



(The Company was incorporated on January 16, 1992 under the Companies Act, 1956. In November 2001, our Registered Office was changed from Jayalakshmi Estates, First Floor No. 8, Haddows Road, Chennai 600 006 to DP: 36, SIDCO Industrial Estate, Thirumazhisai, Chennai-602 107.

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Public Issue of 3,945,130 Equity Shares of Rs. 10/- each for cash at a price of Rs. 130/- per Equity Share aggregating to Rs. 512,866,900 (the 'Issue') by Indo Tech Transformers Limited ("Company" or "Issuer") consisting of fresh issue of 2,956,750 equity shares and offer for sale of 397,480 shares of Rs 10/- each by Mr. P. S. Jagdish and 590,900 shares of Rs. 10/- each by Twenty First Century Management Services Limited ("Offerors"). The Fresh Issue and the Offer for Sale are jointly referred to herein as the "Issue". 50,000 Equity Shares will be reserved in the Issue for subscription by eligible employees. The Net Issue to the Public is of 3,895,130 Equity Shares of Rs. 10/- each at a price of Rs. 130 per Equity Share aggregating Rs. 506,366,900 (the "Net Issue"). The Issue would constitute 37.15% of the fully diluted post issue paid up Equity Capital of the Company. The face value of the shares is Rs. 10 and the issue price is 13 times of the face value.

RISK IN RELATION TO THE FIRST ISSUE

This being the first issue of Indo Tech Transformers Limited (the "Company"), there has been no formal market for the shares of the Company. The face value of the shares of the Company is Rs.10/- per share and the Issue Price of Rs. 130/- per share is 13 times of the face value of the shares of the Company. The issue price (as has been determined and justified by the Lead Manager and Indo Tech Transformers Limited as stated herein under the paragraph on Basis of Issue Price) should not be taken to be indicative of the market price of the equity shares after the shares are listed. No assurance can be given regarding an active or sustained trading in the shares of the Company or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investments in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Company and the Issue including the risks involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India (SEBI), nor does SEBI guarantee the accuracy or adequacy of this Prospectus. Specific attention of the investors is invited to the section titled 'Risk Factors' beginning on page iii of this Prospectus.

OFFERORS AND ISSUER'S ABSOLUTE RESPONSIBILITY

The Offerors and the Company having made all reasonable inquiries, accept responsibility for and confirm that this Prospectus contains all information with regard to the Company and the Issue, which is material in the context of the Issue, that the information contained in this Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The Equity Shares are proposed to be listed on The National Stock Exchange of India Ltd. (NSE) (the Designated Stock Exchange) and The Stock Exchange, Mumbai (BSE). The in-principle approvals have been received from these Stock Exchanges for listing of the Equity Shares vide NSE letter dated December 22, 2005 and BSE letter dated December 27, 2005 respectively.

LEAD MANAGER TO THE ISSUE	REGISTRAR TO THE ISSUE
 <p>Enam Financial Consultants Private Limited 801, Dalamal Tower, Nariman Point, Mumbai 400 021 Tel: + 91 22 56381800, Fax: + 91 22 22846824 Email: ittl.ipo@enam.com Website : www.enam.com Contact person: Mr. Ashish Kumbhat</p>	 <p>Intime Spectrum Registry Limited C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai 400 078 Tel: +91 22 5555 5454, Fax: +91 22 5555 5353 Email: ittl.ipo@ intimespectrum.com Website: www.intimespectrum.com Contact person: Mr. Vishwas Attavar</p>

ISSUE PROGRAMME

ISSUE OPENS ON: FEBRUARY 10, 2006	ISSUE CLOSSES ON: FEBRUARY 16, 2006
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SECTION I

DEFINITIONS AND ABBREVIATIONS

DEFINITIONS

Term	Description
"ITTL" or "the Company" or "Our Company" or "Indo Tech Transformers Limited"	Indo Tech Transformers Limited, a public limited company incorporated under the Companies Act, 1956
we" or "us" and "our"	Unless the context otherwise require, refers to Indo Tech Transformers Limited

Conventional / General Terms

Terms	Description
Articles/Articles of Association	Articles of Association of Indo Tech Transformers Limited
Auditors	The Statutory Auditors of Indo Tech Transformers Limited, viz, G. Balu Associates, Chartered Accountants
Bankers to the Company	Banks who have provided working capital facilities to the Company, in this case being Bank of Baroda and State Bank of India
Board of Directors / Board	The Board of Directors of Indo Tech Transformers Limited
Companies Act	The Companies Act, 1956 and as amended from time to time
Depositories Act	The Depositories Act, 1996 and as amended from time to time
Director(s)	Director(s) of Indo Tech Transformers Limited, unless otherwise specified
EPS	Earnings Per Share
Equity Shares	Equity Shares of the Company of face value of Rs. 10 each unless otherwise specified in the context thereof
GIR Number	General Index Registry Number
Head Office	DP: 36, SIDCO Industrial Estate, Thirumazhisai, Chennai-602 107.
HUF	Hindu Undivided Family
Indian GAAP	Generally Accepted Accounting Principles in India
MOA/Memorandum/ Memorandum of Association	Memorandum of Association of Indo Tech Transformers Limited
Non Residents	A Person resident outside India, as defined under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended from time to time
NRIs/ Non-Resident Indians	A Person resident outside India, who is a citizen of India or a Person of Indian origin and shall have the same meaning as ascribed to such term in the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended from time to time
Overseas Corporate Body / OCB	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under Foreign Exchange Management (Deposit) Regulations, 2000. OCBs are not allowed to invest in this Issue.

Person or Persons	Any individual, sole proprietorship, unincorporated association, unincorporated organization, body corporate, corporation, company, partnership, limited liability company, joint venture, or trust or any other entity or organization validly constituted and/or incorporated in the jurisdiction in which it exists and operates, as the context requires
Promoters	Mr. P.E. Subramaniam, Mr. P.S. Jagdish and Mr. P.S. Shekar
Registered Office	DP: 36, SIDCO Industrial Estate, Thirumazhisai, Chennai-602 107.
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, 1992
SEBI Act	Securities and Exchange Board of India Act, 1992 and as amended from time to time
SEBI Guidelines	SEBI (Disclosure and Investor Protection) Guidelines, 2000 issued by SEBI on January 27, 2000 and as amended, including instructions and clarifications issued by SEBI from time to time
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997, as amended from time to time
Stock Exchanges	Bombay Stock Exchange Limited and National Stock Exchange of India Limited

Issue Related Terms

Terms	Description
Allotment	Issue of Equity Shares pursuant to the Issue to the successful investors as the context requires
Allottee	The successful investor to whom the Equity Shares have been issued.
Bankers to the Issue	HDFC Bank Limited, ICICI Bank Limited, State Bank of India and Standard Chartered Bank
Applicants	Any prospective investor who makes an application for Equity Shares in terms of this Prospectus
Issue Closing Date	The date after which the Bankers to the Issue will not accept any applications for the Issue, which shall be notified in a widely circulated English National Newspaper, Hindi National Newspaper and Regional Newspaper
Application Form	The form in terms of which the applicant shall make an offer to subscribe to the Equity Shares of the Company in terms of this Prospectus
Issue Opening Date	The date on which the Bankers to the Issue shall start accepting applications for the Issue, which shall be the date notified in a widely circulated English National Newspaper, Hindi National Newspaper and Regional Newspaper
Issue Period	The period between the Issue Opening Date and the Issue Closing Date inclusive of both days and during which prospective applicants may submit their Application Form
Lead Manager/LM	Lead Manager to the Issue being Enam Financial Consultants Private Limited
Depository Act	The Depositories Act, 1996 as amended from time to time
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996 as amended from time to time
Depository Participant	A depository participant as defined under the Depositories Act
Designated Stock Exchange	The National Stock Exchange of India Ltd. (NSE)

Employee (s)	(a) a permanent employee of the Company working in India or out of India; or (b) a director of the Company whether a whole time director, part time director or otherwise; (c) an employee as defined in sub-clauses (a) or (b) of a subsidiary, in India or out of India, or of a holding company of the Company
Employee Reservation Portion	The portion of the Issue being a maximum of 50,000 Equity Shares available for allotment to employees subject to a maximum ceiling of 500 Equity Shares per Employee
Enam	Enam Financial Consultants Private Limited
Issue Account / Public Issue Account	Account opened with the Bankers to the Issue to receive monies from the investors
Net Issue/Net Issue to the Public	The Issue less reservation for employees of the Company comprising 3,895,130 Equity Shares of Rs. 10/- each
Offerors	Twenty First Century Management Services Limited (referred to as 21st Century) and Mr. P.S. Jagdish
Prospectus	Refers to this document, in terms of which the present issue of Equity Shares is proposed to be made, to be filed with ROC containing <i>inter alia</i> the Issue Price.
Public Issue/ Issue	Public Issue of 3,945,130 Equity Shares of Rs. 10/- each for cash at a price of Rs. 130/- per Equity Share aggregating to Rs. 512,866,900 (the 'Issue') by Indo Tech Transformers Limited ('Company' or 'Issuer') consisting of fresh issue of 2,956,750 Equity Shares and offer for sale of 397,480 shares of Rs. 10/- each by Mr P. S. Jagdish and 590,900 shares of Rs. 10/- each by Twenty First Century Management Services Limited ("Offerors"). The Fresh Issue and the Offer for Sale are jointly referred to herein as the "Issue". 50,000 Equity Shares will be reserved in the Issue for subscription by eligible employees. The Net Issue to the Public is of 3,895,130 Equity Shares of Rs. 10/- each at a price of Rs. 130/- per Equity Share aggregating Rs. 506,366,900 (the "Net Issue"). The Issue would constitute 37.15% of the fully diluted post issue paid up Equity Capital of the Company. The face value of the shares is Rs. 10 and the issue price is 13 times of the face value.
Registrar/Registrar to the Issue	Registrar to the Issue being Intime Spectrum Registry Limited, Mumbai
RoC / Registrar of Companies	Registrar of Companies, Chennai (Tamil Nadu)
Retail Portion	50% of the Net Issue to the Public being 1,947,565 Equity Shares of Rs. 10 each available for allotment to Retail Individual Applicants
Retail Individual Applicants	Individual applicants (including HUFs and NRIs) who have made their bid for Equity Shares for a cumulative amount of not more than Rs. 100,000
Reserved Categories	Means reservation for employees of the Company
Underwriters	Enam Securities Pvt. Ltd.; Enam Financial Consultants Pvt. Ltd.

Glossary of Technical and Industry Terms

Electricity Acts	Electricity (Supply) Act, 1948, Indian Electricity Act, 1910, Electricity Regulatory Commissions Act, 1998, Electricity Act, 2003.
Energy loss	The difference of the electrical energy measured at the terminals of generator(s) and receiving end of the transmission lines
Medium Power Transformer	Medium range of Transformers in the class of 5000 KVA to 25000 KVA being manufactured at the Thirumazhisai Plant
AC	Alternate Current
APDRP	Accelerated Power Development and Reforms Programme
CERC	Central Electricity Regulatory Commission
CEA	Central Electricity Authority
CRGO	Cold Rolled Grain Oriented
EGM	Extraordinary General Meeting
EHVAC	Extra High Voltage Alternating Current
EPC	Engineering Procurement and Construction
HV	High Voltage
HVDC	High Voltage Direct Current
IEEMA	Indian Electrical & Electronics Manufacturers Association
Kwh	Kilowatt-hour(s)
KW	Kilowatt(s)
KVA	Kilo Volt-Amperes
MMT	Million Metric Tonne
MoP	Ministry of Power, Government of India
MVA	Mega Volt Amperes
MVAR	Mega volt-amperes reactive
MU	Million Units
MW	Megawatt(s)
PLF	Plant Load Factor
SEB	State Electricity Board
SEC	Saudi Electric Company
SERC	State Electricity Regulatory Commission
SSI	Small Scale Industry
T & D	Transmission and Distribution
TNEB	Tamil Nadu Electricity Board

Abbreviations

Abbreviation	Full Form
ACIT	Assistant Commissioner of Income Tax
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
BSE	Bombay Stock Exchange Limited
BOB	Bank of Baroda
CDSL	Central Depository Services (India) Limited
ERC Act	Electricity Regulatory Commission Act, 1998
FCNR Account	Foreign Currency Non Resident Account
FIPB	Foreign Investment Promotion Board
FY / Fiscal / Financial Year	Period of twelve months ended March 31 of that particular year, unless otherwise stated
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time, and the regulations framed thereunder
FII	Foreign Institutional Investors (as defined under FEMA (Transfer or Offer of Security by a Person Resident outside India) Regulations, 2000) registered with SEBI under applicable laws in India
Gol/Government	Government of India
HUF	Hindu Undivided Family
I.T. Act	Income Tax Act, 1961, as amended from time to time
MoU	Memorandum of Understanding
MoA	Memorandum of Agreement
MVA	Mega Volt Ampere
NAV	Net Asset Value
NHPC	National Hydroelectric Power Corporation
NPV	Net Present Value
NRIs	Non Resident Indians
NRE Account	Non Resident External Account
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
NTPC	National Thermal Power Corporation
O&M	Operation and Maintenance
p.a.	Per annum
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
PFC	Power Finance Corporation Limited
PGCIL	Power Grid Corporation of India Limited
PSU	Public Sector Undertaking
RBI	The Reserve Bank of India
RoC	Registrar of Companies, Chennai
ROE	Return on Equity
RONW	Return on Net Worth
SBI	State Bank of India

SECTION - II: RISK FACTORS

CERTAIN CONVENTIONS; USE OF MARKET DATA

Unless the context otherwise requires, the financial data in this Prospectus is derived from our financial statements prepared and restated in accordance with Indian GAAP, the Companies Act and SEBI Guidelines included elsewhere in this Prospectus. Accordingly, financial information relating to us is presented on a non-consolidated basis. Our fiscal year commences on April 1 and ends on March 31. In this Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding-off.

There are significant differences between Indian GAAP and U.S. GAAP; accordingly, the degree to which the Indian GAAP financial statements included in this Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Prospectus should accordingly be limited. We have not attempted to explain those differences or quantify their impact on the financial data included herein, and we urge you to consult your own advisors regarding such differences and their impact on our financial data.

For additional definitions, see the section titled 'Definitions and Abbreviations' on page a of this Prospectus.

Unless stated otherwise, industry data used throughout this Prospectus has been obtained from data internal to the Company, Ministry of Power, Planning Commission - Government of India and from industry publications. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe that industry data used in this Prospectus is reliable, it has not been independently verified or certified as to its correctness and accuracy.

FORWARD-LOOKING STATEMENTS

We have included statements in this Prospectus which contain words or phrases such as "will", "aim", "will likely result", "believe", "expect", "will continue", "anticipate", "estimate", "intend", "plan", "contemplate", "seek to", "future", "objective", "goal", "project", "should", "will pursue" and similar expressions or variations of such expressions, that are "forward-looking statements".

All forward looking statements are subject to risks, uncertainties and assumptions that could cause actual results to differ materially from those contemplated by the relevant forward looking statement. Important factors that could cause actual results to differ materially from our expectations include, among others: -

- General economic and business conditions in India and other countries
- Regulatory changes relating to the power sector in India and our ability to respond to them
- Our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks that have an impact on our business activities or investments.
- The monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic and foreign laws, regulations and taxes and changes in competition in our industry.
- Changes in the value of the Rupee and other currencies.
- The occurrence of natural disasters or calamities
- Change in political condition in India

For further discussion of factors that could cause our actual results to differ, see the section titled "Risk Factors" beginning on page iii of this Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither the Company nor the Lead Manager, nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, the Company, and the LM will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges.

RISK FACTORS

An investment in Equity Shares involves a high degree of risk. You should carefully consider all of the information in this Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. Any of the following risks as well as the other risks and uncertainties discussed in this Prospectus could have a material adverse effect on our business, financial condition and results of operations and could cause the trading price of our Equity Shares to decline, which could result in the loss of all or part of your investment.

Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implications of any of the risks described in this section.

INTERNAL RISK FACTORS

Our Company is involved in certain legal proceedings.

Our Company is involved in certain legal proceedings and claims in relation to certain civil, criminal and taxation matters incidental to our business and operations. We are also subject to claims against us arising from sales tax and excise disputes as well as labour disputes. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. Should any new developments arise, such as a change in Indian law or rulings against us by trial or appellate courts or tribunals, we may need to make provisions in our financial statements, which could increase our expenses and our current liabilities. We can give no assurance that these legal proceedings will be decided in our favour. Any adverse decision may have a significant effect on our business and results of operations since a significant amount of disputed sales tax dues are not provided in the accounts of the Company as a contingent liability. Furthermore, if a claim is determined against us and we are required to pay all or a portion of the disputed amount, it could have a material adverse effect on our results of operations and cash flows. A classification of the legal proceedings instituted against our Company and the monetary amount involved in these cases is given in the following table:

Type of litigation	Total number of pending cases	Remarks and amount involved
Central Sales Tax	5	In respect of one case pending before Tamil Nadu Sales Tax Tribunal: Rs. 0.98 million In respect of 4 other cases pending before the Appellate Assistant Commissioner of Sales Tax II, Chennai, Rs. 1.34 million
Tamil Nadu Sales Tax	2	In respect of 2 cases pending before the Appellate Assistant Commissioner (CT)-III Chennai: Rs. 0.28 million
Labour laws	3	In respect of 2 cases pending before the Labour Court at Chennai for reinstatement of employees: Rs. 0.32 million In respect of a Writ Petition filed by the Company against the order and decree of Labour Court, Rs. 0.13 million is pending before the Madras High Court
Excise Cases	1	In respect of Show Cause Notice pending for adjudication before Deputy Commissioner of Central Excise Poonamallee Division: Chennai -IV Commissionerate, Rs. 0.06 million plus penalty for like amount and interest thereon.
Customs Cases	1	In respect of the duty demand issued by the Customs department for re-import of transformer already exported to the client. Rs. 2.7 million

The table above does not contain (i) 1 criminal case filed by our Company under Section 138 of the Negotiable Instruments Act in respect of dishonour of cheques issued in favour of our Company; (ii) 3 Civil Suits filed by our Company in the Madras High Court for recovery of the amounts due to the Company from our customers; and (iii) 1 Civil suit with regards to the Company's right to use certain immoveable property at Saidapet, Chennai.

For more information regarding litigation, please refer to the section titled "Outstanding Litigation and Defaults" beginning on page 143 of this Prospectus.

Case filed against our promoters Shri P E Subramaniam & Shri P S Jagdish by the Income Tax Department.

The Income Tax department has filed an appeal challenging the orders of the Commissioner of Income Tax (Appeals) in the Appeal filed by our Promoters before the Hon'ble Income Tax Tribunal, Chennai Branch. In case the said Appeal filed by the department is allowed, our Promoters would be liable to pay Rs. 83.15 Lacs along with the interest thereon if any awarded by the Hon'ble Tribunal.

One of the offeror in the present issue i.e. Twenty First Century Management Services Limited has informed our Company vide its letter dated January 25, 2006 that as per its books it has outstanding dues of Rs. 5.95 million with Punjab & Sindh Bank for which Twenty First Century Management Services Limited has given one time settlement offer to Punjab & Sindh Bank.

Cases filed against our promoter group company and its promoters

Sri Vignesh Metals Private Ltd., one of our promoter group companies [promoted by Mr. P. E. Sundaresh (brother of Mr. P. E. Subramaniam)] is involved in a civil and labour dispute incidental to their business and operations. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. We can give no assurance that these legal proceedings will be decided in the favour of our promoter group company. A classification of the legal proceedings instituted against our promoter group company and the monetary amount involved in these cases is given in the following table:

Type of litigation	Total number of pending cases	Remarks and amount involved
Civil Case	1	Pending before Debt Recovery Tribunal (DRT) I Chennai Rs. 5.32 million plus the interest as awarded by the DRT*
Labour laws	1	Not Quantifiable

* For Details please refer to the section titled "Details of Outstanding Litigations" on page 143 of this Prospectus.

Penalties imposed on the Company.

Our Company has been imposed with penalties by Registrar of Companies on account of delay in complying with the statutory requirements. Penalties were also imposed on our Promoter Mr P S Jagdish and Mr Subramaniam, Company's principal officer by the Judicial Magistrate First Class Chingleput, Tamil Nadu for certain offences under the Factories Act. Please refer to the section titled "Outstanding Litigation and Defaults" on page 143 of the Prospectus.

We are subject to restrictive covenants in debt facilities provided to us by our lenders

As of the date of this Prospectus we have a significant amount of indebtedness. We have entered into agreements with certain banks for short term loans and long term borrowings. As per the signed loan agreements with them, there are certain standard restrictions imposed on us regarding effecting any change in the capital structure of the Company, formulating scheme of amalgamation or reconstitution or implementing any scheme of expansion, acquiring fixed assets other than those mentioned in the cash flow statement, investing in share capital of other corporate bodies, lending or advancing funds to or placing deposits with any other concerns, entering into borrowing arrangement with other banks, financial institutions, undertake guarantee obligations on behalf of other company, declare dividend over and above the percentage mentioned in the fund flow statements, withdrawal of loans deposits secured from directors and promoters in the Company, acquiring fixed assets on lease basis, etc. shall be made only with the prior approval of the Company's bankers/lenders. We have already obtained their written approval before initiating such changes.

Bank Guarantees issued by the Company to its Customers for the performance of Transformers

As of December 31, 2005, Bank Guarantees have been issued to the tune of Rs. 136.64 million to secure the performance by the Company under the supply contract. Our Company issues performance guarantees to its customers for a period of 12-60 months for 5-10% of the total invoice value for supply of the Company's products. In the event of the invocation of all or some of the bank guarantees issued on behalf of the Company at the same time may affect our financial position which may impact our business.

Certain contracts expose us to risks of quality and timeliness of delivery due to the non-performance by certain third party vendors.

In certain contracts, we are required to work with multiple third party vendors. In such cases, our delivery of the products and services to the customer could be adversely impacted by inadequate performance and/or failures of such third party vendors to meet quality and/or the scheduled timeliness set by our customers. Any such failure by the third party vendor could result in a loss of our business or result in non-compliance with our contractual obligations and could materially or adversely affect our business, profits and results of operations.

Some of the government approvals/licensing arrangements required by us are pending for renewal.

We are required to obtain several government approvals/ licences under various statutes like Factories Act, 1948; Air (Prevention and Control of Pollution) Act, 1974 and Rules made thereunder; Water (Prevention and Control of Pollution) Act, 1974 and Rules made thereunder; etc. Although we have obtained all the requisite approvals/ licences for the conduct of Company's business, renewals of some of those approvals/ licences viz. Approval for Consents from Tamil Nadu State Pollution Control Board under Water (Prevention and Control of Pollution) Act and Air (Prevention and Control of Pollution) Act are pending. Non-renewal of any of these approvals/licenses may impact our business adversely. For further details, please refer to the section titled "Government Approvals" beginning on page 150 of this Prospectus.

The Company requires various approvals for the expansion/setting up of our Distribution Transformer plant and Power transformer plant.

The Company has not yet applied for or obtained any approvals/permits/consents/registrations under various statutes such as Factories Act, Air (Prevention and Control of Pollution) Act, 1974 and Rules made thereunder; Water (Prevention and Control of Pollution) Act, 1974 and Rules made thereunder; and approvals from Tamil Nadu, SIDCO etc. for setting up of our Distribution Transformer plant and Power transformer plant. In the event of the said registrations/consents/approvals not being granted to the Company or the delay in obtaining these approvals could adversely impact the project implementation and cost overrun.

A significant portion of our revenue comes from TNEB for supply of transformers manufactured by us.

TNEB accounted for 40.06% and 47.15% of our revenues for the year ended March 31, 2005 and for the half year ended September 30, 2005 respectively resulting in concentration of revenues on a single customer. Any inability on our part to service TNEB shall affect our revenues and profitability significantly.

We derive a significant portion of our revenue from the supply of transformers to State Electricity Boards and some of these entities may be in a weak financial position.

The State Electricity Boards are our principal customers. We are dependent on the Electricity Boards for supply of our transformers to them. They accounted for 45.65%, 71.85%, 63.01% and 63.10% of our revenue for FY03, FY04, FY05 and for the half year ended September 30, 2005 respectively. Any material failure or inability, financial or otherwise, on their part to fulfill their obligations under the terms and conditions of the contracts/tenders would have a material adverse effect on the business and operations of our Company. Our revenues and profitability may be adversely affected if we are unable to recover our dues from the SEB's.

We may be unable to meet certain contractual obligations or be forced to accept onerous terms in our contractual arrangements with customer.

The terms of our customer contracts are typically designed to limit our exposure to legal claims and damages related to our services. However, these limitations may not be enforceable under the laws of certain jurisdictions and may lead to liabilities against us. Assertion of one or more legal claims against us could have an adverse effect on our business and financial position.

Our customer contracts can typically be terminated without cause and with little or no notice or penalty, which could negatively impact our revenues and profitability.

Most of our customer contracts can be terminated with or without cause, usually at short notice and without termination-related penalties. Additionally, most of our agreements with customers are without any commitment to future work. Our business is dependent on the decisions and actions of our customers, and there are a number of factors relating to our customers that are outside our control that might result in the termination of a project or the loss of a customer. Any of these factors could adversely affect our revenues and profitability.

As a manufacturing business, our success depends on the smooth supply of raw materials and components to our plants and transportation of our transformers from our plants to our customers, which are subject to various uncertainties and risks.

We depend on various forms of transport, such as air, seaborne freight, rail and road, to receive raw materials and components used in the manufacture of transformers and to deliver the transformers from our manufacturing facilities to our customers. These transportation facilities may not be adequate to support our operations. Further, disruptions of transportation services because of weather-related problems, strikes, lock-outs, inadequacies in the road infrastructure and port facilities, or other events could impair the ability of our suppliers to deliver raw materials and components and our ability to supply our products to our customers.

Although we have not encountered any significant disruptions in the supply of our raw materials and components and in the transportation of our products, we can provide no assurance that such disruptions due to occurrence of any of the factors cited above will not occur in the future.

In certain contracts we are bound to deliver the goods on time. Any such failure could expose the Company to the penalty on weekly basis in case of delay in delivery of transformers to our customers.

The objects of the Issue for which funds are being raised have not been appraised by any bank or financial institution. We have not entered into any definitive agreement or placed orders for construction, machinery and equipments required to operate our proposed plant save and except as disclosed in this Prospectus. The deployment of funds in the project is entirely at our discretion and is not subject to monitoring by any independent agency.

The deployment of funds as stated in the "objects of the Issue" on page 17 of this Prospectus is entirely at our management's discretion and is not subject to monitoring by any independent agency. There has been no independent appraisal of the project. We have not yet entered into any definitive agreements or placed orders for construction, machinery and equipments required to build and operate our proposed expansion project save and except as disclosed in this Prospectus. Any increase in total estimated project cost for setting up Expansion Project may impact our liquidity position adversely.

We have limited experience in designing and manufacturing 220 KV class transformers and we do not have any technical collaboration for the same.

We have in the past manufactured number of 110/132 KV class of transformers and one 220 KV class transformer. We have had in the past several technical collaborations for understanding the technology and designs of different type of transformers. We have not entered into any technical collaboration for manufacturing 220KV class of transformers.

Some of our Promoter Group Companies have incurred losses during any of the last three years

Some of our Promoter Group companies have incurred losses in last three years.

Details of the losses incurred by them for FY 2003, FY 2004 and FY 2005 are as given below:-

Amount in Rs.

Particulars	FY 2003	FY2004	FY 2005
Vigneshwara Electricals Limited	1,981,619	472,187	305,237
Indo Tech Finance Private Limited	1,500	3,000	1,000
Simatic Systems Private Limited	4,938	4,155	3,513
Vidhyut Engineering Co. Pvt. Ltd.	NA	NA	97,880

For more details, please refer to the Section "Our Promoter Group" on page 78 of this Prospectus.

One of our group companies has a negative net worth.

Our group company viz. Vigneshwara Electricals Limited has a negative net worth of Rs. 876,520 for the year ended March 31, 2005.

One of our promoter group company viz. Vigneshwara Electricals Limited is also in the business of manufacturing transformers.

Entities belonging to our promoter group namely Vigneshwara Electricals Limited are also in the same line of business in which we operate i.e. manufacture of transformers which may impact our growth opportunities in the same field and could create competition for us.

Our Expansion Project requires significant capital expenditure and if we are unable to obtain the necessary funds for expansion, our business may be adversely affected.

We will need significant additional capital to finance our Expansion Project. Our ability to finance our capital expenditure plans is subject to a number of risks, contingencies and other factors, some of which are beyond our control, including our results of operations generally, volatility in raw material prices, interest rates, borrowing or lending restrictions, if any, imposed by the lending institutions, payment of dividend, insurance and other costs and our ability to obtain financing on acceptable terms. We cannot assure you that the actual costs or schedule of implementation of the Expansion Project will not vary from the estimated costs. Further, we cannot assure you that debt or equity financing or our internal accruals will be available or sufficient to meet our capital expenditure requirements.

Our property at Thirumazhisai may be divided into two different plots.

We currently occupy 0.132 acres of land under the 110 KV line of TNEB which is between DP 19 and DP 36 at Thirumazhisai. We are paying a monthly lease rent to TN SIDCO. We do not have any written lease agreement for the said lease. In the event of SIDCO not agreeing to further continue this arrangement, the land at Thirumazhisai would be divided into two different plots which may affect our operations. Please see section titled 'Our Business' on page 44 of this Prospectus.

We would lose the SSI Benefits.

We would lose the SSI benefits enjoyed by the Company once the proposed projects are implemented. We would move out of the SSI since our investment in plant and machinery would have exceeded the limit. Once we lose this status we would not be entitled to the price preference that is available to small scale manufacturing units for supply of equipments to TNEB. This loss would have a material adverse effect on our business and profitability.

We have some contingent liabilities which have not been provided for under Indian Accounting Standards as on September 30, 2005.

Contingent liabilities not provided by us as on September 30, 2005 and for last three years ending March 31 are as given below. These contingent liabilities are in normal course of business. To the extent these contingent liabilities become our actual liabilities, these will adversely affect our operations and financial condition in future.

(Rs. million)

Particulars	For the half year ended September 30, 2005	March 31, 2005	March 31, 2004	March 31, 2003
Bank Guarantees & LC's issued	119.59	110.38	64.42	51.70
Disputed sales tax against which appeal is pending with Appellate Authority	0.72	0.72	1.76	0.56
Labour case pending in the court	0.47	0.44	0.39	-
Disputed demand in respect of non-compliance in time of export obligation for which Company's representation for waiver petition is pending before				
(i) JDGFT	29.40	-	-	-
(ii) Dy. Commissioner of Customs	2.69	-	-	-

The Company had participated in a Global Tender by Uttar Haryana Bijli Vitaran Nigam Limited (World Bank Aided) for supply of 700 transformers. Certain disputes arose with Uttar Haryana Bijli Vitaran Nigam Limited which were settled in favour of the Company. On account of such disputes, there could be a delay in fulfillment of export obligation. There could be an exposure to duty / penalties under Customs Act, 1962 amounting to Rs. 29.40 million.

In addition to the above, our Directors, Mr. P.S. Jagdish, Mr. P.E. Subramaniam and Mr. P.S. Shekar have also given personal guarantees against the term loan and working capital facilities of Rs. 545 million provided by the State Bank of India and Bank of Baroda.

The demand for transformers is primarily dependent on the demand for power generation, transmission and distribution.

The demand for power in India is closely linked to economic growth in the country. As the economy grows, economic activities, such as industrial production and personal consumption, also tend to expand, which increases the demand for power. Conversely in economic downturns, activities such as industrial production and consumer demand decline or stagnate, causing demand for electricity to decrease. If the Indian economy does not continue to grow at the current rate, or if there is an economic downturn, demand for power is likely to decrease. A sustained economic downturn would have a material adverse effect on our business, financial condition and results of operations.

We operate in a highly competitive industry, which could limit our ability to grow.

The market for transformers is highly competitive with very few organized players. Important factors affecting competition in our industry include performance of transformers, reliability, product quality, technology, price, and the scope and quality of services offered to customers. Some of the key competitors in the industry are listed in this Prospectus under "Industry Overview" on page 35 of this Prospectus. Some of our competitors have longer industry experience and greater financial, technical, personnel, marketing and other resources which may enable them to react faster to trends and changes in customer demand. Our competitors may be willing and able to spend more resources to develop products and sales and may be able to provide products faster or at a lower price than we can. If our competitors consolidate through joint ventures or cooperative agreements with each other, or even otherwise, we may have difficulty competing with them.

Growing competition may result in a decline in our market share or may force us to reduce the prices of our products and services, which may reduce our revenues and margins, any of which could have a material adverse effect on our business, financial condition and results of operations. We cannot be reasonably certain that we will be able to compete successfully against such competitors, or that we will not lose potential customers to such competitors. Additionally, our ability to compete also depends in part on factors outside our control, such as the price at which our competitors offer comparable products and services.

Any change in or termination of policies of Government of India or State Governments in India that encourage investment in power projects may have a material adverse effect on our business.

The demand for new transformers is likely to increase on account of increase in the power generation capacity with the commissioning of projects which are at various stages of implementation. The statutory and regulatory framework for the Indian power sector has changed significantly in recent years and the impact of these changes is unclear. There are likely to be more changes in the next few years. The Electricity Act puts in place a framework for reforms in this sector, but in many areas the details and timing are yet to be determined. It is expected that many of these reforms will take time to be implemented. Further, there could be additional changes in the areas of tariff policy, the unbundling of the SEBs, restructuring of companies in the power sector, open access and parallel distribution, and licensing requirements for, and tax incentives applicable to, companies in the power sector. We presently do not know what the nature or extent of the changes will be made, and cannot assure you that such changes will not have an adverse impact on our financial condition and results of operations.

Our revenues and results of operations fluctuate depending on many factors, particularly on availability and price volatility of raw materials.

We are significantly dependent on the timely and adequate availability of CRGO Laminations, Copper Steel and Oil as our primary raw material which amounted to 75.74%, 72.05% and 69.21% of our total raw material cost for the financial years ended March 31, 2005, March 31, 2004 and March 31, 2003 respectively. Any adverse factors including natural disasters, changes in legislation or any other *force majeure* events may adversely impact availability of CRGO Laminations, Copper, Steel and Oil, which may adversely affect our continuity of business, ability to meet client commitments and consequently our sales and profitability.

The key raw materials used in manufacturing transformers are also subject to price volatility. The price volatility could adversely affect our business, financial condition and results of operations.

The Company maintains a high level of inventory in comparison to industry norms/practices.

As compared to the industry practices, our Company maintains a high level of inventory of raw materials, stores and spares irrespective of the confirmed customer orders for our products and services. There is a risk of technology obsolescence and price variation in the market in respect of such raw materials, stores and spares which may impact our profitability and financial position.

We are dependent on external suppliers for key raw materials and components.

While we manufacture some of the components needed for the manufacture of transformers, we source from outside suppliers raw materials that we use to manufacture transformer components, such as tap changers, switches etc. The quality of our products and customer acceptance of our products depends on the quality of raw materials and components and our ability to deliver our products in a timely manner. The failure of our suppliers to deliver these raw materials or components in the necessary quantities or to adhere to delivery schedules or specified quality standards/technical specifications, could adversely affect our production processes and our ability to deliver orders on time and at the desired level of quality giving rise to contractual penalties or liability, for failure to perform contracts, and a loss of customers and damage our reputation, any of which could materially adversely affect our results of operations.

We may be unable to seek compensation from suppliers for defective components or raw materials.

In the event we become subject to product liability or performance guarantees caused by defective components or raw materials obtained from an outside supplier, we can attempt to seek compensation from the relevant supplier. In some cases, warranties provided by suppliers may be for shorter periods than the warranty periods we provide to our customers. Further, warranty claims against suppliers may be subject to certain conditions precedent. If no claim can be asserted against a supplier, or amounts that we claim cannot be recovered from either a supplier and the defective raw materials or components affects a large number of the relevant transformer model using identical components or raw materials, our business, financial condition and results of operations could be materially adversely affected.

If we are unable to implement our growth strategies in a timely manner, our business and results of operations could be adversely affected.

As a part of our growth strategy, we have made and will be making substantial investments in new production capacities in India for the manufacture of transformers. Our success will depend on, among other things, our ability to secure required financing, assess potential markets for exports of our transformers, time our capital investments, control input costs, attract new customers in India and in international markets, maintain and enhance our position with our current customers in India and maintain sufficient operational and financial controls. Our growth strategy may place significant demands on our management and other resources.

Our growth strategies involve risks and difficulties, many of which are beyond our control and accordingly there can be no assurance that we will be able to complete our plans on schedule or without incurring additional expenditures or at all. If market conditions change, if operations do not generate sufficient funds or for any other reasons, we may decide to delay, modify or forego some aspects of our growth strategies. Our future results of operations may be adversely affected if we are unable to implement our growth strategies successfully.

Any disruption affecting our manufacturing facilities could have a material adverse effect on our business, financial condition and results of operations.

At present all of our manufacturing facilities are located in South India. The manufacture of our transformers, as well as their key components, involve many significant hazards that could result in fires, explosions, spills, and other unexpected or dangerous conditions or accidents. Any significant interruption to our operations as a result of industrial accidents, floods, severe weather or other natural disasters could materially and adversely affect our business, financial condition and results of operations. There can be no assurance that such events or natural disasters may not occur in the future and that if they do occur, that our manufacturing ability and capacity would not be materially and adversely impacted.

We are also subject to mechanical failure and equipment shutdowns. In such situations, undamaged manufacturing units may be dependent on or interact with damaged sections of our facilities and, accordingly, are also subject to being shut down. If such events occur, our manufacturing capacity may be materially and adversely impacted. In the event we are forced to shut down any of our manufacturing facilities for a significant period of time, it would have a material adverse effect on our earnings, our other results of operations and our financial condition as a whole.

We also require power for our manufacturing facilities and we are currently able to provide sufficient power for our facilities. Industrial accidents, natural disasters or other factors may also affect our ability to produce or procure the necessary power to operate our manufacturing facilities. This could have a material adverse effect on our business, financial condition and results of operations.

Our Company is exposed to accidents at the manufacturing facilities.

At all manufacturing facilities of our Company the labour force is exposed to accidents and injuries. Occurrence of such accidents may expose our Company to pay compensation and penalty to the labour.

We may, in the future, enter into strategic alliances, investments, partnerships and acquisitions. These may harm our business, dilute your ownership interest and cause us to incur debt.

As part of our growth strategy, we may enter into strategic alliances, make strategic investments, establish partnerships and/or make acquisitions relating to raw materials, components, complementary businesses, technologies, services or products. We may not be able to identify suitable investment opportunities, partners or acquisition candidates. If we do identify suitable investment opportunities, partners or acquisition candidates, we may have difficulty in accurately assessing the candidates, risks, placing an accurate valuation on it and we may be unable to negotiate terms commercially acceptable or favourable to us or complete those transactions at all. If we acquire another company or form a new joint venture or other strategic partnership, we could have difficulty in integrating that company's business, including products, components, personnel, operations and technology, with our business. In addition, the key personnel of an acquired company may decide not to work for us. Any potential acquisition, alliance or joint venture could involve a number of specific risks, including diversion of management's attention, higher costs, unanticipated events or circumstances, legal liabilities, failure of the business of the acquired company, fall in value of investments and amortisation of acquired intangible assets, some or all of which could have a material adverse impact on our

business, financial condition and results of operations. In the event that we plan to acquire or invest in an overseas company, we may be required to obtain the prior approval of the RBI, other regulators and/or the Government of India and there can be no assurance that such approvals will be obtained in a timely manner or at all.

We may finance future investments, partnerships or acquisitions with cash from operations, our existing cash balances, debt financing, the issuance of additional Equity Shares or a combination of these or any other forms of financing. We cannot guarantee that we will be able to arrange financing on acceptable terms, if at all, to complete any such transaction. Investments, partnerships or acquisitions financed by the issuance of our Equity Shares would dilute the ownership interest of our shareholders and debt financing would increase our leverage and financial risks. As of the date of this Prospectus, we have no definitive commitment or agreement for any material investment, partnership or acquisition.

The failure to keep our technical knowledge confidential could erode our competitive advantage.

Like many of our competitors, we possess extensive technical knowledge about our products. Our know-how is a significant independent asset, which may not be protected by intellectual property rights such as patents, but is protected only by keeping it secret. As a result, we cannot be certain that our know-how will remain confidential in the long run.

In the event that confidential technical information or know-how about our products or our business becomes available to third parties or to the public, our competitive advantage over other companies in the transformer industry could be harmed, which could have a material adverse effect on our current business, future prospects, financial condition and results of operations.

The loss of the services of our key senior management personnel could adversely affect our business.

Our success depends in part on the continued services of our key senior management people. If we lose the services of any of our key senior management personnel, it would be very difficult to find and integrate replacement personnel in a timely manner and could significantly impair our ability to develop and implement our business strategies. This would have a material adverse effect on our financial condition and results of operations.

Our Employees work under a trade union.

As on date, our employees are represented by labour unions and presently we have entered into settlement agreement with Unions. In future, there may be restrictions on the flexibility of our labour policies. We may also be exposed to the risk of strikes and other industrial actions.

We have made an application for trademark which is pending registration.

We have made an application for registration of trademark which is pending registration. For more details, please see the section titled "Government Approvals" beginning on page 150 of this Prospectus.

We may infringe on the intellectual property rights of others.

We cannot determine with certainty whether we are infringing upon any existing third-party intellectual property rights which may force us to alter our technologies, obtain licenses or significantly cease some portions of our operations. We may also be susceptible to claims from third parties asserting infringement and other related claims. Regardless of whether such claims that we are infringing patents or other intellectual property rights have any merit, those claims could: (a) adversely affect our relationships with current or future customers; (b) result in costly litigation; (c) cause product shipment delays or stoppages; (d) divert management's attention and resources; (e) subject us to significant liabilities; (f) require us to enter into royalty or licensing agreements; and (g) require us to cease certain activities.

Any future equity offerings or issue of options under any employee stock option scheme may lead to dilution of your shareholding in us.

Purchasers of Equity Shares in this Issue may experience dilution of their shareholding to the extent we make future equity offerings and to the extent additional options that may be issued under our employee stock option scheme.

Agencies in India

Majority of our sales to Industrial customers are generated through our marketing agents. Currently we have 6 agents with whom we have bi-annual arrangements. Our business generated from industrial customers would be highly dependant on continuity of our agency arrangements and their performance.

The conveyance of our lands is not yet executed /registered

Certain plots of land have been allotted by Tamil Nadu Small Industries Development Corporation Ltd. to the Company on which we have established our manufacturing facilities. The deed of conveyance in case of one of the plot (DP No. 36) at Thirumazhisai facilities is not yet executed and registered. Similarly District Industries Centre, State Government of Kerala has sanctioned and allotted a plot of land for setting up of a manufacturing facility at Kanjikode, Palakkad. Since the production is yet to start, the execution of a Sale deed is pending. The Company may have to incur significant expenditure in perfecting its title to these lands.

External Risk Factors

After this Issue, the price of our Equity Shares may be highly volatile, or an active trading market for our Equity Shares may not develop.

The prices of our Equity Shares on the Indian stock exchanges may fluctuate after this Offer as a result of several factors, including:

- volatility in the Indian and global securities market;
- our results of operations and performance;
- performance of our competitors, the Indian Transformer industry and the perception in the market about investments in our sector;
- adverse media reports about us or the Indian Transformer industry;
- changes in the estimates of our performance or recommendations by financial analysts;
- significant developments in India's economic liberalisation and deregulation policies; and
- significant developments in India's fiscal and environmental regulations.

There has been no public market for our Equity Shares and the prices of our Equity Shares may fluctuate after this Issue. There can be no assurance that an active trading market for our Equity Shares will develop or be sustained after this Issue, or that the prices at which our Equity Shares are initially traded will correspond to the prices at which our Equity Shares will trade in the market subsequent to this Issue.

Political, economic and social developments in India could adversely affect our business.

All our facilities and other assets are located in India and all of our officers and directors are resident in India. Our operations and financial results and the market price and liquidity of our Equity Shares may be affected by changes in Indian Government policy or taxation or social, ethnic, political, economic or other developments in or affecting India.

India has also witnessed civil disturbances in recent years. While these civil disturbances did not directly affect our operations, it is possible that future civil unrest as well as other adverse social, economic and political events in India could have an adverse impact on us.

Terrorist attacks and other acts of violence or war involving India and other countries could adversely affect the financial markets and our business.

Terrorist attacks, such as the ones that occurred in New York and Washington, D.C. on September 11, 2001, New Delhi on December 13, 2001, Gandhinagar in Gujarat on September 24, 2002, Bali on October 12, 2002 and Mumbai on August 25, 2003 and other acts of violence or war may negatively affect the Indian markets where our Equity Shares will trade and also adversely affect the worldwide financial markets. These acts may also result in a loss of business confidence, make travel and other services more difficult and ultimately adversely affect our business.

After the December 13, 2001 attack in New Delhi and a terrorist attack on May 14, 2002 in Jammu, India, diplomatic relations between India and Pakistan became strained and there was a risk of intensified tensions between the two countries. The governments of India and Pakistan have recently been engaged in conciliatory efforts. However, any deterioration in relations between India and Pakistan might result in investor concern about stability in the region, which could adversely affect the market price of our Equity Shares.

Regional or international hostilities, terrorist attacks or other acts of violence of war could have a significant adverse impact on international or Indian financial markets or economic conditions or on Government policy. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse impact on our business and on the market price of our Equity Shares.

Natural disasters could disrupt our operations and result in loss of revenues and increased costs.

Our plants are vulnerable to man-made and natural disasters such as explosions, earthquakes, storms and floods as well as to terrorist attacks or other enemy actions. The occurrence of a man-made or natural disaster, terrorist attack, enemy action or other accidents could disrupt the operations of our Plant and result in loss of revenues and increased costs.

Notes to Risk Factors

- Public Issue of 3,945,130 Equity Shares of Rs. 10/- each for cash at a price of Rs. 130/- per Equity Share aggregating to Rs. 512,866,900 (the 'Issue') by Indo Tech Transformers Limited ("Company" or "Issuer") consisting of fresh issue of 2,956,750 Equity Shares and offer for sale of 397,480 shares of Rs. 10/- each by Mr. P. S. Jagdish and 590,900 shares of Rs. 10/- each by Twenty First Century Management Services Limited ("Offerors"). The Fresh Issue and the Offer for Sale are jointly referred to herein as the "Issue". 50,000 Equity Shares will be reserved in the Issue for subscription by eligible employees. The Net Issue to the Public is of 3,895,130 Equity Shares of Rs. 10/- each at a price of Rs. 130/- per Equity Share aggregating Rs. 506,366,900 (the "Net Issue"). The Issue would constitute 37.15% of the fully diluted post issue paid up Equity Capital of the Company. The face value of the shares is Rs. 10 and the issue price is 13 times of the face value.
- The net worth of our Company before the Issue as on March 31, 2005 was Rs. 239.28 million and as on September 30, 2005 is Rs. 288.80 million.
- The average cost of acquisition of one Equity Share for the Promoters is Rs. 11.12 per Equity Share for Mr. P.E. Subramaniam, Rs. 35.86 for Mr. P.S. Jagdish, and Rs. 9.46 for Mr. P.S. Shekar. The book value as on March 31, 2005 is Rs. 84.94 per Equity Share and Rs. 102.52 per Equity Share as on September 30, 2005.
- For related party transactions, refer to the section titled 'Related Party Transactions' and 'Transactions with Promoter/ Promoter Group' on page 87 of this Prospectus.
- The Investors are advised to refer to the section titled 'Basis for Issue Price' on page 26 of this Prospectus before making an investment in this Issue.
- Trading in Equity Shares of our Company for all the investors shall be in dematerialized form only.
- Investors may note that in case of over-subscription in the Issue, allotment shall be on a proportionate basis. For more information, see the section titled 'Basis of Allotment' on page 176 of this Prospectus.

Investors may contact the LM for any complaints, information or clarifications pertaining to the Issue.

SECTION III: INTRODUCTION

SUMMARY

You should read the following summary with the Risk Factors beginning on page iii of this Prospectus and the more detailed information about us and our financial statements included in this Prospectus.

Overview

Our company made a small beginning in the year 1976 and today is a prominent player in the transformer market in India, manufacturing power and distribution transformers upto 100 MVA/220 KV.

Over the years we have executed orders for North American markets for Mobile transformers and substation transformers. We have also strengthened our presence in Southern Indian SEBs (TNEB, Andhra Pradesh, Karnataka, Kerala) and built capabilities in various types of transformers such as Wind power, Fail Safe, Amorphous metal core.

Our key customer categories include SEBs, EPC contractors, Corporate and exports to our clients abroad. We have relationships with all Southern Electricity Boards. Our EPC contractors customer base include Larsen & Toubro, ABB Ltd, Reliance Energy Limited etc., Corporates include Taj Group of Hotels, Lakshmi Machine Works, TI Group, Sanmar group etc.

Since inception we have supplied over 55,000 transformers of various capacities (upto 60MVA) to over 3000 customers in India. Over the last 8 years, we have exported transformers to Nigeria, Srilanka, U.K., USA, Ghana, Canada and several other countries.

We manufacture special transformers, which are customer & industry specific. Various technologies have been imported as well as developed by us to keep abreast with the ever-changing international scenario. We had several technical collaborations in the past with companies such as Honeywell Inc., (Formerly Allied Signals, (USA)), MobleSource Industries Inc etc to manufacture various types of distribution and power transformers.

We currently manufacture the transformers out of three facilities. Of these, two facilities are located in Chennai, Tamil Nadu and one in Palakkad, Kerala. The three plants are capable of manufacturing 500 - 600 transformers of assorted sizes every month, and have an overall annual capacity of 2450 MVA. Our medium power transformer facility at Thirumazhisai facility in Chennai was commissioned about 8 years back and is a modernized facility capable of manufacturing transformers upto 100 MVA/220 KV class. The annual capacity of this plant is 1800 MVA. This plant is ISO 9001:2000 certified.

Our total income was Rs. 423 million in fiscal 2003, Rs. 633 million in fiscal 2004 and Rs. 812 million in fiscal 2005. For the fiscal year ended March 31, 2005, SEBs accounted for 63.08% of our total income while EPC Contractors, Corporates and exports accounted for 17.29%, 18.52% and 1.11% of our total income respectively.

OUR COMPETITIVE STRENGTHS

One of the few organized players in the transformer segment

The transformer industry in India is highly fragmented with very few organized players in this segment. We have been one of the few players who have established a prominent presence in the transformer segment. Over the years we have built an installed base of over 55,000 transformers of various capacities (upto 60MVA). We have a customer base of over 3000 customers which includes SEBs, Industrial customers and corporate customers.

The Government emphasis on providing power for all by 2012 and reform initiatives taken in this direction viz. APDRP is likely to benefit all organized electrical equipment manufacturers as there will be more thrust on quality products. This will enable organized players like us to provide quality and reliable products to SEBs and other customers. We are well placed to benefit from the same as we have built a strong relationship with various SEBs in the South over these years.

Well-positioned to move up the value chain to manufacture power transformers

Our product range comprises distribution transformers and medium power transformers. With our very strong customer base in India for smaller size of distribution and medium size power transformers we have successfully ventured to the manufacture of high ratings of Power transformers. We have till date supplied more than 250 transformers of 110/132KV class ranging up to 25MVA capacity and have orders for about 70 transformers of higher ratings of upto 60 MVA ratings.

The commissioning of our proposed power transformer plant of 2400 MVA of annual capacity will enable us to manufacture power transformers of higher range viz. 132 KV and 220 KV class of transformers. With increasing demand for higher class of transformers we will move up the value chain.

Dominant position in the south

Our customer base comprises SEBs, Industrial customers and corporate base. Over the years we have established a strong relation with the South based SEB's and industrial customers. Our key clients include the Southern Electricity Boards mainly Tamil Nadu Electricity Board, Andhra Pradesh Electricity Board, Karnataka Electricity Board and Kerala Electricity Board. These SEBs accounted for 63.08% of our total sales in FY05. Over the years we have managed to get a lot of business from these SEBs and believe that we command a reasonable market share in South.

Experience in exports to American and Canadian markets

We believe that we are amongst the first Indian Transformer manufacturers to export to North America. We had a tie-up with M/s. Mobile Source Inc. Canada for marketing of transformers in North/South American markets. We have obtained orders for Power transformers ranging from 10MVA upto 45MVA single phase as well as three phases from various Electrical utilities in North America.

Expertise in designing various types of transformers at optimal costs

Currently, we have a library of over 700 different transformer designs/drawings of small, medium and large sized transformers. Our past technical collaborations with various companies such as Allied Signal, Mobile Source etc has helped us built our knowledge on designing transformers at optimal costs.

Strong management and technical personnel

Our Chairman & Managing Director has over 35 years experience in the transformer industry. The Senior Advisor (Technical) has over 4 decades of experience in the transformer industry.

OUR STRATEGY

Penetrate new customer bases

Our Company has a wide range of customers viz. State Electricity Boards, Turnkey Contractors, other Electrical Contractors and end-users such as leading Hotels, Hospitals, Refineries, Petro-Products, Granite Industries, Paper, Textile, Steel and Cement Plants, Plastic and Rubber Industries, Garments and Apparels, Wind Generator Manufacturers, Co-generation Plants, Banks, Construction and Builders, Aquaculture, Software Technology Parks (STP's) and Software Companies.

Most of our customers are based in Southern India. In view of this, our focus would be on Turnkey Contractors and similar customers in Western and Northern parts of the Country. A few State Electricity Boards are getting privatized in Northern and Central India and our Company would be targeting those utilities to widen our customer base. With respect to Industrial Customers our Company would identify and appoint marketing agents in Delhi and other major industrial areas to cater to the requirement of these customers in such areas.

Concentrate on Export of Distribution Transformers / increase exports

Our Company has been exporting Distribution and Power Transformers to various countries such as Nigeria, U.K., USA, Ghana, and several others. Our Company supplied to various utilities/companies based in these countries and few of the transformers are also type tested as per the specification of the utilities/companies in the above countries. Our Company would concentrate on export of distribution transformers to the above countries, as well as such countries in the Middle East once additional capacities are set up. Our company would also concentrate on UK where we are already supplying distribution transformers.

Subcontracting for projects for new entrants

Our Company has in the past supplied distribution transformers and medium size power transformers upto 25MVA to various Contractors such as BSES (Reliance Energy Limited), ABB, Crompton Greaves Ltd., L&T, VA Tech Wabag, etc. A lot of companies are getting into the sub-contracting business and with our expertise we would be targeting such customers for sub-contracting supplies of power and distribution transformers.

Dry type transformers

We are setting up a dry type transformer plant ranging between 100 KVA and 3000 KVA. This facility will be set up at Thirumazhisai complex and will mainly cater to the requirements of industrial and corporate customers. A lot of Software Technology Parks (STPs), Hotels, Hospitals, high-rise buildings are coming in the major cities all over India where there is lack of sufficient space for setting up substations for oil filled transformers. A lot of these projects require dry type transformers as they can be placed indoor as these transformers are environment friendly and are very safe.

Once our Company commences production of these transformers we shall cater to the requirement of most of the above customers. Presently, we have not entered into any definitive agreement for sourcing technology for setting up this plant. However, we are exploring options for the same.

SUMMARY OF FINANCIAL DATA

SUMMARY OF PROFIT & LOSS ACCOUNT AS RESTATED

The profit and loss statement of the Company for five financial years ended March 31, 2001 to 2005 read with significant accounting policies after making certain regrouping for comparability and making adjustments as stated in notes to accounts, along with the Profit and Loss statement for the half year ended September 30, 2005 are set out below:

Rs. million

Particulars	For the half year ended September 30, 2005	For the Financial Years Ended				
		March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001
INCOME						
Income from Operations	496.43	811.66	633.26	423.26	220.37	340.61
Other Income	2.89	6.09	2.99	5.38	4.73	4.42
Total	499.32	817.75	636.24	428.64	225.10	345.03
EXPENDITURE						
Manufacturing expenses	384.89	621.25	501.21	348.86	182.60	284.07
Personal Expenses	12.28	23.78	23.19	20.54	16.81	16.09
Administrative and other expenses	23.15	49.76	43.40	17.67	18.70	19.11
Total	420.32	694.79	567.80	387.07	218.11	319.27
Operating Profit before Finance Cost, Amortisation & Depreciation and prior period expenses	79.00	122.96	68.44	41.57	6.99	25.76
Interest and Financial charges	2.47	6.48	11.40	19.07	14.90	13.97
Depreciation and obsolescence	4.07	8.60	7.30	7.29	7.08	6.76
Operating profit before prior period expenditure	72.46	107.88	49.74	15.21	-14.99	5.03
Prior period expenses	–	-0.01	–	–	-0.03	-0.41
Profit before tax and extraordinary items	72.46	107.87	49.74	15.21	-15.02	4.62
Profit before tax	72.46	107.87	49.74	15.21	-15.02	4.62
Current Tax	24.72	28.00	9.00	1.09	0.04	0.40
Profit after Tax	47.74	79.87	40.74	14.12	-15.06	4.22
Deferred Tax Liability (Asset)	(1.79)	0.19	2.67	15.28	–	–
Net Profit after Tax (A)	49.53	79.68	38.06	-1.16	-15.06	4.22
Impact of material adjustments for restatement in corresponding years (B)	–	–	–	–	–	–
Adjusted Profit (A+B)	49.53	79.68	38.06	-1.16	-15.06	4.22
Carry forward Profit from previous year	106.37	43.11	13.85	15.01	30.07	25.85
Total	155.90	122.79	51.91	13.85	15.01	30.07
APPROPRIATIONS						
Proposed Dividend	–	5.63	3.38	–	–	–
Dividend Tax	–	0.79	0.42	–	–	–
General Reserve	–	10.00	5.00	–	–	–
Profit / (Loss) carried forward to Balance Sheet	155.90	106.37	43.11	13.85	15.01	30.07

SUMMARY OF ASSETS & LIABILITIES AS RESTATED

Assets & Liabilities of the Company as at the end of each financial year read with significant accounting policies, after making adjustments as stated in notes to accounts, are set out below along with the assets & liabilities as at September 30, 2005.

Particulars	As at September 30, 2005	As at Financial Years Ended				
		March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001
FIXED ASSETS						
Gross Block	166.98	165.19	149.52	144.62	144.43	130.73
Less : Depreciation	65.21	61.38	54.76	48.26	41.70	34.92
Net Block	101.77	103.81	94.76	96.36	102.73	95.81
Capital Work in Progress	2.52	2.52	2.19	0.97	0.93	1.60
TOTAL - A	104.29	106.33	96.95	97.33	103.66	97.41
Investment - B	0.01	0.59	0.59	2.25	2.25	2.25
CURRENT ASSETS, LOANS & ADVANCES						
Inventories	70.18	102.83	55.06	68.90	77.56	69.09
Sundry Debtors	246.38	187.27	154.96	162.55	94.22	170.37
Cash & Bank balances	112.13	105.05	34.58	28.45	24.07	23.46
Loans & Advances	5.25	21.96	17.77	12.82	15.74	14.04
Miscellaneous expenses not W/Off	–	–	–	0.03	0.06	0.08
TOTAL - C	433.94	417.11	262.37	272.75	211.65	277.04
Total Assets (A+B+C) = D	538.24	524.03	359.91	372.33	317.56	376.70
Less : Liabilities and Provisions						
Secured Loans	–	–	6.76	80.39	82.44	85.00
Unsecured Loans	21.40	21.23	18.90	10.64	5.45	3.59
Deferred Tax Liabilities	16.34	18.13	17.95	15.28	–	–
Current Liabilities	211.70	238.97	146.49	134.28	96.76	140.15
Provisions	–	6.42	3.80	–	–	–
Total Liabilities = E	249.44	284.75	193.90	240.59	184.65	228.74
Net Worth (D-E)	288.80	239.28	166.01	131.74	132.91	147.96
REPRESENTED BY						
Share Capital	28.17	28.17	28.17	28.17	28.17	28.17
Reserve & Surplus	260.63	211.11	137.84	103.57	104.74	119.79
NET WORTH	288.80	239.28	166.01	131.74	132.91	147.96

THE ISSUE

Present Issue to the Public in terms of this Prospectus		
3,945,130	Equity Shares of Rs. 10 each	39,451,300
Out of the above:		
2,956,750	Fresh Issue of 2,956,750 Equity Shares of Rs. 10 each fully paid up	29,567,500
988,380	Offer for sale of 590,900 Equity Shares of Rs. 10 each fully paid up	9,883,800
Employee Reservation Portion		
50,000	Equity Shares of Rs. 10 each are reserved for allocation to Employees on competitive basis	500,000
Net Issue to Indian Public		
3,895,130	Equity Shares of Rs. 10 each	38,951,300
Post Issue paid-up Equity Share Capital		
10,620,000	Equity Shares of Rs. 10 each	106,200,000

GENERAL INFORMATION

INDO TECH TRANSFORMERS LIMITED

Registered Office: DP: 36, SIDCO Industrial Estate, Thirumazhisai, Chennai - 602 107

Tel No: + 91 044 2681 1569/ 2681 1570

Fax No: + 91 044 2681 1568

Registration No.: 18-22011

Address of the RoC:

Registrar of Companies

Shastri Bhavan, 26,

Haddows Road,

Chennai - 600 006

The Company received its Certificate for Commencement of Business on March 31, 1992.

Our current Board of Directors consists of the following:

Sr. No.	Name	Designation	Tenure
1	Mr. P. E. Subramaniam	Chairman and Managing Director	Permanent
2	Mr. P. S. Jagdish	Executive Director	Permanent
3	Mr. P. S. Shekar	Director (Operations)	Rotational
4	Mr. P. Velayudhan Pillai	Director	Rotational
5	Mr. Krishnamoorthy Kannan	Director	Rotational
6	Mr. A. P. Muthuswami	Director	Rotational

For further details on our Directors, please refer to the section titled "Our Management" on page 63 of this Prospectus.

COMPLIANCE OFFICER & COMPANY SECRETARY

Mr. V. Balasubramanian

Company Secretary

Indo Tech Transformers Limited

DP: 36, SIDCO Industrial Estate,

Thirumazhisai, Chennai - 602 107

Tel: + 91 44 2681 1569/ 2681 1570

Fax: + 91 44 2681 1568

Email: bala@indo-tech.com

Investors can contact the Compliance Officer in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary account, refund orders etc.

LEAD MANAGER

Enam Financial Consultants Private Limited

Contact Person: Mr. Ashish Kumbhat

801, Dalamal Tower, Nariman Point, Mumbai - 400 021

Tel: +91 22 5638 1800

Fax: +91 22 2284 6824

Website: www.enam.com

Email: ittl.ipo@enam.com

REGISTRARS TO THE ISSUE

Intime Spectrum Registry Limited

Contact Person: Mr. Vishwas Attawar

C-13, Pannalal Silk Mills Compound,

L.B.S. Marg, Bhandup (W),

Mumbai - 400 078.

Tel: +91 -22 5555 5491-94

Fax: +91 -22 5555 5499

Website: www.intimespectrum.com

Email: ittl.ipo@intimespectrum.com

LEGAL ADVISOR TO THE ISSUE**ANS Law and Associates**

41-A Filmcenter, 68, Tardeo Road, Mumbai - 400 034

Tel: +91 -22 5660 4761/5660 4762

Fax: +91 -22 5660 4763

E-mail: anslaw@vsnl.net

BANKERS TO THE COMPANY

Bank of Baroda

15 Gopalkrishna Street, T Nagar, Chennai - 600 017

Tel: + 91 44 2828 1996/ 2828 3652

Fax: + 91 44 2828 0920

State Bank of India

Overseas Branch,

86 (21), Rajaji Salai, Chennai - 600 001

Tel: + 91 44 2522 0308

Fax: +91 44 2522 0534

BANKERS TO THE ISSUE**ICICI Bank Limited**

30, Mumbai Samachar Marg,

Fort, Mumbai - 400 001

Tel: +91 22 2265 5285

Fax: +91 22 2261 1138

Email: sidhartha.routray@icicibank.com

HDFC Bank Limited

Manekji Wadia Building, Nanik Motwani Marg,

Mumbai - 400 023

Tel: +91 22 5657 3663

Fax: +91 22 2267 1661

Email: tanmay.mathkar@hdfcbank.com

State Bank of India

New Issues and Securities Services Division

Mumbai Main Branch

Mumbai Samachar Marg

P. B. No. 13, Fort

Mumbai - 400 023

Tel: +91 22 2265 1579 / 2266 2133

Fax: +91 22 2267 0745

Email: anuradha.kurma@sbi.co.in

Standard Chartered Bank

Fort Branch

90, Mahatma Gandhi Road, Fort,

Mumbai - 400 001

Tel: +91 22 2268 3130

Fax: +91 22 2262 4912

Email: banhid.bhattacharya@in.standardchartered.com

AUDITORS TO THE COMPANY**M/s. G. Balu Associates**

Chartered Accountants

No. 4, Venkatesha Aghraharam

Mylapore, Chennai - 600 004

Tel: +91 44 2494 2377

Fax: +91 44 2464 0308

STATEMENT OF INTER-SE ALLOCATION OF RESPONSIBILITIES

The following table sets forth the distribution of the responsibilities and co-ordination for various activities:

Activities	Responsibility	Coordinator
Capital structuring with the relative components and formalities such as composition of debt and equity, type of instruments, etc.	ENAM	ENAM
Drafting & Design of Prospectus and of Statutory advertisement. The Lead Manager shall ensure compliance with the guidelines for disclosure and investor protection and other stipulated requirements and completion of prescribed formalities with SEBI, Stock Exchange and Registrar of Companies.	ENAM	ENAM
Drafting and approval of all publicity material other than statutory advertisement as per SEBI guidelines.	ENAM	ENAM
Selection of various other agencies connected with the issue, namely i) Printers ii) Advertising agencies	ENAM	ENAM
Marketing of the offer, which will cover, inter-alia, formulating marketing strategies, preparation of publicity budget, arrangements for selection of ad media.	ENAM	ENAM
Distribution of publicity and offer material including application form, offer document and brochure and deciding on the quantum of the issue material.	ENAM	ENAM
Arrangement for selection of centers for holding press/ broker/ investor conferences, preparation of press, broker, investor conference material, presentation	ENAM	ENAM
Selection of the bankers to the Issue and follow-up with bankers to the issue to get quick estimates of collection and advising the Issuer about closure of the Issue based on the correct figures	ENAM	ENAM
The post issue activities will involve essential follow-up steps, which must include finalisation of basis of allotment/ weeding out of multiple applications, listing of instruments and dispatch of certificates and refunds, with the various agencies connected with the work such as registrars to the Issue, bankers to the Issue and the bank handling refund business. Even if many of these activities would be handled by other intermediaries, the designated Lead Manager shall be responsible for ensuring that these agencies fulfill their functions and enable him to discharge this responsibility through suitable agreements with the Offerors and the Company.	ENAM	ENAM

Credit Rating

As the Issue is of Equity Shares, credit rating is not required.

Debenture Trustees

As the Issue consists of Equity Shares, the appointment of Trustees is not required.

Monitoring Agency

No agency has been appointed to monitor the utilization of funds.

The Issue is proposed to be fully underwritten as mentioned below:

Name and Address of the Underwriters	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten (Rupees in Million)
Enam Financial Consultants Private Limited 801, Dalamal Tower, Nariman Point, Mumbai - 400 021 Tel: +91 22 5638 1800 Fax: +91 22 2284 6824	3,945,030	512,853,900
Enam Securities Private Limited 2nd Floor, Khatau Building, 44, Bank Street, Shaheed Bhagat Singh Road, Mumbai - 400 001 Tel: +91 22 2267 7901 Fax: +91 22 2266 5613	100	13,000
Total	3,945,130	512,866,900

The above mentioned is the amount underwritten pursuant to the underwriting agreement dated January 20, 2006.

In the opinion of the Board of Directors acting through the Executive Director, based on a certificate given to them by the Underwriters, the resources of the Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. All the above-mentioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the stock exchange (s). The above Underwriting Agreement have been accepted by the Board of Directors acting through the Managing Director of our Company and our Company has issued letters of acceptance to the Underwriters.

CAPITAL STRUCTURE

Share capital as at the date of filing of the Prospectus with ROC is set forth below:

		Nominal Value (Rs.)	Aggregate Value (Rs.)
A.	Authorised Capital ¹ 15,300,000 Equity Shares of Rs. 10 each	153,000,000	
B.	Issued, Subscribed and Paid-up Capital before the Issue 7,663,250 Equity Shares of Rs. 10 each	76,632,500	
C.	Present Issue to the Public in terms of this Prospectus 3,945,130 Equity Shares of Rs. 10 each Out of the above: 2,956,750 Fresh Issue of 2,956,750 Equity Shares of Rs. 10 each fully paid up 988,380 Offer for sale of 988,380 Equity Shares of Rs. 10 each fully paid up	39,451,300 29,567,500 9,883,800	512,866,900
D.	Employee Reservation Portion 50,000 Equity Shares of Rs. 10 each are reserved for allocation to Employees on competitive basis	500,000	
E.	Net Issue to Indian Public 3,895,130 Equity Shares of Rs. 10 each	38,951,300	
G.	Post Issue paid up Equity Share Capital 10,620,000 Equity Shares of Rs. 10 each	106,200,000	
G.	Share Premium Account Before the Issue After the Issue ²	25,847,125* 380,657,125	

* After adjusting the issue expenses as provided in the sponsorship agreement dated March 21, 1995 between our Company and 21st Century Management Services Limited.

¹ Our Authorised Capital was increased from Rs. 20 Million divided into 2,000,000 Equity Shares of Rs. 10 each to Rs. 99 Million divided into 9,900,000 Equity Shares of Rs. 10 each vide shareholders' resolution dated May 6, 1994. It was further increased to Rs. 153 mn through an Extra Ordinary General Meeting held on October 10, 2005

² The share premium account will be determined after finalisation of issue price.

NOTES TO THE CAPITAL STRUCTURE

1. Share Capital History of our Company:

Date of Allotment	Number of Equity Shares	Cumulative Equity Shares	Face Value per Equity Share (Rs.)	Issue price per Equity Share (Rs.)	Nature of payment of Consideration	Reasons for Allotment	Cumulative paid-up Capital (Rs. in Mn.)	Cumulative Share Premium (Rs. in Mn.)
January 16, 1992	630	630	10	10	Cash	Subscribers to Memorandum	0.01	Nil
March 28, 1994	102000	102630	10	10	Cash	Allotment to Promoters and Relatives	1.03	Nil
June 27, 1994	457370	560000	10	10	Cash	Allotment to Promoters and Relatives	5.60	Nil
July 14, 1994	232000	792000	10	10	Cash	Allotment to Promoters and Relatives	7.92	Nil
August 22, 1994	400000	1192000	10	40	Cash	Allotment to Promoters, Relatives and Associates	11.92	12.00

Date of Allotment	Number of Equity Shares	Cumulative Equity Shares	Face Value per Equity Share (Rs.)	Issue price per Equity Share (Rs.)	Nature of payment of Consideration	Reasons for Allotment	Cumulative paid-up Capital (Rs. in Mn.)	Cumulative Share Premium (Rs. in Mn.)
August 22, 1994	439340	1631340	10	40	In the process of takeover of partnership firm	Allotment to Promoters and Relatives & Associates	16.31	25.18
March 27, 1995	159660	1791000	10	40	Cash	Allotment to Promoters and Relatives & Associates	17.91	29.97
April 17, 1995	80000	1871000	10	40	Cash	Allotment to Promoters and Relatives & Associates	18.71	32.37
October 27, 1995	545000	2416000	10	55	Cash	21st Century Management Services Limited	24.16	56.90
June 29, 1996	400900	2816900	10	55	Cash	Allotment to financial investors and others	28.17	74.94
October 7, 2005	248400	3065300	10	–	Merger of ITEL	Allotment to the Shareholders of ITEL (in the ratio of 27:1) ³	30.65	74.94
October 10, 2005	4597950	7663250	10	–	Bonus	Bonus of three shares for every two shares held for the shareholders of ITTL	76.63	28.96

³ Vide a Scheme of Merger sanctioned by the High Court of Chennai on September 30, 2005 Indo Tech Electric Company Limited was merged with our Company with effect from April 1, 2003. Pursuant to the said Scheme, an aggregate of 2,48,400 Equity Shares of our Company were issued to the shareholders of Indo Tech Electric Company Limited.

Our Company had entered into a Sponsorship Agreement dated April 18, 1995 with Twenty First Century Management Services Limited (herein after referred to as the "21st Century"), appointing 21st Century as sponsor and market maker for the securities of the Company on the Over the Counter Exchange of India. Under the said agreement 21st Century had agreed to sponsor 1,129,000 Equity Shares of face value of Rs. 10 each at a premium of Rs. 45 per share. The Promoters under the said agreement had agreed and undertaken to buy back the said shares at a price calculated on the basis of price paid by the 21st Century for the shares together with a return of 22% per annum compounded quarterly less dividends paid if any.

Due to financial restraints, 21st Century could only sponsor for 590,900 Equity Shares of the Company and therefore to fulfill its obligation under the Sponsorship Agreement, 21st Century had brought in the Co-investors to subscribe for the balance shares by way of separate Subscription Agreements. The Company, the Promoters of the Company, 21st Century and the co-investor were parties to these agreements. Accordingly Subscription Agreements dated 15th December 1995 with Lloyds Finance Limited and 6th November 1995 with Savani Financials Limited were entered for 200,000 Equity Shares and 30,000 Equity Shares respectively. Similarly, the Company also issued 100,000 shares to K & Co. and 25,000 Equity Shares to Anusha Investments Limited.

On March 25, 2005, Our Promoter, Mr P E Subramaniam and 21st Century had purchased 200,000 Equity Shares from Lloyds Finance Limited and 55,000 Equity Shares (30,000 Equity Shares from Savani Financial Limited and 25000 shares from Anusha Investments Limited) respectively.

The said Sponsorship Agreement was terminated by a Termination Agreement dated October 15, 2005 entered into between Our Company and the 21st Century.

2. Promoters Contribution and Lock-in:

Three years Lock-in

Name	Date of allotment / acquisition	Date when made fully paid up	Consideration	Number of Equity Shares	Face Value	Allotment Price/ Acquisition Price	% of Issued Paid up capital	Lock-in period
P.E. Subramaniam	10-Oct-05	10-Oct-05	Bonus	708,000	10	–	6.67%	3 years
P.S. Jagdish	10-Oct-05	10-Oct-05	Bonus	708,000	10	–	6.66%	3 years
P. S. Shekar	10-Oct-05	10-Oct-05	Bonus	708,000	10	–	6.67%	3 years
Total				2,124,000			20.00%	

One year Lock-in: -

Name	Date of allotment / acquisition	Date when made fully paid up	Consideration	Number of Equity Shares	Face Value	Allotment Price/ Acquisition Price	% of Issued Paid up capital	Lock-in period
Promoters								
P.E. Subramaniam	16-Jan-92	16-Jan-92	Cash	90	10	10	0.00%	1 year
	28-Mar-94	28-Mar-94	Cash	18000	10	10	0.17%	1 year
	27-Jun-94	27-Jun-94	Cash	96620	10	10	0.91%	1 year
	12-Jul-94	12-Jul-94	Cash	90	10	10	0.00%	1 year
	14-Jul-94	14-Jul-94	Cash	58000	10	10	0.55%	1 year
	22-Aug-94	22-Aug-94	Pursuant to takeover of Indotech Electric Co.	219670	10	40	2.07%	1 year
	22-Aug-94	22-Aug-94	Cash	50000	10	40	0.47%	1 year
	25-Mar-05	25-Mar-05	Cash	225000	10	40	2.12%	1 year
	27-Apr-05	27-Apr-05	Cash	16000	10	95	0.15%	1 year
	07-Oct-05	07-Oct-05	Pursuant to merger of Indotech Electric Co. Ltd.*	105570	10	–	0.99%	1 year
	10-Oct-05	10-Oct-05	Bonus	475560	10	–	4.48%	1 year
Sub-Total				1,264,600			11.91%	
P. S. Jagdish	16-Jan-92	16-Jan-92	Cash	90	10	10	0.00%	1 year
	27-Jun-94	26-Jun-94	Cash	121910	10	10	1.15%	1 year
	25-Mar-05	25-Mar-05	Cash	28300	10	40	0.27%	1 year
	07-Oct-05	07-Oct-05	Pursuant to merger of Indotech Electric Co. Ltd.*	2970	10	–	0.03%	1 year
	10-Oct-05	10-Oct-05	Bonus	118,125	10	–	4.86%	1 year
	22-Oct-05	22-Oct-05	Transfer	397,480	10	120	3.74%	1 year
Sub-Total				668,875			6.30%	
P. S. Shekar	16-Jan-92	16-Jan-92	Cash	90	10	10	0.00%	1 year
	28-Mar-94	3-Mar-94	Cash	22000	10	10	0.21%	1 year
	27-Jun-94	26-Jun-94	Cash	117910	10	10	1.11%	1 year
	14-Jul-94	15-Jul-94	Cash	58000	10	10	0.55%	1 year
	22-Aug-94	22-Aug-94	Cash	100000	10	40	0.94%	1 year
	17-Apr-95	17-Apr-95	Cash	6250	10	40	0.06%	1 year
	25-Mar-05	25-Mar-05	Cash	135000	10	40	1.27%	1 year
	07-Oct-05	07-Oct-05	Pursuant to merger of Indotech Electric Co. Ltd.*	48600	10	–	0.46%	1 year
	07-Oct-05	07-Oct-05	Pursuant to merger of Indotech Electric Co. Ltd.*	13500	10	–	0.13%	
10-Oct-05	10-Oct-05	Bonus	44025	10	–	0.41%	1 year	
Sub- Total				545,375			5.14%	

* Vide a Scheme of Merger sanctioned by the High Court of Chennai on September 30, 2005 Indo Tech Electric Company Limited was merged with our Company with effect from April 1, 2003. Pursuant to the said Scheme, twenty-seven Equity Shares of Rs. 10 each of Indo Tech Transformers Limited is issued against one Equity Share of Rs. 100 each of Indo Tech Electric Company Limited aggregating to 2,48,400 Equity Shares of our Company.

The Equity Shares will be locked-in for the periods specified in the preceding table from the date of allotment of Equity Shares in this Issue. The Equity Shares to be locked-in for a period of three years have been computed as 20% of our equity capital after the Issue.

Other than as stated above, the entire pre-Issue equity share capital of the Company will be locked-in for the period of one year from the date of allotment of Equity Shares in this Issue.

Locked-in Equity Shares held by the Promoters can be pledged with banks or financial institutions as collateral security for loans granted by such banks or financial institutions. In terms of clause 4.16 (b) of the SEBI Guidelines, Equity Shares held by the Promoters may be transferred to and amongst the Promoters/ Promoter Group or to a new promoter or persons in control of the Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI Takeover Regulations, as applicable.

Further, in terms of clause 4.16 (a) of the SEBI Guidelines, Equity Shares held by shareholders other than the Promoters may be transferred to any other person holding shares which are locked-in as per Clause 4.14 of the SEBI Guidelines, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI Takeover Regulations, as applicable.

3. Save and except issuance of 4,597,950 Equity Shares as Bonus Issue on October 10, 2005 we have not capitalised the reserves till date.
4. Our Company, our Directors, our Promoters, Promoter Group Companies, their respective Directors and the LM have not entered into any buy-back and/or standby arrangements for purchase of Equity Shares issued by the Company through this Prospectus.
5. An over-subscription to the extent of 10% of the Issue can be retained for the purposes of rounding off to the nearest multiple of one (1) Equity Share while finalising the basis of allotment.

The following, Equity Shares have been sold or purchased by our Promoter and our Promoter Group Companies, during the period of six months preceding the date on which the Prospectus is filed with SEBI.

Transferee	Transferor	Date on which Shares Purchased or Sold	Number of Shares	Par Value	Consideration	Purchase/Sale Price
P.E. Subramaniam	Bipin J. Nanavati	April 27, 2005	5500	10	Cash	95
P.E. Subramaniam	Nalin J. Nanavati	April 27, 2005	3500	10	Cash	95
P.E. Subramaniam	Vidyutha J. Nanavati	April 27, 2005	3500	10	Cash	95
P.E. Subramaniam	Jaysingh Vasanji Angaria	April 27, 2005	2500	10	Cash	95
P.E. Subramaniam	Surendra A. Asher	April 27, 2005	1000	10	Cash	95
A. C. Vijayalaxmi	Rajesh C. Anjaria	April 27, 2005	2500	10	Cash	95
A. C. Vijayalaxmi	Atul C. Anjaria	April 27, 2005	2500	10	Cash	95
A. C. Vijayalaxmi	Yogin T. Porecha	April 27, 2005	2500	10	Cash	95
A. C. Vijayalaxmi	Chandrakant Vasanji Angaria	April 27, 2005	1500	10	Cash	95
A. C. Vijayalaxmi	Sara Alex	April 27, 2005	500	10	Cash	95
A. C. Vijayalaxmi	Alex Matthews	April 27, 2005	500	10	Cash	95
A. C. Vijayalaxmi	T. T. Annamm	April 27, 2005	500	10	Cash	95
A. C. Vijayalaxmi	Baby Matthew	April 27, 2005	500	10	Cash	95
P. S. Jagdish	21st Century Management Services Limited	October 22, 2005	397480	10	Cash	130

6. Our top ten shareholders and the number of Equity Shares of Rs. 10 each held by them on the date of filing this Prospectus with ROC is as follows:

Sr. No.	Name of the Shareholder	No. of shares held	% of Pre-Issue Equity Share Capital
1	P. E. Subramaniam	1972600	25.74%
2	P. S. Jagdish	1774355	23.15%
3	P. S. Shekar	1253375	16.36%
4	21st Century Management Services Limited	1217270	15.88%
5	A. C. Vijayalaxmi	913000	11.91%
6	K & Co.	250000	3.26%
7	Meera Jagdish	88750	1.16%
8	P. S. Jayshree	83125	1.08%
9	P. E. Subramaniam (HUF)	78125	1.02%
10	Vijaya Dass	10000	0.13%
	TOTAL	7640600	99.70%

7. Our top ten shareholders and the number of Equity Shares of Rs. 10 each held by them 10 days prior to the date of filing this Prospectus with ROC is as follows:

Sr. No.	Name of the Shareholder	No. of shares held	% of Pre-Issue Equity Share Capital
1	P. E. Subramaniam	1972600	25.74%
2	P. S. Jagdish	1774355	23.15%
3	P. S. Shekar	1253375	16.36%
4	21st Century Management Services Limited	1217270	15.88%
5	A. C. Vijayalaxmi	913000	11.91%
6	K & Co.*	250000	3.26%
7	Meera Jagdish	88750	1.16%
8	P. S. Jayshree	83125	1.08%
9	P. E. Subramaniam (HUF)	78125	1.02%
10	Vijaya Dass	10000	0.13%
	TOTAL	7640600	99.70%

* During the allotment of bonus shares in October 2005, it came to the notice of the Company that while certain shares are held in the Company for the benefit of a partnership firm, the register of members does not record the names of the partners who hold such shares. Appropriate steps to rectify the registers of the Company may be initiated as the Company may be advised in this behalf.

8. Our top ten shareholders and the number of Equity Shares held by them two years prior to date of filing of this Prospectus with ROC is as follows:

Sr. No.	Name of the Shareholder	No. of shares held	% of Pre-Issue Equity Share Capital
1	21st Century Management Services Limited	590900	20.98%
2	P. E. Subramaniam	542470	19.26%
3	P. S. Jagdish	519480	18.44%
4	P. S. Shekar	304250	10.80%
5	A. C. Vijayalaxmi	304250	10.80%
6	Lloyds Finance Ltd.	200000	7.10%
7	K & Co.	100000	3.55%
8	Mr. Hitesh G. Bagadia	35000	1.24%
9	P. E. Subramaniam (HUF)	31250	1.11%
10	Savani Financials Ltd.	30000	1.07%
	TOTAL	2657600	94.34%

9. Shareholding pattern of our Company before and after the Issue:

Description	Pre-Issue		Post-Issue	
	No. of Equity Shares	% holding	No. of Equity Shares	% holding
Promoters				
P.E. Subramaniam	1,972,600	25.74%	1,972,600	18.57%
P.S. Jagdish	1,774,355	23.15%	1,376,875	12.96%
P. S. Shekar	1,253,375	16.36%	1,253,375	11.80%
Sub-Total	5,000,330	65.25%	4,602,850	43.34%
Other Promoter Group Entities				
A. C. Vijayalaxmi	913,000	11.91%	913,000	8.60%
P.S. Jayshree	83,125	1.08%	83,125	0.78%
Meera Jagdish	88,750	1.16%	88,750	0.84%
P. E. Subramaniam (HUF)	78,125	1.02%	78,125	0.74%
Prema Shekar	5,775	0.08%	5,775	0.05%
Sub-Total	1,168,775	15.25%	1,168,775	11.01%
Total Promoter Group Holding	6,169,105	80.50%	5,771,625	54.35%
Others	1,494,145	19.50%	4,848,375	45.65%
TOTAL	7,663,250	100.00%	10,620,000	100.00%

10. Except as disclosed herein, there would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of this Prospectus with SEBI until the Equity Shares to be issued in terms of this Prospectus have been listed.
11. We presently do not intend or propose to alter our capital structure for six months from the date of opening of the Issue, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise, except if we enter into acquisitions or joint ventures, we may consider raising additional capital to fund such activity or use Equity Shares as currency for acquisition or participation in such joint ventures, if any.

12. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law. We shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.
13. We have not raised any bridge loans against the proceeds of the Issue.
14. The shares locked in by the Promoters are not pledged to any party. The Promoters may pledge their Equity Shares with Banks or financial institutions as additional security for loan whenever availed of from banks or financial institutions provided pledge of Equity Shares is one of the terms of sanction of loan.
15. Our Company has not revalued its assets since inception. We have not issued any Equity Shares out of revaluation reserves or for consideration other than cash except for bonus issues out of free reserves.
16. As on the date of filing of this Prospectus, the total number of holders of Equity Shares is 18.
17. As per our loan agreements entered into by us with our lenders, we are required to obtain consent of them prior to altering our capital structure. Accordingly, we have obtained consents of our lenders for the present issue.

S. No.	Bank	Reference Number	Dated
1	State Bank of India	No.RM-I/322	October 31, 2005
2	Bank of Baroda	Theaga/Adv/50/42	November 8, 2005

18. The Equity Shares offered through this public issue shall be made fully paid up on allotment.
19. As of the date of this Prospectus, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments into Equity Shares of our company. The shares locked in by our promoters, as part of Promoter contribution, are not pledged to any party.

OBJECTS OF THE ISSUE

The objects of the Issue are the followings:

- Relocation and Modernization of Saidapet plant into a new Distribution Transformer Plant of 750 MVA / annum at Thirumazhisai
- Setting up a new Power Transformer Plant with a Capacity of 2400 MVA /Annum including 220 KV class of transformers
- Setting up of Dry Type Transformer Plant at Thirumazhisai (120 units per annum)
- To meet working capital requirements
- To meet Issue Expenses

The net proceeds of the issue, after deducting all Issue related expenses, are estimated to be Rs. 353.64 million. We will not receive any proceeds from the sale of the Equity Shares by the Offerors.

The main objects of our Memorandum of Association permits us to undertake our existing activities and the activities for which the funds are being raised by us, through the present Issue. The fund requirement and deployment is based on internal management estimates and has not been appraised by any bank or financial institution. The fund requirement as shown below is based on our current business plan. In view of the highly competitive and dynamic nature of the industry in which we operate, we may have to revise our business plan from time to time and consequently our fund requirement may also change. This may include rescheduling of our capital expenditure programmes and increase or decrease the capital expenditure for a particular purpose vis-à-vis current plans at the discretion of our management. In case of any variations in the actual utilization of funds earmarked for the above activities, increased fund deployment for a particular activity will be met from internal accruals of the Company.

The details of the proceeds of the fresh Issue are summarized in the table below: -

	(Rs. Million)
Gross Proceeds of the Fresh Issue	384.38
Issue Related Expenses for the Company	30.74
Net Proceeds of the Issue	353.64

FUNDS REQUIREMENT

The fund requirements for each of the objects mentioned above are given in the following table:

Sr. No.	Description	Estimated Fund Requirement (Rs. Million)
1	Relocation and Modernization of Saidapet plant into a new Distribution Transformer Plant of 750 MVA / annum at Thirumazhisai	75.00
2	Setting up a new Power Transformer Plant with a Capacity of 2400 MVA / Annum Incl 220 KV class of transformers at a new location	306.00
3	Setting up of Dry Type Transformer Plant at Thirumazhisai with capacity of 120 units per annum	20.00
4	To meet working capital requirements	34.00
5	To meet Issue Expenses	30.74
	TOTAL	465.74

Means of finance

We intend to fund our requirements through the proceeds of the Issue and rupee term loan as follows:

Activity	Estimated Amount (Rs. Million)
Gross Proceeds of the Issue	384.38
Rupee term loan	81.36
TOTAL	465.74

Objects of the Issue are proposed to be funded by way of equity and debt. Out of the total project cost of Rs. 465.74 million, Rs. 384.38 million will be raised through public issue and the balance sum of Rs. 81.36 million will be funded through debt for which we have obtained sanction letter from State Bank of India for Rs. 100 million vide letter date December 1, 2005.

The important terms and conditions of the term loan sanctioned by State Bank of India are: -

Name of the Bank	Amount Sanctioned	Important conditions for sanction and disbursement
State Bank of India	Rs. 100 million	<ol style="list-style-type: none"> 1. Interest: 1% below SBAR (present effective rate 9.25% p.a.) at monthly rests 2. Repayment: In 35 monthly installments of Rs. 28 million crore commencing from April 2007 and last installment of Rs. 20 million in March 2010. 3. Security: <ol style="list-style-type: none"> (a) Primary: Charge on assets to be created including EM over the land to be acquired under the term loan of Rs. 100 million (b) Collateral: <ol style="list-style-type: none"> (i) Pari passu charge with Bank of Baroda on land, building measuring 6.08 acres at D.P. 14 to 19 and D.P. 36, at SIDCO Ind. Estate, Thirumazhisai, Chennai - 602 107 and fixed assets thereon belonging to the Company (mortgaged to Bank of Baroda at present). (ii) EM over land with electric generator at S. No. 317/3 and 317/4, 318, 316/2 of 3 acres at Radhapuram, Tirunelveli, Dist. belonging to the Company. (iii) EM over land measuring 2.5 acres with factory building thereon at S. No. 819/1 and 822/1 at Pudussery Industrial Area, Kanjikode, Palakkad belonging to the Company. (iv) EM over 2.92 acres of land on NH47, Koyyamarakkadu, Kanjikode, Palakkad 23 with building thereon belonging to the Company. (v) Pending creation of EM and Court formalities of merger a TDR of Rs. 0.75 crore is taken as security and will be released on completion of EM formalities. (vi) Second charge on assets created under the proposed term loan.

1. Relocation and Modernization of Saidapet plant into a new Distribution Transformer Plant of 750 MVA / annum at Thirumazhisai

The Saidapet unit spread out over an area of 2 acres is fully equipped to manufacture smaller range of distribution transformers and limited big sized ones. The installed capacity of this unit is 450 MVA per annum and manufactures products such as industrial transformers and small distribution transformers for utilities catering to SEBs and industrial customers. We have 84 people working at this unit. Since this unit is nearly 30 years old, it was decided to modernize the manufacturing plant and upgrade the infrastructure and hence it was proposed to relocate and modernize this facility at Thirumazhisai.

The proposed plant will have an installed capacity of 750 MVA per annum. This plant would have modern equipments and would be capable of manufacturing more of industrial transformers of 500KVA upto 3150 KVA / 33KV class. This plant would be located at the vacant land situated at DP: 36, SIDCO Industrial estate adjacent to the Corporate office of our company and would be a standalone unit.

Estimated funds requirement for the Distribution Transformer Plant is as follows:

(Rs. in Millions)

Particulars	Area	Total Cost
Main Building	18000 Sq. Ft.	10.80
Ancillary Buildings	12000 Sq. Ft.	4.20
Roads and other Infrastructure		1.15
O/H Cranes		
15 Tonne		1.50
10 Tonne		1.00
5 Tonne		1.20
2 Tonne		0.50
Winding Machines		
L.V Wdg		1.80
H.V Wdg		1.50
Insulation Shop		3.60
Vacuum Processing Autoclave		
Medium		8.00
Air Drying Ovens		1.50
Core Building Fixtures		1.80
Fork Lift		0.75
Oil Filtration Plant (6KL/Hr)		1.60
Oil Storage Tanks (20 KL)		2.00
Tools, Jigs & Fixtures		3.60
Test Lab upto 33 Kv class		10.00
Complete Electricals		8.50
Office Eqpts / Air conditioning /Computers		4.00
Painting Booth		1.50
Dust Free Set up (Wdg & Insln)		2.00
Contingencies		2.50
Total		75.00

Schedule of Implementation for relocation and modernisation of Saidapet plant into a Distribution Transformer Plant of 750 MVA/annum at Thirumazhisai.

Activity	Commencement Date	Completion Date	Trial Production	Commencement Date
Finalisation of Detailed Engineering	November 1, 2005	February 25, 2006	-	-
Civil Works	December 15, 2005	June 15, 2006	-	-
Placement of Orders for Plant and Machinery	January 1, 2006	March 15, 2006	-	-
Delivery of Plant and Machinery	January 15, 2006	June 30, 2006	-	-
Installation and Commissioning	June 15, 2006	June 30, 2006	-	-
Commencement of Production	-	-	July 15, 2006	August 15, 2006

2. Setting up of a new Power Transformer Plant with a Capacity of 2400 MVA / Annum Incl. of 220 KV class of transformers at a new location

We currently have an existing facility at Thirumazhisai manufacturing 110 and 132 KV ratings of transformers. In order to increase the capacity of the 110/132 KV ratings of transformers and to manufacture 220KV ratings and 400KV at a later date we have decided to set up a new plant at a different location in the outskirts of Chennai with state of the art facilities.

Though our Company is able to obtain large orders in the range of 110 and 132 KV transformers, we are unable to execute supplies on account of capacity constraints at our present plant at Thirumazhisai. As there is high demand for these class of transformers as well as 220 KV class of transformers, our Company intends to set up a new plant at a new location with an installed capacity of 2400 MVA per annum. The proposed plant would be capable of manufacturing 132 KV and 220 KV class of transformers.

The estimated fund requirement to set up the facility is as follows:

(Rs. in Millions)

Particulars	Area	Total Cost
Land	30 acres	50.00
Main Building	17500 Sq.Ft.	31.50
Ancillary Buildings	22500 Sq.Ft.	9.00
O/H Cranes		
150 Tonne		15.00
100 Tonne		10.00
20 Tonne		6.00
5 Tonne		1.80
Winding Machines		
Large (10T)		5.40
Medium (5T)		3.60
Insulation Shop		10.00
Vacuum Processing Autoclave		
Large		16.50
Medium		12.00
Air Drying Ovens		2.25
Core Building Fixtures		3.20
Fork Lift		0.75
Oil Filtration Plant (15KL/Hr)		4.00
Oil Filtration Plant (10KL/Hr)		2.40
Oil Storage Tanks (60 KL)		5.00
Tools Jigs & Fixtures		10.00
Test Lab upto 230 Kv class		30.00
Impulse Generator		17.50
Complete Electricals		25.00
Office Eqpts / Air conditioning/Computers		10.00
Painting Booth		2.50
Dust Free Set up (Wdg & Insln)		10.00
Contingencies		12.60
Total		306.00

We have identified three plots of lands in the outskirts of Chennai and negotiations are on with the land owners and a decision on selection will be taken shortly. The quotations for some of the equipments such as Over Head Cranes, Winding Machines, Vacuum Processing Autoclave, Oil Filtration Plant, Impulse Generator has been obtained from various equipment manufacturers.

Schedule of Implementation for setting up of a new Power Transformer Plant with a capacity of 2400 MVA/annum incl. of 220 KV class of transformers at a new location.

Activity	Commencement Date	Completion Date	Trial Production	Commencement Date
Finalisation of Detailed Engineering	March 15, 2006	June 15, 2006	-	-
Civil Works	April 1, 2006	February 28, 2007	-	-
Placement of Orders for Plant and Machinery	January 1, 2006	September 1, 2006	-	-
Delivery of Plant and Machinery	March 1, 2006*	February 1, 2007	-	-
Installation and Commissioning	March 15, 2006*	March 1, 2007	-	-
Commencement of Production	-	-	March 1, 2007	April 1, 2007

* A few of the equipments and plant and machinery will be installed at the Thirumazhisai facility and utilized for commercial production till the new power Transformer plant is commissioned and then shifted to the new location

3. Setting up of Dry Type Transformer Plant at Thirumazhisai (120 units per annum)

Due to environmental and fire hazards, a lot of commercial complexes, hospitals, hotels and high rise buildings have started installing dry type transformers instead of the conventional oilfilled type of transformers. As the market for these transformers are increasing our Company has decided to set up a plant to manufacture open ventilated dry type transformers. The plant will be located at an existing building within the Thirumazhisai complex and will be capable of manufacturing dry type transformers ranging between 100 KVA and 3000 KVA.

The estimated fund requirement to set up the facility is as follows:

(Rs. in Millions)

Particulars	Area	Total Cost
Addition to existing shed	1600 square feet	0.80
Pit to install Vacuum Pressure Impregnation plant	400 square feet	0.20
Flooring	3000 square feet	0.45
Painting Existing Facility		0.20
Other Civil Works		0.30
Vacuum Pressure Impregnation Plant		4.00
Winding Mcs		1.20
Partial Discharge Meter		0.60
Material Handling		0.30
Tools, Jigs & Fixtures		0.25
Air Drying Oven		0.70
Test Equipments		3.00
O/H cranes 10 Tonnes		2.00
Others		1.00
Electricals Etc		1.50
Contingencies		3.50
TOTAL		20.00

Schedule of Implementation for setting up of Dry Type Transformer Plant at Thirumazhisai (120 units per annum)

Activity	Commencement Date	Completion Date	Trial Production	Commencement Date
Finalisation of Detailed Engineering	January 15, 2006	February 15, 2006	-	-
Civil Works	February 15, 2006	April 15, 2006	-	-
Placement of Orders for Plant and Machinery	January 1, 2006	March 15, 2006	-	-
Delivery of Plant and Machinery	March 15, 2006	May 15, 2006	-	-
Installation and Commissioning	May 1, 2006	March 20, 2006	-	-
Commencement of Production	-	-	June 1, 2006	June 20, 2006

Status of Orders placed for the proposed expansion and modernization: -

1. Relocation and Modernization of Saidapet Plant into a new Distribution Transformer Plant of 750MVA / annum

S. No.	Vendor	Amount in Rs.	Remarks	Status
1	Tiger Steel Engineering (I) P. Ltd.	6048640	Wall clading and roof of distribution plant	Order placed and work will commence by March 2006
2	Consolidated Construction Consortium Ltd.	14679184	Construction of distribution transformer plant	Construction commenced during Dec. 2005
3	Chawla Machine Tools	514800	Purchase of Shearing Machine	Equipment received and installed at Saidapet Works
		21242624		

2. Expansion of Power Transformer Plant Capacity to 2400MVA / annum including 220KV

S. No.	Name of the Vendor / Contractor	Amount	Description of Machine	Order Status
1	Haefely Test AG	11456250	Supply of Impulse Test Generator	} Orders placed with advance payments and
2	KSM Laboratory Glass Works	696262	Purchase of Air Drying Oven	} delivery of equipments expected between
3	KSM Laboratory Glass Works	1531778	Hot Air Drying Oven with Trolley of capacity 130 Ton	} February 2006 and April 2006
4	Vacuum Plant & Instruments Mfg. Co. Ltd.	712401	Vacuum system	}
5	Vacuum Plant & Instruments Mfg. Co. Ltd.	1566598	Filter Machine - Capacity : 6000 Ltrs/Hr	} These equipments will be installed in the
6	Vacuum Plant & Instruments Mfg. Co. Ltd.	3447725	Vacuum Pumping System	} existing Power transformer facility at
7	ETM Technologies	771400	Installation of Impulse Voltage test system	} Thirumazhisai till the new Power transformer
8	Mahan Electrical Industries Pvt Ltd	189625	Capacitors - 25KVAR -433V-3ph-50hz	} facility of capacity of 2400MVA 220KV is
9	Narayan Powertech Pvt Ltd	86834	Potential Transformer	} ready
10	Rectifiers & Electronics	1970280	High Frequency Generator set & 500kv Capacitive Voltage divider	}

S. No.	Name of the Vendor / Contractor	Amount	Description of Machine	Order Status
11	Sri Balaji Enterprises	505435	Jib Crane - 3T Capacity	}
12	Sri Balaji Enterprises	22040	Erection & Commissioning of Jib Crane	}
13	Shreem Capacitors Pvt Ltd	893650	Capacitors - 166KVAR - 3.3KV	}
14	Techmech Engineering	220081	Core bed assembly	}
15	Techmech Engineering	519732	MS Core bed assembly for 100MVA	}
		24590091		
	TOTAL	45832715		

Meeting working capital requirement for expansion

Our anticipated business growth, mainly from the area of power transformer where our major customer include SEBs would push up the working capital on account of longer credit period to be offered to our clients, higher inventory level and miscellaneous current assets. As per our internal estimate, the incremental requirement for the working capital would be Rs. 34 million which we plan to finance entirely by the proceeds of this Issue.

Basis of Estimation of Working Capital

Particulars	Holding Period Days
Raw Materials	60
Work in Progress	25
Receivables	27
Creditors	75

Our working capital estimations are based on the workings of first six months of FY 2005-06 and the financial year ended March 31, 2005.

Further our additional working capital requirements will be on account of our new expansion projects. The total envisaged working capital requirement, will be funded through internal accruals, existing working capital facilities and issue proceeds as given below:

Particulars	Amount (Rs. in million)
Working Capital Requirement	162.74
Funding from Internal Accruals	120
Working Capital from Banks	8.74
Balance from Issue Proceeds	34.00

Existing Working Capital Facilities:

We have a sanctioned cash credit limit of Rs. 69 million from Bank of Baroda for Rs. 60 million and State Bank of India for Rs. 9 million.

For Details please refer to section titled "Financial Information" on page 88 of this Prospectus

Issue expenses

The total expenses of the Issue are estimated to be approximately Rs. 41.02 million. The Issue related expenses include, among others, issue management fees, brokerage and underwriting commission, printing and distribution expenses, legal fees, advertisement expenses, registrar and depository fees and listing fees.

(Rs. in Million)

Category	Estimated expenses	As a percentage of Total Issue Size	As a percentage of Total Issue Expenses
Fees for the LM	10.26	2%	25%
Fees for Registrar to the Issue	4.65	0.91%	11.33%
Advertising and Marketing costs	6.12	1.19%	14.91%
Printing and distribution cost including dispatch	7.00	1.36%	17.05%
Brokerage and Underwriting commission	12.82	2.50%	31.23%
Others (initial listing fees and annual listing fees, SEBI filing fees, other statutory fees, depository fees and other related expenses)	0.20	0.04%	0.48%
Total	41.05	8.00%	100.00%

The above issue expenses will be borne by the Company and the offerors in the proportion of the shares issued / offered by them. As such, the total issue expenses to be borne by the Company will be to the extent of Rs. 30.74 million.

In the event that the total project cost incurred by us is more than the estimated fund requirement as mentioned above, the balance fund requirement would be met from internal accruals by our Company.

No part of this issue proceeds will be utilized towards acquisition of any land except for the expansion of the Power Transformer Plant for which around 30 acres of land would be procured.

DEPLOYMENT OF FUNDS

The requirement of funds as estimated by the management of the Company over the next three years is as follows:

(Rs. in Million)

Sr. No.	Particulars	Fund Requirement	Implementation Schedule		
			Funds estimated to be deployed upto March 2006	Funds estimated to be deployed upto March 2007	Funds estimated to be deployed upto March 2008
1	Relocation and Modernization of Saidapet plant into a new Distribution Transformer Plant of 750 MVA / annum	75	25	50	–
2	Expansion of Power Transformer Plant Capacity to 2400 MVA / annum including 220 KV	306	76	230	–
3	Setting up of Dry Type Transformer Plant (120 units per annum)	20	14	6	–
4	To meet working capital requirements	34	–	17	17
5	To meet Issue Expenses	30.74	30.74	–	–
TOTAL		465.74	145.74	303	17

PERMISSIONS REQUIRED FOR IMPLEMENTATION OF THE PROJECT

Our Company is yet to apply for any license, approval or permission in relation to the new Power Transformer Plant. An indicative list of the major licenses, approvals and permissions we may need in relation to our proposed unit are as under:

- a. License to operate a factory along with approvals for the machine plan layout and the building under the Factories Act;
- b. If we import our plant and machinery under EPCG, Advance License or any other export promotion scheme, then we would require license(s) under such scheme(s) which would be adequate to cover the cost of imports;
- c. Approvals from the Tamil Nadu Pollution Control Board under the legislations concerning prevention of water pollution and air pollution; discharge of hazardous waste;
- d. Sanction for supply of electrical power from the Tamil Nadu Electricity Board;
- e. The Electrical Inspectors' approval for diesel generator sets (for standby power) under the Electricity Act;
- f. Water connection approvals;
- g. Registration under the Contract Labour (Regulation & Abolition) Act for engaging contract labour, if any, employed by our Company;
- h. License for bulk storage of petroleum products (diesel/LPG) from the Department of Explosives;
- i. Registration of new premises as an additional place of business in the central excise and sales tax registration certificates of our Company;
- j. Other approvals and permissions relating to Provident Fund, Employees State Insurance etc.

INTERIM USE OF PROCEEDS

The management, in accordance with the policies set up by the Board, will have the flexibility in deploying the proceeds received by us from the Issue. Pending utilization for the purposes described above, we intend to temporarily invest the funds in high quality, interest/dividend bearing liquid instruments including money market mutual funds, deposits with banks for the necessary duration. Such investments would be in accordance with investment policies approved by the Board from time to time.

No part of the Issue proceeds will be paid by the Company as consideration to Promoters, Directors, key management personnel, subsidiaries, associate or group companies.

MONITORING OF UTILIZATION OF FUNDS

There is no requirement for a monitoring agency in terms of Clause 8.17 of the SEBI DIP Guidelines. However, we have constituted a project monitoring committee to monitor the use of the proceeds of the Issue as well as to monitor implementation of the various projects under the chairmanship of Mr.A.P.Muthuswami, I.A.S (Retd) and this committee will meet once a month

FUNDS DEPLOYED

M/s. G. Balu and Associates, Chartered Accountants vide their certificate dated January 16, 2006 have certified that the following expenditure has been incurred by our Company till January 15, 2005 with respect to the object, which have been earmarked for utilization of the proceeds of this Issue.

(Rs. in Million)

S. No.	Objects	Funds Deployed till January 15, 2006
a	Relocation and Modernization of Saidapet plant into a new Distribution Transformer Plant of 750 MVA / annum	2.37
b	Expansion of Power Transformer Plant Capacity to 2400 MVA / annum including 220 KV	6.49
c	Setting up of Dry Type Transformer Plant (120 units per annum)	–

We have already deployed a sum of Rs. 8.86 million towards the Objects of the Issue. The same has been funded through our internal accruals and shall be recouped from the proceeds of the Issue.

BASIS FOR ISSUE PRICE

The Issue price has been determined in consultation with Lead Manager to the Issue considering following qualitative & quantitative factors.

Qualitative Factors:

- One of the few organized players in the transformer segment
- Well-positioned to move up the value chain to manufacture power transformers
- Dominant position in the south
- Expertise in designing various types of transformers at optimal costs
- Strong management and technical personnel

Quantitative Factors:

1. Adjusted Earning Per Equity Share

Year	Earning per Equity Share	Weight
2002-03	–	1
2003-04	13.51	2
2004-05	28.29	3
Weighted Average	18.65	

- The Earning per Equity Share has been computed on the basis of adjusted Profits & Losses for the respective years/ periods after considering the impact of accounting changes and prior period adjustments / regroupings pertaining to the earlier years.
- EPS calculations have been done in accordance with Accounting Standard 20 – "Earnings per Share" issued by the Institute of Chartered Accountants of India.
- The denominator considered for the purpose of calculating earning per share is the weighted average number of Equity Shares outstanding during the period.

2. Price / Earning (P/E) ratio in relation to the Issue Price of Rs. 130

- a. Based on the year ended March 31, 2005 EPS - 4.59
- b. Industry P/E

Highest	73.9
Lowest	9.6
Industry Composite	29.0

Source: Capital Market (Vol XX/22)(Jan. 02- 15, 2006)

Category: Electric Equipment

3. Return on Networth (RoNW)

Year	RoNW %	Weight
2002-03	–	1
2003-04	22.9	2
2004-05	33.3	3
Weighted Average	24.28	

RoNW has been computed by dividing Net Profit after Tax by Net Worth. The Weighted Average of Return on Net Worth (%) and adjusted Return on Net Worth (%) for these fiscal years have been computed by giving weights of 1, 2 and 3 for the fiscal years ending March 31, 2003, 2004 and 2005 respectively.

4. **Minimum Return on Increased Net Worth required to maintain Pre-Issue EPS: 41.65%.**

5. **Net Asset Value per share (NAV) after Issue and comparison with Issue Price**

	Adjusted NAV (Rs.)
As of March 31, 2005	84.94
After the Issue	63.39

6. **Comparison with Industry Peers**

Name of Company	Face Value (Rs.)	EPS (Rs.)	P/E Multiple	NAV (Rs.)	RONW (%)
EMCO Ltd.	10	11.9	23.6	153.8	13.5
Bharat Bijlee	10	35.8	15.7	92.6	50.7
Industry Composite			29.0		

Our EPS, Book Value & RONW have been taken from our restated audited financials for the year ended March 31, 2005. Information for other companies has been taken from Capital Market, for the period Capital Market (Vol XX/22)(January 02 - 15, 2005) for the category Electrical Equipment.

7. **The Issue Price will be 13 times of the face value of the Equity Shares.**

The Lead Manager believe that the Issue Price of Rs. 130 per Equity Share of Rs. 10 each is justified in view of the above qualitative and quantitative parameters. The investors may also want to peruse the risk factors and the financial of the Company including important profitability and return ratios, as set out in the Auditor's Report in Part of the Prospectus to have a more informed view of the investment proposition.

STATEMENT OF TAX BENEFITS

M/s. Indo Tech Transformers Limited
Chennai

Dear Sirs,

We hereby report that the enclosed annexure states the possible direct tax benefits available to M/s.INDO TECH TRANSFORMERS LIMITED and its shareholders under the current tax laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives the company faces in the future, the company may or may not choose to fulfill.

The benefits discussed below are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws and the fact that the Company will not distinguish between the shares offered for subscription and the shares offered for sale by the selling shareholders, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

We do not express any opinion or provide any assurance as to whether:

- the company or its shareholders will continue to obtain these benefits in future; or
- the conditions prescribed for availing the benefits have been / would be met with.

The contents of this annexure are based on information, explanations and representations obtained from the company and on the basis of our understanding of the business activities and operations of the company.

For **G. Balu Associates**
Chartered Accountants

PLACE : CHENNAI
DATE : 31.12.2005

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO INDO TECH TRANSFORMERS LIMITED AND ITS SHAREHOLDERS

A. Benefits to the Company under Income Tax Act, 1961 (the Act)

1. Deduction under section 35D of the Act

Under Section 35D of the Act, the Company is eligible to claim amortization of preliminary expenses, subject to limits specified in sub section (3) of the said section

2. Dividends exempt under section 10(34) & 10(35) of the Act

Dividend (whether interim or final) received by the Company from its investment in shares of another domestic company would be exempted as per the provisions of section 10(34) read with section 115 O of the Act. Further, income received from units of a Mutual Fund specified under section 10(23D) of the Act would also be exempt as per the provisions of section 10(35) of the Act.

3. Computation of capital gains

Capital assets are to be categorized into short term capital assets and long term capital assets based on the period of holding. All capital assets (except shares held in a Company or any other listed securities or units of Unit Trust of India ('UTI') or Mutual Fund units or Zero Coupon Bonds) are considered to be long term capital assets if they are held for a period exceeding thirty-six months. Shares held in a Company, any other listed securities, units of UTI, units of Mutual Fund and Zero Coupon Bonds are considered as long term capital assets if these are held for a period exceeding twelve months.

Section 48 of the Act which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition /improvement and expenses incurred in connection with the transfer of a capital asset from the sale consideration to arrive at the amount of capital gains. However, in respect of long term capital gains for resident shareholders, a benefit is permitted to substitute the cost of acquisition/improvement with the indexed cost of acquisition/improvement. The indexed cost of acquisition/improvement, adjusts the cost of acquisition/improvement by a cost inflation index as prescribed from time to time.

As per the provisions of section 112 of the Act, long-term capital gains are subject to tax at a rate of 20% (plus applicable surcharge and cess). However, proviso to section 112(1) specifies that if the long term capital gain arising on transfer of listed securities or units, calculated at the rate of 20% with indexation benefit exceeds the capital gains computed at the rate of 10% without indexation benefit, then such capital gains are chargeable to tax at the rate of 10% without indexation benefit (plus applicable surcharge).

Long-term capital gains arising on sale of Equity Shares and units of equity oriented mutual fund (as defined under section 10(23D) are exempt from tax under section 10(38) of the Act subject to Securities Transaction Tax being levied under Chapter VII of the Finance (No.2) Act, 2004.

As per the provisions of section IIIA of the Act, short-term capital gains arising on sale of Equity Shares and units of equity oriented mutual fund (as deemed under section 10(23D)] are subject to tax at the rate of 10% (plus applicable surcharge and cess), provided the transaction is subject to Securities Transaction Tax being levied under Chapter VII of the Finance (No.2) Act, 2004.

4. Exemption of capital gain from income-tax

As per section 54EC of the Act and subject to the conditions specified therein capital gains arising to the Company on transfer of a long-term capital asset shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. However, if the Company transfers or converts the notified bonds into money (as stipulated therein) within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable in such year.

The bonds specified for this section are bonds issued by National Bank for Agriculture and Rural Development ('NABARD'), the National Highways Authority of India ('NHAI'), the National Housing Bank ('NHB'), the Rural Electrification Corporation Ltd. ('REC') and Small Industries Development Bank of India ('SIDBI').

As per section 54ED of the Act and subject to the conditions specified therein, long-term capital gains arising on listed securities or units shall not be chargeable to tax to the extent such capital gains are invested in acquiring Equity Shares forming part of an eligible issue of share capital. The investment is required to be made within six months from the relevant date of transfer. 'Eligible issue of capital' means an issue of Equity Shares which satisfies the following conditions:

- a. The issue is made by a public company formed and registered in India; and
- b. The shares forming part of the issue are offered for subscription to the public.

There is a legal uncertainty as to whether the benefits under this section can be extended to shares forming part of the offer for sale by the existing shareholders. It may be relevant to note that the Central Board of Direct Taxes ('CBDT') has clarified vide its Circular no.7/2003 dated September 5, 2003, that the term 'public issue' in the context of section 10(36) of the Act shall include the offer of Equity Shares in a company to the public through a prospectus, whether by the company or by the existing shareholders of the company.

B. Benefits to the Resident Shareholders

1. Dividends exempt under section 10(34) of the Act, Dividend (whether interim or final) received by a shareholder from investment in shares of a domestic company would be exempt in the hands of the shareholder as per the provisions of section 10(34) read with section 115O of the Act.

2. Computation of capital gains

Capital assets are to be categorized into short term capital assets and long term capital assets based on the period of holding. All capital assets (except for shares held in a Company or any other listed securities or units of UTI or units of Mutual Fund or Zero Coupon Bonds) are considered to be long-term capital assets if they are held for a period exceeding thirty-six months. Shares held in a Company, any other listed securities, units of UTI, units of Mutual Fund and Zero Coupon Bonds are considered as long term capital assets if these are held for a period exceeding twelve months.

Section 48 of the Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition/improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long term capital gains for resident shareholders, a benefit is permitted to substitute the cost of acquisition/improvement with the indexed cost of acquisition/improvement. The indexed cost of acquisition/improvement, adjusts the cost of acquisition/improvement by a cost inflation index, as prescribed from time to time.

As per the provisions of section 112 of the Act, long-term capital gains are subject to tax at a rate of 20% (plus applicable surcharge and cess). However, proviso to section 112(1) specifies that if the long term capital gains arising on transfer of listed securities, or units, calculated at the rate of 20% with indexation benefit exceeds the capital gains computed at the rate of 10% without indexation benefit, then such capital gains are chargeable to tax at the rate of 10% without indexation benefit plus applicable surcharge.

Long-term capital gains arising on sale of Equity Shares and units of equity oriented mutual fund [as defined under section 10(23D)] are exempt from tax under section 10(38) of the Act subject to Securities Transaction Tax being levied under Chapter VII of the Finance (No.2) Act, 2004.

As per the provisions of section 111A of the Act, short-term capital gains arising on sale of Equity Shares and units of equity oriented mutual fund [as defined under section 10(23D)] are subject to tax at the rate of 10% (plus applicable surcharge and cess), provided the transaction is subject to Securities Transaction Tax being levied under Chapter VII of the Finance (No.2) Act, 2004.

3. Exemption of capital gains arising from income tax

As per section 54EC of the Act and subject to the conditions specified therein capital gains arising on transfer of a long-term capital asset shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. However, if the shareholder transfers or converts the notified bonds into money (as stipulated therein) within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable in such year. The bonds specified for this section are bonds issued by NABARD, NHAI, NHB, REC and SIDBI.

As per section 54ED of the Act and subject to the conditions specified therein, long-term capital gains arising on listed securities or units shall not be chargeable to tax to the extent such capital gains are invested in acquiring Equity Shares forming part of an 'eligible issue of share capital'. The investment needs to be made within six months from the relevant date of transfer. 'Eligible issue of capital' means an issue of Equity Shares which satisfies the following conditions:

- a. The issue is made by a public company formed and registered in India; and
- b. The shares forming part of the issue are offered for subscription to the public.

There is a legal uncertainty as to whether the benefits under this section can be extended to shares forming part of the

offer for sale by the existing shareholders. At this stage, it may be relevant to note that the CBDT has clarified vide Circular no.7/2003 dated September 5, 2003, that 'public issue' in the context of section 10(36) of the Act shall include the offer of Equity Shares in a company to the public through a prospectus, whether by the company or by the existing shareholders of the company.

Further, as per the provisions of section 54F of the Act and subject to conditions specified therein, long term capital gains (in cases not covered under section 10(38) of the Act) arising to an individual or Hindu Undivided Family ('HUF') on transfer of shares of the Company will be exempted from capital gains tax, if the net consideration from such shares are used for purchase of residential house property within a period of one year before and two years after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer, provided that the individual HUF should not own more than one residential house other than the new residential house on the date of transfer.

If the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such residential house is transferred.

Similarly, if the shareholder purchases within a period of two years or constructs within a period of three years after the date of transfer of capital asset, another residential house, then the original exemption will be taxed as capital gains in the year in which the additional residential house is acquired.

4. As per the provisions of section 88E, where the business income of a resident includes profits and gains from sale of taxable securities, a rebate shall be allowed from the amount of income tax equal to the Securities transaction tax paid on such transactions. However the amount of rebate shall be limited to the amount arrived at by applying the average rate of income tax on such business income.

C. Benefits to the Non-Resident Shareholders

1. Dividends exempt under section 10(34) of the Act

Dividend (whether interim or final) received by a non-resident shareholder from its investment in shares of a domestic company would be exempt in the hands of the shareholder as per the provisions of section 10(34) read with section 115O of the Act.

2. Computation of capital gains

Capital assets are to be categorized into short term capital assets and long term capital assets based on the period of holding. All capital assets (except for shares held in a Company or any other listed securities or units of UTI or units of Mutual Fund or Zero Coupon Bonds) are considered to be long-term capital assets if they are held for a period exceeding thirty-six months. Shares held in a Company, any other listed securities, units of UTI, units of Mutual Fund and Zero Coupon Bonds are considered as long term capital assets if these are held for a period exceeding twelve months.

Section 48 of the Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition / improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. Under first proviso to section 48 of the Act, the taxable capital gains arising on transfer of capital assets being shares or debentures of an Indian Company need to be computed by converting the cost of acquisition, expenditure in connection with such transfer and full value of the consideration received or accruing as a result of the transfer into the same foreign currency in which the shares were originally purchased. The resultant gains thereafter need to be reconverted into Indian currency. The conversion needs to be done at the prescribed rates prevailing on dates stipulated. Hence, in computing such gains, the benefit of indexation is not available to non-resident shareholders.

As per the provisions of section 112 of the Act, long-term gains are subject to tax at a rate of 20% (plus applicable surcharge and cess).

Long-term capital gains arising on sale of Equity Shares and units of equity oriented mutual fund [as defined under section 10(23D)] are exempt from tax under section 10(38) of the Act subject to Securities Transaction Tax being levied under Chapter VII of the Finance (No.2) Act of 2004.

As per the provisions of section 111A of the Act, short-term capital gains arising on sale of Equity Shares and units of equity oriented mutual fund [as defined under section 10(23D)] are subject to tax at the rate of 10 per cent (plus applicable surcharge and cess), provided the transaction is chargeable to Securities Transaction Tax being levied under Chapter VII of the Finance (No.2) Act of 2004.

3. Exemption of capital gain from income-tax

As per section 54EC of the Act and subject to the conditions specified therein, capital gains arising to the non-resident individual on transfer of a long-term capital asset shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. However, if the assessee transfers or converts the notified bonds into money (as stipulated therein) within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable in such year. The bonds specified for this section are bonds issued by NABARD, NHAI, NHB, REC and SIDBI.

As per section 54ED of the Act and subject to the conditions specified therein, long-term capital gains arising on listed securities or units shall not be chargeable to tax to the extent such capital gains are invested in acquiring Equity Shares forming part of an 'eligible issue of share capital'. The investment needs to be made within six months from the relevant date of transfer. 'Eligible issue of capital means an issue of Equity Shares which satisfies the following conditions:

- a. The issue is made by a public company formed and registered in India; and
- b. The shares forming part of the issue are offered for subscription to the public.

There is a legal uncertainty as to whether the benefits under this section can be extended to shares forming part of the offer for sale by the existing shareholders. At this stage, it may be relevant to note that the CBDT has clarified vide Circular no.7/2003 dated 5th September, 2003, that 'public issue' in the context of section 10(36) of the Act shall include the offer of Equity Shares in a company to the public through a prospectus, whether by the company or by the existing Shareholders of the company.

Further, as per the provisions of section 54F of the Act and subject to conditions specified therein, long term capital gains [in cases not covered under section 10(38) of the Act] arising to an individual or HUF on transfer of shares of the Company will be exempted from capital gains tax, if the net consideration from such shares are used for purchase of residential house property within a period of one year before and two years after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer, provided that the individual/HUF should not own more than one residential house other than the new residential house on the date of transfer.

If the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such residential house is transferred.

Similarly, if the shareholder purchases within a period of two years or constructs within a period of three years after the date of transfer of capital asset, another residential house, then the original exemption will be taxed as capital gains in the year in which the additional residential house is acquired.

4. Tax Treaty Benefits

As per section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the tax treaty to the extent they are more beneficial to the non-resident. Thus, a non-resident can opt to be governed by the beneficial provisions of an applicable tax treaty.

D. Benefits to the Non-Resident Indian Shareholders

1. Dividends exempt under section 10(34) of the Act

Dividend (whether interim or final) received by a non-resident shareholder from its investment in shares of a domestic company would be exempt in the hands of the non-resident shareholder Company as per the provisions of section 10(34) read with section 115 O of the Act.

2. Computation of capital gains

As per the provisions of section 115-I of the Act, a Non-resident Indian ('NRI') as defined therein has the option to be governed by the normal provisions of the Act or the provisions of Chapter XIIA of the Act through appropriate declaration in the return of income. The said Chapter inter alia entitles an NRI to the benefits stated hereunder in respect of income from shares of an Indian company acquired, purchased or subscribed in convertible foreign exchange.

As per the provisions of section 115D read with section 115E of the Act and subject to the conditions specified therein, taxable long-term capital gains arising on transfer of an Indian company's shares, will be subject to tax at the rate of 10% (plus applicable surcharge and cess)

As per the provisions of section 115F of the Act and subject to the conditions specified therein, gains arising on transfer of a long-term capital asset being shares in an Indian Company (Foreign Exchange asset) would not be chargeable to tax.

To avail this benefit the entire net consideration received on such transfer needs to be invested within the prescribed period of six months in any specified asset or savings certificates referred to in section 10(4B) of the Act.

If whole or part of such net consideration is invested within the prescribed period of six months in any specified asset or savings certificates referred to in section 10(4B) of the Act then such gains would not be chargeable to tax on a proportionate basis. For this purpose, net consideration means full value of the consideration received or accrued as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

The specified asset or savings certificates in which the investment has been made are restricted from being transferred within a period of three years from the date of investment. In the event of such a transfer the amount of capital gains tax exempted earlier would become chargeable to tax as long-term capital gains in the year in which such specified asset or savings certificates are transferred.

As per the provisions of section 115G of the Act, NRIs are not obliged to file a return of income under section 139(1) of the Act, if:

- their only source of income is income from investments or long term capital gains earned on transfer of such investments or both; and
- the tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.

As per the provision of section 115H of the Act, when a NRI becomes assessable as a resident in India, the provisions of the Chapter XII-A can continue to apply in relation to investment made when he was a NRI. Towards this, the NRI needs to furnish a declaration in writing to the Assessing Officer along with his return of income.

3. Tax Treaty Benefits

As per section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the tax treaty to the extent they are more beneficial to the non-resident. Thus, a non-resident (including NRI's) can opt to be governed by provisions of the Act or the applicable tax treaty whichever is more beneficial.

E. Benefits to the Foreign Institutional Investor ('FII')

1. Dividends exempt under section 10(34) of the Act

Dividend income: Dividend (whether interim or final) received by the FII from its investment in shares of a domestic company would be exempt in the hands of the FII as per the provisions of section 10(34) read with section 115 O of the Act.

2. Capital gains

As per the provisions of section 115AD of the Act, FIIs are taxed on the capital gains income at the following rates:

Nature of Income	Rate of tax (%) *
Long term capital gains	10
Short term capital gains	30

* Plus applicable surcharge and cess

The benefits of indexation and foreign currency fluctuation protection as provided by section 48 of the Act are not available to a FII.

Long-term capital gains arising on sale of Equity Shares and units of equity oriented mutual fund [as defined under section 10(23D)] are exempt from tax under section 10(38) of the Act on being subject to Securities Transaction Tax as levied under Chapter VII of the Finance (No.2) Act of 2004.

Short-term capital gains arising on sale of Equity Shares and units of equity oriented mutual fund [as defined under section 10(23D) of the Act] exchange to Corporate FIIs are subject to tax at the rate of 10 per cent (plus applicable surcharge and cess) on being subject to Securities Transaction Tax levied under Chapter VII of the Finance (No.2) Act of 2004).

3. Tax Treaty Benefits

As per section 90(2) of the Act, the provisions of the Act would prevail over the provisions of tax treaty to the extent they are more beneficial to the FII. Thus, an FII can opt to be governed by provisions of the Act or the applicable tax treaty whichever is more beneficial.

F. Benefits to the Mutual Funds

1. Dividends exempt under section 10(34) of the Act

Dividend (whether interim or final) received by the Mutual Funds from its investment in shares of a domestic company would be exempt in the hands of the Mutual Fund as per the provisions under section 10(34) read with section 115-O of the Act.

2. As per the provisions of section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made thereunder, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorized by the Reserve Bank of India, would be exempt from income tax, subject to the prescribed conditions.

G. Benefits to the Venture Capital Companies / Funds

1. Dividends exempt under section 10(34) of the Act

Dividend (whether interim or final) received from investment in shares of another domestic company would be exempt in the hands of the Venture Capital Company/ Fund as per the provisions of section 10 (34) read with section 115-O of the Act.

2. Income exempt under section 10(23FB) of the Act

As per the provisions of section 10(23FB) of the Act, any income of Venture Capital Companies/Funds registered with the Securities and Exchange Board of India, would be exempt from income tax, subject to the conditions specified.

H. Benefits available under the Wealth-tax Act, 1957 (Common to all)

Asset as defined under section 2(ea) of the Wealth Tax Act, 1957 does not include shares in companies and hence, shares are not liable to wealth tax.

I. Benefits available under the Gift-tax Act (Common to all)

Gift tax is not leviable in respect of any gifts made on or after October 1, 1998. Therefore, any gift of shares will not attract gift tax.

SECTION IV: ABOUT US

INDUSTRY OVERVIEW

Background

At the time of independence, India had a power generation capacity of only 1,362 MW (Source: Ministry of Power website). Power was available only in a few urban centres, while most rural areas did not have electricity. The generation and distribution of electrical power was vested in the hands of a few private companies.

After independence, Power was identified as a critical infrastructure for the economic development. In order to ensure orderly growth of the power sector across the country, it was decided by policy makers to bring all new power generation, transmission and distribution in rural and urban centres (which were not served by private utilities) under the purview of State and Central government agencies. Accordingly, State Electricity Boards (SEBs) were formed in all the States. At the same time, in order to ensure availability of adequate capital for growth of the capital-intensive power sector, the Central Government has been giving priority to this sector while fixing plan outlays since independence. The objective of Government is to ensure widespread availability and accessibility of affordable and quality power.

Commencing with the Fifth Plan (1974-1979), the Government increased its direct role in the generation and bulk transmission of power to supplement the efforts of the states. This was done by establishing large power projects, as part of public sector units (PSUs) to develop the coal and hydroelectric resources in the country. Today, the PSUs and SEBs have been responsible for establishing networks covering the entire length and breadth of the country. This has been augmented by large rural electrification programs in order to ensure availability of power for agricultural purposes.

The power sector value chain

The power sector value chain comprises three elements - Generation, Transmission & Distribution. In India, SEBs are the major constituents of the power sector and most of them are vertically integrated i.e. their footprint covers the entire value chain of Generation, Transmission & Distribution.

The Power Generation business is currently carried out by PSUs such as NTPC, NHPC, etc. as well as some private power generation companies. Apart from these, a number of industries have set up captive power plants to meet their internal requirements, and in some cases, these captive power plants sell surplus power to the SEBs.

Transmission and Distribution (T&D) system comprises of transmission lines, transformers, substations, switching stations and distribution lines. In India, the T&D system is a three-tier structure comprising distribution networks, state grids, and regional grids. In India, SEBs are vertically integrated as intra-state distribution network and the grids are owned and operated by SEBs or state governments through SEBs. The transmission and sub-transmission systems supply power to the distribution system, which in turn supplies power to end-consumers. Distribution of power to end consumers is largely controlled by SEBs and licensees in the private sector. Most of the inter-state transmission links are owned and operated by Power Grid Corporation of India Limited.

Key Players	Generation	Transmission	Distribution
Companies	NTPC, NHPC, SEBs	Power Grid Corporation, Transcos, SEB's	SEBs, Reliance Energy Limited, DVB
Equipment Suppliers	BHEL, ABB, Crompton Greaves, Suzlon	BHEL, ABB, Crompton Greaves, Alstom, KEC	Vijai Electricals, Indo Tech Transformers, Crompton Greaves, Larsen & Toubro

In order to facilitate the transfer of power between neighbouring states, state grids are interconnected through high voltage transmission links to form a regional grid. There are five regional grids namely Northern region grid, Eastern region grid, Western region grid, Southern region grid and North-Eastern region grid.

The above-mentioned regional or inter-state grids facilitate transfers of power from a surplus state to a deficit state. The grids also facilitate the optimal scheduling of maintenance outages and better co-ordination between the power plants. In addition, the regional grids are to be gradually integrated to form a national grid, whereby surplus power from a region could be transferred to a deficit region, thereby facilitating a more optimal utilisation of the generating capacity in India.

The power sector industry value chain is detailed as given below:

GENERATION

There are 3 main options for generating electricity, that is, thermal, hydroelectric and nuclear. Thermal power plants can be based either on coal or on natural gas (including Liquefied Natural Gas (LNG)). In India, naphtha is also used as a fuel for thermal power plants. (In most countries, naphtha is not used as a fuel for generating power, due to its more economical application in the production of fertilizers and petrochemicals). Power plants can also be based on other hydrocarbon fuels, such as fuel oil and diesel. However, such plants are lesser in number and smaller in size, and are primarily used for captive power generation. In addition to the above, power is also generated using non-conventional and renewable sources such as solar energy, wind power, bio-mass etc.

Generation & Power Supply Position (Source: Ministry of Power Annual Report 2004-05)

The overall generation in public utilities in the country has increased from 264 Billion units (BUs) during 1990-91 to 558 BUs during 2003-04 and 534.4 BUs upto February 2005.

Installed Capacity

The all India installed capacity of electric power generating stations under utilities was 112,058 MW as on 31 March 2004 consisting of 77,969 MW of thermal, 29,500 MW of hydro, 2,720 MW of nuclear and 1,870 MW wind which has increased to 115,545 MW as on 31 January, 2005. (Source: Ministry of Power Annual report 2004-05)

	Existing (MW)	Planned by 2007
Thermal	80,201	25,417
Hydro	30,135	14,393
Nuclear	2,720	1,300
Other	2,488	–
TOTAL	115,545	41,110

The Government of India (GoI), in its mission "Power for all by 2012", estimated that Indian installed generation capacity should increase to 200,000 MW by the end of its Eleventh Five Year Plan in 2012.

The GoI adopts a system of successive Five Year Plans that set out targets for economic development in various sectors, including the power sector. Each successive Five Year Plan has increased power generation capacity addition targets. The Ninth Plan targeted a capacity addition of 40,245 MW. MoP estimates indicate that only around 19,251 MW or 47.8% of the planned capacity was added during the Ninth Plan. The Tenth plan (FY 2002 - 2007) has targeted a capacity addition of 41,110 MW through Thermal, Hydro and Nuclear power plants. This includes 14,557 MW that has been planned in the first three years of the Tenth Five Year Plan against which the actual installations have been 9,692 MW at the end of the third year.

Based on the demand projections made in the 16th Electric Power Survey, over 1,00,000 MW additional generation capacity needs to be added by 2012 to bridge the gap between demand and supply of power.

Aggressive infrastructure development needed to bridge the deficit by 2012

Total fund requirement for 'Power on demand'	Rs. Billion	
	X Plan	XI Plan
Sub-sectors		
Generation	2478.0	3053.6
Transmission	570.8	694.6
Distribution	450.0	500.0
Rural electrification	399.2	600.0
R&M	100.0	150.0
Total funds requirement	3998.0	4998.2

Source: Ministry of Power, Committee on Financing of Power Sector during X & XI Plan

The following sector-wise capacity addition targets have been firmed up for aggregate capacity addition of 1,07,000 MW by 2012.

All Figures in MW	X Plan	XI Plan	Total
Central Sector			
Total Central Sector	28485	36785	65270
Total State Sector	8300	10600	18900
Total Private Sector	9400	13500	22900
Overall Capacity Addition (approx.)	46000	61000	107000

Power Supply position (Source: Annual Report 2004-2005, Ministry of Power, and Government of India)

Historically, the power industry in India has been characterized by energy shortages. According to the Central Electricity Authority, India, in fiscal 2005, demand for electricity exceeded supply by an estimated 7.3% (7.1% in fiscal 2004) in terms of total requirements and 11.7% (11.2% in fiscal 2004) in terms of peak demand requirements.

The following table presents the gap between requirement and supply of electricity in India from 1997-98 onwards:

Energy (In MU)				
Year	Requirement	Availability	Shortage	Shortage (%)
1997-98	424,505	390,330	34,175	8.1
1998-99	446,584	420,235	26,349	5.9
1999-00	480,430	450,594	29,836	6.2
2000-01	507,216	467,400	39,816	7.8
2001-02	522,537	483,350	39,187	7.5
2002-03	545,983	497,890	48,093	8.8
2003-04	559,264	519,398	39,866	7.1
2004-05 (upto Feb'05)	491,348	456,009	35,339	7.2

REASONS FOR DEMAND SUPPLY GAP

- Power generation capacities are traditionally planned and set up based on the projected demand in the regions they are meant to serve and also depending on the availability of fuel / natural resources required for generation of power. However, the long gestation of these projects has often resulted in demand supply mismatches including those on account of reasons such as actual growth, demand differing from anticipating growth, and changes in consumer mix, changes in usage profile of class of consumers or the projects themselves encountering time overruns.
- Another reason behind the demand-supply gap, as shown above, is high T&D loss. T&D losses in the country were around 15% up to 1966-67. However, since then, it increased gradually to 23.28% by 1989-90. The current loss of over 28% is high as compared to developed countries, where losses are in the range of 10-15%.
- Lower Plant Load Factor (PLF) of generating plants in India is also one of the reasons behind demand-supply gap.

Participation of Private Sector - Reforms undertaken for Generation of power

In 1991 India reversed its long-standing policy on private investment in the sector. Power was removed from the list of activities reserved for the public sector in the Industrial policy Resolution, and the 1948 Act was amended to lift many of the regulatory incentives to private investment in the power sector. The policy allows full local or foreign private ownership of power companies and offers a thirty-year license with the prospect of twenty years renewals and increased financial returns. The Government of India has over the course of last nine years starting from 1991, come out with several policies for promotion of generation capacity using different fuels.

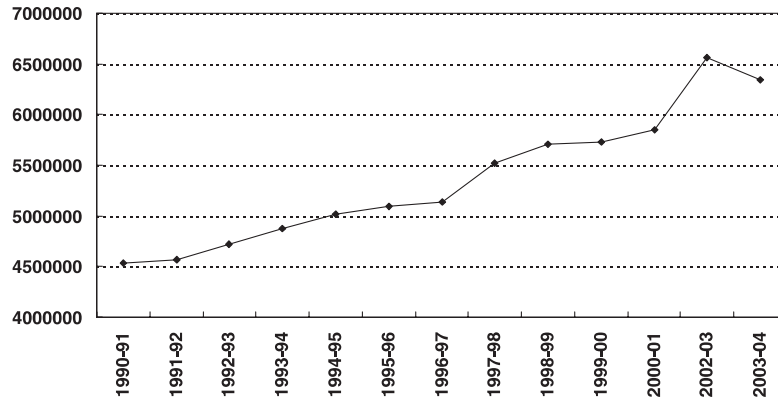
Transmission & Distribution

A reliable transmission and distribution (T&D) system is important for transfer of power from generating stations to load centres. A T&D system comprises transmission lines, sub-stations, switching stations, transformers and distribution lines. Transmission & sub-transmission systems supply power to distribution system, which in turn supplies power to end users.

The transmission system in India operates at several voltage levels, namely

- Extra high voltage: High voltage direct current (HVDC), 765 kV, 400 kV, 220 kV and 132 kV
- High tension: 66kV, 33 kV, 11kV
- Low tension : 6.6 kV, 3.3 kV, 1.1 kV, 220 V

The investments in and growth of Transmission, sub-Transmission and Distribution Systems have not matched the increase in generating capacity. Consequently, there are constraints of power evacuation from generating stations. Investments in strengthening transmission, sub-transmission and distribution systems within the region and building inter regional links is the principal need of the immediate future. The problem is severe in the eastern region, where surplus capacity is idling due to lack of absorption network and evacuation facilities.



(Source: Energy, May 2005, Centre for Monitoring Indian Economy, Mumbai)

Transmission projects continue to be accorded a high priority in the context of the need to evacuate power from the generating stations to the load centres, system strengthening and creation of National Grid. The construction targets for the year 2004-05 and achievement of Central Sector transmission projects are summarised below:

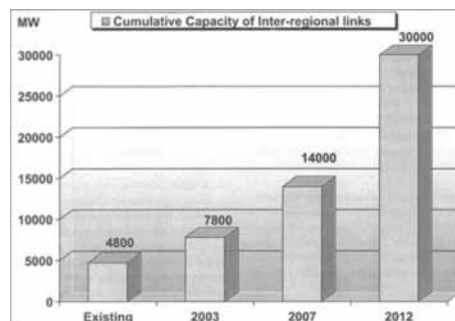
Works	Programme for the year 2004-2005 (Ckt. Kms.)	Achievement upto November 2004	% of achievement
800 / 400/ 220 kV EHVAC & 500 kV HVDC Lines	3355	2416	72

Formation of National Grid

Ministry of Power has envisaged establishment of an integrated National Power Grid in the country by the year 2012 with an inter-regional power transfer capacity of 30,000 MW. A perspective transmission plan has been evolved for strengthening the regional grids with ultimate objective of establishment of strong and vibrant National Power Grid in a phased manner to support the generation capacity addition programme of about 1,00,000 MW during X & XI Plans.

The exploitable energy resources in our country are concentrated in certain pockets. As a result, some regions do not have adequate natural resources for setting power plants to meet their future requirements whereas others have abundant natural resources. This has necessitated the formation of National Power Grid to transmit power from resource rich to deficit area as well as facilitate scheduled/ unscheduled exchange of power.

Further, acquiring Right of Way (ROW) for constructing transmission system is getting increasingly difficult. This necessitates creation of high capacity "Transmission Highways", so that in future, constraints in ROW do not become bottleneck in harnessing natural resources. It is envisaged to establish such an integrated National Grid in a phased manner by the year 2012, which can support inter-regional transfer of power to the extent of 30,000 MW. Working towards this plan, PGCIL has implemented various inter-regional schemes and an inter regional power transfer capacity of 9500 MW has already been established. These highways are proposed to be established in phases matching with the requirement of inter-regional power transfer.



(Source: Ministry of Power website)

Transmission programme for the Tenth Plan				
	Unit	Central	State	Total
HVDC	Ckm	1500	–	1500
	MW	2500	–	2500
765 kV	Ckm	5970	–	5970
765/400 kV	MVA	21500	2000	23500
400 kV	Ckm	27230	13050	40280
400/200 kV	MVA	19910	9770	29680
220 kV	Ckm	2650	21300	23950
220/132 kV	MVA	1500	71250	72750
132 kV	Ckm	290	67610	67900
132/33 kV	MVA	100	82350	82450

(Source: Working Group for Planning Commission)

Transmission & Distribution Losses

The current level of T&D losses is very high. Although the all-India T&D loss is reported to be about 28 per cent, actual loss levels are estimated to be in the range of 35-45 per cent. Further, losses in some states are much higher than in others. (Source: Planning Commission, X Plan)

Given the government focus on providing electricity to rural areas, the power distribution system has been extended to reach remote villages. The total length of T&D lines in the country increased from 2.5 mn ckm in 1980-81 to 6.34 mn ckm in 2003-04 (Source: Energy, May 2005, Centre for Monitoring Indian Economy, Mumbai).

Inadequate metering & theft of electricity are responsible for such high T&D losses. The difference in the amount of electricity supplied and the amount actually metered is usually reported as T&D losses. High T&D losses are also attributed to the transmission and distribution of a large amount of power at a low voltage. The rise in rural electrification has resulted in the proliferation of low voltage (less than 11KV) transmission lines.

Distribution

Distribution is the weakest link in the chain of power supply.

The Government of India identified Distribution Reforms as the key area to bring about the efficiency and commercial viability into the power sector. Ministry of Power took various initiatives in this direction in the recent past. Ministry of Power signed the Memorandum of Understanding with the States to undertake distribution reforms in a time bound manner, which includes setting up of State Electricity Regulatory Commission (SERC), unbundling of State Power Utilities, metering of feeders & consumers, starting energy accounting & auditing, securitisation of outstanding dues of Central Public Sector Undertakings (CPSUs), grid discipline etc.

Subsequently, 26 States have either constituted or notified SERCs and 18 have issued tariff orders in the direction of rationalizing the tariffs. States are now better committed towards subsidy payment to the utilities. All the states have securitised their outstanding dues towards CPSUs. 13 States have unbundled/ corporatised respective power utilities and 9 others are expected to corporatise shortly. Electricity Distribution has been privatized in Orissa & Delhi and Uttar Pradesh has invited Expression of Interest for privatizing its distribution companies.

Distribution reforms & Accelerated Power Development and Reforms Programme (APDRP)

(Source: Annual Report 2004-05, Ministry of Power)

The Government of India approved Accelerated Power Development and Reforms Programme (APDRP) in March 2003 with a focus on distribution reforms with the following objectives:

- Reduce aggregate technical & commercial (AT&C) losses.
- Bring about commercial viability in the power sector.
- Reduce outages & interruptions.
- Increase consumer satisfaction.

The programme has an outlay of Rs. 40,000 crore as additional central plan assistance to State Governments during Tenth five-year plan. The programme has following two components:

Investment Component: Government of India provides Additional Central Plan Assistance to the States for undertaking projects for strengthening and upgradation of Sub-transmission and Distribution network for reduction in technical & commercial losses & feeder outages and better reliability and increased customer satisfaction and to bring commercial viability to the power sector. The focus is on high-density networks i.e. urban centres where investment could lead to substantial, quick & demonstrable results. The investment component has an expected outlay of Rs. 20,000 crore during X plan.

- Projects sanctioned : Rs. 17612.36 Cr.
- Number of projects : 499
- Funds released : Rs. 4112.03 Cr.
- Counterpart funds tied up : Rs. 6638.64 Cr.
- Counterpart funds drawn : Rs. 2451.65 Cr.
- Funds Utilised : Rs. 5163.16 Cr.

Incentive Component: This component has been introduced to motivate the SEBs/Utilities to reduce their cash losses. Funds are provided to SEBs/utilities for actual cash loss reduction by way of one for two matching grants. Financial year 2000-01 has been fixed as base year. Expected outlay under the incentive component is Rs. 20,000 crore. Till date, 6 states have received an incentive amount of Rs 956 crores.

APDRP is an instrument to leverage distribution reforms in the States. The States were asked to commit a time-bound programme of reforms as elaborated in the Memorandum of Understanding (MoU) and Memorandum of Agreement (MoA). States have to take administrative and commercial steps in addition to the technical interventions, which will help them in efficiency improvement in the sector. The Ministry is closely monitoring the progress of States on activities committed under MoA and implementation of APDRP projects directly and through NTPC and PGCIL, who are working as Advisor cum Consultant to the States. The States have also constituted Distribution Reforms Committees in their respective States for reviewing and monitoring of progress on reforms and implementation of APDRP schemes. On national basis, T&D loss has reduced from 33.98% during 2001-02 to 32.54% during 2002-03.

APDRP Investment status as on March 31, 2005

(Rs. in Million)

State	Project outlay	APDRP Component	APDRP Investment Component				APDRP Incentive Component
			Total amount released	Total Utilisation	Counterpart funds sanctioned	Counterpart funds drawn	Total incentive released over last 3 yrs
Non-special category states	160,392	80,196	43,004	61,824.9	67,516	28,518	9,556
Special category states	34,495	34,495	12,404	5,261.9	–	–	–
Grand Total	194,888	114,691	55,408	67,087.0	67,516	28,518	9,556

(Source: Powerline, June 2005)

Impact of power sector reforms - The beneficiaries

The power sector reforms are on a threshold of major changes that would shape the future of the industry. The increased thrust on providing power for all by 2012 by building additional generation capacities, improving transmission and distribution network would lead to a huge demand for power equipment manufacturers.

The impending changes in the sector would have varying impact on various power equipment manufacturers namely T&D equipment suppliers and generation equipment suppliers. Also, with the thrust on quality there exists possibilities for demand to shift from unorganized to organized payers.

T&D Equipment manufacturers

They would be the direct beneficiaries of investments under APDRP scheme. Private Sector distribution companies would also be investing in the circles privatised to upgrade the system. Even the electricity bill is focussed on distribution reforms and

up-gradation of the T&D system. The key equipment manufacturers to benefit from the power sector reforms are manufacturers of transformers, switchgears, cables, energy meters etc.

Indo Tech Transformers, the issuer company, is a manufacturer of transformers.

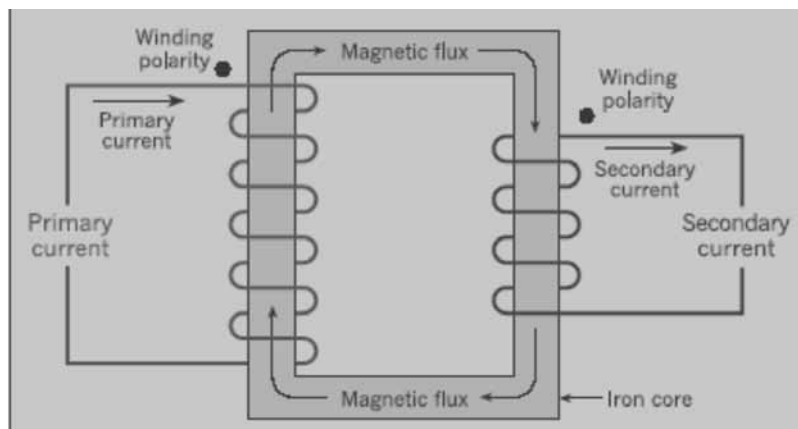
Transformer industry

The transformer industry today is in a position to manufacture transformers covering total requirement of the country including higher system voltage of 800KV. The transformer industry is usually divided into Distribution transformers, Power transformers & other types of special transformers for welding, traction, furnace etc.

The health of the transformer industry is closely related to the power generation sector. The major customers for transformers are the SEB's, utilities and industries.

A transformer is a voltage changer. There are mainly two types of transformers namely power transformers and distribution transformers. The power transformers are used to transform power voltage from the generation point to the transmission point. These are mainly step-up power transformers and step-down power transformers. A step-up transformer is used to convert low voltage AC to high low voltage AC whereas a Step-down transformer is used to convert high voltage AC to low voltage AC. A distribution transformer is used to transform power voltage from transmission point to distribution of power to the end user.

A transformer works on the principle of electromagnetic induction - that energy can be efficiently transferred by magnetic induction from one winding to another winding in the presence of a varying magnetic field produced by an alternating current.



A basic transformer consists of two sets of coils or windings. Each set of windings is simply an inductor. AC voltage is applied to one of the windings, called the primary winding. The other winding, called the secondary winding, is positioned in close proximity to the primary winding, but is electrically isolated from it. The alternating current that flows through the primary winding establishes a time-varying magnetic flux, some of which links to the secondary winding and induces a voltage across it. The magnitude of this voltage is proportional to the ratio of the number of turns on the primary winding to the number of turns on the secondary winding. This is known as the "turns ratio." To maximize flux linkage with the secondary circuit, an iron core is often used to provide a low-reluctance path for the magnetic flux. The polarity of the windings describes the direction in which the coils were wound onto the core. Polarity determines whether the flux produced by one winding is additive or subtractive with respect to the flux produced by another winding. A basic two-winding transformer is shown in the figure above.

If there are more windings in the secondary than in the primary, the output voltage will be greater than that of the input voltage as in the case of a step-up transformer. Conversely, if the secondary has less turns of wire than primary, the output voltage will be lower than that of the input voltage as in the case of a step-down transformer.

The above description of transformers pertains to single-phase transformers. Single-phase means two power lines as an input source. Therefore, only one primary and one secondary winding is required to accomplish the voltage transformation. However, most power is distributed in the form of three-phase AC. Power generators produce electricity by rotating three coils or windings through a magnetic field within the generator. Thus, a three-phase transformer actually has six windings (or coils) - three primary and three secondary. These coils or windings are spaced 120 degrees apart. As they rotate through the magnetic field they generate power, which is sent out on three lines as in three-phase power.

Three-phase electricity powers large industrial loads more efficiently than single-phase electricity. When single-phase electricity is needed, it is available between any two phases of a three-phase system, or in some systems, between one of the phases and the ground. By the use of three conductors, a three-phase system can provide 173% more power than two conductors of a single-phase system. Three-phase power allows heavy duty industrial equipment to operate more smoothly and efficiently. Three-phase power can be transmitted over long distances with a smaller conductor size.

The Indian transmission sector has evolved over time mainly on account of improvements in technology and systems. The transmission and distribution system today consists of 400kV networks that support state transmission systems; 66 kV, 33kV and 22 kV networks that act as sub-transmission systems; 1 kV networks that provide the primary distribution systems; and 400/230 kV networks for local distribution. At the transition between these levels, transformers ensure a smooth change of voltages with minimum loss of energy.

Transformer Capacity (Utilities) in India

MVA			
Fiscal year ended	Step-up transformers	Step-down transformers	Distribution transformers
1995	97,153	256,664	139,976
1996	83,952	291,628	135,852
1997	89,462	283,348	141,974
1998	106,564	319,583	154,172
1999	97,937	344,184	141,974
2000	96,157	379,874	179,931
2001	97,901	382,435	169,119
2002	–	–	–
2003	117,863	411,288	196,686
2004	130,434	422,138	206,668

(Source: Energy, May 2005, Centre for Monitoring Indian Economy, Mumbai)

When compared to the modest beginning in the 1950's, the growth looks quite impressive. The capacity of the step-up transformers has grown by more than 100 times while step-down capacity has witnessed a growth of 300 times. Step-down transformers have continued to follow a high growth trajectory since the early 1980's. The total transformer capacity in India stood at about 759,240 MVA at the end of 2003-04 (Source: Energy, May 2005, Centre for Monitoring Indian Economy, Mumbai). Of these, the step-up and step-down transformers together account for ~73% (Source Powerline, July 2005). The remaining ~ 27% are distribution transformers at the 33kV and 11/22kV capacity levels (Source Powerline, July 2005). The 11kV transformer capacity is close to double that of 33kV capacity level (Source Powerline, July 2005). The region wise break-up for March 31, 2004 is as given below (Source: Powerline, July 2005).

MVA			
	Step-up	Step-down	Distribution
Northern	39,984	133,643	66,172
Western	37,597	132,765	65,028
Southern	24,848	100,889	55,079
Eastern	24,931	50,896	17,255
North-eastern	3,074	3,945	3,134
Total	130,434	422,138	206,668

The state-wise contribution in the southern region is as given below (Source: Powerline, July 2005):

MVA			
	Step-up	Step-down	Distribution
Andhra Pradesh	9,970	43,894	20,775
Karnataka	1,700	1,512	11,143
Kerala	2,367	11,713	4,580
Tamil Nadu	3,324	30,020	18,085
Lakshadweep	8	–	6
Pondicherry	30	15	275
Central-South	7,449	13,735	214
Southern	24,848	100,889	55,079

(Source: Powerline July 2005)

Transformer Production in India

The transformer production in India for the last two years is as given below:

(Units in nos.)

Range	Particulars	2005	2004
REC	Upto 100 KVA	7,455,327	5,174,865
Distribution Transformer	Above 100 KVA and upto 10,000 KVA	18,928,467	16,978,166
Power Transformer	Above 10,000 KVA	55,414,321	51,657,841

(Source: IEEMA, Production Statement as on July 2005)

Demand for transformers

The demand for transformers comprises new demand as well as replacement demand for transformers. The order book position for transformers at the end of September 2005 is as given below:

Type of transformers	Range	Deliveries scheduled in				Total Order Booked	
		Within next 12 months		Beyond 12 months		Sep-05	Sep-04
	Above Upto & Inc.		Sep-05	Sep-04	Sep-05		
	MVA						
REC	Upto 100 KVA	3,674	3,117	–	–	3,674	3,117
Distribution	100 KVA-10,000 KVA	10,786	10,183	–	–	10,786	10,183
Power	Above 10,000 KVA	53,763	41,163	15,364	11,363	69,127	52,526
Total		68,223	54,463	15,364	11,363	83,587	65,826

Note: This is based on data obtained from members of IEEMA

(Source: IEEMA Production Statistics)

In addition to the above demand there is likely to be an increase in demand over the next few years on account of GoI "Power for all by 2012" program. As indicated elsewhere, about 100,000 MW of power generation capacity is likely to be added by 2012. For every 1MW of new capacity that comes up 7MVA transformers are used across generation, transmission and distribution segments; this implies a demand of 700,000 MVA of transformers unfolding over the next 5 years. This would result in an annual demand of about 140,000 MVA.

Replacement Demand

Transformers usually have a life of ~20-30 years. Hence, those transformers which were installed during 1970's/1980's are likely to be replaced in the next few years. The same is as given below:

Plan	Period	Capacity (At the end of the period in MVA)			Capacity Additions in MVA		
		Power	Distribution	Total	Power	Distribution	Total
IV	1970-75	75,734	25,884	101,618	NA	NA	NA
V	1975-80	124,275	39,061	163,336	48,541	13,177	61,718
VI	1980-85	191,371	60,506	251,877	67,096	21,445	88,541
VII	1985-90	272,527	83,451	355,978	81,156	22,945	104,101

(Source: Energy, May 2005, Centre for Monitoring Indian Economy, Mumbai)

As seen above, at the end of the sixth five year plan a total of 88,541 MVA of transformer capacity was added. Of this power transformers accounted for ~ 76% and the balance 24% was on account of Distribution transformers. On an average, about 17,708 MVA of transformer capacity have been added annually during the sixth five year plan. Since these transformers life exceeds 20 years they are likely for a replacement.

Key players

The transformer market in India is largely unorganized with very few organized players. The key organized players in this segment are ABB, BHEL, Alstom, Bharat Bijli, Emco, Vijai Electricals, Crompton Greaves and Indo Tech Transformers.

OUR BUSINESS

Brief overview

Our company made a small beginning in the year 1976 and today is a prominent player in the transformer market in India, manufacturing power and distribution transformers upto 100 MVA/220 KV.

Over the years we have executed orders for North American markets for Mobile transformers and substation transformers. We have also strengthened our presence in Southern Indian SEBs (TNEB, Andhra Pradesh, Karnataka, Kerala) and built capabilities in various types of transformers such as Wind power, Fail Safe, Amorphous metal core.

Our key customer categories include SEBs, EPC contractors, Corporate and exports to our clients abroad. We have relationships with all Southern Electricity Boards. Our EPC contractors customer base include Larsen & Toubro, ABB Ltd, Reliance Energy Limited etc, Corporates include Taj Group of Hotels, Lakshmi Machine Works, TI Group, Sanmar group etc.

Since inception we have supplied over 55,000 transformers of various capacities (upto 60MVA) to over 3000 customers in India. Over the last 8 years, we have exported transformers to Nigeria, Srilanka, U.K., USA, Ghana, Canada, and several other countries.

We manufacture special transformers, which are customer & industry specific. Various technologies have been imported as well as developed by us to keep abreast with the ever-changing international scenario. We had several technical collaborations in the past with companies such as Honeywell Inc., (Formerly Allied Signals, (USA)), MobleSource Industries Inc etc to manufacture various types of distribution and power transformers.

We currently manufacture the transformers out of three facilities. Of these, two facilities are located in Chennai, Tamil Nadu and one in Palakkad, Kerala. The three plants are capable of manufacturing 500 - 600 transformers of assorted sizes every month, and have an overall annual capacity of 2450 MVA. Our medium power transformer facility at Thirumazhisai facility in Chennai was commissioned about 8 years back and is a modernized facility capable of manufacturing transformers upto 100 MVA/220 KV class. The annual capacity of this plant is 1800 MVA. This plant is ISO 9001:2000 certified.

Our total income was Rs. 423 million in fiscal 2003, Rs. 633 million in fiscal 2004 and Rs. 812 million in fiscal 2005. For the fiscal year ended March 31, 2005, SEBs accounted for 63.08% of our total income while EPC Contractors, Corporates and exports accounted for 17.29%, 18.52% and 1.11% of our total income respectively.

Key Milestones achieved

1976	Commenced manufacture of small Distribution transformer at Saidapet and Palakkad
1987	Commenced manufacture of industrial transformers
1994	Tie-up with M/s. Allied Signals for transformers of Amorphous Metal Core Distribution Transformers
1995	Manufactured the Fail Safe Distribution Transformers and in-house developed the RADAC System
1997	Set up Thirumazhisai Plant and started manufacture of 110, 132 KV class of power transformers
1998	Commenced manufacture of Mobile transformers and exports to USA started
2001	Manufactured the first 230 KV class of transformers for Florida Power Corporation USA through MobleSource Industries Inc
2005	Merged group Indo Tech Electric Company Limited with our Company

Our business model

We manufacture transformers catering to our key customer categories namely SEBs, EPC contractors and Corporates & Exports. We procure orders through bidding for tender in case of SEBs and through our marketing agents in case of EPC contractors and Corporates and exports.

Once an order is procured by our Company a purchase order is received by us. Depending on the category of customer, we insist on an advance of 10% to 50% of the purchase order value. After the receipt of advance from our customers we commence designing the required transformers as per the customer needs and submit the drawings to the customer for approval. While designing the required transformer we also ensure optimum material utilization. On receiving approvals from the customers we then place orders for raw materials and start manufacturing the transformer. Once the transformer is manufactured, it is tested in-house. On satisfactory completion of in-house test we call the customer for inspection.

All our transformers are guaranteed for trouble free performance for a period ranging from 12-60 months from the date of commissioning/dispatch. However certain utilities insists on a 5-year performance guarantee. Our company in case of these certain utilities and few corporate customers issues a performance Bank Guarantee of a nationalized bank for 5-10% of the contract value valid for the warranty period. Till this date none of our bank guarantees have been invoked by any of our customers.

Our pricing policy

The profitability in the transformer business is a function of two critical parameters namely designing the transformer with optimum material utilization and the cost of various raw materials.

A typical cost sheet for transformers is given below: Material cost accounts for 65-70% of the sales value of a transformer.

Raw Material	% of material cost
CRGO Lamination	30
Copper	28
Steel	9
Oil	8
Others	25

We procure the raw materials from our pre-approved vendors based on the Purchase requisition slips received from the respective facilities from time to time. Procurement of major raw materials like Copper, CRGO, Steel and Oil are finalised against the contracts agreed upon between our Company and the respective firms on yearly, half-yearly and quarterly basis. Some of our key vendors from whom we source include M/s. Surya Laminations Pvt.Ltd., M/s. Super Electricals, M/s. Nexus Transcore Industries, M/s. National Lamination Industries, M/s. Sterilite Industries (I) Ltd., etc.

These Contracts are finalised as per the offers received from various manufacturers against our Company's enquiries after assessing the Quality of the product, rate and other terms & conditions.

Procurement of consumables are finalised after verifying the stock position with respective facilities from time to time and these procurements are done from the selected competitive offers in all respects received against specific enquiries floated by our Company as and when required.

Transformers typically have an average delivery schedule of around 4-6 months in the smaller range and upto a year in the larger ranges. Therefore cost of raw material required for manufacturing these transformers would depend on the delivery schedule.

The variation in the prices of key raw materials costs during this period is built into the price charged to the customer through a Price Variation Formula (PVF) using the IEEMA Price index. The IEEMA has worked out a formula for price variation of different types of raw materials and this formula is generally accepted by most utilities. The IEEMA Price index provides monthly indices of various key raw materials as well as Consumer Price Index. The PVF essentially captures the variation in the key raw materials costs and insulates the Company from any abnormal price increase of all raw materials.

Our inventory management also plays an important role in maximizing returns. We have adequate cash balance and high volume requirements which help us negotiate better prices for the key raw materials.

For standard industrial transformers, a price list is prepared which is valid for a particular period. This list is updated as and when there is a significant change in key raw material costs. In case of tenders, our Company prepares a cost sheet based on actual designs and cost of raw materials applicable as on that date. The final quote is made depending on the above cost sheet as well as other terms and conditions of the tender.

Our product range

Our product range comprises Distribution transformers and Power transformers. We manufacture the following classes of transformers at our 3 manufacturing facilities:

1.	Distribution Transformers	: Upto 2500KVA, 11/22/33KV class
2.	Distribution Transformers with OLTC	: 250KVA to 2500 KVA - 11/22/33 KV class
3.	Unitized Sub Stations	: 5000KVA, 33 KV with various incoming and outgoing switch gear operations.
4.	Transformers engineered specially for Wind Mill Generators	: 250/315/400/500/550/630/ 800/ 1000/ 1250/1500 KVA, 11/22/33 KV or as per wind mill generator requirements.
5.	Arc Furnace Transformers	: Upto 16MVA, 33KV Class, or as per Customer requirements
6.	Induction Furnace	: Upto 3150KVA, 11/22/33KV Transformers LV Voltage of 550V with or without Earth Shield between HV and LV as per customer requirements.

7.	Open Ventilated Dry Type Transformers	: upto 3150KVA, 11/22KV class
8.	Power Transformers	: All types of Power Transformers of 66/110/132/230KV upto 100MVA capacity.
9.	Neutral Earthing Transformers and Compensators	: 3000 Amps. 33KV & higher current ratings are possible.
10.	Special Transformers for Truck mounted Mobile Sub-Station Application with versatile voltage classes and connection and voltage regulation application	: Upto 60MVA rating and different voltage class upto 230KV. (Maximum 1050KV Impulse BIL)

The following is the contribution of power transformers and distribution transformers to our total sales:

(Rs. in Million)

	2003	% of total sales	2004	% of total sales	2005	% of total sales	September 30, 2005	% of total sales
Power Transformers	307	72%	500	79%	616	76%	370	74%
Distribution Transformers	117	28%	134	21%	196	24%	126	26%
TOTAL	423		633		812		497	

Our customers

Our key customer categories include SEBs, EPC Contractors, Corporates and Exports.

State Electricity Boards

Initially our Company focused its marketing efforts on the 4 electricity boards in southern India in the states of Tamil Nadu, Andhra Pradesh, Kerala and Karnataka. We believe we have a dominant market share of the electricity board business of TNEB. We also supply to the electricity boards in the states of Andhra Pradesh, Karnataka, Haryana, Madhya Pradesh and Maharashtra.

On account of our SSI status we enjoy a 15% price preference with TNEB. As per the Tamil Nadu Transparency in Tenders Rules, 2000, the tender documents shall clearly indicate the criteria for evaluation and comparison of tenders and shall also provide for a price preference of fifteen percent for domestic small scale industrial units and ten percent for domestic small scale industrial units and 10% for the public sector undertaking of the Government in respect of products and quantities manufactured by them.

EPC Contractors

We have been regularly catering to the requirements of EPC contractors who take up turnkey contracts with various SEBs, large projects of corporates as well as atomic and thermal power stations and to the Power Grid Corporation. In recent times wind power generation has received quite a lot of attention and several wind projects have been set up in India. We have a reasonable presence in this segment.

Corporates

We have different industrial customers all over India who have been procuring transformers for their various applications such as Textile Mills, Spinning and Weaving Mills, Cement Plants, Steel Melting Plants, Automobiles, Bottling Plants, Distilleries, Software Technology Parks, Hospitals, Hotels, Commercial shopping complexes and for various other applications.

Since our Company has also entered into manufacturing larger capacity Power transformers, we propose to target the above customer base as and when the requirement of larger power transformers by these clients arises.

We also manufacture and market special transformers for Arc furnaces, Induction furnaces, Amorphous core transformers and Dry type transformers.

Exports

Over the last 8 years, the Company has exported around 600 transformers. Other markets include Nigeria, U.K., USA, Ghana, and several other countries.

We have also obtained orders for Power transformers ranging from 10MVA upto 45MVA single phase as well as three phase from various Electrical utilities in North America.

We had entered into a technical tie-up with M/s. MobleSource Industries Inc, Canada for manufacture of Mobile Substation transformers with their technology and have till date manufactured over 20 transformers ranging from 2.5MVA up to 45MVA/230KV class and all these units are successfully installed at various installations in USA. The value addition for these special products are much higher as compared to the standard power transformers. As per the agreement with MobleSource, ITTL cannot market these substations anywhere in the world except through MobleSource.

Our top 5 Customers for last 3 years

(Rs. in Million)

2003			2004			2005			Sep-05		
Customer Name	Sales	% of sales	Customer Name	Sales	% of sales	Customer Name	Sales	% of sales	Customer Name	Sales	% of sales
APTRANSCO	112	26.46	TNEB	379	59.80	TNEB	328	40.34	TNEB	234	47.13
BSES Ltd.	84	19.74	APTRANSCO	76	12.01	APTRANSCO	114	14.04	APTRANSCO	65	13.08
TNEB	65	15.32	BSES Ltd.	31	4.95	KPTCL	71	8.71	Uttar Haryana Bijli Vitran Nigam Ltd.	18	3.62
ABB Ltd.	20	4.78	Crompton Greaves Ltd.	20	3.08	ABB Ltd	55	6.77	ABB Ltd.	88	17.71
Gujarat Electricity Board	16	3.71	Gujarat Electricity Board	19	3.06	Suzlon Energy Ltd.	51	6.33	Kyber Industries	9	1.81
Others	127	30.00	Others	108	17.10	Others	193	23.81	Others	82	16.65
Total	423		Total	633		Total	812		Total	496	

We have a client list of 3000 customers and installed base of over 55000 transformers. We operate through a network of 6 marketing agents and dealers in India. Upcoming investments in power projects are tracked and pursued through the agency/dealer network.

Customer-wise breakup of revenues

(Rs. in Million)

	2003	% of total sales	2004	% of total sales	2005	% of total sales	September 30, 2005	% of total sales
SEBs	193	46%	455	72%	512	63%	313	63%
EPC Contractors	113	27%	72	11%	140	17%	91	18%
Corporates	97	23%	101	16%	150	19%	92	19%
Exports	20	5%	5	1%	9	1%	–	
Total	423		633		812		496	

Our order book position

With our very strong customer base in India for smaller size of Distribution and medium size Power transformers we have successfully ventured to the manufacture of high ratings of Power transformers. We have till date supplied more than 250 transformers of 110/132KV class ranging up to 25MVA capacity and have orders for about 15 transformers of higher ratings of upto 100 MVA ratings.

We have also bid for tenders in the 110/132 KV range in the past 3 months. Currently we have a order book position worth of Rs. 1,355 million as on January 2, 2006 which are pending execution. Of these the order book position for Power transformers is Rs. 1,158 million and Distribution transformer is Rs. 197 million.

The customer wise breakup of order book comprises SEBs accounting for 91.59%, EPC Contractors accounting for 3.14%, Corporates accounting for 4.66% and Exports accounting for 0.61%.

Our manufacturing facilities

Our transformers are manufactured at 3 facilities located at Saidapet (Chennai), Palakkad and the Thirumazhisai unit which is located about 15 km from Chennai. The installed capacity of the 3 facilities is 2450 MVA per annum. Of these, the Thirumazhisai facility set up around 8 years ago has a capacity of around 1800 MVA per annum. While Saidapet and Palakkad facilities are mainly to service the distribution transformer business, the Thirumazhisai facility has been set up to focus on the medium power transformer business.

Manufacturing infrastructure

Distribution Transformers Manufacturing facilities

Our distribution transformers are manufactured at two locations namely Saidapet and Palakkad.

Saidapet Unit

The Saidapet unit spread out over an area of 2 acres is fully equipped to manufacture smaller range of distribution transformers and limited big sized ones. The installed capacity of this unit is 450 MVA per annum and manufactures products such as industrial transformers and small distribution transformers for utilities catering to SEBs and industrial customers. We have 84 people working at this unit.

As a part of our strategy going forward and in order to augment our capacity in manufacturing distribution transformers, we propose to relocate our Saidapet unit to Thirumazhisai and increase capacity to 750 MVA. The details of various equipments at our Saidapet plant is as given below: -

Type of Equipment	Quantity
O/H Cranes	
15 Tonne	1
5 Tonne	2
2 Tonne	1
1 Tonne	1
Chain Pulley Block 10 Tonne	1
HV Winding M/c's	5
LV Winding M/c's	2
Heavy Duty Winding Machine	1
Air Drying Oven	1
Air Compressor (160 Ltrs)	1
Electric Heating Chambers	2
Oil Filer machine	2
Oil Storage Tanks (20 KL)	2
Tools, Jigs & Fixtures	
Test Lab upto 33 kV class	1
Painting Booth	1

Palakkad Unit

Our Palakkad unit was initially operated on tenanted premises until 2001. This unit was mainly operated as an assembly and repair unit catering to the requirements of the Kerala State Electricity Board as well as industrial clients with an installed capacity of 100 MVA per annum. In 2002, this unit was relocated at the premises owned by Indo Tech Electric Company Ltd, our group company, on a monthly rental basis.

Pursuant to the merger of Indo Tech Electric Company Limited with our Company, the entire infrastructure of Indo Tech Electric Company Ltd spread over 2.92 acres of land is now a part of our Company. This has resulted in an increase in the installed capacity of our Palakkad unit to 200 MVA per annum. This available infrastructure with slight modernization and minimal investment can be upgraded to manufacture upto 132 KV class transformers. This facility is mainly used to produce distribution transformers upto 33 KV class.

The details of various equipments at our Palakkad plant is as given below: -

Type of equipment	Quantity
O/H Cranes	
7.5 Tonne	1
3 Tonne	1
Winding M/c's	
LV Winding	3
HV Winding	5
Air Compressor 160 Ltrs.	1
Oil Filtering machine	1
Electric Heating Chamber	1
Tools, Jigs & Fixtures	
Wood cutting Machine	1
Test Lab upto 33 kV class	
Painting Booth	1

Medium Power Transformers- Thirumazhisai Unit

Since our growth potential was limited by the space and infrastructure at our Saidapet unit, we embarked on a two-pronged strategy to increase capacity and range along with improved operating efficiency. The Thirumazhisai unit was designed to manufacture medium power transformers with this strategy in focus and this unit became operational in April 1997. The unit resulted in:

1. Increase in the range of transformers from 10MVA/33KV to 100MVA/220KV.
2. Increase in the installed capacity from 700 MVA / annum to 2250 MVA / annum.

This plant is certified by TUV Germany for internal quality systems to ISO 9001:2000 standards.

The details of various equipments at our Thirumazhisai plant are as given below:

Type of equipment	Quantity
O/H Cranes	
75 Tonne	1
35 Tonne	1
15 Tonne	1
5 Tonne	2
5 Tonne	2
20/5 Tonne	1
Winding M/c's - 5 Tonnes Capacity	4
Winding M/c's - 3 Tonnes Capacity	3
Winding M/c's - 1 Tonne Capacity	4
Vacuum Processing Autoclave	1
Air Drying Ovens	4
Oil Filtration Plant	1
Oil Storage Tanks (20 KL)	2
Oil Storage Tanks (40 KL)	1
Tools, Jigs & Fixtures	
Test Lab upto 220 kV class	
Painting Booth	1

PLANT DETAILS

		Corporate Office	EXISTING WORKS		
			Thirumazhisai	Saidapet	Palakkad
Commercial Office	:	550 m ²	200 m ²	100 m ²	100 m ²
Technical Office	:		250 m ²	150 m ²	100 m ²
Coil Winding Department	:		750 m ²	750 m ²	200 m ²
Test Lab	:		750 m ²	500 m ²	250 m ²
Assembly Department	:		1500 m ²	1000 m ²	575 m ²
Packing & Storage	:		1500 m ²	1000 m ²	500 m ²
Insulation Department	:		750 m ²	500 m ²	250 m ²
TOTAL	:	550 m ²	5700 m ²	4000 m ²	1900 m ²
Installed Capacity in MVA			1800	450	200 *
Product Range			3150KVA - 60000KVA/220KV	100KVA - 3150KVA/ 33KV	100KVA - 10000KVA/33KV
Capacity utilized (FY 2005)			80%	80%	45%

* Indicates capacity post merger of Indo Tech Electric Company Limited with Our Company.

EXPERTISE

We have the capability to design and build static induction equipment to meet an extensive range of customer requirements. In fact, we also design and manufacture to customer specifications that are considered non standard.

Our design and manufacturing processes have withstood the test of time; and together with state of the art equipment, our Company has been able to consistently achieve exact customer specifications at minimal costs.

Our Company's products are type tested at independent government approved laboratories such as Central Power Research Institute and Indian Institute of Technology.

Manpower

We operate with manpower strength of 236 permanent employees. The total employees include 33 executives and 40 engineers.

Through better automation, flow of work and training of qualified people to manage shop flow, labour is kept to the minimum at the new plant at Thirumazhisai. The productivity compared to existing operations is also set to improve because of better workflow at the Thirumazhisai unit.

PROCESSING OF TRANSFORMERS

The following are the major activities regarding the processing of transformers.

1. Core Assembly

The core is made up of laminated cold rolled grain oriented sheets of 0.23 to 0.35mm thickness. The core is built by stacking these sheets one over the other as per the design. The core is of stepped construction with mitred joints at the corners. The entire core assembly is lifted and kept vertically for assembling the coils.

2. Windings

Windings are made of Electrolytic grade copper strips/round wires or of Aluminium depending on the size of the transformers. The windings are wound on wooden/steel formers and are generally of circular shape. The windings are with inter layer/ inter disc insulations as the case may be and these insulations are made of Press Board. (Cellulose material)

3. Transformer Assembly

The coils made as above should be pre-shrunk to achieve the designed height. The increase in height is mainly due to absorption of moisture during winding stage by the Press Board Insulation (Cellulose material). Before assembly, the coils have to be brought to designed height.

The yoke of the transformer core will be removed and the coils will be assembled concentrically on this core with insulation at the bottom, at the top and in between the coils. The insulation structure will be depending on the voltage class of the transformer and generally consisting of Oil/Press Board insulation. These two insulations form a mixed di-electric, which gives higher voltage withstand capacity.

4. Connections

After assembling the transformer as above, the coils will be once again shrunk before refixing of the top yoke. After the top yoke has been assembled the transformer will be connected as per the design instructions. The connections are provided on the transformer windings to take care of the voltage fluctuation to get the output constant/decided voltage.

5. Processing

The final processing of the core and coil assembly will be done by placing the same in the vacuum chamber. The processing is consisting of heating of the core and coil assembly and maintain the chamber for about 95°C/100°C and then draw vacuum on the chamber. When the vacuum is improving, the moisture absorbed by the insulation of the transformer will come out as water vapour through the outlet.

This moisture will be condensed on a water condensor and the condensor is being circulated with chilled water to achieve the same. Water is being collected at intervals and this forms the major criterion for completion of the process.

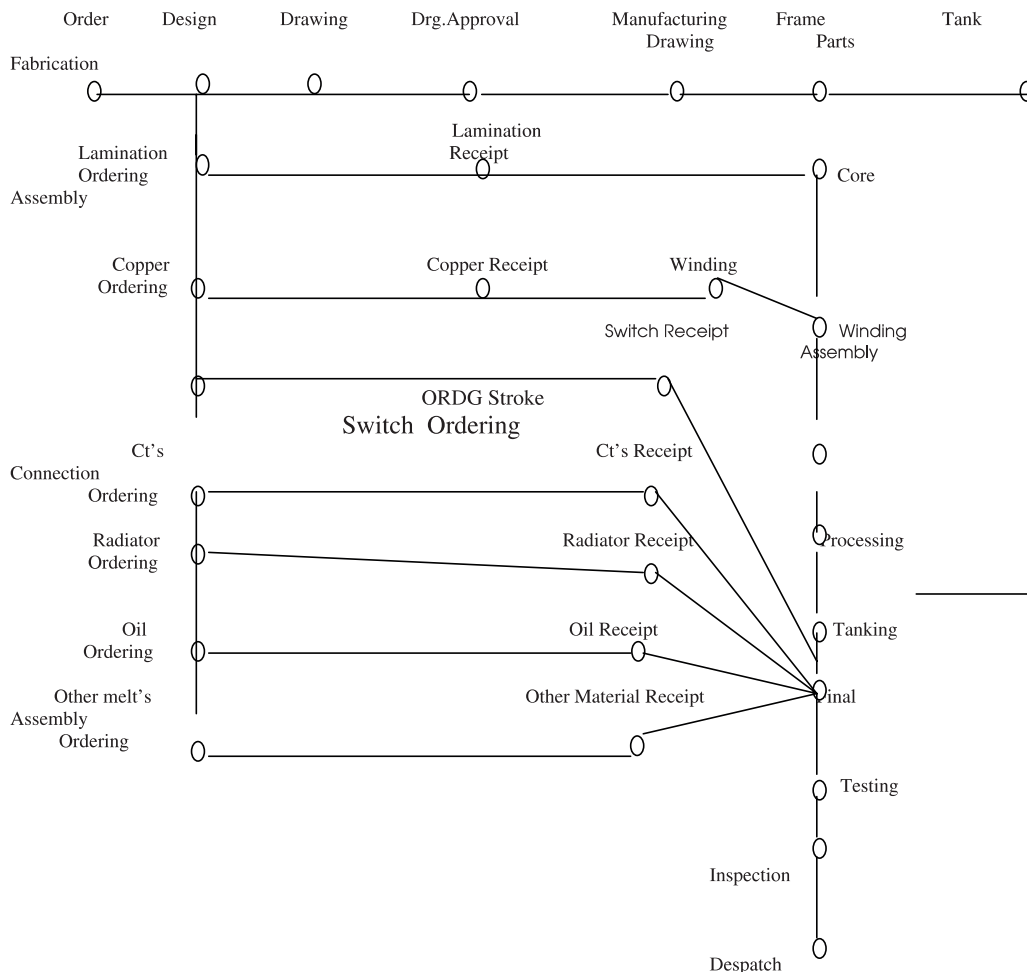
After the complete moisture inside the core and coil has been taken out, the assembly will be filled with oil under vacuum conditions.

6. Completion of Transformer

After the oil filling of the transformer, the transformer will be fitted with the components such as bushings, etc., and the complete assembly of the transformer will be sent for testing.

The transformer processing is the cleanest one since the processing does not involve chemicals or water. The heating is done through Electricity and hence it is environmentally clean. There is no waste disposal in the transformer industry.

Process Flow of Transformer Manufacturing depicting the entire process of manufacturing a transformer.



Quality Assurance

The Quality Management System of our Company is prepared in line with ISO 9001:2000. The Quality Management System contains Procedures, Process Mapping, Activity Flow Plan, Work Instruction, Guidelines / Check List and Forms.

Technology

We were among the first to introduce the highly energy efficient Amorphous Metal Core Distribution Transformers in India which were manufactured using state of the art indigenous technology and in association with Allied Signals Inc. USA through their Indian joint venture Usha Amorphous Metals Limited, one of the largest suppliers of amorphous metal, these revolutionary transformers contribute to the conservation of energy by preventing energy losses in distribution.

We have also developed in-house capabilities for production of electronic and communication equipments for Fail Safe distribution transformers stand alone and remote controlled load management systems.

The necessary software for the design of power, distribution and other special transformers has been developed in-house. We have hardware and software capabilities to enable conduct of design and system studies.

Our transformers are covered under BIS certification scheme under ISI Licence No. CM/L 1456452.

Our strategy

Penetrate new customer bases

Our Company has a wide range of customers viz. State Electricity Boards, Turnkey Contractors, other Electrical Contractors and end-users such as leading Hotels, Hospitals, Refineries, Petro-Products, Granite Industries, Paper, Textile, Steel and Cement Plants, Plastic and Rubber Industries, Garments and Apparels, Wind Generator Manufacturers, Co-generation Plants, Banks, Construction and Builders, Aquaculture, Software Technology Parks (STP's) and Software Companies.

Most of our customers are based in Southern India. In view of this, our focus would be on Turnkey Contractors and similar customers in Western and Northern parts of the Country. A few State Electricity Boards are getting privatized in Northern and Central India and our Company would be targeting those utilities to widen our customer base. With respect to Industrial Customers our Company would identify and appoint marketing agents in Delhi and other major industrial areas to cater to the requirement of these customers in such areas.

Entry into power transformers segment

We currently manufacture upto 110/132 KV class transformers. There is high demand for these class of transformers as well as 220 KV class of transformers. The margins in these transformers are also higher as compared to the smaller range of transformers. Our Company intends to set up a new plant at a new location with an installed capacity of 2400 MVA per annum. The proposed plant would be capable of manufacturing 132 KV and 220 KV class of transformers. This would help us enter the power transformer segment and thus move up the value chain.

Concentrate on Export of Distribution Transformers / increase exports

Our Company has been exporting Distribution and Power Transformers to various countries such as Nigeria, U.K., USA, and several others. Our Company supplied to various utilities/companies based in these countries and few of the transformers are also type tested as per the specification of the utilities/companies in the above countries. Our Company would concentrate on export of distribution transformers to the above countries, as well as such countries in the Middle East once additional capacities are set up. Our company would also concentrate on UK where we are already supplying distribution transformers.

Subcontracting for projects for new entrants

Our Company has in the past supplied distribution transformers and medium size power transformers upto 25MVA to various Contractors such as BSES (Reliance Energy Limited), ABB, Crompton Greaves Ltd., L&T, VA Tech Wabag, etc. A lot of companies are getting into the sub-contracting business and with our expertise we would be targeting such customers for sub-contracting supplies of power and distribution transformers.

Dry type transformers

We are setting up a dry type transformer plant ranging between 100 KVA and 3000 KVA. This facility will be set up at Thirumazhisai complex and will mainly cater to the requirements of industrial and corporate customers. A lot of Software Technology Parks (STPs), Hotels, Hospitals, high-rise buildings are coming in the major cities all over India where there is lack of sufficient space for setting up substations for oil filled transformers. A lot of these projects require dry type transformers as they can be placed indoor as these transformers are environment friendly and are very safe.

Once our Company commences production of these transformers we shall cater to the requirement of most of the above customers. Presently, we have not entered into any definitive agreement for sourcing technology for setting up this plant. However, we are exploring options for the same.

Our competitive strengths

One of the few organized players in the transformer segment

The transformer industry in India is highly fragmented with very few organized players in this segment. We have been one of the few players who have established a prominent presence in the transformer segment. Over the years we have built an installed base of over 55,000 transformers of various capacities (upto 60MVA). We have a customer base of over 3000 customers which includes SEBs, Industrial customers and Corporate customers.

The Government emphasis on providing power for all by 2012 and reform initiatives taken in this direction viz. APDRP is likely to benefit all organized electrical equipment manufacturers as there will be more thrust on quality products. This will enable organized players like us to provide quality and reliable products to SEBs and other customers. We are well placed to benefit from the same as we have built a strong relationship with various SEBs in the South over these years.

Well-positioned to move up the value chain to manufacture power transformers

Our product range comprises distribution transformers and medium power transformers. With our very strong customer base in India for smaller size of distribution and medium size power transformers we have successfully ventured into the manufacture of high ratings of Power transformers. We have till date supplied more than 250 transformers of 110/132KV class ranging up to 25MVA capacity and have orders for about 70 transformers of higher ratings of upto 60 MVA ratings.

The commissioning of our proposed power transformer plant of 2400 MVA of annual capacity will enable us to manufacture power transformers of higher range viz. 132 KV and 220 KV class of transformers. With increasing demand for higher class of transformers we will move up the value chain.

Dominant position in the south

Our customer base comprises SEBs, Industrial customers and corporate base. Over the years we have established a strong relation with the South based SEB's and industrial customers. Our key clients include the Southern Electricity Boards mainly Tamil Nadu Electricity Board, Andhra Pradesh Electricity Board, Karnataka Electricity Board and Kerala Electricity Board. These SEBs accounted for 63.08% of our total sales in FY05. Over the years we have managed to get a lot of business from these SEBs and believe that we command a reasonable market share in South.

Experience in exports to American and Canadian markets

We believe that we are amongst the first Indian Transformer manufacturers to export to North America. We had a tie-up with M/s. Mobile Source Inc. Canada for marketing of transformers in North/South American markets. We have been one of the first few companies in this part of the world to successfully obtain orders for Power transformers ranging from 10MVA upto 45MVA single phase as well as three phases from various Electrical utilities in North America.

Expertise in designing various types of transformers at optimal costs

Currently, we have a library of over 700 different transformer designs/drawings of small, medium and large sized transformers. Our past technical collaborations with various companies such as Allied Signal, Mobile Source etc has helped us built our knowledge on designing transformers at optimal costs.

Strong management and technical personnel

Our Chairman & Managing Director has over 35 years experience in the transformer industry. The Senior Advisor (Technical) has over 4 decades of experience in the transformer industry.

INSURANCE

A. General Insurance Policies

- 1) There is no pending litigation relating to any insurance matter.
- 2) Our Company has taken a Standard Fire and Special Perils Insurance Policy No. 47019684 from IFFCO-TOKIO General Insurance Co. Ltd in respect of the corporate office, building office block, electrical cable & fittings, furniture, fixture & fittings, air conditioning systems, private road inside the factory compound and garden and land scaping located at D.P. 36, SIDCO Industrial Estate, Thirumazhisai, Chennai - 602 107. The total sum insured is Rs.17,515,000/-. The annual premium is Rs. 31,787/- and the insurance is from July 12, 2005 to July 11, 2006.
- 3) Our Company has taken an Industry Protector Policy No. 47019684 from Iffco-Tokio General Insurance Company Limited in respect of all the three factories located at Thirumazhisai, Saidapet and Palakkad. The total sum insured is Rs. 44,59,81,654/- and the policy premium is Rs. 580,178.45/-. The period of insurance is from July 12, 2005 to July 11, 2006. The financial interests of the Company in the below mentioned banks are recorded in the policy and the policy is subject to the agreed bank clause.
 - a. Bank of Baroda, T. Nagar Branch, Chennai - 600 017
 - b. State Bank of India, Overseas Branch, Rajaji Salai, Chennai - 600 001
 - c. Assistant Commissioner of Sales Tax, Zone IV, Chennai
- 4) Our Company has taken a Standard Fire and Special Perils Policy No. 712900/11/05/00523 for the insurance of electric generation stations i.e. wind mills no. 1344, 1345 - 2 Nos located at survey no. 317/3, 317/4, 318, Pazhavor Part II, Radhapuram Taluka, Tirunelveli District. The total sum insured is Rs.1,60,00,000/- and the same is insured with the New India Assurance Company Limited. The policy premium is Rs. 29,974/- and the period of insurance is from October 30, 2005 to October 29, 2006.
- 5) Our Company has taken a Machinery Insurance Policy No. 712900/44/04/30026 for the insurance of the insurance of electric generation stations i.e. wind mills, and other items located at survey no. 317/3, 317/4, 318, Pazhavor Part II, Radhapuram Taluka, Tirunelveli District. The total sum insured is Rs.1,60,00,000/- and the same is insured with the New India Assurance Company Limited. The policy premium is Rs. 88,160/- and the period of insurance is from October 27, 2005 to October 26, 2006.
- 6) Our Company has taken a Marine Cargo Insurance (Open) Policy No. 712900/21/05/00220 with the New India Assurance Company Limited for transit of power and distribution transformers both finished and semi-furnished, repaired transformers and various raw material required for the manufacture of transformers in conveyance modes of air, road or rail from anywhere in India to anywhere in India (to Thirumazhisai, Saidapet, Koyyamarakkad, Palakkad, Kerala and vice-versa) with a total cargo sum Insured of Rs. 50,00,00,000 /- and a limit per sending of Rs. 1,50,00,000/- each. The period of insurance is October 24, 2005 to October 23, 2006.
- 7) Our Company has taken an insurance policy no. 0300001235 for the products/ completed operations located at D.P. 36, SIDCO Industrial Estate, Thirumazhisai, Chennai - 602 107. The total sum insured is Rs.44,00,000 /- for any one event and Rs. 88,00,000 in aggregate and the same is insured with Tata AIG General Insurance Company Limited. The policy premium is Rs. 2,81,010/- and the period of insurance is from March 21, 2004 to March 20, 2006.
- 8) Our Company has taken a Janatha Accident Insurance Policy No. 712900/47/04/00067 i.e. group insurance for employees, the value of coverage being Rs. 1,00,000 per employee and the same is insured with New India Insurance Company Limited. The policy premium is Rs. 19,200/- and the period of insurance is from September 15, 2005 to September 14, 2006.

B. Vehicle Insurance policies

Our Company has insured 16 four-wheelers and 6 two-wheeler vehicles which are owned by the Company. The Company pays premium of Rs. 0.45 million and Rs. 0.002 million towards four-wheelers and two-wheelers respectively.

C. Present Claims

1. Our Company has lodged a claim in July 2005 of Rs. 1,41,000/- under the Industry Protector Policy No. 47019684, with Iffco-Tokio General Insurance Company Limited which provides insurance in case of machinery breakdown. The survey has been carried out by the said insurance company and the final report of the surveyor is awaited.
2. Our Company has lodged a claim in April 2005 of Rs. 2,85,000/- under the Marine Export Import Insurance (Open) Policy No. 712900/21/05/00018, with the New India Assurance Company Limited. The survey has been carried out by the said insurance company and the final report of the surveyor is awaited.

PURCHASE OF PROPERTY

Except as stated in the section titled "Objects of the Issue", there is no property which the Company has purchased or acquired or propose to purchase or acquire which is to be paid for whole, or in part, from the net proceeds of the Issue or the purchase or acquisition of which has not been completed on the date of this Prospectus.

The details of the properties occupied/used/owned by us are given below:

FACTORY PREMISES

Our Company has its manufacturing facility at 31, V G P Salai, Saidapet Chennai - 600 015 admeasuring about 48596 square feet which is taken on lease from Mr. P. E. Subramaniam and Mr. P. S. Jagdish under agreements dated July 15, 1994 for a period of 3 years. These agreements have been renewed from time to time and are valid till July 14, 2006. Pursuant to these agreements our Company has a continuing obligation to pay lease rent and other outgoings to Mr. P. E. Subramaniam and Mr. P. S. Jagdish.

Our Company also has its manufacturing facility at DP 14-19 (Part), Tamil Nadu Small Industries Development Corporation Limited (herein after referred to as "SIDCO") Industrial Estate, Thirumazhisai, Chennai 602 107. Our Company has purchased the said plot from SIDCO by a sale deed dated January 12, 1998.

Our Company also has its manufacturing facility at VII/222, Koyyamarakkad, Kanjikode, Pallakad Kerala 678 621. Pursuant to the merger of Indo Tech Electric Company Limited with our Company, this 2.810 acres of land now forms a part of our Company.

REGISTERED OFFICE

The registered office of our Company is located at Thirumazhisai Industrial Estate, D P No. 36, Sr. No. 101 Part, Prayampattu Village, Sriperumbudur Taluk, admeasuring 1.889 acres allotted by Tamil Nadu Small Industries Development Corporation Limited to our Company on November 20, 1997. We have received the said plot by an allotment letter dated November 20, 1997. However the Sale Deed for the said property is yet to be executed since a part of land admeasuring 0.132 acres pass below the 110 KV line of TNEB which is between DP 19 and DP 36 at Thirumazhisai. We are paying a monthly lease rent to TN SIDCO at the rate of Rs. 0.48 per square feet per month for the said part of land admeasuring 0.132 acres. We do not have any written lease agreement for the said lease. In the event of SIDCO not agreeing to further continue this arrangement, the land at Thirumazhisai would be divided into two different plots which may affect our operations.

OUR COMPANY ALSO OWNS THE FOLLOWING PLOTS:

SR. NO.	DATE	VENDOR	DESCRIPTION OF PROPERTY	AREA
1.	14.7.1995	(i) Mr Nadesa Nadar; (ii) Mr Kannan (iii) Mrs Vembu Ammal	Sr. No. 317/3 and 317/4 at district Tirunelveli Kattabomman, Panagudy Village Pazhavor Part II Taluk Radhapuram.	0.50 Acres
2.	14.7.1995	(i) Mr Nadesa Nadar; (ii) Mr Kannan (iii) Mrs Vembu Ammal	Sr. No. 317/3 and 317/4 at district Tirunelveli Kattabomman, Panagudy Village Pazhavor Part II Taluk Radhapuram	0.50 Acres
3.	14.7.1995	(i) Ganapathy (ii) Mr Nadesa Nadar; (iii) Mr Kannan	Sr. No. 318 at district Tirunelveli Kattabomman, Panagudy Village Pazhavor Part II Taluk Radhapuram	0.50 Acres
4.	14.7.1995	(i) Ganapathy (ii) Mr Nadesa Nadar; (iii) Mr Kannan	Sr. No. 318 at district Tirunelveli Kattabomman, Panagudy Village Pazhavor Part II Taluk Radhapuram	0.50 Acres
5.*	30.4.1996	P E Sundaresh	Sr. No. 60 at in No.85, Ayanambakkam Village	0.3835 Acres
6.*	30.4.1996	P E Sundaresh	Sr. No.61/1 at in No.85, Ayanambakkam Village	0.1061 Acres
7.	24.11.1998	Mr S Balu through POA holder Mr J P Shiva	Sr. No. 2113 Puthru Village Palakkad	0.06639 Acres
8.	6.12.2004	Kamalammal, Kannan & Vembu	Sr. No. 316/2 Pazhavur Tirunelveli District	1 Acre
9.#		District Industries Centre, State Government of Kerala	NIDA, Kanjikode, Palakkad, Kerala 678 621	2.50 Acres

* Sale deeds executed but not yet registered

District Industries Centre, State Government of Kerala has sanctioned and allotted the said plot of land for setting up of manufacturing facility. Since the Company is yet to start with the Project the same is pending the execution of a Sale deed.

FLAT USED FOR RESIDENTIAL PURPOSE OF EMPLOYEE OF OUR COMPANY

Vide Tenancy Agreement dated September 20, 2002 entered into between Mr P Krishnan and our Company, 1st floor of the Flat in Plot No. 5 H Block, 24th Street, Anna Nagar West, Chennai - 600 040 has been taken from Mr. P. Krishnan on a leave and licence basis for a period of 11 months commencing from September 20, 2002, along with furniture, fixtures, fittings, for residential purpose of the Company's official(s) and the members of his family. Though the term of this agreement has expired, our Company continues to occupy and pay rent as per the agreement.

AWARDS AND RECOGNITIONS

We have received the EEPC awards for outstanding export performance for the years 1997-98 and 1998-99 in the category of Exporter with highest growth in exports.

OUR OFFICES

Our registered office is situated at DP: 36, SIDCO Industrial Estate, Thirumazhisai, Chennai - 602 107. Our plants are situated at the following locations:

1. Medium power transformer plant - DP: 14-19, SIDCO Industrial Estate, Thirumazhisai, Chennai - 602 107.
2. Distribution Plant at Saidapet & Palakkad
 - a. Saidapet Works - 31, V.G.P. Salai, Saidapet, Chennai - 600 015
 - b. Palakkad Works - VII/222, Koyyamarakkad, Kanjikode, Palakkad - 678 621

REGULATIONS AND POLICIES IN INDIA

Key Industrial Regulations:

There are no specific regulations applicable to the Industry in which our company operates.

OUR HISTORY AND CORPORATE MATTERS

We started our business as a Partnership Firm, formed under the name and style of M/s. Indo Tech Electric Company under an original Partnership Deed dated September 20, 1975. The said deed was modified by the Partnership Deed dated April 1, 1979, December 1, 1984, January 16, 1987, April 4, 1990, and April 23, 1992.

Further, on July 15, 1994 the parties by a deed of transfer / conversion have transferred all the assets and liabilities available as on July 15, 1994 described under the Schedule - I therein in favour of M/s. Indo Tech Transformers Limited though our Company, Indo Tech Transformers Limited was incorporated on January 16, 1992 under Registration No. 18-22011 of 1991-92.

Our Company had entered into a Sponsorship Agreement dated April 18, 1995 with Twenty First Century Management Services Limited (herein after referred to as the "21st Century"), appointing 21st Century as sponsor and market maker for the securities of the Company on the Over the Counter Exchange of India. Under the said agreement, 21st Century had agreed to sponsor 11,29,000 Equity Shares of face value of Rs. 10 each at a premium of Rs. 45 per share. The Promoters under the said agreement had agreed and undertaken to buy back the said shares at a price calculated on the basis of price paid by the 21st Century for the shares together with a return of 22% per annum compounded quarterly less dividends paid if any.

Due to financial restraints, 21st Century could only sponsor for 590,900 Equity Shares of the Company and therefore to fulfill its obligation under the Sponsorship Agreement, 21st Century had brought in the Co-investors to subscribe for the balance shares by way of separate Subscription Agreements. The Company, the Promoters of the Company, 21st Century and the co-investor were parties to these agreements. Accordingly Subscription Agreements dated 15th December 1995 with Lloyds Finance Limited and 6th November 1995 with Savani Financials Limited were entered for 200,000 Equity Shares and 30,000 Equity Shares respectively. Similarly, the Company also issued 100,000 shares to K & Co. a partnership firm and 25,000 Equity Shares to Anusha Investments Limited.

On March 25, 2005, Our Promoter, Mr P E Subramaniam and 21st Century had purchased 200,000 Equity Shares from Lloyds Finance Limited and 55,000 Equity Shares (30,000 Equity Shares from Savani Financials Limited and 25,000 shares from Anusha Investments Limited) respectively.

The said Sponsorship Agreement was terminated by a Termination Agreement dated October 15, 2005 entered into between Our Company and the 21st Century.

Vide an order dated September 30, 2005 the High Court of Madras sanctioned the scheme of merger of Indo Tech Electric Company Limited with our Company with effect from April 1, 2003. One of our Directors i.e. Mr. P.S. Shekar was also a Director in this company.

The chronology of key corporate events since our incorporation in 1992 is as follows:

Year	Key Corporate Events
1992	Incorporated as Indo Tech Transformers Limited in the State of Tamil Nadu
1994	Change in Authorized Capital of the Company
1994	Takeover of Assets and Liabilities of Indo Tech Electric Company
1997	Setting up of new manufacturing facilities at Thirumazhisai
2005	Merger of Indo Tech Electric Company Limited with our Company

MAIN OBJECTS OF THE COMPANY

The main objects of our Company as contained in our Memorandum of Association are:

1. To carry on in India or in any part of the world the business of designing, developing, manufacturing, buying, selling including exporting from and importing to India, supplying and otherwise dealing in and the provision of services with regard to all kinds of equipment capable of being used in connection with generation, distribution, supply, accumulation and employment of electricity, either alone or in conjunction with gas, petrol, or other motor agencies.
2. To carry on the business of designing, developing, manufacturing, buying, selling including exporting from and importing into India, supplying and otherwise dealing in, and the provision of services with regard to all kinds of electrical, electronic mechanical related equipments, Engineering Systems.
3. To carry on the business of designing, developing, manufacturing, buying, selling including exporting from and importing into India, supplying and otherwise dealing in, and the provision, of services with regard to all kinds of components, parts fittings, tools, implements, accessories, materials used in connection with the purposes of any business mentioned in clause 1 above.

The main objects clause and the objects incidental or ancillary to the main objects of the Memorandum of Association of our Company enable us to undertake our existing activities and the activities for which the funds are being raised through this Issue.

CHANGES IN OUR MEMORANDUM OF ASSOCIATION

Since inception, the following changes have been made in our Memorandum of Association:

Sr. No.	Date of shareholder approval	Brief details of the changes
1	May 6, 1994	Increase in Authorised Capital from Rs. 20 Million divided into 2,000,000 Equity Shares of Rs. 10/- each to 99 Million divided into 9,900,000 Equity Shares of Rs. 10/- each
2	October 10, 2005	Increase in authorised capital from Rs. 99 Million to Rs. 153 Million

OUR SUBSIDIARIES

We don't have any subsidiary.

PROMOTER GROUP COMPANIES

Companies Promoted by Promoters

1. Indo Tech Electric Company Limited
2. Vigneshwara Electricals Limited
3. Inndo Tech Anugraha Foundations Limited
4. Simatic Systems Pvt. Ltd.
5. Indo Tech Finance Pvt. Ltd

Other Entities Promoted by Promoters

1. M/s. Vijaya Agencies
2. M/s. PSPC Exports
3. M/s. Sivashakthi Engineering and Fabricators

Companies Promoted by Promoter Group Entities

1. Sri Vignesh Metals Private Limited
2. Vidyuth Engineering Company Private Limited

For details about Promoter Group Companies, please refer to page 78 of Section titled "Our Promoters Group".

For performance of the Company, non-recurring items of income, qualification by the auditors, significant accounting policies and notes to the accounts, please refer to the section titled 'Financial Information' beginning on page 88 of this Prospectus.

Addition in installed capacity in last five years

In the last five years the installed capacity has gone up from 1800 MVA per annum to 2250 MVA per annum with some minor additional investments year after year and the Company now has the capacity to manufacture upto 100 MVA transformers. After merger of Indo Tech Electric Company Limited with Indo Tech Transformers Limited, the Company can utilize the manufacturing facilities of the merged entity with addition of 100 MVA in capacity, taking the overall capacity to 2350 MVA per annum.

OTHER MATERIAL AGREEMENTS

List of our various material agreements are given in the following:

Share Purchase agreement dated October 22, 2005

By a Share Purchase Agreement dated October 22, 2005 our Promoter Mr P S Jagdish purchased 3,97,480 shares from Twenty First Century Management Services Ltd. The purchase consideration for the said shares is to be paid by Mr. P. S. Jagdish by March 2006. The said shares have been pledged with the Twenty First Century Management Services Limited for securing payment of the purchase consideration.

Brief details of other agreements

I. Loan Agreements

A. Bank of Baroda

The Bank of Baroda vide their sanction letter no. ADV: 49: THEAGA dated April 2, 2004, sanctioned the below mentioned facilities to the bank.

Type of facility	Rs.	Period	Purpose	Security
Cash Credit	300 lacs	12 Months	Working capital	Hypothecation of Stock
Pre-shipment packing Credit	20 lacs	12 Months	Working capital	Hypothecation of Stock
Cash Credit	300 lacs	12 Months	Working capital	Hypothecation of Book Debts
Term Loan	62.80 lacs	6 Months	Construction of office building & Purchase of equipments.	Hypothecation of Movable machines
Bills Discounted under SIDBI	600 lacs	12 Months	Discounting of bills under SIDBI Scheme.	Bills of exchange/ Promissory notes
Letter of Credit	400 lacs	12 Months	Purchase / import of raw-material	Hypothecation on Stock & Book Debts
Inland Guarantee	550 lacs		Issue of guarantees in lieu of security deposit etc.	Hypothecation on Stock & Book Debts

All the above facilities shall be further collaterally secured by the following:-

Particulars	Rs. (in lakhs)
Equitable mortgage of land & building at Thirumazhisai (valuation date 04-01-2002)	511.80
All movable Plant & Machinery	418.45
II charge on property to be mortgaged to SIDBI (Residual value)	25.09
Value of land & building in name of M/s. Indo Electric Company Ltd	78.55
Value of plant and machinery in name of M/s. Indo Electric Company Ltd	16.49
Total	1050.38

Negative covenants

Our Company would require prior consent of the bank before expansion and/or acquisition of fixed assets. Our Company is in due compliance of the terms and conditions of the agreement.

B. State Bank of India

The State Bank of India vide their sanction letter no. RM-I/345 dated March 31, 2005, sanctioned the following facilities to the Company under Small Scale Industries (SSI) segment.

- 1) Cash credit facility with primary charge which is pari passu with Bank of Baroda on the current assets. The same is collaterally secured by pari passu charge with Bank of Baroda on land and building of our Company at D.P. 14-19 & 36, at SIDCO Industrial estate, Thirumazhisai, Chennai - 602 107 and the fixed assets thereon, equitable mortgage of land with electric generator at S. No. 317(3) and 317(4), 318, 316(2) of 3 acres at Radhapuram, Tirunelveli District belonging to our Company, equitable mortgage of land and building at S. No. 819/1 and 822/1 at Pudusseri Industrial Area, Kanjikode, Palakkad and equitable mortgage of land on NH 47, Koyyamarakkadu, Kanjikode, Palakkad - 678621 with buildings thereon.
- 2) Bank Guarantee, primarily secured by counter guarantee and collaterally having a pari passu charge with Bank of Baroda on the current assets.
- 3) Letters of Credit, primarily secured by documents of title to goods and collaterally having a pari passu charge with Bank of Baroda on the current assets.

Our Directors, Mr. P. S. Jagdish, Mr. P. E. Subramaniam and Mr. P.S. Shekar have also given personal guarantees against the term loan and working capital facilities of Rs. 545 million provided by the State Bank of India and Bank of Baroda .A corporate guarantee has been furnished by Indo Tech Electric Company Limited which has now been merged with Indo Tech Transformers Limited vide an order dated September 30, 2005. The Bank has sanctioned Rs. 19.40 crores credit facilities to our Company. [(6.90 (Fund Based) + 12.50 (Non Fund Based))]

Negative Covenants

1. Our Company shall not without Bank's prior consent:
 - a) change the capital structure of the Company.
 - b) formulate scheme of amalgamation or reconstitution
 - c) implement scheme of expansion or acquire fixed assets other than those mentioned in the cash flow statement.
 - d) invest by way of share capital, lend or advance fund to or place deposit with any other concern.
 - e) enter into borrowing arrangement with other banks, financial institutions.
 - f) undertake guarantee obligation on behalf of other company.
 - g) declare dividend over and above the percentage mentioned in the fund flow statement.
 - h) withdraw loans deposits secured from directors and promoters in the Company.
2. Acquisition of fixed assets on lease basis shall be made only with the prior approval of the bank.
3. The Bank has received the right to disclose all or any such information and data relating to our Company, credit facilities of/ to be availed by them and default if any committed in discharge of their obligation, as the bank may deem appropriate and necessary to disclose and furnish to the Credit Information Bureau (CIB) Ltd. and any other agency authorised by RBI.

C. IFST Loan

The Office of the General Manager, District Industries Centre, Chengalpattu MGR District at Kancheepuram has issued a eligibility certificate no. 14/96-97/Expansion on December 17, 1996 under the New IFST deferral expansion scheme (IFST Scheme) of the government of Tamil Nadu under which our Company has the benefit of deferral of general sales tax, central sales tax, additional sales tax, surcharge and additional surcharges for a period of nine years from May 20, 1996 to May 19, 2005. Our Company has set up an expanded unit for manufacture of distribution and power transformers upto 25MVA at DP 14 to 19 & 36 SIDCO Industrial Estate, Thirumazhisai, Chennai - 602 107.

Agreement dated February 19, 1998 between the Government of Tamil Nadu represented by Territorial Assistant Commissioner of Commercial Taxes, Zone IV & Indo Tech Transformers Ltd.

Under this agreement, the sale of the products manufactured by our company in its premises shall be deemed to have been paid to the assessing authority and an amount of Rs. 1,67,29,780/- is to be treated as government loan. In the case of expansion, our company shall be eligible for deferral of sales tax on the increased volume of production. The total amount of tax to be deferred shall not exceed 80% of the value of incremental gross fixed assets i.e. Rs. 2,10,56,143/- in such units under expansion or the amount specified in the eligibility certificate i.e. Rs.1,67,29,780 whichever is lower. Our Company shall not alienate/dispose/ encumber / lease out the fixed assets of our Company until the said government loan is fully repaid nor shall it remove the fixed assets from the premises without the express prior permission of the Assistant Commissioner of Commercial Tax who in turn shall obtain appropriate orders from the Government of Tamil Nadu for the same. Our Company shall insure the fixed assets at a value certified by SIPCOT and renew the insurance policies until the said government loan is fully repaid.

D. Vehicle Loans

Our Company has purchased vehicles on hire purchase basis, the contract value of the same totalling to Rs. 71 lakhs.

II. Commercial Agreements

A. Agreement dated September 30, 1995 between Tamil Nadu Electricity Board and Indo Tech Transformers Limited

Our Company has entered into Private Wind Mill Generation agreement with Tamil Nadu Electricity Board on 30.9.1995 which has been modified from time to time. The agreement was last modified on May 17, 2005. Our Company has installed 2 numbers of Wind Mill for power generation bearing capacity of 225 KW each on the land Sr No 317/3 & 318 part Pazhavor village, Radhapuram Taluk Tirunelveli Kattabomman. The electricity generated is transferred to Tamil Nadu Electricity Board. The energy generated by the wind electric generators is to be adjusted in one month consumption by our Companies factories only on energy to energy basis. The unutilized surplus energy available after adjustment is to be either sold to the Board at the purchase rate for Wind energy during the generation period governed by permanent B P (FB) No. 450 Technical branch dated December 26, 1995 or Bank. Our Company has agreed to deduct 5% of the generation of electricity as Tamil Nadu Electricity Boards commission for transmission of Energy.

B. Agency Agreements

Our Company has 6 marketing agents in India. The scope of work of the agents is to procure orders from industrial clients, to follow up with the clients on regular basis, applying for tender, organize to submit offers, allot tenders opening, interact with the customer, to convert it into order, arranging inspection dispatch, payments collection, including relevant payment completion of all commercial formation. All the agents are appointed on a fixed rate of commission based on the terms of contract.

Sr. No.	Name & address of the Agents	State	Term of Contract
1.	Rowsons Elektricals No. 80, Dr. Radhakrishna Salai, Mylapore, Chennai.	Tamil Nadu	2 years
2.	Simplex Agencies Anand Nagar Extension, Khairabad, Hyderabad	Andhra Pradesh	2 years
3.	Mr. J. L. Bhan 150/7 Trikut Nagar, Jammu 180 012	Jammu & Kashmir	2 years
4.	M/s. United Agencies (TVM) Pvt. Ltd. T C No. 23/473 Valiachalai Kochar Road, Thiruvananthapuram Kerala	Kerala	2 years
5.	Mr. V. W. Kothari E 151, Meghdhanush Society Old Padra Road, Vadodara 390 020	Gujarat	2 years
6.	Mr. R. P. Swamy 55, Defence R & D Society Ltd., Alandi Road, Pune 411 015	Maharashtra	2 years

C. Transport Agency Contracts

- A contract dated November 29, 2004 has been entered into between M/s. Trailes Transport Carriers, No. 4A, Girigori Street, Seven Wells, Chennai - 600 001 and Indo Tech Transformers Limited for the transportation of transformers from the factory at D.P. 14-19, Sidco Industrial Estate, Thirumazhisai, Chennai - 602 107. The rate shall be as per actual km and actual weight. The contract is valid for 17 months i.e. from November 1, 2004 to March 31, 2006.
- A contract dated November 29, 2004 has been entered into between M/s. Trans Carriers of India, 1/48, Mogappair East, Near MMM Hospital, Chennai - 600 037 and Indo Tech Transformers Limited for the transportation of transformers from the factory at D.P. 14-19, Sidco Industrial Estate, Thirumazhisai, Chennai - 602 107. The rate shall be as per actual km and actual weight. The contract is valid for 17 months i.e. from November 1, 2004 to March 31, 2006.
- A contract dated June 15, 2004 has been entered into between M/s. Trans Carriers of India, No. 4A, Girigori Street, Seven Wells, Chennai - 600 001 and Indo Tech Transformers Limited for the transportation of transformers from the factory at 31/1 Hospital Road, Saidapet, Chennai. The rate shall be as per actual km and actual weight. The contract is valid for 12 months i.e. from June 1, 2005 to May 5, 2006.
- A contract dated December 10, 2004 has been entered into between M/s. Namakkal Transport Carriers (P) Ltd, No. 39, Linghi Chetty Street, 1st Floor, Chennai - 600 001 and Indo Tech Transformers Limited for the transportation of transformers from the factory at D.P. 14-19, Sidco Industrial Estate, Thirumazhisai, Chennai - 602 107. The rate shall be as per actual km and actual weight. The contract is valid for 17 months i.e. from November 1, 2004 to March 31, 2006.

D. House Keeping Contract

Our Company has appointed Mr. P. Muthuraman, Civil Contractor No.162/2, TH Road Melmanambedu, Chennai - 602 107 vide their letter dated July 31, 2002, as house keeping contractors with effect from August 1, 2002 for the purpose of cleaning and mopping for the Company premises at DP: 14-19, SIDCO Industrial Estate, Thirumazhisai, Chennai - 602 107. The contract rate per month is Rs.7500. TDS and ESI is deducted @ 2.1% and @ 6.5% respectively.

E. Security Contract

- Our Company has appointed with Group 4 Securities Guarding (P) Ltd for providing Security at factory DP: 14-19 Sidco Industrial Estate, Thirumazhisai, Chennai by agreement dated March 14, 2005. The said Agreement is for a period of one year.
- Our Company has appointed Hawkeye Security Force & Allied Services for providing security at Factory at 31, V G P Salai Saidapet, Chennai 600 015 by an agreement dated July 21, 2004. The said agreement is valid till August 20, 2006.

OUR MANAGEMENT

BOARD OF DIRECTORS

Provisions under Articles of Association

Under our Articles of Association, the number of directors shall not be less than three or more than twelve including ex-officio Directors.

The following table sets forth details regarding our Board of Directors as of the date of filing the Prospectus with RoC:

Board of Directors

S. No.	Name, Designation, Father's Name, Address, Nationality, Occupation	Age	Date of Appointment and Term	Other Directorships
1	Mr. P. E. Subramaniam Chairman and Managing Director S/o P. R. Eswara Iyer No. 29, Thiruvengadam Street, West Mambalam, Chennai - 600 033 Indian Industrialist	67	16.01.1992 Permanent	<ul style="list-style-type: none"> ● Simatic Systems Private Limited ● Indo Tech Finance Pvt. Ltd. ● Inndo Tech Anugraha Foundations Limited
2	Mr. P. S. Jagdish Executive Director (Permanent) S/o Mr. P. E. Subramaniam No. 25 (14), North Mada Street Srinagar Colony, Saidapet Chennai - 600 015 Indian Industrialist	38	16.01.1992 Permanent	<ul style="list-style-type: none"> ● Simatic Systems Private Limited ● Indo Tech Finance Private Limited ● Inndo Tech Anugraha Foundations Limited ● Thirumazhisai Industrial Estate Manufacturers Association
3	Mr. P. S. Shekar Director (Operations) S/o P. E. Subramaniam No. 29, Thiruvengadam St., West Mambalam, Chennai- 600 033 Indian Industrialist	34	22.08.1994 Rotational	<ul style="list-style-type: none"> ● Indo Tech Finance Private Ltd. ● Inndo Tech Anugraha Foundations Limited
4	Mr. P. Velayudhan Pillai Independent Director S/o Mr. T. P. Subbiah Pillai Sarvasree, Pappanam Code, Trivandrum - 600 018 Indian Business	72	28.05.2001 Rotational	<ul style="list-style-type: none"> ● Sree Venkateshwara Agencies ● Sastha Agencies ● Siva Prasad Electric Company
5	Mr. Krishnamoorthy Kannan Independent Director S/o Mr. Krishnamoorthy 576-B, Mahesh, Matunga Mumbai 400 019 Indian Retired - Bank Chairman	64	28.07.2004 Rotational	<ul style="list-style-type: none"> ● Kesar Enterprises Limited, Mumbai ● Advani Hotels and Resort (I) Limited, Mumbai ● Andhra Pradesh State Finance Corporation, Hyderabad ● Consolidated Construction Consortium Limited, Chennai ● Patel Engineering Ltd., Mumbai

S. No.	Name, Designation, Father's Name, Address, Nationality, Occupation	Age	Date of Appointment and Term	Other Directorships
6	Mr. A. P. Muthuswami Independent Director S/o: - A. Palani H-10, (Old No.:33) 5th Street, Annanagar East, Chennai - 600 102 Indian Retired Government Officer	65	28.07.2004 Rotational	Nil

Brief Biography of our Directors

Mr. P. E. Subramaniam, Diploma in Electrical Engineering (67 years), is the founder promoter of this Company. He has a Diploma in Electrical Engineering and has three decades of hands on experience in the Transformers Industry and has developed the Company to this level by his business acumen, wide contacts and managerial skills. He is the Chairman and Managing Director of the Company. Mr. Subramaniam is Ex-President of the Indian Transformers Manufacturers Association (ITMA) and Member of Confederation of Indian Industries (CII) and Member of Indian Electricals and Electronics Manufacturers Association (IEEMA).

Mr. P. S. Jagdish, B.E. (38 years), Executive Director, is a qualified Industrial Production Engineer who has hands on experience in the Company from a very young age. He is currently heading the Marketing, Finance & Administration functions of the Company and is also involving himself in all the aspects of the Company's business. Mr. P. S. Jagdish is a member of the Executive Council of ITMA, New Delhi for the past three years. He is also the President of Indian Transformers Manufacturers Association (ITMA), New Delhi. He is also the President of Thirumazhisai Industrial Estate Manufacturers Association (TIEMA).

Mr. P. S. Shekar, B. Com (34 years), is the Director (Operation) of the Company and takes care of the entire operations of all the 3 Plants including production, planning and materials. He has hands on experience for over a decade in all aspects of Transformer Manufacturing.

Sri K. Kannan, F.C.A, A.I.C.W.A (64 years), is a Chartered cum Cost Accountant. He is a former Chairman & Managing Director of Bank of Baroda. He was associated with various companies in the capacity of BIFR Special Director, Member of Asset Sale and Audit Committee. He is also a member of the Takeover panel of Securities & Exchange Board of India, Mumbai. In addition to the above, he is holding directorships in various reputed Companies.

Sri A.P. Muthuswami, M.A., M.Sc., I.A.S. (Retd.) (65 years), is former Chief Secretary to Government of Tamil Nadu. He did post graduation in M.Sc. (Economics) in U.K. He was associated with Government of Tamilnadu in various capacities during his career. He was appointed as member of National Forest Commission headed by Justice B.N. Kirpal, Former Chief Justice of India and is presently continuing in the commission.

Sri P. Velayudhan Pillai, B.A. (72 years), is the Chairman of M/s. United Agencies (TVM) Pvt. Ltd. He had four decades of experience in the Electrical Industry and had wide contacts with various leading consultants and Electrical Utilities.

Borrowing Power of Directors

Vide an ordinary resolution approved at the extraordinary general meeting of the shareholders held on October 10, 2005 the current borrowing powers of the Directors pursuant to Section 293(1)(a) and Section 293(1)(d) of the Companies Act is Rs. 1000 million.

Payment or benefit to directors/ officers of our Company

Except as stated in this section of the Prospectus, no amount or benefit has been paid or given within the two preceding years or is intended to be paid or given to any of our officers except the normal remuneration for services rendered as Directors, officers or employees.

Terms and conditions of appointment of Managing Director / Executive Director

Terms and conditions of re-appointment of Mr. P. E. Subramaniam

Mr. P.E. Subramaniam was re-appointed as Chairman and Managing Director of our Company for a period of five years with effect from April 10, 2005 at the Annual General Meeting of our Company held on September 27, 2004. The terms and conditions of the re-appointment of Mr. P.E. Subramaniam (referred to as "**Director**") are as follows:

Salary: Rs. 50,000 per month

Commission: One percent of the net profits of our Company computed in the manner laid down in Section 309 of the Companies Act, 1956

Perquisites: As mentioned in Schedule XIII of the Companies Act, 1956

Part A:

1. House rent allowance of Rs. 10,000 per month and amenities like gas, electricity, water and furnishings subject to a ceiling of salary.
2. Reimbursement of medical expenses to the Director and his family, total cost of which to our Company shall not exceed one month salary in a year or three months salary over a period of three years.
3. Leave travel concession to the Director and his family once in a year in accordance with the rules of our Company.
4. Fees of clubs, subject to a maximum of two clubs excluding entrance fees and life membership fees.
5. Personal accident insurance premium not exceeding Rs. 7500/- per annum.

Part B:

1. Contribution to Provident Fund, Superannuation Fund as per the rules of our Company.
2. Gratuity as per the rules of our Company, not exceeding half a month's salary for each completed year of service.

Part C:

A car shall be provided for use on our Company's business and telephone facility shall be provided at residence. Personal long distance calls on telephone and use of car for private purpose shall be billed by our Company.

Leave: The Director shall be entitled to full pay and allowance, as per the rules of our Company, but not more than one month's leave for every year.

The Director shall be entitled to receive retirement benefits of our Company as per the discretion of the Board of Directors.

The Director shall be also eligible for the payment of compensation for loss of office as governed under Section 318 of the Companies Act, 1956. Any payment towards this compensation shall not exceed the remuneration payable to the Director for the unexpired term calculated on the basis of the average remuneration actually earned by him for a period of three years immediately preceding the date on which he ceased to hold office.

In the event of loss or inadequacy of profits in any financial year during the period of appointment of the Director, the remuneration payable by way of salary, perquisites and any other allowance will be subject to a maximum ceiling limit specified under Schedule XIII of the Companies Act, 1956.

Terms and conditions of re-appointment of Mr. P. S. Jagdish:

Mr. P.S. Jagdish was re-appointed as Executive Director of our Company for a period of five years with effect from July 15, 2005 at the Annual General Meeting of our Company held on September 27, 2004. The terms and conditions of the re-appointment of Mr. P.S. Jagdish (referred to as "Director") are as follows:

Salary: Rs. 30,000 per month

Commission: One percent of the net profits of our Company computed in the manner laid down in Section 309 of the Companies Act, 1956

Perquisites: As mentioned in Schedule XIII of the Companies Act, 1956

Part A:

1. House rent allowance of Rs. 7,500 per month and amenities like gas, electricity, water and furnishings subject to a ceiling of salary.
2. Reimbursement of medical expenses to the Director and his family, total cost of which to our Company shall not exceed one month salary in a year or three months salary over a period of three years.
3. Leave travel concession to the Director and his family once in a year in accordance with the rules of our Company.
4. Fees of clubs, subject to a maximum of two clubs excluding entrance fees and life membership fees.
5. Personal accident insurance premium not exceeding Rs. 7500/- per annum.

Part B:

1. Contribution to Provident Fund, Superannuation Fund as per the rules of our Company.
2. Gratuity as per the rules of our Company, not exceeding half a month's salary for each completed year of service.

Part C:

A car shall be provided for use on our Company's business and telephone facility shall be provided at residence. Personal long distance calls on telephone and use of car for private purpose shall be billed by our Company.

Leave: The Director shall be entitled to full pay and allowance, as per the rules of our Company, but not more than one month's leave for every year.

The Director shall be entitled to receive retirement benefits of our Company as per the discretion of the Board of Directors.

The Director shall be also eligible for the payment of compensation for loss of office as governed under Section 318 of the Companies Act, 1956. Any payment towards this compensation shall not exceed the remuneration payable to the Director for the unexpired term calculated on the basis of the average remuneration actually earned by him for a period of three years immediately preceding the date on which he ceased to hold office.

In the event of loss or inadequacy of profits in any financial year during the period of appointment of the Director, the remuneration payable by way of salary, perquisites and any other allowance will be subject to a maximum ceiling limit specified under Schedule XIII of the Companies Act, 1956.

Terms and conditions of revision of remuneration payable to Mr. P.S. Shekar:

The present term of Mr. P.S. Shekar, Director (a Whole-Time Director) expires on June 30, 2006. The remuneration payable to Mr. P.S. Shekar was revised for the balance period upto June 30, 2006 with effect from August 1, 2004 at the Annual General Meeting of our Company held on September 27, 2004.

Salary: Rs. 30,000 per month

Commission: One percent of the net profits of our Company computed in the manner laid down in Section 309 of the Companies Act, 1956

Perquisites: As mentioned in Schedule XIII of the Companies Act, 1956

Part A:

1. House rent allowance of Rs. 7,500 per month and amenities like gas, electricity, water and furnishings subject to a ceiling of 10% of salary.
2. Reimbursement of medical expenses to the Director and his family, total cost of which to our Company shall not exceed one month salary in a year or three months salary over a period of three years.
3. Leave travel concession to the Director and his family once in two years in accordance with the rules of our Company.
4. Fees of clubs, subject to a maximum of two clubs excluding entrance fees and life membership fees.
5. Personal accident insurance premium not exceeding Rs. 7500/- per annum.

Part B:

1. Contribution to Provident Fund, Superannuation Fund as per the rules of our Company.
2. Gratuity as per the rules of our Company, not exceeding half a month's salary for each completed year of service.

Part C:

A car shall be provided for use on our Company's business and telephone facility shall be provided at residence. Personal long distance calls on telephone and use of car for private purpose shall be billed by our Company.

Leave: The Director shall be entitled to full pay and allowance, as per the rules of our Company, but not more than one month's leave for every year.

The Director shall be entitled to receive retirement benefits of our Company as per the discretion of the Board of Directors.

The Director shall be also eligible for the payment of compensation for loss of office as governed under Section 318 of the Companies Act, 1956. Any payment towards this compensation shall not exceed the remuneration payable to the Director for the unexpired term calculated on the basis of the average remuneration actually earned by him for a period of three years immediately preceding the date on which he ceased to hold office.

In the event of loss or inadequacy of profits in any financial year during the period of appointment of the Director, the remuneration payable by way of salary, perquisites and any other allowance will be subject to a maximum ceiling limit specified under Schedule XIII of the Companies Act, 1956.

Remuneration paid to Non-Executive Directors:

The Additional Directors of our Company i.e. Mr. P. Velayudhan Pillai, Mr. Krishnamoorthy Kannan and Mr. A. P. Muthuswami receive sitting fees for attending Board meetings and Committee meetings.

CORPORATE GOVERNANCE

We are committed to good corporate governance norms. Our commitment is reflected in the fact that there are three eminent personalities in our Board as the Non-Executive Independent Directors constituting 50% of the Board.

Our Board has constituted the Audit Committee in the meeting held on October 10, 2005. The terms of reference of the Audit Committee are as follows: Currently, the Audit Committee consists of the following Directors:

- (i) Mr. K. Kannan (Chairman);
- (ii) Mr. P. S. Jagdish (Member); and
- (iii) Mr. A. P. Muthuswami (Member)

Audit Committee is in existence since October 10, 2005 and the main functions of the Audit Committee encompasses the following main areas:

- 1) The Audit Committee shall have meetings periodically as it may deem fit with at least three meetings in a year, viz. one meeting before finalization of annual accounts and one every six months.
- 2) The Audit Committee shall invite such of the executives (and particularly the Head of the Finance function) to be present at the meetings of the Committee whenever required by it.
- 3) The Finance Director, head of internal audit and the auditors of the company shall attend, participate at the meetings without right to vote. The Company Secretary shall function as a secretary of the Audit Committee without any right to vote.
- 4) The Audit Committee shall have the following powers:
 - a) It shall have the authority to investigate into any matter in relation to the items specified in Section 292A of the Companies Act, 1956 or referred to it by the Board and for this purpose, shall have access to information contained in the records of the Company and external professional advice, if necessary;
 - b) To investigate any activity within its terms of reference;
 - c) To seek information from any employee;
 - d) To seek legal or other professional advice;
 - e) To secure attendance of outsiders with relevant expertise, if it considers necessary;
 - f) Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that financial statement is correct, sufficient and credible;
 - g) Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services;
 - h) Reviewing with management the annual financial statements before submissions to the Board, focussing primarily on:
 - Any changes in accounting policies and practices.
 - Major accounting entries based on exercise of judgement by management.
 - Qualifications in draft auditor report.
 - Significant adjustments arising out of audit.
 - The going concern assumption.
 - Compliance with accounting standards.
 - Compliance with stock exchange and legal requirements concerning financial statements.
 - Any related party transactions i.e., transactions of the company of material nature, with promoters or the management, their subsidiaries or relatives etc., that may have potential conflict with the interest of the company at large.

- i) Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
- j) Reviewing the adequacy of internal audit function including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- k) Discussions with internal auditors any significant findings and follow-up thereon.
- l) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- m) Discussions with external auditors before it commences audit, the nature and scope of audit as well as to have post audit discussion to ascertain any area of concern.
- n) Reviewing the company's financial and risk management policies.
- o) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders, (in case of non-payment of declared dividends) and creditors.
- p) It shall have discussions with the auditors periodically about internal control systems, the scope of audit including the observations of the auditors and review the quarterly, half-yearly, and annual financial statements before submissions to the Board.
- q) It shall ensure compliance of internal control systems.
- r) The Chairman of the Audit Committee shall attend the Annual General Meetings of the Company to provide any clarification on matters relating to audit sought by the members of the Company.

Remuneration Committee

Our Board has constituted 'Remuneration Committee' in its meeting held on October 10, 2005 consisting of the following Directors of the Company:

- (i) Mr. K. Kannan (Chairman);
- (ii) Mr. A. P. Muthuswami (Member);
- (iii) Mr. M. Velayudhan Pillai (Member); and

This committee will be for approving the payment of remuneration to managerial personnel in case of loss or inadequacy of profits.

Shareholders Grievance Committee & Share Transfer Committee

Our Board has constituted 'Shareholders Grievance Committee and Share Transfer Committee' in its meeting held on October 10, 2005 consisting of the following Directors of the Company:

- (iv) Mr. A. P. Muthuswami (Chairman);
- (v) Mr. P. S. Jagdish (Member)
- (vi) Mr. P. Velayudhan Pillai

This committee will be looking in to attend to the matters connected with securities, transfers/issue of duplicate share certificates etc., and to redress shareholders grievances considering the proposed Public Issue.

The provisions of the listing agreement to be entered into with the Stock Exchanges with respect to corporate governance will be applicable to us immediately upon the listing of our Equity Shares on the Stock Exchanges. We intend to comply with such provisions, including with respect to the appointment of independent Directors to our Board and the constitution of the Investor Grievances Committee. We undertake to adopt the Corporate Governance Code in accordance with Clause 49 of the listing agreement to be entered into with the Stock Exchanges prior to obtaining the listing approval of the Stock Exchanges.

Shareholding of Directors

Details of the shareholdings of our Directors in our Company as on the date of filing this Prospectus are given in the following table:

Name of the Director	No. of Equity Shares held	As a % of Pre-Issue paid up capital
P. E. Subramaniam	1,972,600	25.74%
P. S. Jagdish	1,774,355	23.15%
P. S. Shekar	1,253,375	16.36%

Interest of Directors

All Directors of the company may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a Committee thereof as well as to the extent of other remuneration, reimbursement of expenses payable to them under our Articles of Association. The Directors will be interested to the extent of remuneration paid to them for services rendered by them as officers or employees of the company. All our Directors may also be deemed to be interested to the extent of Equity Shares, if any already held by them or their relatives in the Company, or that may be subscribed for and allotted to them, out of the present Issue in terms of the Prospectus and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

Notwithstanding anything contained herein above, our Promoters/directors namely Mr. P. E. Subramaniam and Mr. P. S. Jagdish does not have any other interest in our Company except the rent received towards the property at Saidapet where the Company has its manufacturing facility.

Mr. P. E. Subramaniam and Mr. P. S. Jagdish are also promoters/directors of certain of the Promoter Group Companies. For more details please see the section titled "Related Party Transaction" on page 87 of this Prospectus.

Change in Board of Directors

Details of change in our Board of Directors in last three years are given below:

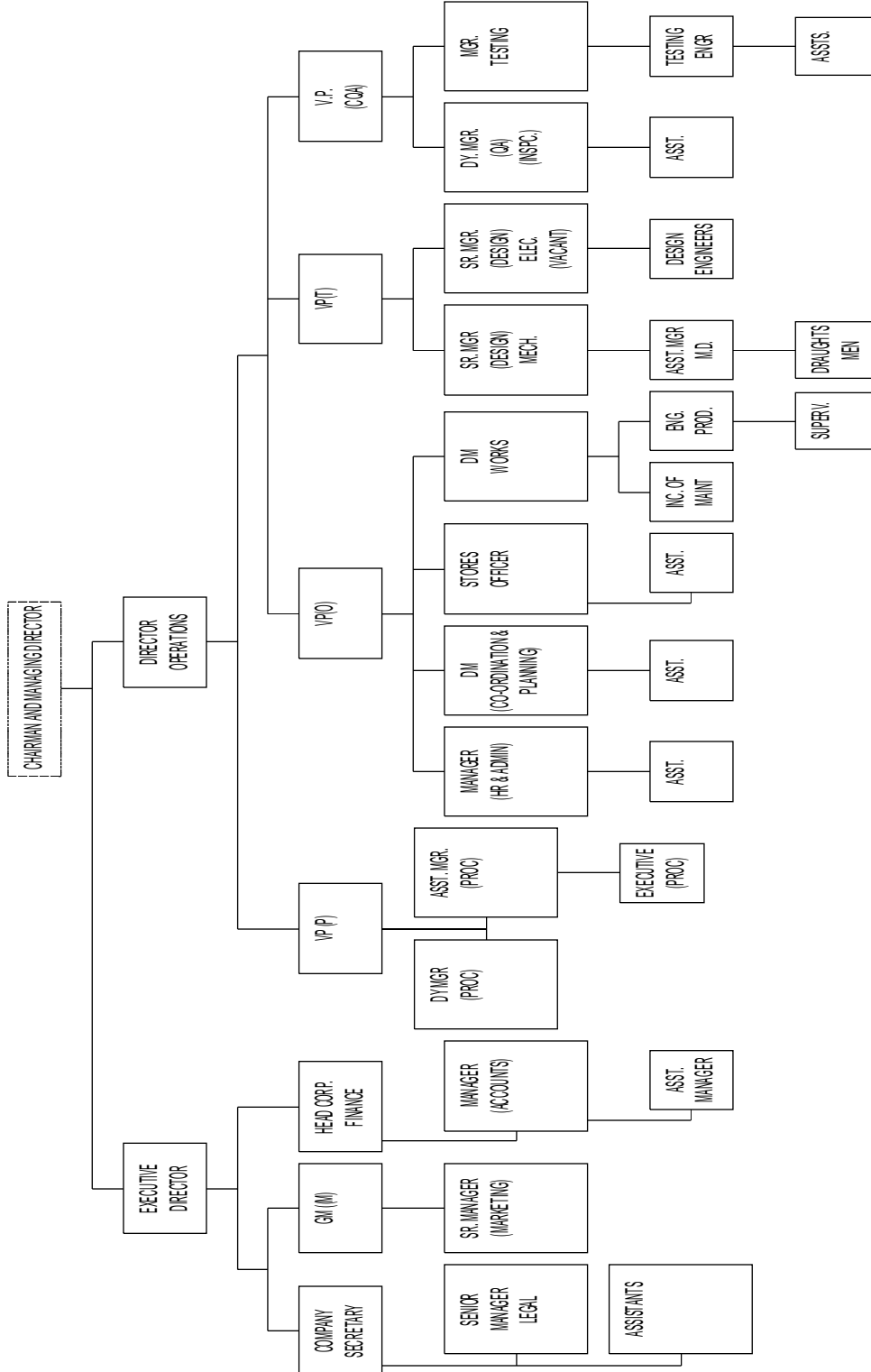
Name of the Director	Date of joining	Date of cessation	Reason
Mr. K. Kannan	July 28, 2004	--	--
Mr. A. P. Muthuswami	July 28, 2004	--	--
Mr. V. Srinivasan	August 9, 1994	September 27, 2004	Personal Commitments

Change in auditors

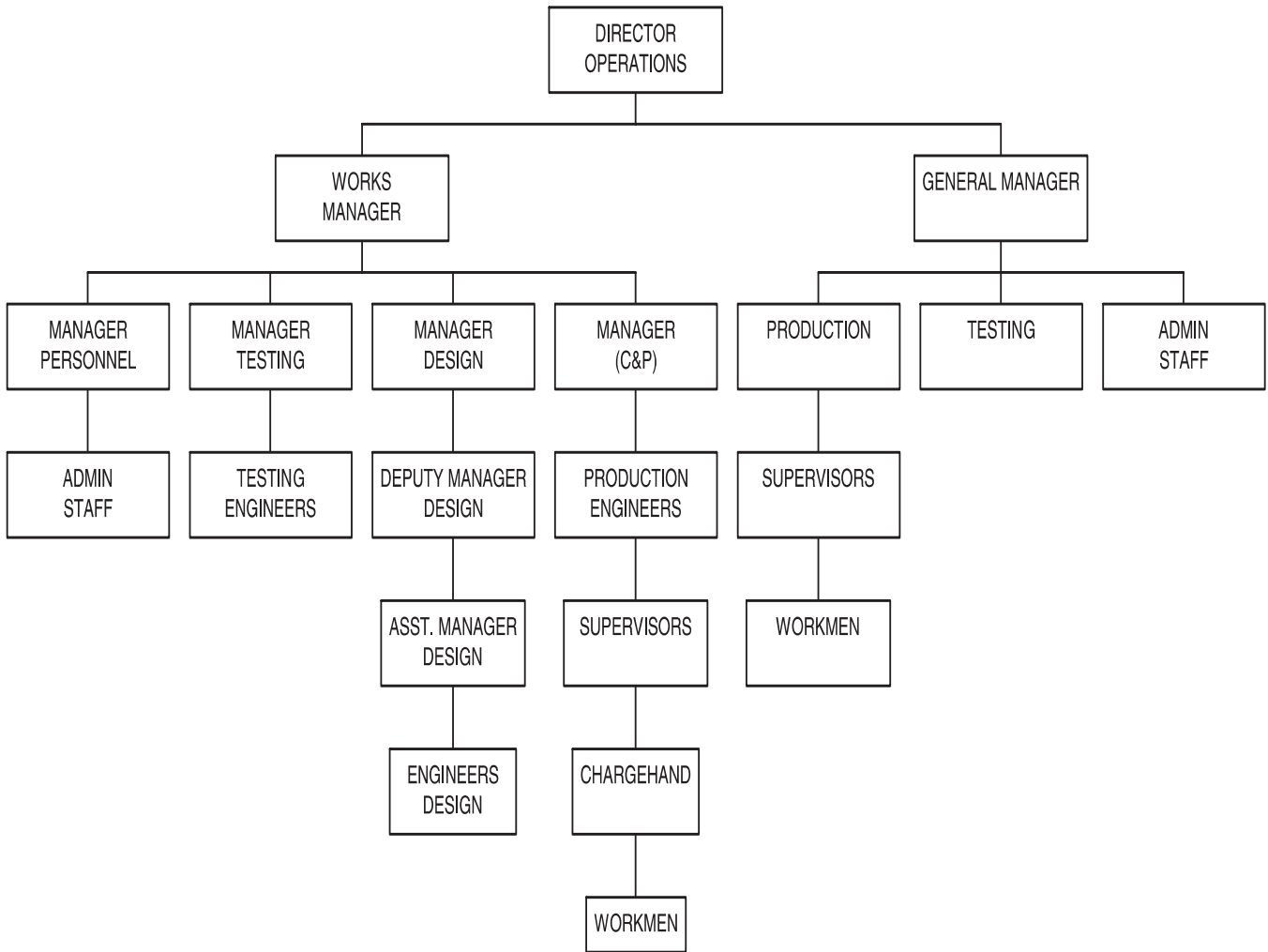
There has been no change in the Statutory Auditors of the Company since last 3 years.

Organization Chart

INDO TECH TRANSFORMERS LIMITED
ORGANISATION CHART - 1 (Thirumazhisai)



**INDO TECH TRANSFORMERS LIMITED
ORGANISATION CHART - 2**



Key managerial personnel of our company

Brief Biographies of our all Key Managerial Personnel other than our Executive Directors are given below. Please refer to sub-section "Brief Biography of our Directors" on page no. 64 of this Prospectus for brief biographies of our Executive Directors.

Thirumazhisai Management Personnel

Ms. Lisamma Samuel, 53, Vice President (Procurement), is a Literature Graduate with Diploma in Secretarial Management and Diploma in Import & Export Management. She has been with our Company since inception and has gained over 30 (thirty) years of experience in different areas of Transformer Industry. Presently working with Indo Tech Transformers Ltd., as Vice President (Procurement) and responsible for procurement of raw materials. The amount of remuneration paid in last financial year was Rs. 309,600/-.

Mr. V. Balasubramanian, 48, Company Secretary, is a commerce graduate and a Fellow Member of the Institute of Company Secretaries of India, he has also done a short term course in Management. He has over 25 years of experience in corporate secretarial, Legal, IPO, personnel & administration, banking and institutional finance etc. He joined the Company on 5th September, 2005. The amount of remuneration being paid in the current financial year is Rs. 222,600/-.

Mr. R. Sundar, 54, General Manager (Marketing), is a Bachelor of Engineering graduate in Electrical Engineering, with Post Graduate Diploma in Management. He has over 30 years of experience in Electrical Industry in the fields of Projects, Transformer Marketing, Electronic Meters and Auto Electrical Products. He has worked in leading companies like Best & Crompton Engineering Limited, Bharat Bijlee Limited, EMCO Limited and Wellwin Industry Limited. He joined our Company on July 25, 2005. The amount of remuneration being paid in the current financial year is Rs. 375,000/-.

Mr. V. Karthikeyan, 44, Senior Manager (Marketing), is a Science graduate with over 20 years of experience in Marketing of Transformers, Motors, Switchgears to Projects, EPC Contractors and Direct customers. He has worked in leading companies like REMI Motors, Voltamp Transformers Limited, and Beardsell Limited. The amount of remuneration paid in the last financial year is Rs. 140,000/-.

Mr. K. Ramakrishnan, 61, Senior Manager (Finance) is a Bachelor of Commerce with over 30 years of experience. He joined our group since 1978. Presently working as a Senior Manager - Finance. The amount of remuneration paid in the last financial year is Rs. 160,000/-.

Mr. S. Ravikumar, 46, Manager (HR & Administration) is a Bachelor of Arts (CS) and he has an experience of 14 years in different power and distribution transformer industry. During his career he was involved in production planning monitoring production levels and was responsible for co-ordination between various department. He currently overlooks the HR and Administration functions. The amount of remuneration paid to him is Rs. 160,000/-.

Mr. C. S. Sudarshan, 44, Manager (Accounts) is a Bachelor of Commerce and passed CA and ICWAI intermediate examination. He has gained experience of 3 years with Kothari General Roads Corporation Limited. He joined in 1989 with Indo Tech Transformers Limited and presently working as Manager - Accounts. The amount of remuneration paid in the last financial year is Rs. 125,000/-.

Mr. M. Subramoney, 57, Vice President (Operations), is an Electrical Engineering Graduate have gained experience of over 35 years in Design, Manufacturing and Techno Commercial activities in various leading Transformer manufacturing concerns and also experienced in the Design and Manufacture of High Voltage Transformers upto 220KV Class. Visited USA, Canada and Europe and discussed with leading manufacturers there in connection with Collaboration proposals. At present employed as Vice President (Operations) in Indo Tech Transformers Ltd., for the past six years and overseas the entire operations of the plant at Thirumazhisai. The amount of remuneration paid in the last financial year is Rs. 344,000/-.

Mr. T.V. Joseph, 64, Vice President (Corporate Quality Assurance), is an Electrical Engineering Graduate with Post Graduate Diploma in Business Management from Cochin University and Small Business Unit Management course from Hitachi Management School in Tokyo. He had undergone one year practical training in Transformer manufacturing and testing in Hitachi Ltd., Japan. He started his career in Kerala State Electricity Board and specialised in protection Engineering. He joined Transformers and Electricals Kerala Ltd., in Quality Assurance Department, worked in High Voltage Laboratory in Japan and has visited several foreign countries. He retired from TELK as General Manager in 1999. He is presently employed in Indo Tech Transformers Ltd., as Vice President (CQA) for the past six years. He has gained more than forty years experience in Transformer Engineering field. The amount of remuneration paid in the last financial year is Rs. 327,000/-.

Mr. N. Raghavan, 61, Vice President (Technical), is an Electrical Engineering Graduate have gained experience of over 35 years in Design & Development, Quality Assurance, Marketing & Manufacturing of Power, Distribution and Special Transformers in reputed Transformer Companies. He worked as a Technical Advisor in setting up a Power Transformer at Dhaka, Bangladesh. He served as IEEMA Council Member during the year 1999-2002. He joined in Indo Tech Transformers Ltd., in November 2004 as Vice President (Technical) responsible for Design & Development. The amount of remuneration paid in the last financial year is Rs. 350,000/-.

Mr. A. Seshapani, 36, Deputy Manager (Co-ordination & Planning), is a Diploma in Electrical & Electronics Engineering and working knowledge of MS Office. He has worked in different Power & Distribution Transformers manufacturing Industries for 14 years including M/s. Emirates Transformers & Switchgear Ltd., Dubai, UAE. He is presently working with Indo Tech Transformers Ltd., as Deputy Manager (Co-ordination – Planning) from January 2005. The amount of remuneration paid in the last financial year is Rs. 132,600/-.

Saidapet Management Personnel

Mr. K. R. Premkumar, 40, Manager (Co-ordination / Planning) is a Diploma in Electrical & Electronics Engineering and gained experience of 12 years in GEC Alstom and Vigneswara Electricals Ltd., Presently working with Indo Tech Transformers Ltd., as Manager - Co-ordination / Planning from 2002. The amount of remuneration paid in the last financial year is Rs. 120,000/-.

Mr. K. Krishnan, 57, Manager (Personnel), is a B.A. Graduate and Diploma in Personnel Management, Industrial Relations and Labour Welfare. He is also a Post Graduate Diploma in Labour Law with Administration Law. He has gained experience over 23 years with M/s. Southern Switchgear Ltd., presently working with Indo Tech Transformers Ltd., as Manager (Personnel) since 1990. The amount of remuneration paid in the last financial year is Rs. 127,140/-.

Mr. S. Pattabiraman, 49, Manager (Testing / Quality Assurance), is a B.Sc. Engineering Graduate and gained experience for 19 years in different concerns. Presently working with Indo Tech Transformers Ltd., as Manager - Testing / Q.A. from January 2005. The amount of remuneration paid in the last financial year is Rs. 125,000/-.

Mr. A. Shanmugham, 55, Deputy Manager (Design), is a Mechanical Engineering Graduate and gained experience of 26 years in reputed concerns i.e. Hackbridge, Mettur Beardsel, O & K Excavators and Relmer Electric Co., presently working with Indo Tech Transformers Ltd., as Dy. Manager - Design since 1999. The amount of remuneration paid in the last financial year is Rs. 100,440/-.

Palakkad Management Personnel

Mr. Chandrasekaran, 69, General Manager, is an Arts Graduate and started his career in Madras Port Trust and gained experience of over 35 years in different concerns. He has held as Secretary / Member of various Associations in connection with Business and Welfare. Presently working with Indo Tech Transformers Ltd., as General Manager for the past three years and responsible for operations at Palakkad Works. The amount of remuneration paid in the last financial year is Rs. 100,000/-.

Office Executive List

All the above mentioned key managerial personnel are permanent employees of our Company. The remuneration of each of our key personnel is as per the statement pursuant to Section 217(2A) of the Companies Act and the Companies (Particulars of Employees) Rules, 1975.

Bonus or Profit Sharing Plan for Our Key Managerial Personnel (Other than whole time directors)

There is no bonus or profit sharing plan with our Key Managerial Personnel save and except the bonus paid under the Payment of Bonus Act, 1972 to the Key Managerial Personnel (except the whole time directors) as explained below:

Under the terms of the employment, our key managerial personnel are entitled to the following benefits: -

- a) Bonus: - Key employees drawing more than Rs. 3,500/- as Basic Pay are not eligible for any Bonus under the Payment of Bonus Act, 1965. However, they will be paid one month basic pay as ex-gratia in lieu of Bonus every year in Oct. / November.
- b) Pension: - The key employees are eligible for LIC Superannuation pension. The contribution of 12% of the basic pay is remitted with the LIC every year.
- c) Other Benefits: -
 - i) Provident Fund of 12% of the basic pay
 - ii) Medclaim policy / Personnel accident policy: - Premium will be reimbursed by the Company upto Rs. 3,800/- p.a.
 - iii) Medical Reimbursement: - 50% of one month basic pay will be paid as medical reimbursement.
 - iv) LTA: - Once in two years as per Income Tax Act. Amount will be paid based on their gross salary.
 - v) Gratuity: - As per the Payment of Gratuity Act, 1972.
 - vi) Leave: - 15 days privilege leave
09 days casual leave
12 days medical leave

vii) Leave Encashment: -

Privilege Leave: - It can be encashed by keeping 15 days balance in the credit of the employee every year.

Casual Leave: -

Unavailed Casual Leave for more than 5 days will be paid at double the amount calculated as per salary (basic) for a single day for the number of leaves to the credit of the employee.

Unavailed Casual Leave for 5 days or below will be paid at the amount calculated as per salary for a single day for the number of leave to the credit of employee.

Unavailed sick leave as on 31st December of every year will be encashed at 50% of basic.

viii) Janatha Personnel Accident Policy for Rs. 1 lakh is covered. Premium will be borne by the Company.

Other benefits to our employees

Superannuation Scheme

Our Company has entered into a Deed of Trust dated December 7, 1995, with the following persons, namely Mr. P.S. Jagdish - Executive Director, Mrs. Lisamma Samuel - Manager Commercial, Mr. P.K. Sankaranarayanan - Senior Manager, Finance and Company Secretary, Mr. K. Ramakrishnan - Manager Finance, Mr. K. Krishnan - Personnel Officer ("the Trustees") for setting up a Trust in relation to a Superannuation Scheme for providing pension benefits. The Scheme is called as "Indotech Transformers Limited Executive Superannuation Scheme" ("the Scheme" or "the Fund"). The Trustees have obtained an insurance policy with the Life Insurance Corporation of India (the "Corporation") being Master Policy No. 402184 dated November 11, 1995, date of commencement of policy being October 01, 1995. The salient features of the Scheme are as under:

Coverage: The Employee who are either managers, engineers or executives in the grade I, II, III, IV are eligible to join the Scheme. An employee has been defined to mean a permanent employee in the cadre of executives in grade I, II, III and IV of our Company, other than a personal or domestic servant and shall be deemed to include a whole-time bonafide working director who does not own beneficially shareholding carrying more than 5% voting rights in our Company and shall also include an employee whose services are lent or seconded by our Company to any other concern under the management of or associated with our company or to the central government or to any state government.

Effective Date: The Effective Date of the Scheme is October 01, 1995.

Income Tax Approval: The Scheme has been approved with effect from October 01, 1995 under Part 'B' of the Fourth Schedule to the Income Tax Act, 1961 vide letter No. 1314(2)/96-97 dated June 13, 1996.

Contribution: Our Company shall pay to the Trustees a "Contribution" amount, which amount is based on the number of employees eligible to participate in the Scheme ("Eligible Employees"). The ordinary annual contribution shall be 12% of the salary of each Eligible Employee, and is subject to variation. However, the total contribution payable by our Company shall not exceed 25% of the Eligible Employee's salary.

Insurance: In consideration of the premium payable by the Trustees to the Corporation, the Corporation shall effect a One Year Renewable Term Assurance Plan on each Eligible Employee for a sum assured i.e. two months salary for each outstanding year of service subject to a maximum of Rs.1,00,000 or 30 times the salary whichever is less and the same shall be payable on death of Eligible Employees.

Benefits: In addition to the insurance cover, the Scheme also provides for payment of pension for Eligible Employees on their retiring or on after reaching normal retirement age or on their death whilst in service, after normal retirement age or retirement owing to ill-health or incapacitation. The benefits under the Scheme shall be payable only in the form of pension. However, if the Eligible Employees or their beneficiaries, as the case maybe, so desire and the Trustees agree, a part of the pension may be commuted for a single payment, provided that such payment shall not exceed; in a case where the Eligible Employee receives any gratuity, the commuted value of one third of the pension which he is normally entitled to receive, and in any other case, the commuted value of one-half of such pension. There is a restrain on anticipation or encumbrance on the benefits assured under the Scheme.

No lien or charge: Money belonging to the Fund in the hands of the Trustees shall not be recoverable by our Company, and it shall not have any lien or charge of any description over the Fund.

Amendments/Modifications: The Trustees may at any time by a resolution in writing signed by not less than two of them and with the consent in writing of the Company as also of the Corporation where the variations have a bearing on the terms and conditions of the Master Policy effected with the Corporation but not otherwise, alter, vary or amend the provisions of the Scheme. Our Company reserves the right to discontinue making contributions to the Scheme at any time, after giving three months notice to the Trustees. In specified cases, consent of the Corporation and/or the Commissioner of Income Tax is also required. Such amendments cannot be inconsistent with the main objects of the trust created or prejudice the rights or interests of Eligible Employees.

Gratuity Scheme

Indo Tech Electric Company, a partnership firm had entered into a Deed of Trust dated March 14, 1990 with the following persons, Mr. P.E. Subramaniam - Chairman and Managing Director, Mr. G. Balasubramanian, Mrs. Lisamma Samuel - Manager Commercial and Mr K. Ramakrishnan - Manager Finance ("the Trustees") for setting up a Trust in relation to the Group Gratuity Scheme. The Scheme is called as "Indo Tech Electric Company Employees' Group Gratuity Scheme" ("the Scheme" or "the Fund"). In this context, the Trustees have obtained an insurance policy with the Life Insurance Corporation of India (the "Corporation") being Master Policy No. GG/CA/400647 dated September 5, 1990, date of commencement of policy being March 01, 1995. Since Indo Tech Electric Company has been taken over by Indo Tech Transformers Limited by virtue and the services of all the employees of Indo Tech Electric Company has been absorbed by Indo Tech Transformers Limited with the existing provisions regarding gratuity, a deed of variation dated March 30, 1994 was entered into between the Trust and Indo Tech Transformers Limited whereby the name of the existing Scheme i.e. "Indo Tech Electric Company Employees' Group Gratuity Scheme" was deleted and substituted by "Indo Tech Transformers Limited Employees' Group Gratuity Scheme" and the words "Indo Tech Electric Company" were substituted by "Indo Tech Transformers Limited". The salient features of the Scheme are as under:

Coverage: Permanent employees between 18 to 58 years of age shall be eligible to participate in the Scheme. An employee has been defined to mean an employee participating in this Scheme other than personal and domestic servants.

Effective Date: The Effective Date of the Scheme is March 01, 1995.

Income Tax Approval: The Scheme has been approved with effect from October 01, 1995 under Part 'B' of the Fourth Schedule to the Income Tax Act, 1961 vide letter No. 1314(2)/96-97 dated June 13, 1996.

Contribution: Our Company shall pay to the Trustees a "Contribution" amount, which amount is based on the number of employees eligible to participate in the Scheme ("Eligible Employees"). The ordinary annual contribution shall be such amount as shall be determined and recommended by the Corporation for securing the benefits to be provided to the Eligible Employees. The contribution shall be expressed as a percentage of salary of each member and is subject to variation. However, the total contribution payable by our Company shall not exceed 8 1/3% of the Eligible Employee's salary.

Insurance: In consideration of the premium payable by the Trustees to the Corporation, the Corporation shall effect a One Year Renewable Term Assurance Plan on each Eligible Employee for a sum assured equal to the difference between (a) 15 days salary for each year of anticipated service subject to the maximum of 25 months salary and the same shall be payable on death of Eligible Employees.

Benefits: In addition to the insurance cover, the Scheme also provides for gratuity payment for Eligible Employees on their retiring on or after reaching normal retirement age (58 years), or on their death whilst in service, after normal retirement age or retirement owing to ill-health or incapacitation.

No lien or charge: Money belonging to the Fund in the hands of the Trustees shall not be recoverable by our Company, and it shall not have any lien or charge of any description over the Fund.

Amendments/Modifications: Amendments/modifications to the Scheme and its Rules can be effected by the Trustees with the prior consent of our Company. In specified cases, consent of the Corporation is also required. No such amendment can be made without the prior consent of the Commissioner of Income-Tax. Further, such amendments cannot be inconsistent with the main objects of the trust created or prejudice the rights or interests of Eligible Employees.

Steps taken by the Company to recruit the people for the proposed expansion

We have started selecting eligible candidates for suitable position for the upcoming expansion project. We are in the process of releasing advertisements in leading dailies for various positions. We also consider other sources i.e. recommendations of suitable personnel by employees and releasing advertisements in various trade and industry journals.

Memorandum of settlement reached under section 12 (3) of the Industrial Disputes Act, 1947.

- A. The management of Indo Tech Transformers Ltd and their workers of their manufacturing facility at 31/1 Hospital Road, Saidapet, Chennai - 15 reached a settlement on October 9, 2003 whereby they agreed that the settlement shall be current, binding and operative on them from January 1, 2003 to December 31, 2006. The memorandum of settlement number is A/685/2003.
- B. The management of Indo Tech Transformers Ltd and their workers of their manufacturing facility at D.P. 14-19, SIDCO Industrial Estate, Thirumazhisai, Chennai - 602 107 reached a settlement on February 14, 2003 whereby they agreed that the settlement shall be current, binding and operative on them for a period of three years from February 1, 2003 to January 31, 2006. The memorandum of settlement number is 218/2003.

Shareholding of Our Key Managerial Personnel in our Company

Our Articles of Association do not require our key managerial personnel to hold any Equity Shares in our Company. The following table details the shareholding of our key managerial personnel in their personal capacity and either as sole or first holder, including proposed transfers.

Name of the Key Managerial Personnel	No. of Equity Shares held	As % of Pre-Issue paid-up capital
Lisamma Samuel	250	0.00%

Interest of Key Management Personnel

The key managerial personnel of our Company do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business and to the extent of the Equity Shares held by them in the Company, if any.




Except as stated otherwise in this Prospectus, we have not entered into any contract, agreement or arrangement during the preceding 2 years from the date of this Prospectus in which the key managerial personnel are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements or are proposed to be made to them.

Change in Key Managerial Personnel during last three years

Name of Key Managerial Employees	Position Held	Date of Appointment (as applicable)	Date of Resignation (as applicable)	Reason
Mr. C. V. Venkatakrishna	VP (Marketing)	December 5, 2003	July 19, 2005	Old Age
Mr. M. Ramakrishnan	Works Manager	July 16, 1997	July 13, 2005	Better Prospects
Mr. V. Balasubramanian	Company Secretary	September 5, 2005	–	–
Mr. S. Ravikumar	Manager HR	November 11, 2005	–	–

OUR PROMOTERS

The Promoters of our Company are given in the following table:

	<p>Mr. P. E. Subramaniam, 67 years, Chairman and Managing Director, is one of the founder promoters of the Company. For more details, please refer to the section titled "Brief Biography of our Directors" on page 64 of this Prospectus.</p> <p>His voter ID is CGZ1719350 and driving license number is 5602/MCITY/1969</p>
	<p>Mr. P. S. Jagdish, 38 years, Executive Director, is one of the founder promoters of the Company. For more details, please refer to the section entitled "Brief Biography of our Directors" on page 64 of this Prospectus.</p> <p>His driving license number is R/TN/009/003982/2001 and he does not have a voters identification card.</p>
	<p>Mr. P. S. Shekar, 34 years, Director (Operations), is one of the founder promoters of the Company. For more details, please refer to the section entitled "Brief Biography of our Directors" on page 64 of this Prospectus.</p> <p>His driving license number is R/TN/009/003095/1997 and he does not have a voters identification card.</p>

We confirm that the Permanent Account Number, Bank Account Number and Passport Number of the Promoters have been submitted to the BSE and NSE at the time of filing this Prospectus with them.

OUR PROMOTER GROUP

The following relatives form part of our Promoter Group:

S. No.	Name of the Shareholder	Relationship	% of pre-issue Equity Shares held as of January 18, 2006
1	A. C. Vijayalaxmi	Wife of Mr. P. E. Subramaniam	11.91%
2	P. E. Subramaniam HUF	–	1.02%
3	P. S. Jayashree	Daughter of Mr. P. E. Subramaniam	1.08%
4	Prema Shekar	Wife of Mr. P. S. Shekar	0.08%
5	Meera Jagdish	Wife of Mr. P. S. Jagdish	1.16%

Partnership firms that are part of the Promoter Group

Sivasakthi Engineering & Fabricators

Sivasakthi Engineering & Fabricators was setup on 27th September, 1982 in the State of Tamil Nadu. Its Registered Office is located at No. 29, Thiruvengadam Street, West Mambalam, Chennai 600 033. The firm has a manufacturing facility at Walayar, Palakkad, Kerala and a city office at Palakkad. It manufactures pre-stressed concrete poles and railway sleepers.

Holding pattern (as of September 15, 2005)

Sr. No.	Name of the Partner	Partners' Capital (in Rs.)	Percentage of total holding
1	P.E. Subramaniam	250,000	25
2	P.V. Iyyappan	50,000	5
3	A.C. Vijayalakshmy	200,000	20
4	Meera Jagdish	250,000	25
5	Prema Shekar	250,000	25
	Total	1,000,000	100

Financial Performance

(In Rs.)

	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005
Net Fixed Assets	1,548,811	2,065,864	1,773,714
Partners' Capital Account	1,000,000	1,000,000	1,000,000
Partners' Current Account	3,104,520	3,936,658	7,849,600
Income	23,012,872	21,317,776	23,768,366
Profit/(Loss) after tax	145,052	494,841	476,499

Vijaya Agencies

Vijaya Agencies was set up on 1st January, 1976 in the State of Tamil Nadu. Its Registered Office is located at No.2, Brahmin Street, Tambaram, Chennai - 600 045. The Firm carries on Agency business.

Holding pattern (as of September 15, 2005)

Sr. No.	Name of the Partner	Partners' Capital (Rs.)	Percentage of total holding
1	P.E. Subramaniam HUF	10,000	10
2	P.S. Jayashree	15,000	15
3	A.C. Vijayalakshmi	25,000	25
4	Meera Jagdish	10,000	10
5	P.S. Shekar	30,000	30
6	Prema Shekar	10,000	10
	Total	100,000	100

Financial Performance

(In Rs.)

	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005
Net Fixed Assets	220,123	35,776	35,776
Partners' Capital Account	100,000	100,000	100,000
Partners' Current Account	2,453,032	2,495,830	2,291,689
Income	438,368	470,891	228,166
Profit/(Loss) after tax	31,493	2,270	(222,141)

PSPC Exports

PSPC Exports was set up on 1st November, 1990 in the State of Tamil Nadu. Its Registered Office is located at 163, Mount Poonamallee Road, Porur, Chennai - 600 116. The main objective of the firm is to Manufacture of Industrial Locking devices.

Partner's Holding (as of September 15, 2005)

Sr. No.	Name of the Partner	Partners' Capital (Rs.)	Percentage of holding
1	R. Srinivasan	1,480,000	40%
2	Nirmala Srinivasan	1,110,000	30%
3	Meera Jagdish	518,000	14%
4	Vidya Sriram	518,000	14%
5	S. Ramesh	74,000	2%
	Total	3,700,000	

Financial Performance

(In Rs.)

	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005
Net Fixed Assets	928,055	1,580,665	1,469,548
Partner's Capital Account	3,700,000	3,700,000	3,700,000
Partner's Current Account	1,931,906	25,203	717,830
Sales	7,815,878	6,003,626	8,679,715
Net Profit	1,967,773	697,944	1,333,826
Net Current Assets	7,203,851	5,364,538	6,041,228

Companies forming part of our promoter group**Vigneswara Electricals Limited**

Vigneswara Electricals Limited was incorporated on 7th March 1986 in the State of Tamil Nadu. Its Registered Office is located at No.29, Thiruvengadam Street, West Mambalam, Chennai - 600 033. The Company has a manufacturing facility at Coimbatore, Tamil Nadu. The main object is to manufacture Distribution Transformers. However the company is not in active production since Financial Year 2003-04.

Shareholding pattern (as of September 15, 2005)

Sr. No.	Name of the Shareholder	No. of Equity Shares	Percentage of total equity holding
1	Lisamma Samuel	1385	9.40
2	A. C. Vijayalakshmy	6600	38.00
3	P. S. Jagdish	650	1.02
4	P. S. Jayashree	750	5.09
5	Indo Tech Finance P. Ltd.	1000	6.79
6	P. E. Subramaniam	3900	22.80
7	P. S. Shekar	450	3.05
	Total	14735	100

Board of Directors

As of September 15, 2005, the Board of Directors of Vigneswara Electricals Limited consisted of :

1. A.C. Vijayalakshmi
2. Lisamma Samuel
3. P.S. Jayashree
4. Prema Shekar
5. Meera Jagdish

Financial Performance**(In Rs.)**

	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005
Share Capital	1,473,500	1,473,500	1,473,500
Reserve and Surplus	(2,350,020)	(2,822,207)	(3,127,445)
Sales	365,289	425	–
Profit / (Loss) after tax	(1,981,619)	(472,187)	(305,237)
Earnings per Share (of Rs.100 each)	–	–	–
Book value per Share (of Rs.100 each)	–	–	–

Inndo Tech Anugraha Foundations Limited

Inndo Tech Anugraha Foundations Limited was incorporated on 27th March, 1996 in the State of Tamil Nadu. Its Registered Office is located at No. 25, North Mada Street, Sri Nagar Colony, Saidapet, Chennai - 600 015. The main object of the Company is to buy and sell immovable properties and The company is yet to start its activities.

Shareholding pattern (as of September 15, 2005)

Sr. No.	Name of the Shareholder	No. of Equity Shares	Percentage of total equity holding
1	P.E. Subramaniam	5100	10.20
2	P.S. Shekar	3600	7.20
3	P.S. Jagdish	18600	37.20
4	A.C. Vijayalakshmy	20900	41.80
5	Meera Jagdish	100	0.20
6	P.S. Jayashree	100	0.20
7	L. Pradeep	100	0.20
8	P.E. Subramaniam HUF	1500	3.00
	Total	50000	100

Board of Directors

As of September 15, 2005, the Board of Directors of Inndo Tech Anugraha Foundations Limited consisted of :

1. P.E. Subramaniam
2. P.S. Shekar
3. P.S. Jagdish

Financial Performance**(In Rs.)**

	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005
Share Capital	7,000	500,000	500,000
Reserve and Surplus	–	–	–
Income	–	–	–
Profit/ (Loss) after tax	–	–	–
Earnings per Share (of Rs.10 each)	–	–	–
Book value per Share (of Rs.10 each)	–	2.33	2.31

Indo Tech Finance Private Limited

Indo Tech Finance Private Limited was incorporated on 20th May 1991 in the State of Tamil Nadu. Its Registered Office is located at No.272, Fountain Plaza, Pantheon Road, Egmore, Chennai - 600 008. The main objective of the Company is to carry on and undertake the business of finance, investment and hire purchase and leasing. The company is an unlisted company and it has not made any public or rights issue in the preceding three years. The company does not have any active business.

Equity Shareholding pattern (as of September 15, 2005)

Sr. No.	Name of the Shareholder	No. of Equity Shares	Percentage of total equity holding
1	P. E. Subramaniam	800	11.43
2	P. S. Shekar	2250	32.14
3	P. S. Jagdish	1750	25.00
4	A. C. Vijayalakshmy	1541	22.01
5	P. E. Subramaniam HUF	650	9.29
6	Lisamma Samuel	9	0.13
	Total	7000	100

Preference Shareholding pattern (as of September 15, 2005)

Sr. No.	Name of the Shareholder	No. of preference shares	Percentage of total preference holding
1	P. E. Subramaniam HUF	200	100

Board of Directors

As of September 15, 2005, the Board of Directors of Indo Tech Finance Private Limited consisted of :

1. P. E. Subramaniam
2. P. S. Shekar
3. P. S. Jagdish
4. A. C. Vijayalakshmy
5. Lisamma Samuel

Financial Performance

(In Rs.)

	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005
Share Capital	720,000	720,000	720,000
Reserve and Surplus	212,633	209,633	208,633
Income	–	–	–
Profit / (Loss) after tax	(1,500)	(3,000)	(1,000)
Earnings per Share (of Rs.100 each)	–	–	–
Book value per Share (of Rs.100 each)	130.38	129.95	129.80

Simatic Systems Private Limited

Simatic Systems Private Limited was incorporated on 17th November 1989 in the State of Tamil Nadu. Its Registered Office is located at No.29, Thiruvengadam Street, West Mambalam, Chennai - 600 033. The main objective of the Company is to manufacture Electronic ballasts. However the company is not in active production since Financial Year 2001-02.

Shareholding pattern (as of September 15, 2005)

Sr. No.	Name of the Shareholder	No. of Equity Shares	Percentage of total equity holding
1	N. V. Balakrishnan	100	0.63
2	N. V. Jayaraman	60	0.38
3	T. S. Jayalakshmi	3100	19.50
4	Meena P. Iyer	2500	15.72
5	T. S. Hari Krishnan	2000	12.58
6	Isalam Harikrishnan	3000	18.86
7	A. C. Vijayalakshmy	1000	6.29
8	P. S. Jagdish	1040	6.54
9	P. S. Shekar	1100	6.92
10	P. E. Subramaniam	1000	6.29
11	P. S. Jayashree	1000	6.29
	Total	15900	100

Board of Directors

As of September 15, 2005, the Board of Directors of Simatic Systems Private Limited consisted of :

1. P. E. Subramaniam
2. G. Balasubramanian
3. P. S. Jagdish
4. T. S. Harikrishnan

Financial Performance

(In Rs.)

	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005
Equity Share Capital	159,000	159,000	159,000
Reserve and Surplus	–	–	–
Income	–	–	–
Profit / (Loss) after tax	(4,938)	(4,155)	(3,513)
Earnings per Share (of Rs.10 each)	–	–	–
Book value per Share (of Rs.10 each)	–	–	–

The Company is an unlisted company and it has not made any public or rights issue in the preceding three years.

Sri Vignesh Metals (P) Limited

Sri Vignesh Metals (P) Limited was incorporated on 1st July 1996 in the State of Tamil Nadu. Its Registered Office is located at DP-37, SIDCO Industrial Estate, Thirumazhisai, Chennai - 602 107. The main objective of the Company is Steel Fabrication and other allied products.

Equity Shareholding pattern (as of September 15, 2005)

Sr. No.	Name of the Shareholder	No. of Equity Shares	Percentage of total equity holding
1	P. E. Sundaresh	200,000	80
2	Latha Sundaresh	50,000	20
	Total	250,000	100

Board of Directors

As of September 15, 2005, the Board of Directors of Sri Vignesh Metals (P) Limited consisted of :

1. P. E. Sundaresh
2. Latha Sundaresh

The company has not prepared any financials for the years ending 2003, 2004 and 2005 due to non-operations of the company.

Vidhyuth Engineering Co. Pvt. Limited

Vidhyuth Engineering Co. Pvt. Ltd., was incorporated on 13th October 1980 in the State of Tamil Nadu. Its Registered Office is located at No.123, Angappa Naicken Street, Chennai - 600 001. The main objective of the Company is Trading of Electricals Goods.

Shareholding pattern (as of September 15, 2005)

Sr. No.	Name of the Shareholder	No. of Equity Shares	Percentage of total equity holding
1	P. E. Radhakrishnan	560	39.72
2	Geetha Rdhakrishnan	475	33.69
3	P. R. Shoba	45	3.20
4	P. R. Shankar	30	2.12
5	P. E. Sundaresh	30	2.12
6	Radha	10	0.70
7	P. E. Venkatesh	278	19.71
	Total	1428	100

Board of Directors

As of September 15, 2005, the Board of Directors of Vidhyuth Engineering Co. P. Ltd. consisted of :

1. P. E. Radhakrishnan
2. Geetha Radhakrishnan
3. P. E. Sundaresh

Financial Performance

(In Rs.)

	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005
Share capital	141,000	141,000	141,000
Reserve and Surplus	502,803	548,722	430,842
Income	1,310,697	583,011	250,569
Profit / (Loss) after tax	50,353	8,391	(97,880)
Earnings per Share (of Rs.100 each)	35.71	5.95	—
Book value per Share (of Rs.100 each)	470.48	503.35	—

COMMON PURSUITS

There are no common pursuits between our Company, Promoters and Promoter Group except that one of our Promoter Group Company "Vigneshwara Electricals Limited" which is also in the same line of business. Some of our directors and employees are shareholder in that company. For details please refer to Section "Our Promoter Group" on page 78 of this offer document.

RELATED PARTY TRANSACTIONS

For details on our related party transactions, please refer to the sub-section titled "Related Party Transaction" on page 87 of this Prospectus.

Companies with whom the Promoters have disassociated in the preceding three years.

NIL

Companies of the promoter group/subsidiary referred to BIFR under winding up/having negative network

None of the companies of the promoter group/subsidiary have been referred to BIFR under winding up.

None of the companies of the promoter group/subsidiary have negative network save and except Vigneshwara Electricals Limited.

Companies for which applications have been made to Registrar of Companies for striking off name

No application has been made to RoC for striking off the name of any of our group companies or the ventures promoted by our Promoters save and except SIBA Electrical Agencies Pvt. Ltd. (SIBA) and PES Holdings Pvt. Ltd (PESHPL)

Due to change in focus, the Promoters decided to close down the two companies namely PESHPL and SIBA. All requisite formalities for striking off the names of these companies have been complied with.

There are no pending litigation, defaults etc in respect of these companies.

CURRENCY OF PRESENTATION

In this Prospectus, all references to "Rupees" and "Rs." are to the legal currency of India.

In this Prospectus, throughout all figures have been expressed in millions. The word "millions" or "million" means "One thousand thousand".

Any percentage amounts, as set forth in "Risk Factors", "Our Business", "Management's Discussion and Analysis of Financial Conditions and Results of Operation" and elsewhere in this Prospectus, unless otherwise indicated, have been calculated on the basis of our financial statements prepared in accordance with Indian GAAP.

DIVIDEND POLICY

Under the Companies Act, unless the Company's Board of Directors recommends the payment of dividend, the shareholders at a general meeting have no power to declare any dividend. The shareholders at a general meeting may declare a lower, but not higher dividend than that recommended by the Board. Dividends are generally declared as a percentage of the par value of the Company's shares. The Dividend recommended by the Board and approved by the Board and approved by the Shareholders at a general meeting is distributed and paid to shareholders in proportion to the paid up value of their shares as on record date for which such dividend is payable. In addition, as is permitted by the Company's Articles of Association, the Board may declare and pay interim dividends. Under the Companies Act, dividends can only be paid in cash to shareholders listed on the register of shareholders on the date, which is specified as 'record date' or 'book closure date'. No shareholder is entitled to a dividend while any lien in respect of unpaid calls on any of his shares is outstanding.

Dividend declared and paid by the Company for the last 2 years is tabulated as under:-

Year ended March 31	Dividend Exclusive of Tax (Rs. in million)	Dividend Rate (%)
2005	5.63	20
2004	3.38	12

The Company, for the year ended 31st March 2005, has paid tax on distributed profits by way of dividend @ 12.50% plus 10% surcharge and 2% education cess on the tax amount. The above figures are exclusive of tax.

The Company is not permitted to declare any dividend, which is not recommended by the Directors. The Directors may pay an interim dividend. No dividend may be paid except out of the profits of the Company pursuant to Section 205 of the Companies Act, 1956.

The form, frequency, and amount of future dividends on the shares will depend upon the Company's earnings, cash flow, financial conditions and other factors and shall be at the discretion of the Board.

Certain loan agreements to which the Company is a party require it to obtain the consent of and or give prior notice to lenders before making dividend payment in the event of debt service and defaults. Please refer to the risk factor titled "We are subject to restrictive covenants in debt facilities provided to us by our lenders" under section "Risk Factors."

Future Dividends

There is no assurance that any future dividends will be declared or paid or that the amount thereof will not be decreased.

RELATED PARTY TRANSACTIONS

Please refer to section titled 'Financial Information' on page 88 of this Prospectus.

SECTION V: FINANCIAL INFORMATION

AUDITORS' REPORT

To

The Board of Directors,
Indo Tech Transformers Limited,
DP.36
Thirumazhisai, Chennai – 602 107.

Dear Sirs,

We have examined the financial information of Indo Tech Transformers Limited ('the Company') annexed to this report and initialed by us for identification. The said financial information has been prepared in accordance with the requirements of paragraph B(1) of Part II of Schedule II to the Companies Act, 1956 ('the Act'), the Securities and Exchange Board of India ("SEBI") -Disclosure and Investor Protection Guidelines,2000 (as amended vide Circular No:11 on August 14, 2003) ('the Guidelines') issued by the Securities and Exchange Board of India on January 19, 2000 in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992; and related clarification; and in accordance with instructions received from the Company requesting us to carry out work in connection with the offer document being issued by the Company in connection with its Public Issue of Equity Shares (referred to as "the issue").The financial information has been prepared by the Company and approved by the Public Issue Committee of the Board.

A. Financial information as per audited financial statements:

We have examined the attached summary statement of profits and losses as restated of the Company for the six months ended September 30, 2005 and years ended March 31, 2005, 2004, 2003, 2002, 2001 (Annexure -I) and the attached summary statement of assets and liabilities as restated for each of the period / years ended on those dates (Annexure - II), together referred to as 'summary statements'. These summary statements have been extracted from the financial statements of the years ended March 31, 2001, 2002, 2003, 2004, 2005 and half year ended September 30, 2005 audited by M/s. G. BALU ASSOCIATES, Chartered Accountants being the auditors of the Company for those years, and have been adopted by the Board of Directors / Members for those respective years. Based on our examination of these summary statements, we state that:

- The restated profits have been arrived at after charging all expenses including depreciation and after making such adjustments and regroupings as in our opinion are appropriate in the year / period to which they are related.
- The summary statements of the Company have been restated with retrospective effect to reflect the significant accounting policies being adopted by the Company as at September 30, 2005 as stated vide Annexure III to this report. These summary statements have to be read in conjunction with the notes given in Annexure IV to this report.
- There are no qualifications in the auditors' report that required any adjustment to the summary statements.
- There are no extra-ordinary items that need to be disclosed separately in the summary statements. Exceptional and non-recurring items which are material are given in Annexure IV.

B. Other Financial Information:

We have examined the following financial information relating to the Company proposed to be included in the Offer Document, as approved by the Board of Directors and annexed to this report:

- i. Cash flow statements for the years ended March 31, 2001, 2002, 2003, 2004, 2005 and six months ended September 30, 2005. (Annexure -II. a)
- ii. Details of secured and unsecured loans as at March 31,2001, 2002, 2003, 2004, 2005 and six months ended September 30, 2005. (Annexure -II.b)
- iii. Details of Loans and Advances as at March 31, 2001, 2002, 2003, 2004, 2005 and six months ended September 30, 2005. (Annexure -II.c)
- iv. Details of Sundry Debtors as at March 31, 2001, 2002, 2003, 2004, 2005 and six months ended September 30, 2005. (Annexure -II.d)
- v. Statement of summary of Investments as at March 31, 2001, 2002, 2003, 2004,2005 and six months ended September 30, 2005. (Annexure -II.e)
- vi. Details of Current Liabilities and Provisions as at March 31, 2001, 2002, 2003, 2004, 2005 and six months ended September 30, 2005. (Annexure -II.f),

- vii. Statement giving Details of Other Income for the years ended March 31, 2001, 2002, 2003, 2004, 2005 and six months ended September 30, 2005. (Annexure -I. a)
- viii. Details of Contingent Liabilities as at March 31, 2001, 2002, 2003, 2004, 2005 and six months ended September 30, 2005. (Annexure -IV.a)
- ix. Summary of accounting ratios based on adjusted profits relating to earnings per share, net asset value and return on net worth as at March 31, 2001, 2002, 2003, 2004, 2005 and six months ended September 30, 2005.(Annexure -IV.b)
- x. Capitalisation statement of the Company as at September 30, 2005. (Annexure -IV.c)
- xi. Related party disclosure for the years ended March 31, 2001, 2002, 2003, 2004, 2005 and six months ended September 30, 2005. (Annexure -IV.d).
- xii. Statement of Tax shelter for the years ended March 31, 2001, 2002, 2003, 2004, 2005 and six months ended September 30, 2005. (Annexure -IV.e).
- xiii. Statement of Dividend paid for the years ended March 31, 2001, 2002, 2003, 2004, 2005 and six months ended September 30, 2005. (Annexure -IV.f).

Consolidated statements (incorporating the financial information of M/s. Indo Tech Electric Company Limited into ITTL)

- xiv. Consolidated Summary statement of Profits and Losses as restated (Annexure V)
- xv. Consolidated Summary statement of Assets and Liabilities as restated (Annexure VI)
- xvi. Consolidated Summary statement of Cash Flow (Annexure - VI. a),
- xvii. Consolidated details of Secured and Unsecured Loans (Annexure VI. b)
- xviii. Consolidated details of Loans and Advances (Annexure VI. c)
- xix. Consolidated details of Sundry Debtors (Annexure VI. d)
- xx. Consolidated Summary statements of Investments (Annexure VI. e)
- xxi. Consolidated details of Current Liabilities and Provisions (Annexure VI. f)
- xxii. Consolidated statement giving details of Other Income (Annexure V. a)
- xxiii. Summary of significant Accounting Policies (Annexure VII)
- xxiv. Notes on Consolidated Accounts (Annexure VIII).
- xxv. Consolidated Statement of Contingent Liabilities (Annexure VIII. a)
- xxvi. Consolidated Summary of Accounting Ratios (Annexure VIII. b)
- xxvii. Consolidated Capitalisation Statement (Annexure VIII. c)
- xxviii. Consolidated summary of Related Party transactions (Annexure VIII. d)
- xxix. Consolidated Statement of Tax Shelter (Annexure VIII. e)
- xxx. Consolidated Statement of Dividend paid (Annexure VIII. f)

The Consolidated Summary Statements as referred in serial no. xiv to xxx above represent the effect to the merger scheme approved by the Madras High Court on 30th September, 2005, fixing the appointed date as at 1st April, 2003, for which necessary resolutions were passed in the Board meeting of the ITTL in October 2005.

This report is intended solely for your information and inclusion in the Offering Memorandum in connection with the Issue of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For G. BALU ASSOCIATES,
Chartered Accountants

S. Kumar
Partner
Membership No: 29343

Place: Chennai.
Date: December 31, 2005

ANNEXURE - I

SUMMARY OF PROFIT & LOSS ACCOUNT AS RESTATED

The profit and loss statement of the Company for five financial years ended March 31, 2001 to 2005 read with significant accounting policies after making certain regrouping for comparability and making adjustments as stated in notes to accounts, along with the Profit and Loss statement for the six months ended September 30, 2005 are set out below:

(Rs. in Millions)

Particulars	For the half year ended September 30, 2005	For the Financial Years Ended				
		March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001
INCOME						
Income from Operations	496.43	811.66	633.26	423.26	220.37	340.61
Other Income	2.89	6.09	2.99	5.38	4.73	4.42
Total	499.32	817.75	636.24	428.64	225.10	345.03
EXPENDITURE						
Manufacturing Expenses	384.89	621.25	501.21	348.86	182.60	284.07
Personal Expenses	12.28	23.78	23.19	20.54	16.81	16.09
Administrative and other expenses	23.15	49.76	43.40	17.67	18.70	19.11
Total	420.32	694.79	567.80	387.07	218.11	319.27
Operating Profit before Finance Cost, Amortisation & Depreciation and prior period expenses	79.00	122.96	68.44	41.57	6.99	25.76
Interest and Financial charges	2.47	6.48	11.40	19.07	14.90	13.97
Depreciation and obsolescence	4.07	8.60	7.30	7.29	7.08	6.76
Operating profit before prior period expenditure	72.46	107.88	49.74	15.21	-14.99	5.03
Prior period expenses	–	-0.01	–	–	-0.03	-0.41
Profit before tax and extraordinary items	72.46	107.87	49.74	15.21	-15.02	4.62
Profit before tax	72.46	107.87	49.74	15.21	-15.02	4.62
Current Tax	24.72	28.00	9.00	1.09	0.04	0.40
Profit after Tax	47.74	79.87	40.74	14.12	-15.06	4.22
Deferred Tax Liability (Asset)	-1.79	0.19	2.67	15.28	–	–
Net Profit after Tax (A)	49.53	79.68	38.06	-1.16	-15.06	4.22
Impact of material adjustments for restatement in corresponding years (B)	–	–	–	–	–	–
Adjusted Profit (A+B)	49.53	79.68	38.06	-1.16	-15.06	4.22
Carry forward Profit from previous year	106.37	43.11	13.85	15.01	30.07	25.85
Total	155.90	122.79	51.91	13.85	15.01	30.07
APPROPRIATIONS						
Proposed Dividend	–	5.63	3.38	–	–	–
Dividend Tax	–	0.79	0.42	–	–	–
General Reserve	–	10.00	5.00	–	–	–
Profit / (Loss) carried forward to Balance Sheet	155.90	106.37	43.11	13.85	15.01	30.07

The accompanying significant accounting policies (Annexure III) and notes (Annexure IV) are an integral part of this statement.

STATEMENT GIVING DETAILS OF OTHER INCOME FOR THE FOLLOWING YEARS / PERIOD

(Rs. in Millions)

Particulars	For the half year ended September 30, 2005	For the Financial Years Ended					Nature of Income	Related or not related to business
		March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001		
SOURCES OF INCOME								
Income from Power Generation	1.06	2.18	1.01	2.42	2.53	2.27	Recurring	Related
Profit on sale of assets	0.43	1.94	–	0.18	–	0.08	Non-Recurring	Not Related
Dividend on shares	–	0.03	0.02	0.09	0.06	0.06	Non-Recurring	Not Related
Miscellaneous Receipts	–	–	–	0.05	0.06	0.07	Non-Recurring	Related
Interest Receipts	1.40	1.94	1.96	2.64	2.08	1.94	Recurring	Related
Total	2.89	6.09	2.99	5.38	4.73	4.42		
Net profit before tax as restated	72.46	107.87	49.74	15.21	-15.02	4.62		
Percentage (%)	3.99	5.64	6.01	35.37	–	95.67		

Note: The classification of Income into recurring and non-recurring is based on the current operations and business activity of the Company.

ANNEXURE - II

SUMMARY OF ASSETS & LIABILITIES AS RESTATED

Assets & Liabilities of the Company as at the end of each financial year read with significant accounting policies, after making adjustments as stated in notes to accounts, are set out below along with the assets & liabilities as at September 30, 2005.

(Rs. in Millions)

Particulars	As at September 30, 2005	As at Financial Years Ended				
		March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001
FIXED ASSETS						
Gross Block	166.98	165.19	149.52	144.62	144.43	130.73
Less : Depreciation	65.21	61.38	54.76	48.26	41.70	34.92
Net Block	101.77	103.81	94.76	96.36	102.73	95.81
Capital Work in Progress	2.52	2.52	2.19	0.97	0.93	1.60
TOTAL - A	104.29	106.33	96.95	97.33	103.66	97.41
Investment - B	0.01	0.59	0.59	2.25	2.25	2.25
Current Assets, Loans & Advances						
Inventories	70.18	102.83	55.06	68.90	77.56	69.09
Sundry Debtors	246.38	187.27	154.96	162.55	94.22	170.37
Cash & Bank balances	112.13	105.05	34.58	28.45	24.07	23.46
Loans & Advances	5.25	21.96	17.77	12.82	15.74	14.04
Miscellaneous expenses not W/Off	-	-	-	0.03	0.06	0.08
TOTAL - C	433.94	417.11	262.37	272.75	211.65	277.04
Total Assets (A+B+C) = D	538.24	524.03	359.91	372.33	317.56	376.70
Less : Liabilities and Provisions						
Secured Loans	-	-	6.76	80.39	82.44	85.00
Unsecured Loans	21.40	21.23	18.90	10.64	5.45	3.59
Deferred Tax Liabilities	16.34	18.13	17.95	15.28	-	-
Current Liabilities	211.70	238.97	146.49	134.28	96.76	140.15
Provisions	-	6.42	3.80	-	-	-
Total Liabilities = E	249.44	284.75	193.90	240.59	184.65	228.74
Net Worth (D-E)	288.80	239.28	166.01	131.74	132.91	147.96
REPRESENTED BY						
Share Capital	28.17	28.17	28.17	28.17	28.17	28.17
Reserve & Surplus	260.63	211.11	137.84	103.57	104.74	119.79
NET WORTH	288.80	239.28	166.01	131.74	132.91	147.96

The accompanying significant accounting policies (Annexure III) and notes (Annexure IV) are an integral part of this statement.

CASH FLOW STATEMENT

(Rs. in Millions)

	For the half year ended September 30, 2005		For the year ended March 31, 2005		For the year ended March 31, 2004		For the year ended March 31, 2003		For the year ended March 31, 2002		For the year ended March 31, 2001	
A. CASH FLOW FROM OPERATING ACTIVITIES												
NET PROFIT BEFORE TAX AS PER PROFIT & LOSS ACCOUNT		72.46		107.88		49.73		15.21		-14.99		5.02
Adjustments for :												
Miscellaneous expenditure written off		-		-		0.03		0.03		0.03		0.03
Depreciation		4.07		8.60		7.30		7.29		7.07		6.76
Dividend Income		-		-0.03		-0.02		-0.08		-0.06		-0.06
Interest Income		-0.78		-1.94		-1.96		-2.64		-2.08		-1.94
Interest expenses		0.01		0.41		7.04		11.10		11.95		16.55
Profit on Sale of Investments		-0.39										
Profit on Sale of Assets		-0.03		2.88								
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		75.34		114.92		60.83		31.76		4.88		23.78
Adjusted for :												
Trade & other receivables		-51.47		-38.36		5.99		-68.32		77.09		-54.06
Inventories		32.67		-47.77		13.84		8.66		-8.48		-20.57
Loans & advances		-15.66		-26.13		-12.35		1.82		-1.63		4.83
Bank Loans		-		-1.36		-70.79		2.18		-5.36		10.65
Trade & Other payables		-27.27		-61.73		92.48		-21.16		12.21		-51.10
CASH GENERATED FROM OPERATIONS		13.61		93.76		9.73		37.52		-18.14		-44.44
												17.18
												59.08
												-0.07
B. CASH FLOW FROM INVESTING ACTIVITIES:												
Purchase of Fixed Assets		-2.05		-20.84		-8.68		-1.30		-13.87		-6.98
Sale of Fixed Assets		0.05		2.86		1.77		0.34		0.55		0.81
Sale of Investments		0.96		-		1.66		-		-		-
Other Loans		0.16		2.34		8.26		5.18		1.87		1.71
Interest Income		0.78		1.94		1.96		2.63		2.08		1.94
Dividend Income		-		0.03		0.02		0.09		0.06		0.06
NET CASH USED IN INVESTING ACTIVITIES		-0.10		-13.67		4.99		6.94		-9.31		-2.46

(Rs. in Millions)

	For the half year ended September 30, 2005		For the year ended March 31, 2005		For the year ended March 31, 2004		For the year ended March 31, 2003		For the year ended March 31, 2002		For the year ended March 31, 2001	
C. CASH FLOW FROM FINANCING ACTIVITIES:												
Repayment / availing of term loans	0.00		-5.40		-2.83		-4.23		2.80		-0.71	
Interest paid	-0.01		-0.41		-5.76		-11.95		-14.91		-13.97	
Dividend paid	-6.42	-6.43	-3.81	-9.62		-8.59		-16.18	-0.03	-12.14	-0.81	-15.49
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS												
Opening balance of cash and cash equivalents		105.05		34.57		28.45		24.07		23.46		17.70
Closing Balance of Cash and Cash equivalents		112.13		105.04		34.58		28.45		24.07		23.46

DETAILS OF SECURED LOANS

(Rs. in Millions)

Particulars	For the half year ended September 30, 2005	For the Financial Years Ended				
		March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001
TERM LOANS						
From Financial Institutions & Banks						
1. IndusInd Bank Ltd.	–	–	–	–	–	2.49
2. Bank of Baroda	–	–	5.40	7.18	9.30	1.90
SUB TOTAL	–	–	5.40	7.18	9.30	4.39
Project Specific Term Loan						
1. IREDA	–	–	–	1.05	3.16	5.28
Cash Credit Accounts	–	–	1.36	72.16	69.98	75.33
Total Secured Loans	–	–	6.76	80.39	82.44	85.00

1. Project specific Term Loan :

Loan from Indian Renewable Energy Development Agency Limited was secured by first charge on hypothecation of Windmill generators.

2. Cash Credit Accounts:

- Working capital facilities from Bank of Baroda a sanctioned limit of Rs.60 Millions and State Bank of India for a sanctioned limit of Rs.9.00 millions are primarily secured by hypothecation of inventories, book debts and are collaterally secured by pari passu charge on Land, Factory Buildings and Plant & Machinery of the Company and also the Land, Buildings and Plant & Machinery in the name of M/s. Indo Tech Electric Company Limited.
- Credit facilities from Bank of Baroda and State Bank of India are further guaranteed by three Directors of the Company in their personal capacities.
- The rate of Interest for the sanction is @ 9.25% p.a. for both State Bank of India and Bank of Baroda.

UNSECURED LOANS

(Rs. in Millions)

Particulars	For the half year ended September 30, 2005	For the Financial Years Ended				
		March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001
Sales Tax Loan under Deferred Scheme	16.37	16.46	16.46	8.68	3.42	3.42
Hire Purchase Loans:						
Kotak Mahindra	–	0.05	0.44	0.37	0.23	0.17
Citi Bank N.A.	5.03	4.72	2.00	1.59	1.80	–
TOTAL	21.40	21.23	18.90	10.64	5.45	3.59

LOANS AND ADVANCES

(Rs. in Millions)

Particulars	As at September 30, 2005	As at Financial Years Ended				
		March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001
Advances to be received in cash or kind for value to be received	12.29	14.36	15.15	12.67	14.59	13.14
Advances to Bodies Corporate	7.67	8.30	2.24	0.65	0.65	0.65
Advance Tax (Net of provision)	-14.71	-0.70	0.38	-0.50	0.50	0.25
TOTAL	5.25	21.96	17.77	12.82	15.74	14.04

DETAILS OF ADVANCES TO BODIES CORPORATE

Particulars	As at September 30, 2005	As at Financial Years Ended				
		March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001
Sivasakthi Engineering & Fabricators	0.65	0.65	0.65	0.65	0.65	0.65
Vigneswara Electricals Limited	3.59	4.21	–	–	–	–
Indo Tech Electric Company Limited	3.43	3.44	1.59	–	–	–
TOTAL	7.67	8.30	2.24	0.65	0.65	0.65

SUNDRY DEBTORS

(Rs. in Millions)

Particulars	As at September 30, 2005	As at Financial Years Ended				
		March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001
Debts outstanding for a period exceeding 6 months	84.70	53.34	65.33	73.90	62.12	70.41
Debts outstanding for a period not exceeding 6 months	161.68	133.93	89.62	88.65	32.10	100.90
Sub Total	246.38	187.27	154.95	162.55	94.22	171.31
Less : Provision for Doubtful Debts	–	–	–	–	–	0.94
TOTAL	246.38	187.27	154.95	162.55	94.22	170.37

The above includes the following debts due from Related Parties :

(Rs. in Millions)

Particulars	As at September 30, 2005	As at Financial Years Ended				
		March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001
Vigneswara Electricals Limited	4.26	4.25	4.31	4.49	4.67	4.56

STATEMENT OF INVESTMENTS

(Rs. in Millions)

Particulars	As at September 30, 2005	For the Financial Years Ended				
		March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001
Limited Companies Equity Shares	–	–	–	1.68	1.68	1.68
Banks Equity Shares	0.01	0.59	0.59	0.57	0.57	0.57
TOTAL	0.01	0.59	0.59	2.25	2.25	2.25
Aggregate market value of investments	0.06	0.68	0.54	1.25	0.80	0.94

CURRENT LIABILITIES

(Rs. in Millions)

Particulars	As at September 30, 2005	As at Financial Years Ended				
		March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001
Sundry Creditors	145.79	178.15	116.92	115.42	76.95	124.87
Other Liabilities	39.90	29.20	15.59	9.49	9.43	11.63
Advances received from Customers	26.01	31.62	13.98	9.37	10.38	3.65
TOTAL	211.70	238.97	146.49	134.28	96.76	140.15
PROVISIONS						
Proposed dividend	–	5.63	3.38	–	–	–
Tax thereon	–	0.79	0.42	–	–	–
TOTAL	–	6.42	3.80	–	–	–

ANNEXURE - III

Summary of Significant Accounting Policies

1. Basis of Preparation

The financial statements have been prepared under the accrual method of accounting on a going concern basis and statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP) comprising of the accounting standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956.

2. Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation. Cost comprises basic price, duties and taxes, inward freight etc.

Capital Work in Progress comprises advances paid to acquire fixed assets, and the cost of fixed assets not ready for their intended use as at the reporting date of the financial statements.

3. Depreciation

Depreciation is provided on straight line basis at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 except as follows:

- a. Fixed Assets costing less than Rs.5,000/- each.
- b. Technical know-how fees paid has been amortised over a period of ten years.

4. Valuation of Inventories

Inventories are valued at lower of cost or net realizable value using the following cost formula.

Raw materials, Stores and spares - Weighted Average method.

Finished Goods and Work in progress - material cost plus appropriate value addition of manufacturing overheads.

5. Investments

Investments are stated at cost. Provision for diminution in value on long term investments is made only if such decline is other than temporary in nature.

6. Sales

Sales are accounted inclusive of excise duty and sales tax.

7. Retirement Benefits

Gratuity to Employees and contribution towards superannuation are covered under the Employees Group Gratuity/ Superannuation Scheme and the premium is paid on the basis of their actuarial valuation. Any shortfall in case of premature termination / resignation to the extent not reimbursed by LIC is being absorbed in the year of payment.

8. Leave Encashment

Liability towards payment of leave encashment is accounted on accrual basis as per the companies policy.

9. Foreign Currency Transactions

Transactions in Foreign Currency are recorded at the exchange rate prevailing at the date of the transaction. Monetary items are restated at year-end foreign exchange rates. Resultant exchange differences arising on payment or on restatement at the years end of receivables and payables are recognized as income or expense in the year in which they arise.

10. Borrowing costs

Borrowing costs are recognized as an expense in the period in which they are incurred.

11. Income Tax

Tax expense for the year, comprising current tax and deferred tax is included in determining the net profit / (loss) for the year.

Deferred tax assets and liabilities are recognized subject to prudence on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent period and quantified using the tax rates and laws enacted or substantively enacted by the reporting date.

12. Earnings per Share

The earnings considered in ascertaining the Company's EPS comprises the net profit / (loss) after tax. The number of shares used in computing EPS is the number of shares outstanding during the year.

ANNEXURE - IV

Notes to Accounts

1. SHARE CAPITAL

1. The merger of Indo Tech Electric Company Limited (ITECL) with Indo Tech Transformers Limited (ITTL) was approved by the Hon'ble Madras High Court on 30.09.2005. The certified copy of the Order was obtained on 06.10.2005. The Appointed Date is 1st April 2003 and the Effective Date (date of filing the Court Order with the Registrar of Companies, Chennai) is 07.10.2005.
2. The Equity Shares of ITTL were allotted to shareholders of ITECL on 07.10.2005 pursuant to the High Court Order in the ratio of 1:27 i.e. for every 1 Equity Share of ITECL, 27 Equity Shares of ITTL were allotted. The number of Equity Shares held by shareholders in ITECL was 9,200 of Rs.100/- each and they were allotted 2,48,400 Equity Shares of Rs.10/- each in ITTL.

In giving effect to the above scheme, in the Books of Accounts in October 2005, a sum of Rupees Fifteen Lakhs Sixty Four Thousand has been transferred from General Reserve Account to Share Capital Account, representing the shortfall in the net worth of the merged Company as at 30.09.2005.

3. All the shareholders of ITTL after merger were allotted Bonus Shares (which was recommended by the Board at its Meeting held on 07.10.2005 and approved by the Members at an Extra-Ordinary General Meeting held on 10.10.2005) in the ratio of 2:3 i.e. for every 2 Equity Shares held in the Company as on 10th October, 2005 (Record Date), they were allotted 3 Equity Shares by way of Bonus Shares. The total number of Equity Shares held by the Shareholders in the Company as on Record Date was 30,65,300 and the total Bonus Shares allotted to Shareholders was 45,97,950.

In giving effect to the resolution passed in the Extra-ordinary General Meeting as above, a sum of Rupees Four Crores Fifty Nine Lakhs Seventy Nine Thousand Five Hundred has been transferred from Share Premium Account to Share Capital Account in the Books in October 2005.

4. As a result of issue of Equity Shares by way of Merger (2,48,400 Equity Shares) and by way of Bonus (45,97,950 Equity Shares) the Paid Up Equity Capital of the Company went up from 28,16,900 Equity Shares to 76,63,250 Equity Shares.
5. The Authorized Capital of the Company was increased from Rs.9,90,00,000 to Rs.15,30,00,000 pursuant to approval of the Members of the Company at an Extra-Ordinary General Meeting held on 10.10.2005. The requisite Forms were filed at the Registrar of Companies, Chennai, on 21.10.2005.

2. SECURED LOANS

- a) Working capital facilities from Bank of Baroda and State Bank of India are primarily secured by hypothecation of inventories, book debts and are collaterally secured by pari passu charge on Land, Factory Buildings and Plant & Machinery of the Company and also the Land, Buildings & Plant & Machinery in the name of M/s. Indo Tech Electric Company Limited, an associate Company.
 - b) Credit facilities from Bank of Baroda and State Bank of India are further guaranteed by three directors of the Company.
3. The balance of advances, debtors and creditors are taken on the basis of book figures and are subject to confirmation. However in the opinion of the Board, Current Assets, Loans and Advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated. The provision made in the accounts for depreciation and for all other known liabilities is considered adequate and not in excess of the amounts reasonably necessary.
 4. Interest free sales tax deferment shown under unsecured loan fund, is repayable in monthly installments from February 2007 to September 2012.
 5. Bank Fixed deposits are lien marked, to the extent of guarantees and letter of credits issued by the Bank.

6. Contingent liabilities not provided for in respect of:

(Rs. in Millions)

Particulars	For the half year ended September 30, 2005	For the Financial Years Ended				
		March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001
Bank Guarantees & LC's issued	119.59	110.38	64.42	51.70	70.80	73.10
Disputed sales tax against which appeal is pending with Appellate Authority	0.72	0.72	1.76	0.56	1.03	2.06
Labour case pending in the court	0.47	0.44	0.39	-	-	-
Disputed demand in respect of non-compliance in time of export obligation for which Company's representation for waiver petition is pending before						
(i) JDGFT	29.40	-	-	-	-	-
(ii) Dy. Commissioner of Customs	2.69	-	-	-	-	-

7. Unexpired portion of lease rent for the assets taken on lease amounts to

(Rs. in Millions)

For the half year ended September 30, 2005	For the Financial Years Ended				
	March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001
0.97	0.38	1.57	0.38	-	0.33

8. Managerial Remuneration

(Rs. in Millions)

Particulars	For the half year ended September 30, 2005	For the Financial Years Ended				
		March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001
Salaries Paid	0.81	1.48	1.26	1.26	1.26	1.26
Perquisites	0.27	0.76	0.72	0.65	0.84	0.43
Commission paid	2.26	3.35	1.62	-	-	-
Profit on which commission is payable	75.38	111.80	53.94	-	-	-

9. Earnings per Share & Dividend payment

Particulars	For the half year ended September 30, 2005	For the Financial Years Ended				
		March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001
Earnings per share (Rs.)	17.59	28.29	13.51	–	–	1.50
Dividend (%)	–	20	12	–	–	–
Dividend amount (Rs. in Millions)	–	6.42	3.80	–	–	–

* annualized Rs. 35.18

Diluted after taking into account the effect in Share Capital of Merger and bonus issue made in October 2005 - annualized Rs. 12.93

10. Foreign Exchange

(Rs. in Millions)

Particulars	For the half year ended September 30, 2005	For the Financial Years Ended				
		March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001
Earnings in Foreign Exchange	–	9.00	5.22	19.55	10.01	34.01
Expenditure in Foreign Currency	0.58	2.13	1.38	0.59	0.99	0.46

ANNEXURE-IV.b

SUMMARY ACCOUNTING RATIOS FOR THE FOLLOWING YEARS AND SIX MONTHS PERIOD ENDED SEPTEMBER 30, 2005

Particulars	For the half year ended September 30, 2005	For the Financial Years Ended				
		March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001
1. Adjusted profit to Income from Operations (%)	9.98	9.82	6.00	–	–	1.24
2. Basic EPS	17.59	28.29	13.51	(0.41)	–	1.50
3. Cash EPS	19.03	31.34	16.10	2.18	–	3.90
4. Return on Net Worth (%) * annualised	34.30	33.30	22.92	–	–	2.85
5. Return on Avg. Net Worth (%) * annualised	18.76	39.32	25.56	–	–	2.85
6. Net Asset Value per Share	102.52	84.94	58.93	46.77	47.18	52.53
No. of Equity Shares (Basic)	2816900	2816900	2816900	2816900	2816900	2816900

Notes to Accounting Ratios :

- Adjusted profit as a percentage to income from operations has been computed by dividing Adjusted profit by Income from operations for each financial year.
- Earning per Share represents earning per Share calculated on the basis of Adjusted profit divided by the average number of Equity Shares as at the end of the year.
- Cash Earning per Share represents Adjusted profit plus non cash charges divided by the average number of Equity Shares - Basic as at the end of the year.
- Net Asset Value has been computed on the basis of Net Equity Method (Net Worth at the end of each financial year divided by the average no. of Equity Shares - Basic at the end of each financial year).
- Return on Net Worth as a percentage represents Adjusted profit after tax divided by Net worth at the end of each of financial year.
- Return on Average Net Worth as a percentage represents Adjusted profit divided by the Average Net worth at the end of each financial year. Average net worth is the aggregate net worth at the beginning of the year and at the end of the year divided by two.
- Profit & Loss as restated has been considered for the purpose of computing the above ratios.

CAPITALISATION STATEMENT

(Rs. in Millions)

Particulars	Pre-issue as at September 30, 2005	Post issue
Borrowings		
Short-term Debt (Refer Note No.2)	–	
Long-term Debt	21.40	21.40
Total debts	21.40	21.40
Shareholders Funds		
Share Capital–Equity (*Refer Note No. 4)	28.17	106.20*
Advance against Share Application	–	–
Other Reserves (*Refer Note No. 4)	260.63	615.44*
Total Shareholders Funds	288.80	721.64
Total Capitalisation	310.20	743.04
Long-term Debt/Equity Ratio	0.07	0.03

Notes :

1. The above has been computed on the basis of restated statement of accounts.
2. Short-term Debts are debts maturing within the next one year from the date of the above statement.
3. The Figures for the Post-issue period is made in the basis of issue price at Rs. 130/- per share.
4. Pursuant to the merger of Indo Tech Electric Company Limited, where in 27 shares of Indo Tech Transformers of Rs. 10 each were allotted for one share of Indo Tech Electric Company Limited of Rs. 100 each and pursuant to declaration of bonus in the ratio of 3:2 by Indo Tech Transformers Limited

RELATED PARTIES TRANSACTIONS

(Rs. in Millions)

	Outstanding as on	Advance	Gross bills	Debts due
Indo Tech Electric Co. Ltd.	September 30, 2005	3.43	-	-
	March 31, 2005	3.45	-	-
	March 31, 2004	1.60	-	-
	March 31, 2003	-	-	-
	March 31, 2002	-	-	-
	March 31, 2001	-	-	-
Vigneswara Electricals Ltd.	September 30, 2005	3.59	4.26	-
	March 31, 2005	4.21	4.26	-
	March 31, 2004	-	4.31	-
	March 31, 2003	-	4.50	-
	March 31, 2002	-	4.68	-
	March 31, 2001	-	4.56	-
Sivasakthi Engineering & Fabricators	September 30, 2005	0.65	-	-
	March 31, 2005	0.65	-	-
	March 31, 2004	0.65	-	-
	March 31, 2003	0.65	-	-
	March 31, 2002	0.65	-	-
	March 31, 2001	0.65	-	-
Vidhyuth Engineering Co. Pvt. Limited	September 30, 2005	-	-	-
	March 31, 2005	0.01	-	-
	March 31, 2004	-	-	-
	March 31, 2003	-	-	-
	March 31, 2002	0.01	-	-
	March 31, 2001	0.01	-	-
Sri Vignesh Metals (P) Limited	September 30, 2005	-	-	-
	March 31, 2005	0.02	-	-
	March 31, 2004	0.46	-	-
	March 31, 2003	-	-	0.78
	March 31, 2002	-	-	0.92
	March 31, 2001	-	-	1.99
A.C. Vijayalakshmy	September 30, 2005	-	-	-
	March 31, 2005	-	-	-
	March 31, 2004	0.01	-	-
	March 31, 2003	0.02	-	-
	March 31, 2002	0.01	-	-
	March 31, 2001	0.01	-	-

(Rs. in Millions)

Key Management Personnel	Year	Designation	Remuneration	Dividend	Rent	Commission
P. E. Subramaniam	September 30, 2005	Chairman & Managing Director	0.48	-	0.46	0.75
	March 31, 2005		0.94	1.43	0.92	1.12
	March 31, 2004		0.94	0.69	0.92	0.54
	March 31, 2003		0.87	-	-	-
	March 31, 2002		1.08	-	-	-
	March 31, 2001		0.77	-	-	-
P. S. Jagdish	September 30, 2005	Executive Director	0.26	-	0.26	0.75
	March 31, 2005		0.71	1.09	0.52	1.12
	March 31, 2004		0.58	0.62	0.52	0.54
	March 31, 2003		0.56	-	-	-
	March 31, 2002		0.45	-	-	-
	March 31, 2001		0.46	-	-	-
P. S. Shekar	September 30, 2005	Director -Operations	0.34	-	-	0.75
	March 31, 2005		0.59	0.88	-	1.12
	March 31, 2004		0.46	0.37	-	0.54
	March 31, 2003		0.48	-	-	-
	March 31, 2002		0.57	-	-	-
	March 31, 2001		0.46	-	-	-

STATEMENT OF TAX SHELTER

(Rs. in Millions)

Particulars	For the half year ended September 30, 2005	For the Financial Years Ended				
		March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001
Profit / (Loss) before tax but after extraordinary items as per books (A)	72.46	107.88	49.74	15.21	(14.99)	5.02
Tax thereon - rate	33.66	36.59	35.88	36.75	35.70	39.55
Tax at the above rates	24.39	39.29	17.84	5.59	–	1.99
Adjustments						
Permanent Differences						
(Profit)/ Loss on sale of investments	-0.39	–	0.14	–	–	–
Others						
Total Permanent Differences (B)	-0.39	–	0.14	–	–	–
Timing Differences						
Loss / (Profit) on sale of Fixed Assets & Capital gain	–	-1.67	0.44	-0.17	-0.18	0.11
Others (Depreciation)	1.03	0.78	1.46	0.89	0.31	-1.12
Disallowances u/s 43B (net)	–	–	–	–	–	0.15
Others	-0.62	-4.78	-8.38	-13.72	-15.12	-4.16
Net effect on 80HHC / 80IA	–	-31.80	-18.54	-2.12		
Total Timing Differences (C)	0.41	-37.45	-25.02	-15.12	-14.99	-5.02
Net Adjustments (B+C)	0.02	-37.47	-24.88	-15.12	-14.99	-5.02
Tax expense / (Saving) thereon	–	(13.71)	(8.93)	(5.56)		(1.99)
Profit / (Loss) as per income tax as returned	72.48	70.41	24.85	0.09	–	–
Taxable Income / (Loss) (D+E)	72.48	70.41	24.85	0.09	–	–
Taxable Income as per MAT	–	–	–	0.57	–	–
Tax as per Income Tax as returned	24.39	26.02	9.13	0.03	–	–

Note :

1. The information pertaining to the years ended March 31, 2001 to 2005 are as per the return of income filed by the Company. The effect of assessment / appellate orders have not been considered above.
2. The statement of tax shelter has been prepared based on income tax return filed by the Company except for the six months period ended 30.09.2005 and not based on restated profits as per Annexure I. The statement of tax shelter for the six months ended 30.09.2005 is based on computation of tax as the return of income is filed only for the whole year.

STATEMENT OF DIVIDEND PAID

Particulars	For the half year ended September 30, 2005	For the Financial Years Ended				
		March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001
Number of Equity Shares	2816900	2816900	2816900	2816900	2816900	2816900
Rate of Dividend	–	20%	12%	–	–	–
Amount of equity dividend (Rs. in Millions)	–	5.63	3.38	–	–	–
Tax on equity dividend (Rs. in Millions)	–	0.79	0.42	–	–	–

ANNEXURE - V

SUMMARY OF CONSOLIDATED PROFIT & LOSS ACCOUNT AS RESTATED

The profit and loss statement of the Company for five financial years ended March 31, 2001 to 2005 read with significant accounting policies after making certain regrouping for comparability and making adjustments as stated in notes to accounts, along with the Profit and Loss statement for the six months ended September 30, 2005 are set out below:

(Rs. in Millions)

Consolidated Profit & Loss Account	For the half year ended September 30, 2005	For the Financial Years Ended				
		March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001
INCOME						
Income from Operations	496.43	811.67	634.52	423.26	220.37	340.61
Other Income	2.89	6.15	3.10	5.38	4.73	4.42
Total	499.32	817.82	637.62	428.64	225.10	345.03
EXPENDITURE						
Manufacturing expenses	384.67	621.46	502.66	348.86	182.60	284.07
Personal Expenses	12.43	24.21	23.81	20.54	16.81	16.09
Administrative and other expenses	23.15	49.53	43.61	17.67	18.70	19.11
Total	420.25	695.20	570.08	387.07	218.11	319.27
Operating Profit before Finance Cost, Amortisation & Depreciation and prior period expenses	79.07	122.62	67.54	41.57	6.99	25.76
Interest and Financial charges	2.47	6.54	11.71	19.07	14.90	13.97
Depreciation and obsolescence	4.39	9.35	8.20	7.29	7.08	6.76
Operating profit before prior period expenditure	72.21	106.73	47.63	15.21	-14.99	5.03
Prior period expenses	0.00	-0.01	0.00	0.00	-0.03	-0.41
Profit before tax and extraordinary items	72.21	106.72	47.63	15.21	-15.02	4.62
Profit before tax	72.21	106.72	47.63	15.21	-15.02	4.62
Current Tax	24.72	28.00	9.00	1.09	0.04	0.40
Profit after Tax	47.49	78.72	38.63	14.12	-15.06	4.22
Deferred Tax Liability (Asset)	-1.79	0.18	2.68	15.28	-	-
Net Profit after Tax (A)	49.28	78.54	35.95	-1.16	-15.06	4.22
Impact of material adjustments for restatement in corresponding years (B)	-	-	-	-	-	-
Adjusted Profit (A+B)	49.28	78.54	35.95	-1.16	-15.06	4.22
Carry forward Profit from previous year	101.59	39.47	12.33	15.01	30.07	25.85
Total	150.87	118.01	48.28	13.85	15.01	30.07

(Rs. in Millions)

Consolidated Profit & Loss Account	For the half year ended September 30, 2005	For the Financial Years Ended				
		March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001
APPROPRIATIONS						
Proposed Dividend	–	5.63	3.38	–	–	–
Dividend Tax	–	0.79	0.42	–	–	–
General Reserve	–	10.00	5.00	–	–	–
Profit / (Loss) carried forward to Balance Sheet	150.87	101.59	39.48	13.85	15.01	30.07

The accompanying significant accounting policies (Annexure - VII) and notes (Annexure - VIII) are an integral part of this statement.

ANNEXURE-VI

SUMMARY OF ASSETS & LIABILITIES AS RESTATED

Assets & Liabilities of the Company as at the end of each financial year read with significant accounting policies, after making adjustments as stated in notes to accounts, are set out below along with the assets & liabilities as at September 30, 2005.

(Rs. in Millions)

Consolidated Balance Sheet	As at September 30, 2005	As at Financial Years Ended				
		March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001
FIXED ASSETS						
Gross Block	175.90	174.12	169.80	144.62	144.43	130.73
Less : Depreciation	65.52	61.38	65.36	48.26	41.70	34.92
Net Block	110.38	112.74	104.44	96.36	102.73	95.81
Capital Work in Progress	2.52	2.52	2.19	0.97	0.93	1.60
TOTAL - A	112.90	115.26	106.63	97.33	103.66	97.41
Investments - B	0.48	1.05	1.05	2.25	2.25	2.25
CURRENT ASSETS, LOANS & ADVANCES						
Inventories	71.73	104.39	56.80	68.90	77.56	69.09
Sundry Debtors	246.80	187.66	156.64	162.55	94.22	170.37
Cash & Bank balances	112.35	105.28	34.71	28.45	24.07	23.46
Loans & Advances	2.32	18.99	15.62	12.82	15.74	14.04
Miscellaneous expenses not W/Off	–	–	–	0.03	0.06	0.08
TOTAL - C	433.20	416.32	263.77	272.75	211.65	277.04
Total Assets (A+B+C) = D	546.58	532.63	371.45	372.33	317.56	376.70
Less : Liabilities and Provisions						
Secured Loans	–	–	8.12	80.39	82.44	85.00
Unsecured Loans	21.40	21.24	19.12	10.64	5.45	3.59
Deferred Tax Liabilities	16.29	18.18	18.01	15.28	–	–
Current Liabilities	211.85	239.13	146.86	134.28	96.76	140.15
Provisions	–	6.42	3.80	–	–	–
Total Liabilities = E	249.54	284.97	195.91	240.59	184.65	228.74
Net Worth (D-E)	297.04	247.66	175.54	131.74	132.91	147.96
REPRESENTED BY						
Share Capital	30.65	30.65	30.65	28.17	28.17	28.17
Reserves & Surplus	266.39	217.01	144.89	103.57	104.74	119.79
NET WORTH	297.04	247.66	175.54	131.74	132.91	147.96

The accompanying significant accounting policies (Annexure - VII) and notes (Annexure- VIII) are an integral part of this statement.

CASH FLOW STATEMENT

(Rs. in Millions)

	For the half year ended September 30, 2005		For the year ended March 31, 2005		For the year ended March 31, 2004		For the year ended March 31, 2003		For the year ended March 31, 2002		For the year ended March 31, 2001	
A. CASH FLOW FROM OPERATING ACTIVITIES												
NET PROFIT BEFORE TAX AS PER PROFIT & LOSS ACCOUNT		72.20		106.73		47.63		15.21		-14.99		5.03
Adjustments for :												
Miscellaneous expenditure written off		---		---		0.03		0.03		0.03		0.03
Depreciation		4.39		9.35		8.20		7.29		7.07		6.76
Dividend Income		-		-0.03		-0.02		-0.08		-0.06		-0.06
Interest Income		-0.78		-1.95		-2.00		-2.64		-2.08		-1.94
Interest expenses		0.01		0.47		7.84		6.07		12.28		11.95
Profit on Sale of Investments		-0.39										
Profit on Sale of Assets		-0.03		3.20								
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES:		75.40		114.57		59.91		31.76		4.88		23.79
Adjusted for :												
Trade & other receivables		-51.46		-30.41		5.17		-68.32		77.09		-54.07
Inventories		32.67		-47.60		14.25		8.66		-8.48		-20.57
Loans & advances		-15.72		-33.81		-11.64		1.82		-1.63		4.83
Bank Loans		-		-2.72		-71.04		2.18		-5.36		10.65
Trade & Other payables		-27.27		-61.78		93.88		-20.66		13.53		-49.73
								37.52		-18.14		-44.44
										17.18		59.08
												-0.08
CASH GENERATED FROM OPERATIONS		13.62		93.91		10.18		13.62		22.06		23.71
B. CASH FLOW FROM INVESTING ACTIVITIES:												
Purchase of Fixed Assets		-2.05		-20.85		-8.69		-1.30		-13.87		-6.98
Sale of Fixed Assets		0.05		2.86		1.94		0.34		0.55		0.81
Sale of Investments		0.96		-		1.66		-		-		-
Other Loans		0.14		2.34		7.42		5.18		1.87		1.71
Interest Income		0.78		1.95		1.99		2.63		2.08		1.94
Dividend Income		-		0.03		0.02		0.09		0.06		0.06
NET CASH USED IN INVESTING ACTIVITIES		-0.12		-13.67		4.34		6.94		-9.31		-2.46
C. CASH FLOW FROM FINANCING ACTIVITIES:												
Repayment / availing of term loans		0.00		-5.40		-2.83		-4.23		2.80		-0.71
Interest paid		-0.01		-0.47		-6.06		-11.95		-14.91		-13.97
Dividend paid		-6.42		-6.43		-3.81		-9.68		-8.89		-16.18
										-0.03		-12.14
												-0.81
												-15.49

(Rs. in Millions)

	For the half year ended September 30, 2005		For the year ended March 31, 2005		For the year ended March 31, 2004		For the year ended March 31, 2003		For the year ended March 31, 2002		For the year ended March 31, 2001	
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS												
Opening balance of cash and cash equivalents		105.28		34.72		29.09		24.07		23.46		17.70
Closing Balance of Cash and Cash equivalents		112.35		105.28		34.72		28.45		24.07		23.46

DETAILS OF SECURED LOANS

(Rs. in Millions)

Particulars	For the half year ended September 30, 2005	For the Financial Years Ended				
		March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001
TERM LOANS						
From Financial Institutions & Banks						
1. IndusInd Bank Ltd.	–	–	–	–	–	2.49
2. Bank of Baroda	–	–	5.40	7.18	9.30	1.90
SUB TOTAL	–	–	5.40	7.18	9.30	4.39
Project Specific Term Loan						
IREDA	–	–	–	1.05	3.16	5.28
Cash Credit Accounts	–	–	2.72	72.16	69.98	75.33
Total Secured Loans	–	–	8.12	80.39	82.44	85.00

1. Project specific Term Loan :

Loan from Indian Renewable Energy Development Agency Limited was secured by first charge on hypothecation of Windmill generators.

2. Cash Credit Accounts :

- Working capital facilities from Bank of Baroda a sanctioned limit of Rs.60.00 Millions and State Bank of India for a sanctioned limit of Rs.9.00 Millions are primarily secured by hypothecation of inventories, book debts and are collaterally secured by pari passu charge on Land, Factory Buildings and Plant & Machinery of the Company and also the Land, Buildings and Plant & Machinery in the name of M/s. Indo Tech Electric Company Limited.
- Credit facilities from Bank of Baroda and State Bank of India are further guaranteed by three Directors of the Company in their personal capacities.
- The rate of Interest for the sanction is @ 9.25% p.a. for both State Bank of India and Bank of Baroda.

UNSECURED LOANS

(Rs. in Millions)

Particulars	For the half year ended September 30, 2005	For the Financial Years Ended				
		March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001
Sales Tax Loan under deferred scheme	16.37	16.46	16.46	8.68	3.42	3.42
Hire Purchase Loans:						
Kotak Mahindra	–	0.05	0.66	0.37	0.23	0.17
Citi Bank N.A.	5.03	4.73	2.00	1.59	1.80	–
TOTAL	21.40	21.24	19.12	10.64	5.45	3.59

LOANS AND ADVANCES

(Rs. in Millions)

Particulars	As at September 30, 2005	As at Financial Years Ended				
		March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001
Advances to be received in cash or kind for value to be received	12.57	14.57	14.42	12.67	14.59	13.14
Advances to Bodies Corporate	4.24	4.85	0.65	0.65	0.65	0.65
Advance Tax (Net of provision)	-14.49	-0.43	0.55	-0.50	0.50	0.25
TOTAL	2.32	18.99	15.62	12.82	15.74	14.04

Details of Advances to Bodies Corporate (Related Parties)

Particulars	As at September 30, 2005	As at Financial Years Ended				
		March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001
Sivasakthi Engineering & Fabricators	0.65	0.65	0.65	0.65	0.65	0.65
Vigneswara Electricals Limited	3.59	4.21	–	–	–	–
TOTAL	4.24	4.86	0.65	0.65	0.65	0.65

SUNDRY DEBTORS (CONSOLIDATED)

(Rs. in Millions)

Particulars	As at September 30, 2005	As at Financial Years Ended				
		March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001
Debts outstanding for a period exceeding 6 months	85.11	61.42	67.63	73.90	62.12	70.41
Debts outstanding for a period not exceeding 6 months	161.68	126.24	89.01	88.65	32.10	100.90
Sub Total	246.79	187.66	156.64	162.55	94.22	171.31
Less : Provision for doubtful debts	–	–	–	–	–	0.94
TOTAL	246.79	187.66	156.64	162.55	94.22	170.37

The above includes the following debts due from Related Parties:

Particulars	As at September 30, 2005	As at Financial Years Ended				
		March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001
Vigneswara Electricals Limited	4.26	4.26	4.31	4.50	4.67	4.56

STATEMENT OF INVESTMENTS (CONSOLIDATED)

(Rs. in Millions)

Particulars	For the half year ended September 30, 2005	For the Financial Years Ended				
		March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001
Limited Companies Equity Shares	0.46	0.46	0.46	1.68	1.68	1.68
Banks Equity Shares	0.01	0.59	0.59	0.57	0.57	0.57
TOTAL	0.47	1.05	1.05	2.25	2.25	2.25
Aggregate market value of investments	0.06	0.68	0.55	1.25	0.80	0.94

CURRENT LIABILITIES (CONSOLIDATED)

(Rs. in Millions)

Particulars	As at September 30, 2005	As at Financial Years Ended				
		March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001
Sundry Creditors	145.82	178.19	117.03	115.42	76.95	124.87
Other Liabilities	40.02	29.33	15.83	9.49	9.43	11.63
Advances received from Customers	26.01	31.61	14.00	9.37	10.38	3.65
TOTAL	211.85	239.13	146.86	134.28	96.76	140.15
PROVISIONS						
Proposed dividend	–	5.63	3.38	–	–	–
Tax thereon	–	0.79	0.42	–	–	–
TOTAL	–	6.42	3.80	–	–	–

STATEMENT GIVING DETAILS OF OTHER INCOME FOR THE FOLLOWING YEARS / PERIOD (CONSOLIDATED)

(Rs. in Millions)

Particulars	For the half year ended September 30, 2005	For the Financial Years Ended					Nature of Income	Related or not related to business
		March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001		
SOURCES OF INCOME								
Income from Power Generation	1.06	2.17	1.00	2.42	2.53	2.27	Recurring	Related
Profit on sale of assets	0.43	1.94	0.09	0.18	–	0.08	Non-Recurring	Not Related
Dividend on shares	–	0.03	0.02	0.09	0.06	0.06	Non-Recurring	Not Related
Miscellaneous Receipts	–	0.06	–	0.05	0.06	0.07	Non-Recurring	Related
Interest Receipts	1.40	1.95	1.99	2.64	2.08	1.94	Recurring	Related
TOTAL	2.89	6.15	3.10	5.38	4.73	4.42		
Net profit before tax as restated	49.28	106.71	47.63	15.21	-15.02	4.62		
Percentage (%)	5.86	5.76	6.51	35.37	–	95.67		

Note: The classification of Income into recurring and non-recurring is based on the current operations and business activity of the Company.

ANNEXURE VII

Summary of Significant Accounting Policies

1. Basis of Preparation

The financial statements have been prepared under the accrual method of accounting on a going concern basis and statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP) comprising of the accounting standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956.

2. Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation. Cost comprises basic price, duties and taxes, inward freight etc.

Capital Work in Progress comprises advances paid to acquire fixed assets, and the cost of fixed assets not ready for their intended use as at the reporting date of the financial statements.

3. Depreciation

Depreciation is provided on straight line basis at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 except as follows:

- a. Fixed Assets costing less than Rs.5,000/- each.
- b. Technical know-how fees paid has been amortised over a period of ten years.

4. Valuation of Inventories

- i. Inventories are valued at lower of cost or net realizable value using the following cost formula.
- ii. Raw materials, Stores and spares - Weighted Average method.
- iii. Finished Goods and Work in progress - material cost plus appropriate value addition of manufacturing overheads.

5. Investments

Investments are valued at cost. Provision for diminution in value on long term investments is made only if such decline is other than temporary in nature.

6. Sales

Sales are accounted inclusive of excise duty and sales tax.

7. Gratuity

Gratuity to Employees and contribution towards superannuation are covered under the Employees Group Gratuity/ Superannuation Scheme and the premium is paid on the basis of their actuarial valuation. Any shortfall in case of premature termination / resignation to the extent not reimbursed by LIC is being absorbed in the year of payment.

8. Leave Encashment

Liability towards payment of leave encashment is accounted on accrual basis as per the Company's policy.

9. Foreign Currency Transactions

Transactions in Foreign Currency are recorded at the exchange rate prevailing at the date of the transaction. Monetary items are restated at year-end foreign exchange rates. Resultant exchange differences arising on payment or conversion of liabilities are recognized as income or expense in the year in which they arise.

10. Borrowing costs

Borrowing costs are recognized as an expense in the period in which they are incurred.

11. Retirement benefits

Company's contribution to provident fund and superannuation fund is charged to the Profit & Loss Account.

In terms of the Superannuation Scheme of the Company, certain employees of the Company are covered in the defined contribution plan. Under this plan, the Company makes annual contributions, up to the reporting date, to an approved Superannuation Fund under a policy with Life Insurance Corporation of India. The Company has no further obligations on this account.

Provision in the accounts for liability towards Gratuity and leave encashment benefits to employees is based on actuarial valuation.

12. Income Tax

Tax expense for the year, comprising current tax and deferred tax is included in determining the net profit / (loss) for the year.

Deferred tax assets and liabilities are recognized subject to prudence on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent period and quantified using the tax rates and laws enacted or substantively enacted by the reporting date.

13. Earnings per Share

The earnings considered in ascertaining the Company's EPS comprises the net profit / (loss) after tax. The number of shares used in computing EPS is the number of shares outstanding during the year.

ANNEXURE VIII

Notes to Accounts

1. SHARE CAPITAL

1. The merger of Indo Tech Electric Company Limited (ITECL) with Indo Tech Transformers Limited (ITTL) was approved by the Hon'ble Madras High Court on 30.09.2005. The certified copy of the Order was obtained on 06.10.2005. The Appointed Date is 1st April 2003 and the Effective Date (date of filing the Court Order with the Registrar of Companies, Chennai) is 07.10.2005.
2. The Equity Shares of ITTL were allotted to shareholders of ITECL on 07.10.2005 pursuant to the High Court Order in the ratio of 1:27 i.e. for every 1 Equity Share of ITECL, 27 Equity Shares of ITTL were allotted. The number of Equity Shares held by shareholders in ITECL was 9,200 of Rs.100/- each and they were allotted 2,48,400 Equity Shares of Rs.10/- each in ITTL.

In giving effect to the above scheme, in the Books of Accounts in October 2005, a sum of Rupees Fifteen Lakhs Sixty Four Thousand has been transferred from General Reserve Account to Share Capital Account, representing the shortfall in the net worth of the merged Company as at 30.09.2005.

3. All the shareholders of ITTL after merger were allotted Bonus Shares (which was recommended by the Board at its Meeting held on 07.10.2005 and approved by the Members at an Extra-Ordinary General Meeting held on 10.10.2005) in the ratio of 2:3 i.e. for every 2 Equity Share held in the Company as on 10th October, 2005 (Record Date), they were allotted 3 Equity Shares by way of Bonus Shares. The total number of Equity Shares held by the Shareholders in the Company as on Record Date was 30,65,300 and the total Bonus Shares allotted to Shareholders was 45,97,950.

In giving effect to the resolution passed in the Extra-ordinary General Meeting as above, a sum of Rupees Four Crores Fifty Nine Lakhs Seventy Nine Thousand Five Hundred has been transferred from Share Premium Account to Share Capital Account in the Books in October 2005.

4. As a result of issue of Equity Shares by way of Merger (2,48,400 Equity Shares) and by way of Bonus (45,97,950 Equity Shares) the Paid Up Equity Capital of the Company went up from 28,16,900 Equity Shares to 76,63,250 Equity Shares.
5. The Authorized Capital of the Company was increased from Rs.9,90,00,000 to Rs.15,30,00,000 pursuant to approval of the Members of the Company at an Extra-Ordinary General Meeting held on 10.10.2005. The requisite Forms were filed at the Registrar of Companies, Chennai, on 21.10.2005.

2. SECURED LOANS

- a) Working capital facilities from Bank of Baroda and State Bank of India are primarily secured by hypothecation of inventories, book debts and are collaterally secured by pari passu charge on Land, Factory Buildings and Plant & Machinery of the Company and also the Land, Buildings & Plant & Machinery in the name of Indo Tech Electric Company Limited, an associate Company.
 - b) Credit facilities from Bank of Baroda and State Bank of India are further guaranteed by three directors of the Company.
3. The balance of advances, debtors and creditors are taken on the basis of book figures and are subject to confirmation. However in the opinion of the Board Current assets, Loans and Advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated. The provision made in the accounts for depreciation and for all other known liabilities is considered adequate and not in excess of the amounts reasonably necessary.
 4. Interest free sales tax deferment shown under unsecured loan fund, is repayable in monthly instalments from February 2007 to September 2012.
 5. Bank Fixed deposits are lien marked, for the guarantees issued by the Bank.

6. Contingent liabilities not provided for in respect of:

ANNEXURE VIII.a

(Rs. in Millions)

Particulars	For the half year ended September 30, 2005	For the Financial Years Ended				
		March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001
Bank Guarantees & LC's issued	119.59	110.38	64.43	51.70	70.80	73.10
Disputed sales tax against which appeal is pending with Appellate Authority	0.72	0.72	1.76	0.57	1.03	2.06
Labour case pending in the court	0.47	0.44	0.39	–	–	–
Disputed demand in respect of non-compliance in time of export obligation for which Company's representation for waiver petition is pending before						
(i) JDGFT	29.40					
(ii) Deputy Commissioner of Customs	2.69					

7. Un-expired portion of lease rent for the assets taken on lease amounts to

(Rs. in Millions)

For the half year ended September 30, 2005	For the Financial Years Ended				
	March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001
0.97	0.38	1.57	0.38	–	0.33

8. Managerial Remuneration

(Rs. in Millions)

Particulars	For the half year ended September 30, 2005	For the Financial Years Ended				
		March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001
Salary	0.81	1.48	1.26	1.26	1.26	1.26
Perquisites	0.27	0.76	0.72	0.65	0.84	0.43
Commission paid	2.25	3.35	1.62	–	–	–
Profit on which commission is payable	75.12	111.80	53.94	–	–	–

9. Earnings per Share & Dividend payment

Particulars	For the half year ended September 30, 2005	For the Financial Years Ended				
		March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001
Earnings per share (Rs.)	16.07*	28.29	13.51	–	–	1.50
Dividend (%)	–	20	12	–	–	–
Dividend amount (Rs. in Millions)	–	6.42	3.80	–	–	–

* annualized Rs. 32.14

Diluted after taking into account the effect in Share Capital of bonus issue made in October 2005- annualized Rs. 12.86

10. Foreign Exchange

(Rs. in Millions)

Particulars	For the half year ended September 30, 2005	For the Financial Years Ended				
		March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001
Earnings in Foreign Exchange	–	9.00	5.22	19.55	10.01	34.01
Expenditure in Foreign Currency	0.58	2.13	1.38	0.60	0.99	0.46

ANNEXURE-VIII.b

SUMMARY ACCOUNTING RATIOS FOR THE FOLLOWING YEARS AND SIX MONTHS PERIOD ENDED SEPTEMBER 30, 2005 (CONSOLIDATED)

Particulars	For the half year ended September 30, 2005	For the Financial Years Ended				
		March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001
1. Adjusted profit to Income from from Operations (%)	9.93	9.68	5.67	–	–	1.24
2. Basic EPS	16.07	25.62	11.73	(0.41)	–	1.50
3. Cash EPS	17.51	28.67	14.40	2.18	–	3.90
4. Return on Net Worth (%) * annualized	33.18	31.71	20.47	–	–	2.85
5. Return on Avg. Net Worth (%) * annualized	36.19	37.12	23.40	–	–	2.85
6. Net Asset Value per Share	96.90	80.79	57.26	46.77	47.18	52.53
No. of Equity Shares (Basic)	3065300	3065300	3065300	2816900	2816900	2816900

Notes to Accounting Ratios :

- Adjusted profit as a percentage to income from operations has been computed by dividing Adjusted profit by Income from operations for each financial year.
- Earning per Share represents earning per Share calculated on the basis of Adjusted profit divided by the average number of Equity Shares as at the end of the year.
- Cash earning per Share represents Adjusted profit plus non cash charges divided by the average number of Equity Shares - Basic as at the end of the year.
- Net Asset value has been computed on the basis of Net Equity Method (Net Worth at the end of each financial year divided by the average no. of Equity Shares - Basic at the end of each financial year).
- Return on Net worth as a percentage represents Adjusted profit after tax divided by Net worth at the end of each of financial year.
- Return on Average Net worth as a percentage represents Adjusted profit divided by the Average Net worth at the end of each financial year. Average net worth is the aggregate net worth at the beginning of the year and at the end of the year divided by two.
- Profit & Loss as restated has been considered for the purpose of computing the above ratios.

CAPITALISATION STATEMENT (Consolidated)

(Rs. in Millions)

Particulars	Pre-issue as at	Post issue
Borrowings	September 30, 2005	
Short-term Debt (Refer Note No.2)	–	–
Long-term Debt	21.40	21.40
Total debts	21.40	21.40
Shareholders Funds		
Share Capital – Equity (*Refer Note No. 4)	30.65	106.20*
Advance against Share Application	—	
Other Reserves (*Refer Note No. 4)	266.39	621.20*
Total Shareholders Funds	297.04	727.40
Total Capitalisation	318.44	748.80
Long-term Debt/Equity Ratio	0.07	0.03

Notes :

1. The above has been computed on the basis of restated statement of accounts.
2. Short-term Debts are debts maturing within the next one year from the date of the above statement.
3. The figures for the post issue period is made on the basis of issue price at Rs. 130/- per share.
4. Pursuant to the merger of Indo Tech Electric Company Limited, where in 27 shares of Indo Tech Transformers of Rs. 10 each were allotted for one share of Indo Tech Electric Company Limited of Rs. 100 each and pursuant to declaration of bonus in the ratio of 3:2 by Indo Tech Transformers Limited

ANNEXURE-VIII.d

RELATED PARTIES TRANSACTIONS

(Rs. in Millions)

	Outstanding as on	Advance	Gross bills	Debts due
Vigneswara Electricals Ltd.	September 30, 2005	3.59	4.26	–
	March 31, 2005	4.21	4.26	–
	March 31, 2004	–	4.31	–
	March 31, 2003	–	4.50	–
	March 31, 2002	–	4.68	–
	March 31, 2001	–	4.56	–
Sivasakthi Engineering & Fabricators	September 30, 2005	0.65	–	–
	March 31, 2005	0.65	–	–
	March 31, 2004	0.65	–	–
	March 31, 2003	0.65	–	–
	March 31, 2002	0.65	–	–
	March 31, 2001	0.65	–	–
Vidhyuth Engineering Co. Pvt. Limited	September 30, 2005	–	–	–
	March 31, 2005	0.01	–	–
	March 31, 2004	–	–	–
	March 31, 2003	–	–	–
	March 31, 2002	0.01	–	–
	March 31, 2001	0.01	–	–
Sri Vignesh Metals (P) Limited	September 30, 2005	–	–	–
	March 31, 2005	0.02	–	–
	March 31, 2004	0.46	–	–
	March 31, 2003	–	–	0.78
	March 31, 2002	–	–	0.92
	March 31, 2001	–	–	1.99
Indo Tech Electric Co. Ltd.	March 31, 2003	–	–	–
	March 31, 2002	–	–	–
	March 31, 2001	–	–	–
A.C. Vijayalakshmy	September 30, 2005	–	–	–
	March 31, 2005	–	–	–
	March 31, 2004	0.01	–	–
	March 31, 2003	0.02	–	–
	March 31, 2002	0.01	–	–
	March 31, 2001	0.01	–	–

(Rs. in Millions)

Key Management Personnel	Year	Designation	Remuneration	Dividend	Rent	Commission
P. E. Subramaniam	September 30, 2005	Chairman & Managing Director	0.48	–	0.46	0.75
	March 31, 2005		0.94	1.43	0.92	1.12
	March 31, 2004		0.94	0.69	0.92	0.54
	March 31, 2003		0.87	–	–	–
	March 31, 2002		1.08	–	–	–
	March 31, 2001		0.77	–	–	–
P. S. Jagdish	September 30, 2005	Executive Director	0.26	–	0.26	0.75
	March 31, 2005		0.71	1.10	0.52	1.12
	March 31, 2004		0.58	0.62	0.52	0.54
	March 31, 2003		0.56	–	–	–
	March 31, 2002		0.45	–	–	–
	March 31, 2001		0.46	–	–	–
P. S. Shekar	September 30, 2005	Director -Operations	0.34	–	–	0.75
	March 31, 2005		0.59	0.88	–	1.12
	March 31, 2004		0.46	0.37	–	0.54
	March 31, 2003		0.48	–	–	–
	March 31, 2002		0.57	–	–	–
	March 31, 2001		0.46	–	–	–

STATEMENT OF TAX SHELTER

(Rs. in Millions)

Particulars	For the half year ended September 30, 2005	For the Financial Years Ended				
		March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001
Profit / (Loss) before tax but after extraordinary items as per books (A)	72.21	106.73	47.63	15.21	(14.99)	5.03
Tax thereon - rate	33.66	36.59	35.88	36.75	35.70	39.55
Tax at the above rates	24.31	38.87	17.09	5.59	–	1.99
Adjustments						
Profit on sale of investments	-0.39	–	0.14	–	–	–
Prior period expense						
Total Permanent Differences (B)	-0.39	–	0.14	–	–	–
Timing Differences						
Loss / (Profit) on sale of fixed assets & Capital gain	–	-0.48	0.53	-0.17	-0.18	0.12
Unpaid Gratuity						
Others (Depreciation)	1.19	1.11	1.86	0.89	0.31	-1.12
Disallowances u/s 43B (net)	–	–	–	–	–	0.15
Provision for Doubtful Debts & Advances						
Others	-0.62	-2.36	-8.34	-13.72	-15.12	-4.16
Net effect on 80HHC / 80IA	–	-31.92	-18.54	-2.12	–	–
Total Timing Differences (C)	0.57	-33.65	-24.49	-15.12	-14.99	-5.02
Net Adjustments (B+C)	0.18	-33.65	-24.36	-15.12	-14.99	-5.02
Tax expense / (Saving) thereon	0.06	(12.31)	(8.17)	(5.56)	(5.35)	(1.99)
Profit / (Loss) as per income tax as returned	72.39	73.07	23.27	0.09	–	–
Taxable Income / (Loss) (D+E)	72.39	73.07	23.27	0.09	–	–
Taxable Income as per MAT	–	–	–	0.57	–	–
Tax as per Income Tax as returned	24.33	26.55	9.13	0.03	–	–

Note :

- The information pertaining to the years ended March 31, 2001 to 2005 are as per the return of income filed by the Company. The effect of assessment / appellate orders have not been considered above.
- The statement of tax shelter has been prepared based on income tax return filed by the Company except for the six months ended 30.09.2005 and not based on restated profits as per Annexure V. The statement of tax shelter for the four months ended 30.09.2005 is based on computation of tax as the return of income is filed only for the year.

STATEMENT OF DIVIDEND PAID (CONSOLIDATED)

Particulars	For the half year ended September 30, 2005	For the Financial Years Ended				
		March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001
Number of Equity Shares	3065300	2816900	2816900	2816900	2816900	2816900
Rate of Dividend	–	20%	12%	–	–	–
Amount of equity dividend (Rs. in Millions)	–	5.63	3.38	–	–	–
Tax on equity dividend (Rs. in Millions)	–	0.79	0.42	–	–	–

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations together with our audited restated financial statements each for the half year ended September 30, 2005 and for the financial years 2005, 2004, 2003, 2002 and 2001 including the notes thereto and the reports thereon, which appear elsewhere in this Prospectus.

Our fiscal year ends on March 31 of each year, so all references to a particular fiscal year are to the twelve-month period ended March 31 of that year. The term "revenues" as used in this discussion refers to the item titled "income" in our financial statements.

INDIAN ECONOMY

We are into the business of manufacture of transformers and currently operating three plants at three different locations. Our business and the industry in which we operate are influenced, among other things, by general economic conditions in India.

The overall growth of Indian economy in future may also affect transformer manufacturing industry as well as our operational and financial performance.

TRANSFORMER MANUFACTURING SECTOR IN INDIA

Power is a thrust area and constitutes a critical infrastructure for the economic development of any nation and for improving the standard and quality of life of its inhabitants. Projected growth of Indian economy hinges heavily on the performance & growth of the power sector and in order to support a growth rate of around 7% p.a., the rate of growth of power needs to be over 10% annually. This argument support the growing necessity and importance of transformers in India.

Historically, state and state entities have played dominant roles in the development of the Indian power and transformer industry. However, capacity growth has not been able to keep pace with demand and therefore in recent years government has taken significant legislative and policy initiatives to restructure the power industry, which will have a direct or indirect impact on the transformer industry also.

OVERVIEW OF OUR COMPANY

We are one of the key private sector transformers generating company in the state of Tamil Nadu. Going ahead with the basic objective of our incorporation, which was to carry on the business of manufacturing transformer, we have expanded our manufacturing capacity from 450 MVA to 2450 MVA to cater to the growing demand of transformers in the southern states of India. With the commissioning of the Expansion Project and relocation & modernization of Saidapet plant, we will have an installed capacity of 5150 MVA.

We currently manufacture the transformers out of three facilities. Of these two facilities are located in Chennai, Tamil Nadu and one in Palakkad, Kerala. The three plants are capable of manufacturing upto 500 transformers of assorted sizes every month. Our medium power transformer facility at Thirumazhisai was commissioned about eight years back in 1997 and is a modernized facility capable of manufacturing transformers up to 100 MVA/230KV class. The annual capacity of this plant is 1800 MVA. This plant is ISO 9001:2000 certified.

We manufacture special transformers, which are customer & industry specific. Various technologies have been imported as well as developed by us to keep abreast with the ever-changing international scenario. We have had several technical collaborations in the past with companies such as Honeywell Inc., (Formerly Allied Signals, USA), Moblesource Inc. etc to manufacture various types of distribution and power transformers.

FACTORS AFFECTING OUR FUTURE RESULTS OF OPERATIONS

Our results of operations could potentially be affected by the following factors:

- Our ability to successfully commission the Expansion Project at the scheduled time;
- Our ability to manufacture the transformers as per the requirement of our clients;
- Our ability to continuously operate and maintain our manufacturing facilities optimally;
- Our ability to continue to source raw material at competitive rates for our existing coming up transformer manufacturing plant;
- Our ability to manufacture transformers using the latest technologies in terms of modern materials, components and processes.

RESULTS OF OPERATIONS

The table below sets forth various line items from our restated financial statements for 2002-03, 2003-04, 2004-05 and for the half year ended September 30, 2005 as a percentage of Total Income

Particulars	For the half year ended September 30, 2005	2004-05	2003-04	2002-03
Sales (Including Export Incentives)	496.43	811.66	633.26	423.26
Other Income	2.89	6.09	2.99	5.38
Total Income	499.32	817.75	636.24	428.64
Cost of Materials to Total Income	59.19%	57.97%	56.27%	61.21%
Cost of Materials	295.55	474.08	358.04	262.37
Employee Cost to Total Income	2.46%	2.91%	3.64%	4.79%
Employees Cost	12.28	23.78	23.19	20.54
Other Manufacturing Expenses to Total Income	0.93%	18%	22.50%	20.18%
Other Manufacturing Expenses	4.65	147.17	143.18	86.49
Operating and Administrative Expenses to Total Income	4.64%	6.08%	6.82%	4.12%
Operating and Administrative Expenses	23.15	49.76	43.40	17.67
Interest Expense (net) to Total Income	0.49%	0.79%	1.79%	4.45%
Interest Expense (net)	2.47	6.48	11.40	19.07
Depreciation to Total Income	0.82%	1.05%	1.15%	1.70%
Depreciation	4.07	8.60	7.30	7.29
Profit/(Loss) before Tax and Prior Period Item to Total Income	14.51%	13.19%	7.82%	3.55%
Profit/(Loss) before Tax and Prior Period Item	72.46	107.88	49.74	15.21
Current taxes	24.72	28.00	9.00	1.10
Deferred taxes	(1.79)	0.19	2.67	15.28
Earlier Year	–	–	–	–
Profit/(Loss) for the year to Total Income	9.92%	9.75%	5.98%	–
Profit/(Loss) for the year	49.53	79.68	38.06	(1.16)
Net Profit after adjustments to Total Income	9.92%	9.75%	5.98%	–
Net Profit after adjustments	49.53	79.68	38.06	(1.16)

Business Performance

1. Revenues

Our revenues comprise of

1. Sale of Transformers, and
2. Other income.

The following table shows our revenue for last three fiscals ended March 31, 2005 and for the six months period ended September 30, 2005:

(Rs. in Million)

Sources of Revenue	For the half year ended September 30, 2005	FY2005	FY 2004	FY 2003
Sale of Transformers	496.43	811.66	633.26	423.27
Other Income	2.89	6.09	2.99	5.38
Total Revenue	499.32	817.75	636.25	428.65

We derive our revenues primarily from sale of transformers manufactured to:

- 1) State Electricity Boards
- 2) EPC Contractors
- 3) Corporates
- 4) Exports

The revenue break-up from these segments for last three years is as follows: -

(Rs. in Million)

	2003	% of total Sales	2004	% of total sales	2005	% of total sales	For the half year ended September 30, 2005	% of total sales
SEBs	193.21	45.65%	455.02	71.85%	512.33	63.08%	313.25	63.10%
EPC Contractors	113.35	26.78%	72.22	11.40%	140.41	17.29%	90.96	18.32%
Corporates	97.18	22.96%	100.8	15.92%	150.39	18.52%	92.22	18.58%
Exports	19.54	4.62%	5.22	0.82%	9	1.11%	-	-
Total	423.28		633.26		812.13		496.43	

2. Expenditure

The following table shows our expenditure for last three fiscals ended March 31, 2005 and for the six months period ended September 30, 2005:

(Rs. in Million)

Expenditure	For the six months period ended September 30, 2005	FY2005	FY 2004	FY 2003
Manufacturing Expenses	384.89	621.25	501.22	348.86
Employees remuneration	12.28	23.78	23.19	20.54
Generation, administration and other expenses	23.15	49.76	43.40	17.67
Interest and finance charges	2.47	6.48	11.40	19.07
Depreciation	4.07	8.60	7.30	7.29
Total	426.86	709.87	586.51	413.43

Significant Accounting Policies

1. Basis of Preparation

The financial statements have been prepared under the accrual method of accounting on a going concern basis and statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP) comprising of the accounting standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956.

2. Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation. Cost comprises basic price, duties and taxes, inward freight etc.

Capital Work in Progress comprises advances paid to acquire fixed assets, and the cost of fixed assets not ready for their intended use as at the reporting date of the financial statements.

3. Depreciation

Depreciation is provided on straight line basis at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 except as follows:

- Fixed Assets costing less than Rs.5,000/- each.
- Technical know-how fees paid has been amortised over a period of ten years.

4. Valuation of Inventories

- Inventories are valued at lower of cost or net realizable value using the following cost formula.
- Raw materials, Stores and spares - Weighted Average method.
- Finished Goods and Work in progress - material cost plus appropriate value addition of manufacturing overheads.

5. Investments

Investments are valued at cost. Provision for diminution in value on long term investments is made only if such decline is other than temporary in nature.

6. Sales

Sales are accounted inclusive of excise duty and sales tax.

7. Gratuity

Gratuity to Employees and contribution towards superannuation are covered under the Employees Group Gratuity/ Superannuation Scheme and the premium is paid on the basis of their actuarial valuation. Any shortfall in case of premature termination / resignation to the extent not reimbursed by LIC is being absorbed in the year of payment.

8. Leave Encashment

Liability towards payment of leave encashment is accounted on accrual basis as per the Company's policy.

9. Foreign Currency Transactions

Transactions in Foreign Currency are recorded at the exchange rate prevailing at the date of the transaction. Monetary items are restated at year-end foreign exchange rates. Resultant exchange differences arising on payment or conversion of liabilities are recognized as income or expense in the year in which they arise.

10. Borrowing costs

Borrowing costs are recognized as an expense in the period in which they are incurred.

11. Retirement benefits

Company's contribution to provident fund and superannuation fund is charged to the Profit & Loss Account.

In terms of the Superannuation Scheme of the Company, certain employees of the Company are covered in the defined contribution plan. Under this plan, the Company makes annual contributions, up to the reporting date, to an approved Superannuation Fund under a policy with Life Insurance Corporation of India. The Company has no further obligations on this account.

Provision in the accounts for liability towards Gratuity and leave encashment benefits to employees is based on actuarial valuation.

12. Income Tax

Tax expense for the year, comprising current tax and deferred tax is included in determining the net profit / (loss) for the year.

Deferred tax assets and liabilities are recognized subject to prudence on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent period and quantified using the tax rates and laws enacted or substantively enacted by the reporting date.

13. Earnings per Share

The earnings considered in ascertaining the Company's EPS comprises the net profit / (loss) after tax. The number of shares used in computing EPS is the number of shares outstanding during the year.

Comparison of the operating results for the half year period ended September 30, 2005 to FY 2005

Some of the key developments during the half year ended September 30, 2005 were:

- Our income from operations was Rs. 496.43 million as against Rs. 811.66 million in FY 2005.
- Our Profit before tax was Rs. 72.46 million as against Rs. 107.88 million in FY 2005.

Revenues

Our total revenues for the half year ended September 30, 2005 were Rs. 499.32 million as against Rs. 817.75 million in FY 2005.

Manufacturing Expenses

Our total manufacturing expenses for the half year ended September 30, 2005 were Rs. 384.89 million as against Rs. 621.25 million in FY 2005.

Raw Material

Expenditure on raw material, which is a part of manufacturing expenses, was Rs. 295.55 million for the half year ended September 30, 2005 as against Rs. 474.08 million for FY 2005.

Employees' Remuneration and Other Benefits

We had 236 employees on our payroll as of September 30, 2005. Our cost towards employees remuneration and other benefits was Rs. 12.28 million.

Generation, Administration and Other Expenses

Generation, Administration and other expenses were Rs. 23.15 million for the half year ended September 30, 2005 against Rs. 49.76 million in FY 2005.

Depreciation

Depreciation for the half year ended September 30, 2005 was Rs. 4.07 million (or 0.82% of our total revenues) against Rs. 8.60 million (or 1.05% of our total revenues) in FY 2005.

Interest and Finance Charges

Interest and finance charges for half year ended September 30, 2005 were Rs. 2.47 (or 0.49% of our total revenues) million against Rs. 6.48 million (or 0.79% of our total revenues) in FY 2005.

Profit before Tax

Our profit before tax for the half year ended September 30, 2005 was Rs. 72.46 million (or 14.51% of our total revenues) against Rs. 107.88 million (or 13.19% of our total revenues) for FY 2005.

Provision for Taxes

For the half year ended September 30, 2005, we provided for Rs. 22.93 million (net of current tax and deferred tax) for tax compared to Rs. 28.18 million in FY 2005.

Profit after Tax

Our profit after tax for the half year ended September 30, 2005 was Rs. 49.53 million (or 9.92 % of our total revenue) against Rs. 79.69 million (or 9.75 % of our total revenues) for FY 2005.

Comparison of the operating results of FY 2005 to FY 2004

The Year 2004-05 was a continuation of the improvements as to the previous years. The power sector continued to witness spurt in demand. This coupled with the increase in number of projects proposed by the government as well as requirements from industrial customers increased the sales of our Company's products in the market.

During the year under review we received large orders from State Electricity Boards.

Due to tight financial control, precision planning for various raw materials and a much improved realization of prices, we ended the year 2004-05 with the net profit after tax of Rs. 78.54 million.

In FY2005, we sold 882 units of transformers of different capacities against 1,359 units of different capacities in FY 2004. The decrease in the number of transformer (units) sold was primarily on account of size of transformer as against the decrease in number of transformers sold, the total capacity of transformers supplied by us during the year was 1,887 MVA compared to 1,561 MVA in 2004.

Some of the key developments during FY 2005 were:

- Our income from operations increased to Rs. 811.66 million from Rs. 633.26 million in FY 2004, an increase of 28.17%.
- Significant reduction in interest costs, viz from Rs. 11.40 million in FY 2004 to Rs. 6.48 million, a reduction of 43.15%.

Revenues

Our total revenues for FY 2005 were Rs. 817.75 million as compared to Rs. 636.24 million in FY 2004, an increase of 28.52%. This is primarily, due to the increase in number of transformers supplied and on account of substantial reduction in contractual deduction by Electricity Board and Bad Debts written off.

Sales

Our total sales increased by 28.17% to Rs. 811.66 million in FY 2005 from Rs. 633.26 million in FY 2004. The increase in sales was attributable to better price realisation and increase in number of transformers manufactured and sold during the year. Number of transformers manufactured during the year increased during the year because of good market demand and also owing to improved plant performance.

Other Income

Our other income in FY 2005 has increased by 103.68 % to Rs. 6.09 million as compared to 2.99 million in FY 2004. Sources of income under this head were profit on sale of assets and increase in income from power generation. Income from power generation increased from Rs. 1 million in FY 04 to 2.17 million in FY 05.

Manufacturing Expenses

Our total manufacturing expenses during FY 2005 increased by 23.94% to Rs. 621.25 million from Rs. 501.22 million in FY 2004. Increase in our manufacturing expenses were in tandem with our sales, though the Company saved some cost on account of decrease in freight and repairs and maintenance of plant and machinery.

Raw Material

Expenditure on raw material, which is a part of manufacturing expenses, was Rs. 474.08 million for the year ended March 31, 2005 against Rs. 358.04 million for FY 2004. Our overall cost of raw material as a percentage of total revenue decreased in spite of increase in cost of CRGO (Cold Rolled Grain Oriented) steel which accounts for 30% of the total raw material cost. This was primarily on account of our ability to obtain raw material at competitive prices due to increase in our volumes.

Employees' Remuneration and Other Benefits

We had 211 employees on our payroll as of March 31, 2005, compared to 205 employees as of March 31, 2004. Employees' remuneration and other benefits increased marginally 2.54% to Rs. 23.78 million in FY 2005 from Rs. 23.19 million in FY 2004. The marginal increase in employee remuneration and other benefits was on account of increase in the work force and wage revisions.

Generation, Administration and Other Expenses

Generation, Administration and other expenses increased by 14.65 % to Rs. 49.76 million in FY 2005 from Rs. 43.40 million in FY 2004.

Depreciation

Our depreciation increased by 17.81% to Rs. 8.60 million (or 1.05 % of our total revenues) in FY 2005 from Rs. 7.30 million (or 1.15 % of our total revenues) in FY 2004. The increase was primarily on account of additions made during the year which amounts to Rs. 20.51 million.

Interest and Finance Charges

Interest and finance charges decreased by 43.15 % to Rs. 6.48 million (or 0.79 % of our total revenues) in FY 2005 from Rs. 11.40 million (or 1.79 % of our total revenues) in FY 2004. This was primarily on account of repayment of secured loans and no use of working capital facilities. The entire finance charges during the year were on account of Letter of Credit and Bank Guaranty issued in favour of our suppliers.

Profit before Tax

Our profit before tax increased by 116.86 % to Rs. 107.87 million (or 13.19 % of our total revenues) in FY 2005 from Rs. 49.74 million (or 7.82 % of our total revenues) in FY 2004. This increase in profits was on account of increase in sales, saving in finance charges and saving on account of per unit cost of transformers manufactured because of our ability to obtain raw material at better and competitive prices.

Provision for Taxes

In FY 2005, we provided for Rs. 28.18 million for tax compared to Rs. 11.67 million in FY 2004, an increase of 141.35%. The increase was primarily due to an increase in profits.

Profit after Tax

Our profit after tax increased by 96.05 % to Rs. 79.87 million (or 9.77 % of our total revenues) in FY 2005 from Rs. 40.74 million (or 6.40 % of our total revenues) in FY 2004.

Comparison of FY 2004 with FY 2003

Some of the key developments during FY 2004 were:

- Profit before tax up by over 227.02% to Rs. 49.74 million against Rs. 15.21 million during FY 2003
- Operating Profit up by 64.63 % to Rs. 68.44 million against Rs. 41.57 million during FY 2003
- Interest and Financial Charges reduced by 40.22 % to Rs. 11.40 million against Rs. 19.07 during FY 2003.

Due to tight financial monitoring, precision planning for various raw materials and improved realization of prices, our Company ended the year 2003-04 with the net profit after tax of Rs. 38.06 million.

Revenues

Our total revenues for FY 2004 were Rs. 636.24 million as compared to Rs. 428.64 million in FY 2003. Our revenue in FY 2004 increased by 48.43 % which was primarily attributable to increase in number of transformers sold better price realisation.

Sale of transformers

Our sale of transformers increased to Rs. 633.26 million in FY 2004 from Rs. 423.27 million in FY 2003. During 2004 we manufactured 1359 units of transformers as compared to 1426 units of transformers in FY 2003. The decrease in the number

of transformer (units) sold was primarily on account of size of transformer as against the decrease in number of transformers sold, the total capacity of transformers supplied by us during the year was 1561 MVA compared to 1204 MVA in 2003. This was mainly on account of receiving a large chunk of orders from State Electricity Boards as well as increased in market share in the Industrial transformer segments in India.

Other Income

Our other income in FY 2004 was down by 44.42 % to Rs. 2.99 million as compared to 5.38 million during FY 2003. This was primarily on account of fall in income from power generation and interest receipts. Dividend received during the year were also substantially low as compared to FY 03.

Manufacturing Expenses

Our total manufacturing expenses during FY 2004 increased by 43.67 % to Rs. 501.22 million from Rs. 348.86 million in FY 2003. Our manufacturing expenses as a percentage of our total revenues was 78.78 % in FY 2004 as compared to 81.39% in FY 2003. This was significantly due to increase in volumes of our company. The overall decrease in manufacturing cost was on account of our ability to obtain raw material at competitive prices due to increase in our volumes.

Raw Material

Expenditure on raw material, which is a part of manufacturing expenses, was Rs. 358.04 million for the year ended March 31, 2004 as against Rs. 262.37 million for FY 2003. Our raw material cost during FY 2004 increased by 36.46 % which was primarily on account of increase in sales, which increased by 48.43%. Though our overall cost increased by 36.46%, we saved some cost on this front, which was primarily on account of better procurement prices and economies of scale.

Employees' Remuneration and Other Benefits

We had 205 employees on our payroll as of March 31, 2004, compared to 215 employees as of March 31, 2003. Employee remuneration and other benefits increased by 12.90% to Rs. 23.19 million in FY 2004 from Rs. 20.54 million in FY 2003. This increase was primarily due to wage increase and payment of special ex-gratia, and Voluntary Retirement Scheme (VRS) offered at our Palakkad works in July 2003.

Generation, Administration and Other Expenses

Generation, administration and other expenses increased by 145.61 % to Rs. 43.40 million in FY 2004 from Rs. 17.67 million in FY 2003. The increase was primarily due to increase in agency commission, contractual deductions by Electricity Board and Bad Debts written off.

Depreciation

Depreciation for FY 2004 was Rs. 7.30 million (1.15% of total revenues) as against Rs. 7.29 million (1.70% of total revenues) in FY 2003.

Interest and Finance Charges

Interest and finance charges decreased by 40.22% to Rs. 11.40 million (1.79% of total revenues) in FY 2004 from Rs. 19.07 million (4.45% of total revenues) in FY 2003. This decrease was on account of reduction in interest rates on existing cash credits / term loans by the Bank of Baroda and minimum usage of funds during the year.

Prior Period and Other Items

Nil

Profit before Tax

Profit before tax increased by 227.02 % to Rs. 49.74 million (7.82% of total revenues) in FY 2004 from Rs. 15.21 million (3.55% of total revenues) in FY 2003.

Provision for Tax

In FY 2004, we provided for Rs. 11.67 million for tax (current and deferred) compared to Rs. 163.72 million in FY 2003, representing a decrease of 28.69%. The decrease was primarily due to substantial reduction in deferred tax liability which is due to timing differences in depreciation provisions for Accounting and Income tax purposes, as well as due to increase in profit before tax.

Profit after Tax

Profit after tax increased to Rs. 38.06 million (5.98% of total revenues) in FY 2004 from a loss of Rs. 1.16 million in FY 2003.

Comparison of FY 2003 with FY 2002

Some of the key developments during FY 2003 were:

- Total transformers manufactured during the year were up by 225 % compared to 438 units during FY 2002
- Turnover up by over 92.07% and reached Rs. 423.27 million during FY 2003 compared to Rs. 220.37 million in FY 2002
- Operating Profit increased by 494.75% to 41.57 million during FY 2003 compared to Rs. 6.99 million in FY 2002

Revenues

Our total revenues for FY 2003 were Rs. 428.64 million as compared to Rs. 225.10 million in FY 2002. Increase in revenue is attributable to large chunk of the orders from State Electricity Boards as well as increased market share in the Industrial transformer segments in Southern India.

Sale of transformers

Total sales increased by 92.07% to Rs. 423.27 million in FY 2003 from Rs. 220.37 million in FY 2002. We manufactured and sold 1426 units of transformers during FY 2003 as compared to 438 units of transformers manufactured and sold in FY 2002. The increase in the number of transformer (units) sold was primarily on account of size of transformer and increase in sales. The total capacity of transformers supplied by us during the year was 1204 MVA compared to 610 MVA in 2002.

Other Income

Other income in FY 2003 was up by over 13.61% to Rs. 5.38 million as compared to Rs. 4.73 million during FY 2002. This increase is primarily attributable to interest receipts and profit on sales of assets earned during the year.

Manufacturing Expenses

Total manufacturing expenses during FY 2003 increased by 91.05% to Rs. 348.86 million from Rs. 182.61 million in FY 2002. The increase over the previous year was directly related to the increase in sales. Manufacturing expenses as a percentage of total revenue was 81.39% in FY 2003 compared to 81.12% in FY 2002.

Raw Material

Expenditure on raw material, which is a part of manufacturing expenses, was Rs. 262.37 million for the year ended March 31, 2003 against Rs. 162.14 million for FY 2002.

Employees' Remuneration and Other Benefits

We had 215 employees on our payroll as of March 31, 2003, compared to 209 employees as of March 31, 2002. Employees' remuneration and other benefits increased by 22.2% to Rs. 20.54 million in FY 2003 from Rs. 16.81 million in FY 2002. This increase was primarily due to increase in number of temporary employees employed during the year.

Generation, Administration and Other Expenses

Generation, administration and other expenses decreased by 5.47% to Rs. 17.67 million in FY 2003 from Rs. 18.70 million in FY 2002.

Depreciation

Our depreciation expenses increased by 3.04% to Rs. 7.29 million (or 1.70% of our total revenues) in FY 2003 from Rs. 7.08 million (or 3.14% of our total revenues) in FY 2002.

Interest and finance charges

Interest and finance charges increased by 27.91% to Rs. 19.07 million (4.45% of total revenues) in FY 2003 from Rs. 14.91 million (6.62% of total revenues) in FY 2002. The increase was primarily due to the entire usage of working capital for the payment to supplier due to delay in receipt of payment from customers.

Profit before Tax

Profit before tax increased to Rs. 15.21 million in FY03 as compared to a loss of Rs. 15.02 million in FY 02. Profits in FY 2003 were attributable to the sales during the year. The loss during FY 02 was primarily on account of bad debts written off during the year.

Provision for Tax

In FY 2003, we provided for Rs. 16.37 million for tax (current and deferred) compared to Rs. 35,000 in FY 2002. The increase was primarily due to a provision for deferred taxes in FY 2003 (under new accounting standards effective 1 April, 2001) based

on timing differences in depreciation provisions for Accounting and Income tax purposes. Provision for deferred taxes for FY 2002 was not made in the audited accounts.

Profit after Tax

Our Company suffered a loss of Rs. 1.16 million in FY 03 as compared to Rs. 15.06 million in FY 02. Profits in FY 2003 were attributable to the sales during the year. The loss during FY 02 was primarily on account of bad debts written off during the year.

Liquidity and Capital Resources

Principal Sources of Liquidity

Our Cash and Bank balances for the period ended December 31, 2005, September 30, 2005 and for the Financial Year ended March 31, 2005 amounts to Rs. 159.58, Rs. 112.13 Rs. and 105.05 million respectively. We believe that our anticipated internal accruals, loans to be syndicated for the Expansion Project and proceeds of the Issue will be sufficient to meet our requirement of funds for the proposed Expansion Project. Our anticipated cash flows from operations however depend on a number of factors beyond our control, such as prevailing general economic conditions cost of our inputs, competition that we may face etc. We may therefore need to incur additional indebtedness.

Net Cash from Operations

Our net cash from operating activities was Rs. 13.61 million and Rs. 93.76 million for the half year period ended September 30, 2005 and for the year ended March 31, 2005. We had net profit before tax and extraordinary adjustments of Rs 72.46 million and Rs. 107.87 million for the half year period ended September 30, 2005 and for the year ended March 31, 2005. Our net cash from operating activities reflects non-cash items of depreciation of Rs. 4.07 million and Rs 8.60 million for the half year period ended September 30, 2005 and for the year ended March 31, 2005. Our net cash from operating activities excludes interest income of Rs 0.78 million and Rs. 1.94 million on investments for the half year period ended September 30, 2005 and for the year ended March 31, 2005. Changes in assets and liabilities that had a current period cash flow impact comprised mainly of decrease in working capital of Rs 61.73 million and Rs. 21.16 million for the half year period ended September 30, 2005 and for the year ended March 31, 2005, consisting primarily of a decrease in trade receivables and loans and advances which together amounted to Rs. 67.13 million and Rs. 64.50 million for the half year period ended September 30, 2005 and for the year ended March 31, 2005. Our cash flows were further impacted by trade and other payables for the half year period ended September 30, 2005. For the year ended March 31, 2005, our net cash from operating activities also reflects a net payment of Rs. 1.36 million against the bank loans.

Our net cash from operating activities was Rs. 9.73 million in FY 2004. We had net profit before tax and extraordinary adjustments of Rs. 49.74 million. Our net cash from operating activities reflects non-cash items of depreciation of Rs 7.30 million. Our net cash from operating activities excludes interest income of Rs. 1.97 million on investments. Changes in assets and liabilities that had a current period cash flow impact comprised mainly of decrease in working capital of Rs. 51.10 million, which was primarily on account of repayment of bank loan to the tune of Rs. 70.79 and repayment of loans and advances amounting to Rs. 12.36 million, as well as an increase in trade payables and inventories amounting to Rs. 12.21 million and 13.84 million respectively. Our net cash from operating activities also reflects an increase of Rs. 6 million from the trade and other receivables.

Net Cash from Investing Activities

Our net cash outflow from investing activities was Rs. 0.10 million and 13.67 million for the half year period ended September 30, 2005 and for the year ended March 31, 2005. This reflected purchase of fixed assets of Rs. 20.84 million in FY 2005. Receipt of interest and dividend income amounted to 0.78 million and Rs. 1.97 million for the half year period ended September 30, 2005 and for the year ended March 31, 2005 while income from sale of fixed assets amounting to Rs. 2.86 million in FY 2005. Further, during the year our hire purchase loan for vehicles increased by 2.34 million during FY 2005.

Our net cash outflow from investing activities was Rs. 4.99 million in FY 2004. This reflected purchase of fixed assets of Rs. 8.69 million. Receipt of interest and dividend income amounted to Rs. 1.98 million while income from sale of fixed assets and investments amounted to Rs. 1.77 million and Rs. 1.66 million. Further, during the year our IFST loan facility increased from 8.68 million during FY 2003 to 16.46 million in FY 2004. We also availed hire purchase loan during the year to the tune of 0.48 million.

Net Cash from Financing Activities

In FY 2005, our net cash outflow from financing activities was Rs. 6.43 million and 9.62 million for the half year period ended September 30, 2005 and for the year ended March 31, 2005. This was mainly on account of repayment of Secured Loans to the amount of 5.4 million including cash credit facility from Bank of Baroda and State Bank of India during FY 2005. In addition to this, we paid the dividend during the year to the tune of Rs. 6.42 million and Rs. 3.81 million for the half year period ended September 30, 2005 and for the year ended March 31, 2005.

In FY 2004, our net cash outflow from financing activities was Rs. 8.59 million. This was mainly on account of repayment of Secured Loans to the amount of 2.83 million and interest paid during the year of Rs. 5.75 million.

Indebtedness

We do not have any secured loan as on September 30, 2005.

The following table presents our unsecured debt as on September 30, 2005:

(Rs. in Million)

Particulars	Amount	% of Total Unsecured Debt
Sales Tax Loan under Deferred Scheme (IFST Loan)	16.37	76.50%
Hire Purchase Loan:		
Kotak Mahindra	–	–
Citi Bank NA	5.03	23.50%
Total unsecured debt	21.40	100.00%

Historical and Planned Capital Expenditure

Our capital expenditures are primarily for relocating and modernization of Saidapet plant into a new Distribution Transformer Plant of 750 MVA/ annum at Thirumazhisai, for setting up a new Power Transformer Plant with a Capacity of 2400 MVA / Annum Incl 220 KV class of transformers and setting up of a Dry Type Transformer Plant at Thirumazhisai (120 units per annum). Our capital expenditures in FY 2003, 2004 and 2005 were Rs. 1.13 million, Rs. 20.51 million and Rs. 7.46 million, respectively. This was primarily on account of addition in our fixed assets. In October 2005, our Board adopted a budget estimate of Rs. 456.81 million for FY 2006. Although our capital expenditure budgets for FY 2006 and 2007 are not yet determined, they may be significantly higher than for FY 2005 in connection with our planned expansion.

For further discussion of our planned addition to our installed capacity, see the sections titled "Objects of the Issue" at page 17 of the Prospectus. Our capital expenditure budgets are subject to modification as a result of a variety of factors, including availability of internal and external resources, changes to Expansion Project and other factors.

Quantitative and Qualitative Disclosures about Market Risk

We are not exposed to any significant market risk arising from changes in either foreign exchange or interest rates.

Currency Exchange Rates

Exchange rate fluctuations, if any arising out of foreign currency transactions are dealt with appropriately, and the receivables and payables are reinstated at the rates prevailing at the year end.

Interest Rates

During the past our company has substantially reduced the interest and finance charges. During FY 05 our company has repaid their secured loans and therefore we do not need to hedge against interest rate fluctuations.

Effect of Inflation

Inflation has not had a significant effect on the result of our operations to date. We do not expect that inflation rates in India will have a significant impact on our results of operations for the foreseeable future.

Transactions with Related Parties

We supply the transformers that we generate to various state boards, industrial customers and turnkey contractors on purchase order basis. We propose to sell the entire range of transformers that we will manufacture with our increased capacity to our varied customer base including the expanded reach of our company to other state boards also. For a detail discussion on related party transactions refer to the section titled "Related Party Transactions" on page no. 87 of this Prospectus.

Other Matters

Unusual or infrequent events or transaction

To the best of our knowledge, save as described elsewhere in this Prospectus, particularly in "Management's Discussion and Analysis of Financial Condition and Results of Operations", there are no events that may be described as unusual or infrequent events and transactions.

Significant economic/regulatory changes

Indian legal system and policy of Government for electricity industry and electrical equipment manufacturing industry has undergone major changes since 1991. From a controlled regime, we have moved forward towards liberalized policy and legislative arrangement, which are conducive to private sector participation and investment in the electrical equipment manufacturing sector in India. For a detailed discussion in this regard, refer to the section titled "Regulation and Policies in india" on page 57 of this Prospectus.

Known trends and uncertainties

Other than as described elsewhere in this Prospectus, particularly in the section titled "Risk Factors" starting on page iii and in "Management's Discussion and Analysis of Financial Condition and Results of Operations", to our knowledge there are no trends or uncertainties that have or had or are expected to have a material adverse impact on revenues or income of our Company from continuing operations.

Future relationship between costs and revenues

We reasonably do not foresee any factor that may have a material adverse impact on the operation and finances of our Company except factors elsewhere dealt with in this Prospectus.

New product and business segment

We are in the business of manufacturing transformer of different capacities and in future we may consider exploring new business opportunities made available to units such as our collaborations with Multinational Companies around the globe as we had in past.

Seasonality of business

We operate three transformer manufacturing facilities - two in the state of Tamil Nadu and one in the state of Kerala. Our business is not seasonal and among other things, subject to availability of raw material, we will continue to manufacture the transformers.

Varied Customer Base

Though state electricity boards are our major customers, but our total customer base also includes industrial customers and turnkey producers. Till date we had a varied customer base of 300 different customer base.

Competitive Conditions

Liberalization of the electricity law and policy in India has led to increased private sector participation in the power sector. As there is a huge gap in India between electricity available for distribution and electricity demanded, generation of more power will be an agenda for the state governments, which in turn is going to have a direct impact on the transformer manufacturing industry.

Significant Developments after September 30, 2005 that may affect our future results of operations

Except the merger of Indo Tech Electric Company Limited with our Company and issuance of Bonus shares in the ratio of 3:2 during the month of October 2005, no other circumstances have arisen since the date of the last financial statement until the date of filing of the Prospectus with SEBI, which materially and adversely affect or is likely to affect the operations or profitability of our Company, or value of its assets, or its ability to pay its liability within next twelve months.

There is no subsequent development after the date of the Auditor's Report, which will have a material impact on reserves, profits, earnings per share and book value of Equity Shares of our Company except as stated above.

Salient features of the Scheme of Amalgamation sanctioned by the Madras High Court on the amalgamation of Indo Tech Electric Company Limited with Indo Tech Transformers Limited

M/s. Indo Tech Electric Company Limited and M/s. Indo Tech Transformers Limited had vide Company Petition No. 202/2005 and 203/2005 respectively, prayed to the Hon'ble Madras High Court for the sanction of the scheme of amalgamation, amalgamating M/s. Indo Tech Electric Company Limited with M/s. Indo Tech Transformers Limited and the same has been duly sanctioned vide an order dated September 30, 2005, passed by the Hon'ble Court. The Board of Directors of both the said companies in their respective meetings held on April 16, 2004 had approved the scheme of amalgamation ("Scheme") of M/s. Indo Tech Electric Company Limited with M/s. Indo Tech Transformers Limited so as to be effective from 1st April, 2003. The Scheme provides for the continuity of the services of the workforce of M/s. Indo Tech Electric Company Limited in M/s. Indo Tech Transformers Limited. The Scheme provides that in consideration of the transfer and vesting of the undertaking of M/s. Indo Tech Electric Company Limited in M/s. Indo Tech Transformers Limited, M/s. Indo Tech Transformers Limited shall issue and allot twenty-seven equity shares of Rs.10 each credited as fully paid up in the capital of M/s. Indo Tech Electric

Company Limited to the shareholders of M/s. Indo Tech Transformers Limited for every one equity share of Rs.100 held by them in M/s. Indo Tech Electric Company Limited. In addition to the above said provisions of the Scheme, it also provides as follows:

1. The entire undertaking and business of M/s Indo Tech Electric Company Limited together with all its properties, movable and immovable, and other assets tangible and intangible of whatsoever nature subject to all mortgages, charges, hypothecation, guarantees and all rights and obligations shall be transferred to or vested in M/s. Indo Tech Transformers Limited in accordance with and pursuant to Section 394 of the Companies Act, 1956.
2. All long term, medium term, short term loans and other secured and unsecured loans owing by M/s Indo Tech Electric Company Limited to banks and persons shall become the liabilities of M/s. Indo Tech Transformers Limited.
3. All legal and other proceedings pending in any court, tribunal or authority by or against the M/s. Indo Tech Electric Company Limited shall be continued and be enforced by or against M/s. Indo Tech Transformers Limited.

SECTION VI

DETAILS OF OUTSTANDING LITIGATION

Except as described below, there is no outstanding litigation, suits or civil or criminal prosecutions, proceedings before any judicial, quasi-judicial, arbitral or administrative tribunals, including pending proceedings for violation of statutory regulations or alleging criminal or economic offences or tax liabilities against our Company, our Promoters, our Directors, our subsidiaries and other companies/firms promoted by our Promoters that would have a material adverse effect on our business and there are no defaults, non-payments or overdue of statutory dues, institutional/bank dues and dues payable to holders of debentures or fixed deposits and arrears of cumulative preference shares that would have a material adverse effect on our business.

Further, as of the date of filing this Prospectus with SEBI, there are no show cause notices/claims served on our Company, our Promoters or our Directors from any statutory authority / revenue authorities other than those mentioned herein below that would have a material adverse effect on our business.

In relation to all litigations mentioned herein below, except for the case filed by our Company under Section 138 of the Negotiable Instruments Act and 3 civil suits filed by the Company, in case of any adverse ruling, our Company may be liable to pay the amount demanded/ decreed, if any, and amount deposited, if any, by our Company with the concerned authorities in this regard may be liable to be forfeited to the extent of the demand/ decree, if any. The case under Section 138 of the Negotiable Instruments Act has been filed by our Company in respect of dishonour of cheque issued in favour of our Company.

I. Litigation against the Company

A. Labour Law Cases

Sr. No.	Petitioner/Plaintiff/Applicant	Court/Authority where pending Case No.	Particulars	Financial implications if any on the Company
1	Mr. R. Gopu	Additional Labour Court, Chennai I D No. 438 of 1995	The Petitioner was appointed on probation as an assembler in the factory from 5.5.1993 by our Company. Due to unsatisfactory performance his probation was terminated on 28.2.1994. The Petitioner has raised an Industrial dispute for the same and prayed before the Court to be reinstated with all the benefits along with back wages. Our Company has filed their defence and the case is pending final equal hearing.	Rs. 0.15 million
2.	Chennai Perunagar Jananayaga Thozilalar Sangam	Additional Labour Court II Madras I D No. 666 of 1997	Our Company had manufactured 2 numbers of 33 KV earthing transformers of 3175 Amps for 10 seconds duration in 1996. The Union demanded that the capacity of this transformer is 69.82 MVA and claimed productivity incentive on the same since the incentive scheme existed at that time. Our Company offered incentive on the basis of 2.5 MVA considering the overall materials and size of the transformer even though the equivalent rating will be less than 2.5 MVA.	Rs. 0.17 million

II. Litigations filed by the Company

A. Labour Law Cases

Sr. No.	Respondent.	Court/Authority where pending Case No.	Particulars	Financial implications if any on the Company
1.	Thiru K Ravichandran	Madras High Court W A No. 745 of 2005	The Respondent was appointed as casual worker in 1987 till 1992 by our Company and due to lack of business he was terminated from the service. He was again appointed as helper on 5.5.1993 on probation. The Respondent was terminated from the services since his performance was not satisfactory. The Respondent raised an Industrial dispute and filed a Complaint before the Labour Court Madras being numbered as 259 of 1994 to direct the Company to reinstate him as a permanent employee with all the benefits from 1987. The Labour Court allowed the complaint of the Respondent. Our Company had preferred an appeal before the Madras High Court; the said appeal was dismissed by the High Court while maintaining the award passed by the Labour Court. Our Company has further challenged the said order before the Division Bench of the Madras High Court and the Hon'ble Madras High Court has granted stay by its order dated 20.4.2005 on the award passed by the Labour Court.	Rs. 0.13 million

B. Sales Tax Cases

Sr. No.	Court/Authority	Assessment Year	Particulars	Financial implications if any on the Company
1.	The Appellant Assistant Commissioner	2000-2001	We have preferred appeal challenging the assessment order dated 31.5.2002 passed by the Commercial Tax Officer Madras wherein the assessment officer has disallowed the Concessional tax as Form C for the turnover were not submitted.	The Tax liability is for Rs. 336,595. Our Company has deposited Rs 27930 (20%) and obtained stay on the order passed by the Assessing officer.
2	The Appellate Assistant Commissioner (CT)-III	1999-2000	Our Company has preferred appeal challenging the assessment order dated 13.06.2002 passed by the Commercial Tax Officer, Nungambakkam Assessment Circle, Chennai wherein the assessment officer has assessed the turnover tax @ 16% instead of 4% since Form C was not filed.	The tax liability is for Rs. 77497 and Our Company has paid Rs. 35150. Pending hearing. Liability if any is of Rs. 42,347

3.	The Appellate Assistant Commissioner (CT)-III	1998-1999	Our Company has preferred appeal challenging the Assessment Order dated 11.05.2001 passed by the Commercial Tax Officer, Nungambakkam Assessment Circle, Chennai. The Assessment Officer has disallowed the reimbursement of the excise duty paid and sales not covered by Commissioner The Assessment Officer had also not allowed the reimbursement on the sales covered under Form C not filed along with the returns and if filed were defective.	The tax liability is for Rs. 475,244. Our Company has deposited Rs. 118,811 and have given Bank Guarantee for the remaining amount of Rs. 356,433 submitted for stay.
4.	The Appellant Assistant Commissioner	1996-1997	Our Company has preferred an appeal challenging the Assessment Order dated 1.03.2000 passed by the Commercial Tax Officer, Nungambakkam Assessment Circle, Chennai. The Assessment Officer has levied higher level of turnover tax for not filing requisite Form C.	Duty demand is for Rs. 841,178. Our Company has preferred an appeal and deposited Rs. 210,295 along with the appeal.
	The Sales Tax Appellate Tribunal	1995-1996	Our Company has preferred an appeal against the Order in Appeal dated 15.11.2000 passed by the Appellate Assistant Commissioner (CT) VII, Chennai. The Appellate Authority by its order had partly remanded the matter since the assessing officer had not considered certain Form C filed before the Assessing Officer by our Company. The Appellate Authority confirmed the demand to the extent of the turnover covered under Form C which not in possession of our Company.	Duty demand is for 1,222,475. Our Company has preferred an appeal and deposited an amount of Rs. 244,495 at the time of filing of the said Appeal.

C. Government of Tamil Nadu Sales Tax Cases

Sr. No.	Court/Authority	Assessment Year	Particulars	Financial implications if any on the Company
1.	The Appellant Assistant Commissioner	2000-2001	Our Company has preferred appeal challenging the assessment order dated 11.6.2002 passed by the Commercial Tax Officer Madras wherein the Assessment Officer has not allowed the deferral tax and exemption on second sale of the vehicles.	Disputed tax liability is for Rs. 275,122. Our Company has already deposited Rs. 125,148 and the balance amount is Rs. 149,974
2.	The Appellate Assistant Commissioner (CT)-III Chennai	1999-2000	Our Company have preferred appeal challenging the Assessment Order dated 17.10.2002 passed by the Commercial Tax Officer, Nungambakkam Assessment Circle, Chennai wherein the Assessment Officer has assessed the turnover tax @ 16% instead of 3% and disallowed the second sale claim of the motor vehicle.	Disputed Tax amount is for Rs. 144,585. Our Company has already deposited 18,075. The due amount is Rs. 126,510.

D. Civil Cases

Sr. No.	Defendant/ Respondent	Court where Pending Suit/Petition No.	Nature of the Cases & particular	Financial Implication, if any, in case of a Non favourable outcome (Rs. in Lacs)
1.	Nova Electro Magnetic Ltd	Madras High Court OOOCJ CS No. 543 of 1998	This is a recovery suit filed by the Company against the Defendant for recovery of Rs. 10,63,920 together with further interest on the principal sum of Rs. 7,26,280 @ 18% per annum from the date of Suit. The Defendant had placed an order for supply of 2 transformers. Since the defendant was in urgent need of Transformers, the Defendant offered bonus of Rs. 5000 per day if the supply was made earlier than the normal time. The Company had put in extra efforts and supplied the transformer before the date of delivery and raised 2 separate invoices towards balance payment of Rs. 4,64,280 (after deducting advance) and Rs. 30,000 as bonus. In the mean time the 2nd Transformer was also ready for the delivery. The Company offered the delivery of the same subject to payment of one supplied earlier and also the payment of the 2nd Transformer ready to be delivered. The Defendant did not accept the delivery of 2nd Transformer. The Company had received an advance of Rs. 2,15,890 for the 2nd Transformer. The Suit is pending filing of Written Statement by the Defendant.	Nil
2.	Patheja Forgings & Auto Parts Manufacturers Ltd	Madras High Court OOCJ CS No. 1/1998	Our Company has filed a recovery suit for the sum of Rs. 10,02,680 together with interest on the Principal sum of Rs. 17,53,893.60 @ 18% per annum from the date of filing of the suit. Our Company had supplied transformers as per the order placed by the Defendant. The Defendant failed to pay price of the Transformers to our Company after the receipt of the Transformers. The Defendant has filed its written statement and challenged the claim on the ground of delay in supply of the Transformers. The Suit is pending hearing.	Nil
3.	Mr S. Devraj Mr P E Subramaniam	Madras High Court OOCJ CS No. 796 of 2001	Our Company has filed the suit under the provisions of Specific Relief Act seeking possession of the land from the Defendant since the Defendant forcefully entered the land; as also restrain Defendant from carrying out any construction on the said land. The Defendant has filed its written statement claiming that he was the lessee of the said land and is legally entitled to possess that land. The Court has ordered to maintain Status Quo to both parties. The suit is pending hearing.	Not ascertainable

Sr. No.	Defendant/ Respondent	Court where Pending Suit/Petition No.	Nature of the Cases & particular	Financial Implication, if any, in case of a Non favourable outcome (Rs. in Lacs)
4.	Jalan Ispat Casting Ltd	City Civil Court Chennai, XI Assistant Judge O S No. 3534 of 1999	Our Company had filed a suit for recovery of balance dues of 3,81,910 together with interest on Rs. 2,74,756 @ 18% per annum from the date of filing of the Suit. Since the defendant remained absent during the trial the Hon'ble Judge passed an ex-parte decree against the Defendant by its Judgment and Decree dated 20.8.2004. Our Company has been granted a decree for Rs. 3,81,910 together with interest on Rs. 2,74,756 @ 18% per annum from the date of filing of the Suit till realisation and also cost of Rs. 37,395. The proceedings are pending execution of the said Decree.	Nil

E. Criminal Cases

Sr. No.	Name of the Accused	Court where Pending & Complaint No.	Nature of the Cases & particular	Financial Implication in case of a Non favourable outcome (Rs. in Mn.)
1	Mr B Venkatesh Proprietor Gayathri Engineers	Vth Metropolitan Magistrate at Egmore, Chennai CC 31698/2004	The Cheque for Rs. 3,86,333 issued by Gayathri Engineers was dishonoured when presented for encashment by our Company.	Nil

F. Customs Case:

Sr. No.	Authority/Court	File No.	Particulars	Financial implications if any on the Company
1	Deputy Commissioner Customs, Customs House Chennai	BG/UT/29/2004-Gr-5B&C	Our Company had exported a Transformer to one of its clients. Due to some technical faults in the said transformer the Company had to re-import the said transformer for repairs. The Company had taken benefit under the conditional notification no. 158/95-Cus dated 11.4.1995 on re-import of the Transformer. The Company had also executed the re-export Bond for the same. The Company could not due to non availability of the spare parts of the transformer and the inspection formality re-export the transformer in the stipulated time granted under the notification. The Company re-exported the transformer and furnished Bank Guarantee for Rs. 6,72,500 as a security for The Dy. Director of Customs Chennai by his order dated 30.11.2005 demanded duty of Rs. 26,89,817 and also ordered to encash the bank guarantee of Rs. 6,72,500 issued by the Company for breach of the terms and conditions of the notification	Rs. 2.69 million

III Show Cause Notices/Claim received by the Company

Sr No.	Authority/Court where pending	Show Cause Notice / Case No. Dated	Particulars	Financial implications if any on the Company
1.	Deputy Commissioner of Central Excise Poonamallee Division: Chennai -IV Commissionerate	5th July 2004	<p>The Excise department have issued Show Cause Notice to our Company alleging that our Company had collected Rs. 3,87,021 towards excess price charged as freight charges during period 1.4.02 to 31.03.03 and have not discharged excise duty on the said amount and therefore have contravened the provisions under section 4 of the Central Excise Act 1944.</p> <p>The Excise Department by the said Show Cause Notice has demanded the differential duty of Rs. 61,923 on account of excess freight charges under proviso to section 11A of the Central Excise Act; Interest under section 11AB on Rs. 61,923 and also on belated payment of duty made during in October 2002 and December 2002; along with Penalty under section 11AC</p> <p>Our Company has filed reply to the said show cause notice on 23.8.04 and has relied upon circular issued by CBEC vide 37B order No. 59/1/2003-CX dated 3.3.2003 which clarifies that the transit insurance and insurance amount charged from the buyer shall not be included in the assessable value. Our Company has also relied upon the order passed by the Commissioner of Central Excise & Customs (Appeals), Cochin in the Company's own case for (Palakkad unit) being Order in Appeal no. 199/2003 -CE (A. No. 40/2003 - CE) dated 30.6.2003. The Commissioner therein has held that the transportation and insurance charges are not to be included in the assessable value. The Commissioner has relied upon a Supreme Courts decision in Escorts JCB Vs Commissioner.</p>	0.06 million

IV. Penalties & Fines

Our Company has been penalized by way of imposing additional filing fees by Registrar of Companies on few occasions from 1994 to 2005 for late filing of certain forms and documents.

Litigations against the Promoters

Sr. No.	Court/Authority	Assessment Year	Particulars	Financial implications if any on the Promoters
1.	Income Tax Tribunal, Chennai Branch	1995-96	<p>The Income Tax department has challenged the order passed by the Commissioner of Income Tax (Appeals), where the Commissioner (Appeals) had partly allowed the appeal filed by our Promoters challenging the determination of Income Tax demand of Rs. 135.03 Lacs. The Commissioner (Appeals) by his order directed our promoters to pay Rs. 51.88 Lacs and dismissed the part of the demand for Rs. 83.15 Lacs. The Department has challenged the said order before the Hon'ble Tribunal and the same is pending final hearing.</p>	Rs. 83.15 Lacs with interest if any awarded by the Tribunal.

Litigations against the Promoter group companies

Sri Vignesh Metals Private Ltd., one of our promoter group companies is involved in a civil and labour dispute incidental to their business and operations. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. A classification of the legal proceedings instituted against our promoter group company and the monetary amount involved in these cases is given in the following table:

Type of litigation	Total number of pending cases	Particulars
Civil Case	1	IndusInd Bank has filed an Original Application No. 229 of 2003 against the Company and its Directors before the Debt Recovery Tribunal (DRT) I Chennai for recovery of Rs. 5.32 million plus the interest. The Case is pending final disposal. Based on the legal opinion obtained from Mr. K. Ramaswamy dated January 20, 2006 neither Company nor any of its Directors will be legally liable or impleaded for any of the legal proceedings initiated or that may be initiated by the Lender.
Labour laws	1	Two of the employees of the Company have raised a labour dispute and filed a Complaint before the Labour Court Chennai. The case is pending hearing and final disposal.

Litigation against the Offeror

One of the offeror in the present issue i.e. Twenty First Century Management Services Limited has informed our Company vide its letter dated January 25, 2006 that as per its books it has outstanding dues of Rs. 5.95 million with Punjab & Sindh Bank for which Twenty First Century Management Services Limited has given one time settlement offer to Punjab & Sindh Bank

GOVERNMENT APPROVALS

Our Company has received the necessary consents, licenses, permissions and approvals from the Government and various Government agencies required for its present business and no further approvals are required for carrying on the present as well as the proposed business save and except as mentioned below:

Our Company has received the following Government approvals / licenses / permissions:

I. General Licenses

- A. A Certificate of Incorporation bearing no. 18-22011 dated January 16, 1992 was issued by the Registrar of Companies, Tamil Nadu at Chennai for incorporation of our Company as "Indo Tech Transformers Limited".
- B. An ISO 9001: 2000 Certificate bearing number 04100 1999 0317 and dated March 25, 2004 was issued by the TUV CERT Certification Body for QM Systems of RWTUV Systems GmbH thereby certifying that our Company has established and applied a quality system for the design & development, manufacturing, installation and servicing of power, distribution & special transformers of a capacity up to 100 MVA. The certificate is valid up to March 24, 2007.
- C. The Government of India, Service Tax Cell, Chennai - IV has issued a certificate dated August 22, 2003 on registration of our Company, in Form ST - 2 under section 69 of the Finance Act, 1994 (32 of 1994) wherein it was certified that our Company has been registered with the Central Excise Department for the payment of service tax on the services of "Commissioning, Installation Services and Maintenance and Repair Service". The Certificate Registration Number is CAI/CHENNAI-IV/40/STC and MRS/CHENNAI-IV/148/STC.
- D. The Superintendent of Central Excise, Chennai V Division, has issued a Central Excise Registration Certificate bearing no. AAACI5775P XM 002 under Rule 9 of the Central Excise (No. 2) Rules 2001, dated November 4, 2002 in Form RC.
- E. The Commissioner of Income Tax, Special Range - XI, Chennai, Tamil Nadu has allotted a Permanent Account Number to our Company vide their letter dated February 14, 2000. The PAN is AAACI5775P.
- F. The Commissioner of Central Excise, Service Tax Cell, Chennai has allotted a Service Tax Code Number AAJPJ2679MST001 to our Company vide a letter dated June 7, 2002 whereby our Company was advised to deposit service tax and other related government dues in any of the authorised branches of the Indian Overseas Bank. Our Company was requested to use the STC Number along with the existing classification code allotted to our Company i.e. 70149238 till July 1, 2002. The Service Tax Code Number was exclusively used by our Company with effect from July 1, 2002.
- G. A Certificate of Registration bearing number 1662114/2002-2003 dated April 26, 2002 has been issued by the Deputy Commercial Tax Officer, Chennai - 602 103 under Tamil Nadu General Sales Tax Act, 1959, Rule 24 in Form D1 whereby our Company is registered as a dealer under section 20 of the Tamil Nadu General Sales Tax Act, 1959. The certificate is valid from July 15, 1994 to March 31, 2003. The certificate has been renewed through a pay order dated March 28, 2005 for the financial year 2005-06.
- H. A Certificate of Registration bearing number 636963 dated July 15, 1994 has been issued by the Deputy Commercial Tax Officer, Chennai - 602 103 under the Central Sales Tax Act, 1956, Rule 5 (1) in Form B whereby our Company is registered as a dealer under section 7(1)/7(2) of the Central Sales Tax Act, 1956. The certificate is valid from July 15, 1994 until cancelled.
- I. Our Company's IEC (Importer-Exporter Code) No. is 0488011868, the date of allotment being June 16, 1999. It has been allotted by the Office of the Joint Director General of Foreign Trade, Ministry of Commerce, Government of India from file No.04/04/130/01186/AM89/ dated June 16, 1999.
- J. The Superintending Engineer, Tamil Nadu Electricity Board vide their letter number AEE.G1/AE/F.D.G. Set/22-96-97/D.1115/96. dt. November 8, 1996 consented under section 44 of the Electricity (Supply) Act, 1943 to install Diesel Generating set at New HT service, Thirumazhisai, Chennai.
- K. A Permanent Registration Certificate was issued by the government of Tamil Nadu, Directorate of Industries, District Industries Centre to our Company whereby it was permanently registered as a small-scale/ ancillary undertaking/small scale service and business enterprise/tiny unit vide a license bearing number 330104605 dated March 20, 1978. The certificate was issued for the conduct of the main unit activity of distribution and power transformers up to 50 MVA (220 KV class) only. The certificate was issued for the factories located at:

Main Unit: D.P. 14-19, Sidco Industrial Estate, Thirumazhisai, Chennai - 602 107

Branch Unit: 31/1 Hospital Road, Saidapet, Chennai - 15

Wind Electric generator: 2 Nos. R.S. No. 317/3 & 318, Pazhavoor Village, Radhapuram Taluk, Tirunelveli District.

- L. The office of the General Manager, District Industries Center, Chengalpattu MGR District at Kancheepuram has issued a eligibility certificate no. 14/96-97/Expansion on December 17, 1996 under the New IFST deferral scheme of the government of Tamil Nadu under which our Company has the benefit of deferral of general sales tax, central sales tax, additional sales tax, surcharge and additional surcharges for a period of nine years from May 20, 1996 to May 19, 2005.
- M. Some of the employees of our Company of all the three factories in Thirumazhisai, Saidapet and Palakkad are forming part of the registered trade unions, the details of which are as follows:

Sr. No.	Name of the Union	No. of Employees Covered	Registration Number	Date of expiry
1	Industrial Estates and General Workers Union	61	2700	January 31, 2006
2	The Chennai Perunagara Thozilalar Sangam	55	2241/NDS	December 31, 2006

- N. The Income Tax Officer, Chennai has allotted a Tax Deduction Account Number to our Company vide their letter dated June 4, 2002. The TAN is CHEI00681C.
- O. The Engineering Export Promotion Council (EEPC), Chennai has allotted RCMC No. EPC/REG(R)/CEN/SSI/082/2002-2003 vide their letter dated April 24, 2002 to our Company.
- P. Our Company has been issued a registration-cum-membership certificate by the Engineering Export Promotion Council (EEPC), Chennai dated April 10, 2002. The IEC Number allotted to our Company is 0488011868.
- Q. In July 1994, Indo Tech Transformers Limited took over the business of Indo Tech Electric Company alongwith all its intellectual property, consisting of detailed electrical designs, mechanical designs and drawings, work instructions, manufacturing drawings and other inputs required for manufacturing complete range of distribution and special duty transformers. The intellectual property was valued at Rs. 150 lakhs and the same was amortized over a ten year period.
- R. Commissioner of Income Tax, Chennai-34, approved the superannuation and gratuity fund of our Company vide its letter No. 1314(2)/96-97 dated June 13, 1996 under Part 'B' of the Fourth Schedule to the Income Tax Act, 1961.
- S. The District Industries Centre, Government of Kerala, issued a certificate dated September 16, 2002 and bearing number I. 11213/88 thereby allotting 250 cents of land in survey No. 818/1 and 822/1 in industrial area, Kanjikode on hire purchase basis.

II. Licenses pertaining to factory located at DP: 14-19, SIDCO Industrial Estate, Thirumazhisai, Chennai - 602 107

- A. A Certificate of Stability bearing number 011/RM/2005 dated March 21, 2005 was issued by Mr. Murugesan, chartered civil engineer and a competent and approved authority, his competency approval number being H1/3347/05 for factory building approved by the Chief Inspector of Factories, Chennai - 600 005, as per Indian Factories Act, 1948, Rule TNFR 12 - b (3) & (4). The factory building was inspected on March 24, 2005 and the next inspection is proposed on March 23, 2008.
- B. A Fire Service license dated November 30, 2005 and bearing number 12608/E/2005, was issued by the Divisional Officer, Fire and Rescue Services Department, Thiruvallur Division, Thiruvallur, Chennai - 602107, under section 13 of the Tamil Nadu Fire Service Act 1985 with the Tamil Nadu Fire Service Rules, 1990 - Appendix III. The license is valid for a period of one year.
- C. A Test Certificate dated April 26, 2005 was issued by V. Sriram & Co., Chartered Engineers, approved valuers and competent persons, its approval number being H1/26729/2004, on examination of ovens/driers under the Tamil Nadu Factories Rule 1950 - R61B. The Certificate number is VS/ITTL/03/04/2005. The date of each periodical thorough examination was carried out on April 30, 2004 and the next inspection is due on April 26, 2006. The identification of the oven/drier is as follows:

Oven-Make : KSM Lab

Size : 3.5M L x 2.5M W x 3M H

33KW-Max. Temp. 100 Degree C

Occ. Ref. No. AD05

- D. A Test Certificate dated April 26, 2005 was issued by V. Sriram & Co., Chartered Engineers, approved valuers and competent persons, its approval number being H1/26729/2004, on examination of ovens/driers under the Tamil Nadu Factories Rule 1950 - R61B. The Certificate number is VS/ITTL/04/04/2005. The date of each periodical thorough examination was carried out on April 30, 2004 and the next inspection is due on April 26, 2006. The identification of the oven/drier is as follows:

Oven-Make : KSM Lab

Size : 2.3M L x 1.8M W x 2.2 M H

33KW-Max. Temp. 100 Degree C

Occ. Ref. No. AD04

- E. Test Certificate dated April 26, 2005 was issued by V. Sriram & Co., Chartered Engineers, approved valuers and competent persons, its approval number being H1/26729/2004, on examination of ovens/driers under the Tamil Nadu Factories Rule 1950 - R61B. The Certificate number is VS/ITTL/02/04/2005. The date of each periodical thorough examination was carried out on 30th April, 2004 and the next inspection is due on April 26, 2006. The identification of the oven/drier is as follows:

Oven-Make : KSM Lab

Size : 2.8M L x 1.6M W x 3.3 M H

33KW-Max. Temp. 100 Degree C

Occ. Ref. No. AD03

- F. A Certificate was issued by Bay & Co., Chartered Engineers, Chennai - 600 014 and the inspection was conducted by M.S. Rao, approved valuer and competent person at Chennai, his approval number being H1/33059/2004 on examination of lifting machines and lifting tackles under Rules - TNFR - 55A/61A/53. The safety inspection was conducted in March 2005 and the next is due in March 2006.
- G. The Deputy Chief Inspector of Factories, 3rd Division, Chennai - 600 006, issued a factory license bearing no. TVR 5123/96 under Rule 4(6) of the Tamil Nadu Factories Rules, 1950 & under G.O. Ms 563 L&E, dated June 19, 1976, for the factory. The same has been renewed.
- H. Our Company's factory located at DP: 14-19, SIDCO Industrial Estate, Thirumazhisai, Chennai - 602 107 has been allotted Code No. 51-18734-64 under the Employees State Insurance Act, 1948.
- I. Our Company's factory located at DP: 14-19, SIDCO Industrial Estate, Thirumazhisai, Chennai - 602 107 has been allotted Code No. 10586-A under the Employees' Provident Fund and Miscellaneous Provisions Act, 1952.
- J. Reports of Examination of Lifting Machine, Chain, Rope or Lifting Tackle dated 2nd April, 2005 prescribed under Rule 55A-TNFR, issued by M.S. Rao, Chartered Engineer, Chennai, the validity of which is up to March 2006.

1. Certificate No. EOT : 101

Type, description and distinctive number of Lifting Machine, Chain, Rope or Lifting Tackle located at High Bay Area, Shop Floor:

W MI Make - E O T Crane 75 tonne Capacity -8 fall Wire rope - 36 mm dia - 6x37 - Wire Rope - configuration - with Hook and Latch -duly supported by Double Girdered -Box Structure - and travelling Crab - with Single walk way-Incorporated with Safety Limit Switches- and Overload tripping devices and Emergency Stop Switch - Electrical Prime movers -with Pendant -Operated Controls-Internally Coded No.101- Year 1996 - Conforming to IS:3177 and IS: 807 : 1988.

2. Certificate No. EOT : 102

Type, description and distinctive number of Lifting Machine, Chain, Rope or Lifting Tackle located at High Bay Area, Shop Floor:

W MI Make - E O T Crane 75/10 tonne Capacity -4 fall Wire rope - 16 mm dia- 6 x 19 - Wire Rope - Configuration -with Hook and Latch-duly supported by Double Girdered -Box Structure -and travelling Crab - with Single walk way-Incorporated with Safety Limit Switches-and Overload tripping devices and Emergency Stop Switch - Electrical Prime movers-with Pendant -Operated Controls-Internally Coded No.102- Year 1996 - Conforming to IS: 3177 and IS: 807 : 1988

3. Certificate No. EOT : 103

Type, description and distinctive number of Lifting Machine, Chain, Rope or Lifting Tackle located at Testing Area, Shop Floor:

Saico -Make - E O T Crane 3 tonne Capacity - 4 fall - Wire rope-12 mm dia- 6x19 - Wire Rope - configuration-with Hook and latch-duly supported by single Girdered -Box Structure - Incorporated with Safety Limit Switches-and Overload tripping devices and Emergency Stop Switch-Electrical Prime movers-with Pendant - Operated Controls-Internally Coded No 103- Year 1998 - Conforming to IS:3177 and IS: 807 : 1988

4. Certificate No. EOT : 104

Type, description and distinctive number of Lifting Machine, Chain, Rope or Lifting Tackle located at High Bay Area, Shop Floor:

Saico -Make - E O T Crane 20/5 tonne Capacity - 8 fall Wire rope-25mm dia - 6x37- Wire Rope - configuration - with Hook and Latch-duly supported by Single Girdered -Box Structure - Incorporated with Safety Limit Switches-and Overload tripping devices and Emergency Stop Switch-Electrical Prime movers-with Pendant - Operated Controls-Internally Coded No 104- Year 2001 - Conforming to IS: 3177 and IS: 807 : 1988

5. