



Rane Engine Valve Ltd.

www.rane.co.in
CIN: L74999TN1972PLC006127

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

Tel : 044 - 2811 2472
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Report on recommendations of the Audit Committee on the Draft Scheme Of Amalgamation of Kar Mobiles Limited ('KML' or 'the Transferor Company') with Rane Engine Valve Limited ('REVL' or 'the Transferee Company').

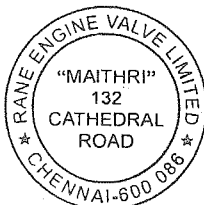
The Company has placed before the Audit Committee, the Draft Scheme of Amalgamation between Kar Mobiles Limited ("KML") and Rane Engine Valve Limited ("REVL") and their respective Shareholders and Creditors for recommendation of the Scheme by the Audit Committee to the Board of Directors as required vide SEBI Circular No. CIR/CFD/DIL/05/2013 dated February 4, 2013 ('Circular').

In view to comply with the said Circular, members of the Audit Committee discussed and recommended the Draft Scheme after considering the following documents:

- Draft Scheme of Amalgamation between KML and REVL;
- Joint Valuation Report from BSR and Associates and SSPA & Co., Independent Chartered Accountants; and
- Fairness Opinion issued by Fortress Capital Management Services Pvt. Ltd., on the joint valuation carried out by M/s SSPA & Co., Chartered Accountants and BSR Associates, Chartered Accountants.

Below are the Recommendations of the Audit Committee on the Draft Scheme of Arrangement:

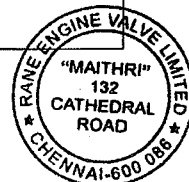
1	Date	May 20, 2014
2	Name of the Transferor Company	Kar Mobiles Limited ('KML')
3	Name of the Transferee Company	Rane Engine Valve Limited ('REVL')
4	Salient Features of the Scheme	KML ('Transferor Company') will be merged with REVL ('Transferee Company'). The appointed date for the Scheme shall be 1 st day of April, 2014. In consideration of the transfer of and vesting of the assets and said liabilities of the Transferor Company in the Transferee Company in terms of this Scheme, the Transferee Company shall without any further application or deed, issue and allot: 7 (seven) fully paid up equity share of Rs.10/- (Rupees Ten only) each of the Transferee Company for every 10 (Ten) fully paid-up equity shares of Rs. 10/-(Rupees Ten Only) each, held by the shareholders in Transferor Company.
5	Name of the Independent Chartered Accountant	BSR and Associates, Chartered Accountants SSPA & Co, Chartered Accountants



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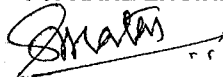
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6	Details of Audit Committee	<p>The composition of the Audit Committee, is as follows:</p> <p>i) Mr. C N Srivatsan – Chairman (Independent Director) ii) Mr. L Lakshman - Member (Non-Executive Director) iii) Mr. R Jagannath – Member (Independent Director) iv) Mr. Ashok Malhotra – Member (Independent Director)</p> <p>Secretary of the Company acts as Secretary to the Committee.</p>
7	Recommendation on the Draft Scheme of amalgamation and Exchange Ratio taking into consideration the Joint Valuation Report	<p>Based on review of the draft Scheme of Amalgamation between KML and REVL, Joint Valuation Report dated May 20, 2014 issued by BSR and Associates, Independent Chartered Accountant and SSPA & Co., Independent Chartered Accountant and the Fairness Opinion issued by Fortress Capital Management Services Pvt. Ltd., on the joint valuation, the Audit Committee believes that the Scheme of Amalgamation and Exchange Ratio of 7 (Seven) fully paid up equity share of Rs.10/- (Rupees Ten only) each of the Transferee Company for every 10 (Ten) fully paid-up equity shares of Rs. 10/- (Rupees Ten Only) each, held by the shareholders in Transferor Company is fair and reasonable.</p>
8	Summary of reasons for recommendations	<p>The Fair Exchange Ratio that has been arrived on the basis of relative equity valuation of REVL and KML based on methods explained in the valuation report taking into consideration the various qualitative factors relevant to each company and the business dynamics and growth potentials of the business of the Companies.</p> <p>In the above circumstances, the Exchange Ratio as mentioned in Draft Scheme of Amalgamation is fair and reasonable.</p>

To the best of our knowledge and belief, after making proper enquiry, the information contained in or accompanying this statement is, in all material respect, true and correct and not misleading, whether by omission of any information or otherwise.

For RANE ENGINE VALVE LIMITED



(C N SRIVATSAN)
CHAIRMAN OF THE AUDIT COMMITTEE

Date: May 20, 2014

Place: Chennai

