

Rane Group Announces Merger of Rane Brake Lining Ltd. and Rane Engine Valve Ltd. into Rane (Madras) Ltd.

Creation of a unified platform to drive future growth

Chennai, India, February 9, 2024

The Board of Directors of Rane (Madras) Limited ("RML"), Rane Brake Lining Limited ("RBL") and Rane Engine Valve Limited ("REVL"), at their respective meetings held today, have approved the proposed reorganization through a scheme of arrangement ("Scheme") which entails merger of RBL and REVL into RML ("Transaction"). The merger significantly simplifies the group structure by consolidating listed operating companies and aligns public shareholders' interest by converging their stake at a single listed entity.

Upon the Scheme becoming effective:

- **RBL shareholders** will receive 21 fully paid-up equity share(s) of RML for 20 fully paid-up equity share(s) of RBL held by them as on the record date.
- **REVL shareholders** will receive 9 fully paid-up equity share(s) of RML for 20 fully paid-up equity share(s) of REVL held by them as on the record date.

The respective Board have approved the entitlement ratio based on the recommendations of independent valuers.

The Scheme is subject to the necessary regulatory and customary approvals including approval of the stock exchanges, SEBI, the respective shareholders, and creditors of each of the companies and NCLT (Chennai bench). Implementation of the scheme is expected to take around 9 to 12 months subject to receipt of the requisite approvals.

Strategic Rationale and Benefits

The reorganization brings all operating business subsidiaries under one single entity. The proposed transaction will create a larger company with a combined turnover of Rs. 3,373 crore for the trailing twelve months period ended December 31, 2023 (i.e., Jan'23 to Dec'23) on a proforma basis.

The scheme envisages:

- Simplification of group structure to capture full value of the listed operating businesses of the group
- Unlocking of synergies leveraging stronger business connect across product lines and enhancing operational and financial efficiencies through scale
- Creation of a larger entity increases flexibility to raise capital for growth pursuits, both organic and inorganic

Commenting on the Transaction, Mr. L Ganesh, Chairman, Rane Group said, *“Today marks an important day in our journey to create value for our stakeholders. We welcome the respective Boards’ decision to approve the proposed reorganization which allows all shareholders to participate in the growth of a larger auto component player with diversified product lines with exposure to the attractive automotive industry. The merger will help unlock various synergies among the businesses and will enhance stakeholder value for the long term.”*

Mr. Harish Lakshman, Vice Chairman, Rane Group added, *“This reorganization scheme demonstrates our commitment to take actions that create value for our shareholders. The transaction simplifies the group structure by bringing together listed operating businesses and creating a platform that is well poised for the next phase of growth.”*

About Rane (Madras) Limited

Rane (Madras) Limited (RML) is part of the Rane Group of Companies, a leading auto component group based out of Chennai. RML has two divisions namely Steering and Linkages Division (SLD) and Light Metal Casting India Division (LMCI). SLD manufactures mechanical steering gears, hydrostatic steering systems and steering and suspension linkage products. LMCI manufactures low porosity, high-quality light metal casting such as steering housings and engine case covers.

About Rane Engine Valve Limited

Rane Engine Valve Limited (REVL) is part of the Rane Group of Companies, a leading auto component group based out of Chennai. REVL manufactures engine valves, valve guides and tappets for various IC engine applications. REVL is market leader in Indian OEM and replacement markets. REVL caters to all segments of automobile industries such as PV, CV, Tractors, 2W, 3W, stationary engines, railways and marine engines.



About Rane Brake Lining Limited

Rane Brake Lining Limited (RBL) is part of the Rane Group of Companies, a leading auto component group based out of Chennai. RBL manufactures friction material products such as Brake linings, Disc pads, Clutch facings, Clutch buttons, Brake Shoes and Railway brake blocks. RBL is market leader in India and global player in friction material. It has technical collaboration with Nisshinbo Brakes Inc., Japan for know-how in brake linings, disc pads & clutch facings. RBL products have application in every segment of automobile industry such as PV, CV and 2W/3W.

About Rane Group

Headquartered in Chennai, India, Rane Group is engaged primarily in manufacturing auto components for well over five decades. Rane Group is a preferred supplier to major OEMs in India and abroad. Through its group companies, it manufactures Steering and Suspension systems, Friction materials, Valve train components, Occupant safety systems and Light metal casting products. Its products serve a variety of industry segments including Passenger Vehicles, Commercial Vehicles, Farm Tractors, Two-wheelers, Three-wheelers, Railways and stationery Engines.

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