



Press Release

RANE GROUP - CONSOLIDATION OF SHAREHOLDING

Chennai, August 20, 2007: Rane Group today announced plans for consolidation of shareholding following an analysis of the company's structure.

Speaking on the occasion, Mr. L Ganesh, Chairman Rane Group, said "This restructuring exercise will facilitate value creation for the shareholders and will be an important milestone in the annals of the company. This restructuring exercise will unleash tremendous opportunities for growth and leadership by providing possibilities for enhancement of technological prowess and avenues for greater collaboration".

Consolidation Plans

The Rane Group based in Chennai is engaged in the business of auto components with a group sales of Rs.1400 crores during the year ended March 31, 2007. The Companies in the group are:

Listed Companies (NSE, BSE)

- Rane Holdings Limited (RHL)
- Rane (Madras) Limited (RML)
- Rane Brake Linings Limited (RBL)
- Rane Engine Valves Limited (REVL)
- Kar Mobiles Limited (KML)

Joint Venture Companies (50:50)

- Rane TRW Steering Systems Ltd (RTSSL) with TRW, USA
- Rane NSK Steering Systems Ltd (RNSSL) with NSK, Japan

Unlisted Companies

- Rane Investments Ltd (RIL)
- Rane Diecast Ltd (RDL)

Though all the companies are in the auto component industry, there are fine distinctions amongst them in terms of manufacturing processes, market profiles and technical collaborations resulting in the need to maintain distinct identities. At the same time, there was a felt need to restructure shareholding in the Group Companies removing cross holdings so as to unlock shareholder values.

In this background, the first phase of consolidation was undertaken in April 2004. Through a process of de-merger of the then composite RML, RHL became the holding company for the Group. This removed cross holdings in RML. The Promoters moved all their holdings in other companies except in RML, to RHL.

The next step in March 2007 entailed transfer of the Promoters Holding in RML to RHL, thereby making it a subsidiary

The concluding phase aims at elimination of residual cross holdings and consolidation of group company investments held by RBL and REVL into RHL.

The scheme as approved by the Boards of RHL, REVL and RBL today envisages de-merger of the manufacturing undertakings of RBL and REVL into two new manufacturing companies which are to be listed and merger of the residual non-manufacturing businesses (mainly investments) of RBL and REVL into RHL.

The scheme also envisages that for every 100 shares held in RBL/REVL, the shareholder will be allotted 100 shares in the respective new manufacturing companies and additionally RBL and REVL shareholders will be allotted 75 and 56 shares respectively in RHL.

The swap ratios for allotment of RHL shares are based on valuation of Ernst and Young.

The above scheme of arrangement which requires the approval of the High Court is expected to be completed by March 2008.

The benefits arising out of this scheme are :

Removal of cross holding which would enhance value of all the listed companies' shares

The current shareholders of REVL and RBL in addition to getting equal number of shares in the new manufacturing company, also get proportionate number of shares in RHL

A shareholder in RHL gets a diversified portfolio reflecting full value of the group.

Forward-looking statements

This press release includes statements that are not historical in nature and that may be characterized as "forward looking statements," including those related to the extent and timing of reductions in annual expenses and other measures, the effect of the consolidation on profitability and the company's evaluation of its businesses. You should be aware that Rane Group's actual results and activities could differ materially from those contained in the forward-looking statements, which are based on current expectations of Rane Group management and are

subject to a number of risks and uncertainties, including but not limited to unanticipated business and regulatory developments and the other factors described in Rane Group's Annual Report for the fiscal year ended March 31, 2007. Rane disclaims any intention or obligation to update any forward-looking statements as a result of developments occurring after the date of this release.

For further details please contact:

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