or may be eligible, subsisting or operative immediately on or before the Effective Date, shall be in full force and effect against or in favour of the Transferee Company and may be enforced as fully and effectively as if instead of the Transferor Company, the Transferee Company had been a party or beneficiary thereto from the inception. The Transferee Company shall enter into and/or issue and/or execute deeds, writings or confirmation or enter into any multipartite agreement, confirmations or novations to which the Transferor Company will, if necessary, also be a party in order to give formal effect to the provisions of this Scheme, if so required or becomes necessary. Further, the Transferee Company shall be deemed to be authorized to execute any such deeds, writings or confirmations on behalf of the Transferor Company and to implement or carry out all formalities required on the part of the Transferor Company to give effect to the provisions of this Scheme.

## 10. TRANSACTION BETWEEN APPOINTED DATE AND EFFECTIVE DATE

10.1 With effect from the Appointed Date and up to and including the Effective Date:

- i) The Transferor Company shall carry on and be deemed to have carried on its business and activities and shall be deemed to have held and stood possessed of and shall hold and stand possessed of its entire business and undertakings for and on account of and in trust for the Transferee Company. The Transferor Company shall carry on its activities in the ordinary course of business;
  - ii) All the profits, taxes such as advance tax, tax deducted at source, minimum alternate tax credit, taxes withheld/paid in foreign country, underlying tax credit, tax sparing, if any, thereon or incomes accruing or arising to the Transferor Company or expenditure or losses arising or incurred by the Transferor Company shall for all purposes be treated and be deemed to be and accrue as the profits, taxes or incomes or expenditure or losses, as the case may be, of the Transferee Company; and
  - iii) The Transferor Company shall carry on their business and activities with reasonable diligence and business prudence and shall not venture into/expand any new businesses, alienate, charge, mortgage, encumber or otherwise deal with the assets or any part thereof except in the ordinary course of business without the prior consent of the Transferee Company.
- 10.2 The Transferee Company shall be entitled, pending the sanction of the Scheme, to apply to the Central Government and all other agencies, departments and authorities concerned as are necessary under any law for such consents, approvals and sanctions which the Transferee Company may require, to carry on the business of the Transferor Company.
- 10.3 The transfer of the entire business and undertakings of the Transferor Company to the Transferee Company and the continuance of all contracts or proceedings by or against the Transferor Company shall not affect any contracts or proceedings already concluded by the Transferor Company on or after the Appointed Date to the end and intent that the Transferee Company accepts and adopts all acts, deeds, matters and things done and/or executed by the Transferor Company in regard thereto as having been done or executed on behalf of the Transferee Company.

## PART C – OTHER TERMS AND CONDITIONS

### 11. COMBINATION OF SHARE CAPITAL

- 11.1 Upon the Scheme becoming effective, the authorized share capital of the Transferee Company, shall automatically stand increased without any further act, instrument or deed on the part of the Transferee Company including payment of stamp duty and fees payable to the Registrar of Companies, by the authorized share capital of the Transferor Company amounting to Rs. 2,50,00,000 comprising of 23,50,000 equity shares of Rs. 10 each and 1,50,000 preference shares of Rs. 10 each and the Memorandum of Association and Articles of Association of the Transferee Company (relating to the authorized share capital) shall, without any further act, instrument or deed, be and stand altered, modified and amended, and the consent of the shareholders to the Scheme shall be deemed to be sufficient for the purposes of effecting this amendment, and no further resolution(s) under Section 13,14 and 61 of the Companies Act, 2013 and Section 394 of the Companies Act, 1956 would be required to be separately passed, as the case may be and for this purpose the stamp duties and fees paid on the authorized share capital of the Transferor Company shall be utilized and applied to the increased authorized share capital of the Transferee Company and there would be no requirement for any further payment of stamp duty and /or fee by the Transferee Company for increase in the authorized share capital to that extent.
- 11.2 Consequently upon amalgamation of the Transferor Company into the Transferee Company, the authorized share capital of the Transferee Company will be as under:

Particulars	(Amount in Rs.)
<b>Authorized Capital</b>	
<b>1,23,50,000 equity shares of Rs. 10 each</b>	<b>12,35,00,000</b>
<b>1,50,000 preference shares of Rs. 10 each</b>	<b>15,00,000</b>
<b>Total</b>	<b>12,50,00,000</b>

- 11.3 It is clarified that the approval of the members of the Transferee Company to the Scheme shall be deemed to be their consent / approval also to the alteration to the Memorandum and Articles of Association of the Transferee Company as may be required under the Act, and Para V of the Memorandum of Association of the Transferee Company shall stand substituted by virtue of the Scheme to read as follows:

#### **Para V of the Memorandum of Association of the Transferee Company:**

“The Authorised Share Capital of the Company is Rs. 12,50,00,000 (Rupees Twelve Crores Fifty Lakhs only) divided into 1,23,50,000 (One Crore Twenty Three lakhs Fifty Thousand) Equity shares of Rs.10/- (Rupees Ten only) each and 1,50,000 (One Lakh Fifty Thousand) Preference shares of Rs.10/- (Rupees Ten only) each carrying such rate of dividend and other rights as may be decided by the company in general meeting from time to time.”

