

ANNOUNCEMENT TO SHAREHOLDERS OF

SHANTHI GEARS LIMITED

Registered Office: 304-A, Trichy Road, Singanallur, Coimbatore 641 005, Tamil Nadu.

This Announcement is further to, and should be read in conjunction with, the Detailed Public Statement (DPS) dated July 19, 2012, published on July 20, 2012, issued by Enam Securities Private Limited, the Manager to the Offer, on behalf of Tube Investments of India Limited ("Acquirer"), being made by the Acquirer for acquiring 2,12,46,122 equity shares, representing 26% of the share capital of Shanthi Gears Limited (the "Target") to the Target's equity shareholders, pursuant to and in compliance with Regulations 14 and 15 and other applicable provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and subsequent amendments thereto ("SEBI (SAST) Regulations" or "Regulations").

The shareholders of the Target are requested to kindly note the following:

In terms of Regulations 22(2) and 24(1) of the SEBI (SAST) Regulations, the Acquirer is required to deposit one hundred per cent of the total Open Offer consideration in an escrow account prior to (a) acting upon the agreement for completion of the sale and (b) appointment of its Directors on the Board of the Target. Accordingly, the Acquirer has deposited, in cash, ₹ 170,37,26,523/- (Rupees One Hundred Seventy crores, Thirty Seven lakhs, Twenty Six thousand, Five hundred and twenty three only) ("New Deposit") in addition to ₹ 1,72,09,359/- (Rupees One crore, Seventy Two lakhs, Nine thousand, Three hundred fifty nine only), which had previously been deposited ("Previous Deposit") in the Open Offer Escrow Account with HSBC Bank Limited, having its registered office at 1, Queens Road Central, Hong Kong, India, corporate office at 52/60 Mahatma Gandhi Road, Fort, Mumbai 400 001, Maharashtra and acting through its branch at Shiv Building, Plot No. 139-140 B, Western Express Highway, Sahar Road Junction, Vile Parle (East), Mumbai - 400 057 ("Escrow Bank"). A lien has been marked on the said Cash Escrow Account in favour of the Manager to the Offer by the Escrow Bank.

The Acquirer has, thus, created an escrow for one hundred percent of the consideration payable in the Open Offer, assuming full acceptances, aggregating ₹ 172,09,35,882 (Rupees One Hundred Seventy Two crores, Nine lakhs, Thirty Five thousand, Eight hundred and Eighty Two only), in accordance with Regulations 22(2) and 24(1) of the SEBI (SAST) Regulations. The Manager to the Open Offer is authorized to realize the value of the escrow in terms of the Regulations and the Escrow Bank has marked a lien on the entire said cash deposit in favour of the Manager to the Offer.

As per the Share Purchase Agreement dated July 13, 2012 ("SPA"), the Acquirer has completed the acquisition of 44.12% shares from the promoters of the Target comprising Mr. P. Subramanian, M/s. Shanthi General Finance Private Limited and Shanthi Social Services upon compliance with Regulation 22(2) of the SEBI (SAST) Regulations, on September 3, 2012. All other terms and conditions of the Open Offer remain unchanged.

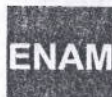
Consequent to the above and pursuant to the Share Purchase Agreement dated July 13, 2012 and upon compliance with Regulation 24(1) of the SEBI (SAST) Regulations, the Acquirer has appointed Mr. M. M. Murugappan, Mr. L. Ramkumar, and Mr. Sreeram Srinivasan on the Board of Directors of the Target Company. The aforesaid persons have been appointed as additional Directors of the Target at the meeting of the Board of Directors of the Target held on 3rd September, 2012. Additionally, the Board of Directors of the Target Company has also been reconstituted to appoint Mr. C. R. Swaminathan and Mr. J. Balamurugan as additional directors (independent).

DECLARATION BY THE ACQUIRER

The Acquirer and the Board of Directors of the Acquirer accept full responsibility for the information contained in this Announcement and for fulfillment of their obligations under the SEBI (SAST) Regulations, 2011.

The terms used but not defined in this Announcement shall have the same meaning assigned to them in the DPS. This Announcement would also be available on the SEBI website at <http://www.sebi.gov.in>.

ISSUED ON BEHALF OF THE ACQUIRER BY:



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Date : September 3, 2012
Place : Mumbai

PRESSMAN