

PRESS RELEASE
RSB ACQUIRES 70 % STAKE IN
MSI, BELGIUM

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RSB Transmissions, a fast growing engineering and technology organization with 10 state-of-the-art manufacturing plants spread over 7 locations in India and the USA which designs and manufacturers aggregates used by automotive, construction and farm equipment sectors has acquired, through its Netherlands based European SPV, RSB Europe BV, 70 % stake of the Belgium based construction equipment aggregate manufacturer MSI (Mechanical Supplies International) for an undisclosed sum. Pre recession, in 2008, MSI recorded a turnover of Euro 21 million. It has the innate capacity and is projected to climb to Euro 28 million by 2012 without any additional investment.

The Belgian company, MSI NV, situated in the city of Tessenderlo, presently manufactures heavy fabrication aggregates for excavators, off-highway machines and windmills which are similar to the products of RSB manufactured in its Jamshedpur, Dharwad and Chennai plants. Both MSI and RSB have identical technology, process and machines. The Caterpillar Belgium and Caterpillar France are the major customers of MSI, just as Caterpillar India is one of the prime customers of RSB. MSI is the most favoured supplier of Caterpillar, Belgium and France and is one of the two suppliers with the coveted Bronze Certificate. Incidentally, Caterpillar, Belgium is the largest Caterpillar operation outside the USA.

The acquisition of majority stake in MSI provides immense synergy benefits to both RSB and MSI. RSB, which exports substantial heavy fabrications to Europe, can now have a front-end presence in Europe to consolidate and grow its exports. European customers will have greater comfort to do business with RSB. Moreover, heavy fabrications which were otherwise logistically impossible to ferry from India to Europe can now be offered by RSB – MSI combine. The sub-assemblies will be manufactured in India and the final assembly and finishing work can be done at MSI. Thus more value added products can be offered by RSB. RSB has already commenced exports to Terex Europe and with this association RSB expects to deepen its engagement with Terex. In this manner the export business is set to grow. RSB-MSI association will also be leveraged by MSI to secure additional business from Caterpillar with whom both RSB and MSI are otherwise engaged individually. Likewise for some of the products presently manufactured by MSI, certain sub-assemblies can be outsourced to India to derive cost benefits. RSB-MSI combine will be able to leverage each other's capabilities and thus add new customers to their respective businesses both in the European and India geography. This coming together of RSB and MSI is thus beneficial to both to expand their top line and improve their bottom line. Incidentally, both RSB and MSI have DIN 18 800-7, class 7 welding qualification and are thus advantageously positioned for the global heavy fabrication business.

It may be recalled that in November 2006, RSB Transmissions had acquired the Michigan based Miller Brothers Manufacturing – since rechristened RSB NA – a specialty auto transmission component manufacturing company. The Group has successfully managed this acquisition and hence even during the last two years of deep recession RSB NA has been both PBT and PAT positive.

In the closely held RSB Transmission, IL&FS Investment Managers Limited (IIML) and Evolve Limited are minority PE investors.