### 12. AMENDMENT TO THE MEMORANDUM OF ASSOCIATION OF THE TRANSFEROR COMPANY

- 12.1 With effect from the Appointed Date the object clause of the Memorandum of Association of the Transferor Company shall stand amended / altered by adding the following objects after Clause 3 (ff) of the Memorandum of Association of the Transferor Company and approval by the shareholders to the Scheme shall be deemed to be their consent to the alteration of the Memorandum of Association pursuant to Section 13 and other applicable provisions, if any, of the Act:

“3(gg) To amalgamate with any other company having objects altogether or in part similar to those of the Company”

**13. MODIFICATIONS/AMENDMENTS TO THE SCHEME**

- 13.1 The Transferor Company and the Transferee Company by their respective Board of Directors may make and/or consent to any modifications/ amendments to the Scheme or to any conditions or limitations that the Court or any other authority may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by them (i.e. the Board of Directors of Transferor Company and Transferee Company and Committee of Directors/ authorised officers of Transferee Company).
- 13.2 The Transferor Company and the Transferee Company by their respective Board of Directors shall be authorised to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions whether by reason of any directive or order of any other authority or otherwise however arising out of or under or by virtue of the Scheme and/or any matter concerned or connected therewith.

**14. SCHEME CONDITIONAL ON APPROVAL/SANCTIONS**

The Scheme is conditional upon and subject to:

- 14.1 The Transferee Company and the Transferor Company to provide for voting by public shareholders through postal ballot and e-voting, in accordance with the provisions of the Act and as required under the Securities and Exchange Board of India Circular CIR/CFD/DIL/5/2013 dated February 4, 2013, and subsequent modifications thereof ('SEBI Circular'), while seeking their approval for the Scheme.
- 14.2 The Scheme being agreed with by the requisite number of public shareholders of the Transferor Company and Transferee Company as provided in the SEBI Circular in this regard.
- 14.3 The requisite consent, approval or permission of the Central Government or any other statutory or regulatory authority, which by law may be necessary for the implementation of this Scheme.
- 14.4 Approval by requisite majority of the members/creditors of the Transferor Company and the Transferee Company as may be directed by the High Court.
- 14.5 Certified/ authenticated copies of the orders of the High Court, sanctioning the Scheme being filed with the Registrar of Companies, Chennai by the Transferor Company and the Transferee Company.
- 14.6 All other sanctions and approvals as may be required by law in respect of this Scheme being obtained.

**15. DISSOLUTION OF THE TRANSFEROR COMPANY**

- 15.1 On the Scheme becoming effective, the Transferor Company shall stand dissolved without being wound up.

**16. SAVING OF CONCLUDED TRANSACTIONS**

- 16.1 The transfer of properties and liabilities under clause 4 above shall not affect any transaction or proceedings already concluded by Transferor Company on or after the Appointed date till the Effective date, to the end and intent that Transferee Company accepts and adopts all acts, deeds and things to be done and executed by Transferor Company in respect thereto as done and executed on behalf of itself.

**17. EFFECT OF NON-RECEIPT OF APPROVALS/SANCTIONS**

- 17.1 In the event of any of the said sanctions and approvals referred to in Clause 14 not being obtained and/ or the Scheme not being sanctioned by the High Court, this Scheme shall stand revoked, cancelled and be of no effect, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any rights and/ or liabilities which might have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or as may otherwise arise in law. Each party shall bear and pay its respective costs, charges and expenses for and/ or in connection with the Scheme.

**18. POWER TO WITHDRAW THE SCHEME AT ANYTIME**

- 18.1 In the event of any condition or amendment or modification that may be imposed by the High Court or any competent authority, which the Board of Directors of the Transferor Company or the Board of Directors of the Transferee Company, may find unacceptable for any reason, or if the Board of Directors of the said Transferor Company or Transferee Company for any reason so decides, they shall be at a liberty to withdraw from the Scheme unconditionally.

**19. COSTS**

- 19.1 All costs, shortages, taxes including duties and levies and all other expenses, if any (save as expressly otherwise agreed) of the Transferor Company and Transferee Company arising out of or incurred in connection with and implementation of this Scheme and matters incidental thereto shall be borne by the Transferee Company.

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## **SCHEDULE A**

### **Schedule of Properties**

#### **Bangalore Plant**

Manufacturing unit comprises in Plot No.26, admeasuring Acres 4 Guntas 39 and Square yards 64 (2 Hectares 253.11 Square Meters) in Survey No. 40 situated in 1st Phase of Peenya Industrial Area, Bangalore North Taluk, Bangalore District - 560 058, Karnataka State bounded on North by: Bangalore Water Supply Board Road, South by: Plot No 27 and IPRI Boundary, East by: Indian Plywood Research Institute, West by: 3<sup>rd</sup> Main Road, within the local limits of Peenya 1st Phase Sub-Registration District of Bangalore North Registration District of Bangalore.

#### **Tumkur Plant**

Manufacturing unit comprises in Plot No.36-B & 37, admeasuring Acres 7 Cents 23 in Survey No. 62 and 63 situated in Hirehalli Industrial Area, Tumkur Taluk, Tumkur District – 572 101, Karnataka State bounded on North by: Road South by: Singanehalli Village Boundary East by: Plot No 36-A West by: K S Dinesh's Property, within the local limits of Hirehalli Industrial Area Sub-Registration District of Tumkur Registration District of Tumkur.

#### **Pollachi Property-1**

Vacant land in Pollachi Taluk within Santheygoundanpalayam Village Acres 3.00 Patta No.4 in G.S. No. 101B situated in Pollachi Taluk, Tamil Nadu State bounded on North by: Rangasamy Chettiar's Share of Land, South by: G.S No 101A, East by: G.S No 95, West by: G.S No 102, within the local limits of Santheygoundanpalayam Village Sub-Registration District of Pollachi, Registration District of Tiruppur.

#### **Pollachi Property-2**

Vacant land in Pollachi Taluk within Santheygoundanpalayam Village Acres 0.84 Patta No.4 in G.S. No. 100 situated in Pollachi Taluk, Tamil Nadu State bounded on North by: Lands Belongs to P M Ramasamy Naicker and others, South by: G.S No 101, East by: Rangasamy Chettiar and others, West by: G.S No 105, within the local limits of Santheygoundanpalayam Village Sub-Registration District of Pollachi, Registration District of Tiruppur.

#### **Pollachi Property-3**

Vacant land in Pollachi Taluk within Santheygoundanpalayam Village Acres 1.50 Patta No.21 in G.S. No. 100 situated in Pollachi Taluk, Tamil Nadu State bounded on North by: Ramasamy Naicker's Share of lands, South by: G.S No 101B, East by: G.S No 95, West by: Rangasamy Reddiar's Lands, within the local limits of Santheygoundanpalayam Village Sub-Registration District of Pollachi, Registration District of Tiruppur.

#### **Pollachi Property-4**

Vacant land in Pollachi Taluk within Santheygoundanpalayam Village Acres 1.71 Patta No.41 in G.S. No. 101B situated in Pollachi Taluk, Tamil Nadu State bounded on North by: G.S No 100, South by: Subbammal and Marammal Share of Lands, East by: G.S No 95, West by: G.S No 102, within the local limits of Santheygoundanpalayam Village Sub-Registration District of Pollachi, Registration District of Tiruppur.

#### **Pollachi Property-5**

Vacant land in Pollachi Taluk within Santheygoundanpalayam Village Acres 2.40 Patta No.42 in G.S. No. 101A situated in Pollachi Taluk, Tamil Nadu State bounded on North by: Chinnan Chettiar's Lands, South by: Sozhanur East West Itteri, East by: Velusamy Naicker's Lands, West by: Pathilu Naicker's Lands, within the local limits of Santheygoundanpalayam Village Sub-Registration District of Pollachi, Registration District of Tiruppur.

\*\*\*\*\*

# MADRAS STOCK EXCHANGE LTD.

Phone : 25228951 / 52 / 53 / 57 / 4393  
Fax : 044-25244897  
E-mail Id : info@mseindia.in  
Website : www.mseindia.in



Exchange Building :  
Post Box No. 183  
New No. 30, Second Line Beach,  
Chennai - 600 001.  
CIN : U67110TN1957PLCO58053

MSE/LD/PSK/738/268/14  
14<sup>th</sup> August 2014

The Company Secretary,  
Kar Mobiles Limited,  
"Maithiri",  
132, Cathedral Road,  
CHENNAI-600 086

Dear Sir,

**Sub: Application under clause-24(f) of the Listing Agreement to the proposed Scheme of Amalgamation of Kar Mobiles Limited with Rane Engine Valve Limited**

Please refer to your letter dated 12<sup>th</sup> June 2014 along with the enclosures, seeking approval under clause-24(f) of the Listing Agreement for the proposed Scheme of Amalgamation of Kar Mobiles Limited with Rane Engine Valve Limited.

The Exchange noted the confirmation given by the Company that the scheme of amalgamation/arrangement does not in any way violate or circumscribe the provisions of the SEBI Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996, the Companies Act, 1956, the rules, regulations and Guidelines made under these Acts and the provisions as explained in clause-24(f) of the Listing Agreement or the requirements of Madras Stock Exchange Limited.

SEBI, vide its letter dated 12<sup>th</sup> August 2014, has stated that the company shall duly comply with various provisions of the circulars.

Accordingly, we hereby convey our 'no-objection' with limited reference to those matters having a bearing on listing/delisting/continuous listing requirements within the provisions of the Listing Agreement, so as to enable you to file the Scheme with the Hon'ble High Court.

It is to be understood that the Exchange while granting no-objection does not express its opinion on the fairness or otherwise, of the valuation of the entities concerned or the exchange ratio proposed in the said scheme of amalgamation.

You are advised to bring the contents of this letter to the notice of your shareholders, all relevant authorities as deemed fit, and also mention the same in your application for approval of the scheme of amalgamation submitted to the Hon'ble High Court.

# MADRAS STOCK EXCHANGE LTD.

Phone : 25228951 / 52 / 53 / 57 / 4393  
Fax : 044-25244897  
E-mail Id : info@mseindia.in  
Website : www.mseindia.in



Exchange Building :  
Post Box No. 183  
New No. 30, Second Line Beach,  
Chennai - 600 001.  
CIN : U67110TN1957PLCO58053

The Exchange reserves its right to withdraw its no-objection / approval at any later stage if the information submitted to the Exchange is found to be incomplete / incorrect / misleading / false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines/Regulations issued by statutory authorities, etc.

Thanking you,

Yours faithfully,

**P. SAMPATHKUMAR**  
AGM & COMPLIANCE OFFICER



# Bangalore Stock Exchange Limited

Stock Exchange Towers, 51, 1st Cross, J.C. Road, Bangalore - 560 027.  
Phone : 41575234 / 35 Fax : 080 - 41575232 MAPIN ID-100006601  
CIN No. U67120KA1937PLC001292 Email : [ed\\_secretary@bgsse.co.in](mailto:ed_secretary@bgsse.co.in) Website: [www.bgsse.co.in](http://www.bgsse.co.in)

*By Regd. Post*

03/Listing /2014-15-330

August 14, 2014

Ms. N.B. Rekha  
Secretary

M/s. Kar Mobiles Limited  
"Malthiri", 132, Cathedral Road,  
CHENNAI - 600 086

Madam,

**Sub:** Observation letter for draft scheme of Amalgamation of M/s. Kar Mobiles Limited with Rane Engine Value Limited.

**Ref:** Your letter dated 12.6.2013

Our letter dated 18.7.2014 addressed to SEBI.

SEBI letter No. CFD/DIL/AKD/PM/23831/2014 dated 12.8.2014.

With reference to the draft scheme of Amalgamation of M/s. Kar Mobiles Limited with Rane engine Value Limited and to our letter dated July 18, 2014, Securities & Exchange Board of India vide letter No. CFD/DIL/AKD/PM/23831/2014 dated 12.8.2014 has given the following comments on the said scheme of Amalgamation -

*"The Company shall duly comply with various provisions of the Circulars"*

We therefore convey our "No objection" with limited reference to those matters having a bearing on listing/delisting/continuous listing requirements within the provisions of the Listing Agreement, to enable the Companies to file the Scheme with the Hon'ble High Court.

Please note that the Exchange reserves its rights to withdraw this "No objection" approval at any stage if the information submitted to the Exchange is found to be incomplete/incorrect/misleading/false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines/Regulations issued by Statutory Authorities. Further, you are also requested to take immediate steps to submit the same to the Hon'ble High Court and to confirm the compliance

Thanking you,

Yours faithfully,

*(Signature)*  
(MANJIT SINGH)  
EXECUTIVE DIRECTOR

Encl: SEBI ltr dated 12.8.2014



# KAR MOBILES LIMITED

Regd. Office : "Malthiri", 132, Cathedral Road, Chennai - 600 086, India  
Tel : +91 44 2811 2472 Fax: +91 44 2811 2449, [www.rano.co.in](http://www.rano.co.in)

CIN : L85110TN1936PLC071646

Draft Scheme of Amalgamation of Kar Mobiles Limited

with Rane Engine Valve Limited and the respective shareholders and creditors

Complaints Report: For the period June 20, 2014 to July 11, 2014

## Part A

Sr. No.	Particulars	Number
1.	Number of complaints received directly	Nil
2.	Number of complaints forwarded by Stock Exchange	Nil
3.	Total Number of complaints/comments received (1+2)	Nil
4.	Number of complaints resolved	Not Applicable
5.	Number of complaints pending	Not Applicable

## Part B

Sr. No.	Name of complainant	Date of complaint	Status (Resolved/Pending)
1.			
2.	NOT APPLICABLE		
3.			

For Kar Mobiles Limited



N.B. Rekha  
Secretary

Date: July 18, 2014

Place: Chennai



**STRICTLY PRIVATE & CONFIDENTIAL**

May 20, 2014

To,

**The Board of Directors**

Rane Engine Valve Limited

Maithri 132, Cathedral Road

Chennai – 600 086

**The Board of Directors**

Kar Mobiles Limited

Maithri 132, Cathedral Road

Chennai – 600 086

**Sub: Fairness Opinion on the joint valuation carried out by M/s SSPA & Co., Chartered Accountants and M/s BSR Associates, Chartered Accountants in connection with the proposed merger of Kar Mobiles Limited into Rane Engine Valve Limited under a Scheme of Amalgamation.**

Dear Sir(s),

We refer to our discussion wherein the management of Rane Engine Valve Limited (hereinafter referred to as "REVL" or "Company") has requested Fortress Capital Management Services Private Limited ('us') to give a Fairness Opinion on the joint valuation carried out by M/s SSPA & Co., Chartered Accountants and M/s BSR Associates, Chartered Accountants (together referred to as "Joint Valuers") on the proposed merger of Kar Mobiles Limited (hereinafter referred to as "KML") into Rane Engine Valve Limited under a Scheme of Amalgamation (hereinafter referred to as "Scheme").

**1. BACKGROUND, SCOPE AND PURPOSE OF THIS REPORT**

1.1 **Rane Engine Valve Limited** was incorporated in 1972 and it manufactures and markets components for the transportation industry in India. It manufactures engine valves, guides, and tappets for passenger cars, commercial vehicles, farm tractors and two/ three wheelers. REVL operates as a subsidiary of Rane Holdings Limited.

The shares of REVL are listed on BSE Limited ("BSE"), National Stock Exchange of India Limited ("NSE") and Madras Stock Exchange ("MSE").

1.2 **Kar Mobiles Limited** was incorporated in 1936 and it manufactures and sells medium and large engine valves for power generation, marine and special applications. It offers steel and nickel alloy engine valves that are used in various applications in segments such as agricultural/ industrial/ stationary, marine, locomotives, battle



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**FORTRESS CAPITAL MANAGEMENT SERVICES PVT. LTD.**

Registered Office: 2nd Floor, 49, Westlands, Scheme 2, Madurai, Tamil Nadu, India. Telephone: +91 409 002 11000

Mail: +91 (02) 2300 1924, 15 + Fax: +91 (02) 2300 1400 + Email: fortress@fortresscs.com + Website: www.fortresscs.com

tanks, farm tractors, automotive-passenger cars/ light commercial vehicle/ heavy commercial vehicles and high performance cars.

The shares of KML are listed on the Bangalore Stock Exchange, Madras Stock Exchange and are traded on the Indo Next platform of BSE.

1.3 The management is proposing to merge KML into REVL with effect from appointed date of April 1, 2014. We have been informed that this is proposed to be achieved by implementing a Scheme of Amalgamation under the provisions of Sections 391 - 394 of the Companies Act, 1956, ("Scheme of Amalgamation").

1.4 We have also been informed that as part of the proposed merger, KML will cease to exist and as consideration for their equity shares in KML, the shareholders of KML will be issued equity shares of REVL.

1.5 In this regard M/s BSR Associates, Chartered Accountants and M/s SSPA & Co., Chartered Accountants (Joint Valuers) were appointed by management of REVL and KML to issue a joint valuation report recommending a fair exchange ratio of equity shares in connection with the proposed merger under the Scheme.

1.6 Accordingly, REVL has appointed us to give a fairness opinion on the joint valuation carried out by Joint Valuers in connection with the proposed merger of Kar Mobiles Limited into Rane Engine Valve Limited under a Scheme of Amalgamation.

1.7 The information is intended only for the sole use of captioned purpose including for obtaining the requisite statutory approvals.

**2. SOURCES OF INFORMATION**

For the purpose of this exercise, we have relied upon the following sources of information:

- (a) Audited financial statements of REVL for the years ended 31 March 2012, 2013 and provisional financial statements for the year ended 31 March 2014;
- (b) Audited financial statements of KML for the years ended 31 March 2012, 2013 and provisional financial statements for the year ended 31 March 2014;
- (c) Management Business Plans for REVL and KML for the period 1 April 2014 to 31 March 2019 and Management information reports;
- (d) Representation related to surplus assets, including copy of the report from a government registered valuer for REVL dated May 10, 2014 for Alandur land and May 12, 2014 for land at Medchal;



Page 2 of 4

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Registered Office: 2nd Floor, 49, Westlands, Scheme 2, Madurai, Tamil Nadu, India. Telephone: +91 409 002 11000

Mail: +91 (02) 2300 1924, 15 + Fax: +91 (02) 2300 1400 + Email: fortress@fortresscs.com + Website: www.fortresscs.com

- (e) Representation related to surplus assets, including copy of the report dated May 9, 2014 for Pollachi land and May 10, 2014 for land at Peenya from government registered valuer for KML;
- (f) Report dated May 20, 2014 issued by Joint Valuers providing the share exchange ratio for the purpose of proposed amalgamation.
- (g) Such other information and explanations as we required and which have been provided by the management of REVL, KML and Joint Valuers.

### 3. EXCLUSIONS AND LIMITATIONS

- 3.1 Our conclusion is based on the information furnished to us being complete and accurate in all material respects. We have relied upon the financials and the information and representations furnished to us without carrying out any audit or other tests to verify its accuracy with limited independent appraisal.
- 3.2 We have not conducted any independent valuation or appraisal of any of the assets or liabilities of the companies.
- 3.3 Our work does not constitute verification of financials or including the working results of the Companies referred to in this report. Accordingly, we are unable to and do not express an opinion on the fairness or accuracy of any financial information referred to in this report.
- 3.4 Our opinion is not intended to and does not constitute a recommendation to any shareholders as to how such shareholder should vote or act in connection with the Scheme of Amalgamation or any matter related therein.
- 3.5 Our liability (statutory or otherwise) for any economic loss or damage arising out of the rendering this Opinion shall be limited to amount of fees received for rendering this Opinion as per our engagement with REVL.
- 3.6 Our opinion is not, nor should it be construed as our opining or certifying the compliance of the proposed amalgamation with the provisions of any law including companies, taxation and capital market related laws or as regards any legal implications or issues arising thereon.
- 3.7 We assume no responsibility for updating or revising our opinion based on circumstances or events occurring after the date hereof.
- 3.8 We do not express any opinion as to the price at which shares of REVL may trade at any time, including subsequent to the date of this opinion.



- 3.9 This certificate has been issued for the sole purpose to facilitate the Companies to comply with clause 24(f) and 24(h) of the Listing Agreement and SEBI Circular No CIR/CFD/DIL/5/2013 dated 4 February 2013 and CIR/CFD/DIL/8/2013 dated 21 May 2013 and it shall not be valid for any other purpose.

### 4. VALUATION METHODOLOGY ADOPTED BY THE JOINT VALUERS

For the purpose of joint valuation, the Joint Valuers have adopted the Discounted Cash flow Method and Net Asset Value Method for arriving at the exchange ratio for shares.

### 5. CONCLUSION

- 5.1 We have reviewed the methodology used by the Joint Valuers for arriving at the exchange ratio for shares.
- 5.2 On the basis of the foregoing and based on the information and explanation provided to us, in our opinion, the proposed amalgamation and share exchange ratio of 7 (Seven) equity share of REVL of face value of INR 10/- each fully paid up for every 10 (Ten) equity shares of KML of face value of INR 10/- each fully paid up is fair.

Thanking you,

Yours faithfully,

For Fortress Capital Management Services Pvt. Ltd.

*Vishal M. Gode*

Authorized Signatory

Place: Mumbai

SEBI Registration No.: INM000011146



## INSTRUCTIONS FOR POSTAL BALLOT

1. A Shareholder desiring to exercise vote by Postal Ballot may complete Postal Ballot Form (no other form or photocopy thereof is permitted) and send it to the Scrutinizer, Mr. R. Balasubramaniam, Practicing Company Secretary in the enclosed self-addressed inland letter. Postage will be borne and paid by the Company. However, Postal Ballot Form(s), if deposited in person or if sent by courier or registered/speed post at the expense of the Shareholder will also be accepted.
2. The self-addressed inland letter bearing the name and postal address of the Scrutinizer appointed by the Board.
3. This Form should be completed and signed by the Shareholder (as per the specimen signature registered with the Company/ Depository Participants). In case of joint holding, this Form should be completed and signed by the first named Shareholder and in his absence, by the next named Shareholder.
4. Duly completed Postal Ballot Form should reach the Scrutinizer not later than close of working hours on Thursday, November 6, 2014. All Postal Ballot Forms received after this date will be strictly treated as if the reply from such Shareholder has not been received.
5. There will be only one Postal Ballot Form for every Folio/Client ID irrespective of the number of joint Shareholder(s).
6. In case of shares held by companies, trusts, societies, etc. the duly completed Postal Ballot Form should be accompanied by a certified true copy of Board Resolution/Authority Letter.
7. A Shareholder may request for a duplicate Postal Ballot Form, if so required. However, the duly completed duplicate Postal Ballot Form should reach the Scrutinizer not later than the last date of receipt of Postal Ballot Form, i.e. close of working hours on Thursday, November 6, 2014.
8. Voting rights shall be reckoned on the paid up value of shares registered in the name of the Shareholders as on cutoff date i.e. Friday, September 19, 2014.
9. Shareholders are requested not to send any other paper along with the Postal Ballot Form, as all such forms will be sent to the Scrutinizer and any extraneous paper found would be destroyed by the Scrutinizer.
10. A Shareholder need not use all the votes nor does he need to cast all the votes in the same way.
11. The Scrutinizer's decision on the validity of a Postal Ballot will be final and binding.
12. Incomplete, unsigned or incorrect Postal Ballot Forms will be rejected.
13. The result of the Postal Ballot will also be posted on the website of the Company [www.rane.co.in](http://www.rane.co.in) and also in the newspaper(s) for the information of the Shareholders.
14. The Company is pleased to offer e-voting facility as an alternate, for all the Shareholders of the Company to enable them to cast their votes electronically instead of dispatching Postal Ballot Form. E-voting is optional.

### INSTRUCTION FOR E-VOTING

**a. In case of Shareholders' receiving e-mail from R&T Agents**

- i. Open e-mail account and open PDF file viz. "kmlscheme-voting.pdf" with your Client ID or Folio Number as Password. The said PDF file contains your User ID and Password for e-voting. Please note that the password is an initial password.
- ii. Launch internet browser by typing the following URL: [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- iii. Click on Shareholder – Login.
- iv. Put user ID and password as initial password noted in step (i) above. Click Login.
- v. Password change menu appears. Change the password with new password of your choice with minimum 8 digits/characters or combination thereof. Note your new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- vi. Home page of e-Voting opens. Click on e-Voting: Active Voting Cycles.
- vii. Select "EVEN" (E-Voting Event Number) of Kar Mobiles Limited.
- viii. Now you are ready for e-Voting as Cast Vote page opens.
- ix. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- x. Upon confirmation, the message "Vote cast successfully" will be displayed.
- xi. Once you have voted on the resolution, you will not be allowed to modify your vote.
- xii. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority Letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to [balu\\_comsec@yahoo.com](mailto:balu_comsec@yahoo.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).

**b. In case of Shareholders' receiving Postal Ballot Form by Post and desiring to cast e-vote:**

- i. Initial password is provided at the bottom of the Postal Ballot Form
- ii. Please follow all steps from Sl. No. ii to Sl. No. xii of (a) above, to cast vote

**c. In case of any queries, you may refer to the frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the Downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com)**

**d. If you are already registered with NSDL for e-voting then you can use your existing user ID and password for casting your vote. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s)**



**IN THE HIGH COURT OF JUDICATURE AT MADRAS**

(Original Jurisdiction)

Company Application No. 875 of 2014

In the matter of Companies Act I of 1956,

And

In the matter of Kar Mobiles Limited

And

In the matter of the Scheme of Amalgamation of

Kar Mobiles Limited

with

Rane Engine Valve Limited

And

their respective Shareholders and Creditors

**Kar Mobiles Limited,**

represented by its director Mr. L. Lakshman

Having its registered office at

"Maithri" 132, Cathedral Road,

Chennai – 600086

Applicant / Transferor Company

**Form of Proxy**

I \_\_\_\_\_ the undersigned as equity shareholder of the above company hereby appoint \_\_\_\_\_, of \_\_\_\_\_, and failing him \_\_\_\_\_, of \_\_\_\_\_, as my proxy, to act for me at the meeting of the equity shareholders to be held at Narada Gana Sabha - Mini Hall, No. 314, TTK Road, Alwarpet, Chennai – 600 018 on Wednesday the 12<sup>th</sup> day of November 2014 at 02:00 P.M. for the purpose of considering and, if thought fit, approving, with or without modification, the Scheme of Amalgamation proposed to be made between the Applicant Company with Rane Engine Valve Limited and at such meeting and any adjournment thereof, to vote, for me and in my name \_\_\_\_\_ [Here, 'if for' insert 'for'; 'if against' insert 'against' and in the later case, strike out the words below the word Amalgamation] the said Scheme of Amalgamation either with or without modification as my proxy may approve.

( Strike out what is not necessary)

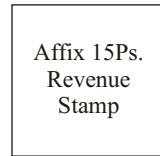
Dated at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_ 2014.

Name \_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_



Signature across the stamp

Folio No:

D.P. No:

Client ID No:

**Notes:**

1. Please affix 15ps. revenue stamp before subscribing signature.
2. The form of proxy must be deposited at the registered office of the Applicant Company not later than 48 hours before the time scheduled / fixed for the said meeting.
3. The proxy need not be a member of the Applicant Company
4. All alterations made in the form of proxy shall be initialed.
5. In case of multiple proxies, the proxy later in time, subject to validity, shall be accepted.

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# KAR MOBILES LIMITED



CIN: L85110TN1936PLC071646

www.rane.co.in

Registered Office: "Maithri", 132, Cathedral Road, Chennai – 600 086

## ATTENDANCE SLIP

**PLEASE FILL THIS ATTENDANCE SLIP AND HAND OVER AT THE ENTRANCE OF THE MEETING HALL**

**ONLY MEMBERS OR THEIR PROXIES ARE ENTITLED TO BE PRESENT AT THE MEETING**

DP id \*

Folio No.

Client id \*

No. of share(s) held

NAME AND ADDRESS OF THE SHAREHOLDER:

NAME AND ADDRESS OF THE PROXY HOLDER :

.....

.....

I hereby certify that I am a registered Shareholder / Proxy holder for the registered Shareholder of the Company.

I hereby record my presence at the meeting of the Equity Shareholders of the Company convened pursuant to the Order dated 9th day of September 2014 of the Hon'ble High Court of Judicature at Madras on Wednesday, the 12th day of November, 2014, at 02.00 p.m. at NaradaGana Sabha – Mini Hall, No. 314, TTK Road, Alwarpet, Chennai – 600 018.

.....

Signature of the Equity Shareholder or Proxy

### Notes :

1. \*Applicable for Shareholders holding shares in dematerialised form.
2. Equity Shareholder(s) who come to attend the meeting are requested to bring with them their copy of the notice.
3. Equity Shareholder(s) / Proxy holder wishing to attend the meeting must bring attendance slip to the meeting and hand it over at the entrance after affixing signature on it.

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यहाँ काट कर खोलिए TO OPEN CUT HERE

INLAND LETTER CARD  
अन्तर्देशीय पत्र कार्ड

BUSINESS REPLY INLAND LETTER CARD

PERMIT NO: TN /CH(C)/BRP/986  
THYAGARAYA NAGAR PO

POSTAGE  
WILL BE  
PAID BY THE  
ADDRESSEE

NO POSTAGE  
STAMP  
NECESSARY  
IF POSTED  
IN INDIA

To,  
The Scrutinizer  
Unit : Kar Mobiles Limited  
**Integrated Enterprises (India) Limited**  
2<sup>nd</sup> FLOOR, KENCES TOWERS,  
NO 1 RAMAKRISHNA STREET,  
NORTH USMAN ROAD,  
T NAGAR, CHENNAI – 600 017

यहाँ काट कर खोलिए TO OPEN CUT HERE



यहाँ काट कर खोलिए TO OPEN CUT HERE



दूसरा मोड़ SECOND FOLD

(SENDER'S NAME AND ADDRESS)

पहला मोड़ FIRST FOLD

### ELECTRONIC VOTING PARTICULARS

EVEN (Electronic Voting Event Number)	USER ID	PASSWORD

NO. OF SHARES :



# KAR MOBILES LIMITED

CIN: L85110TN1936PLC071646

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SL. No. :

## POSTAL BALLOT FORM

1. Name and Registered address of the sole / first named member (in block letters) :
  
2. Name(s) of joint holders, if any (in block letters) :
  
3. Registered Folio No. / DP ID No. & Client ID No.\* :  
(\*applicable for shareholders holding in dematerialized form)
  
4. Number of shares / votes held :
  
5. Nominal Value of shares held (Rs.) :
  
6. In case of voting by Power of Attorney :  
reference to the same registered with the Company

I / We hereby exercise my / our vote (s) in respect of the Resolution to be passed through postal ballot for the business stated in the Postal Ballot Notice dated September 22, 2014 of the Company by sending my / our assent or dissent to the said Resolution by placing the tick (✓) mark at the appropriate box below:

Item	No. of Shares/ Votes Held	I / We assent to the resolution (FOR)	I / We dissent to the resolution (AGAINST)
1	2	3	4
Scheme of Amalgamation of Kar Mobiles Limited with Rane Engine Valve Limited and their shareholders and creditors pursuant to Section 391-394 of the Companies Act, 1956, as set out in the Notice dated September 22, 2014			

Place:

Date :

Signature of the member

Note:

1. Please read the instructions before filling the Postal Ballot Form.
2. Last date for receipt of Ballot form by the scrutinizer is Thursday, November 6, 2014.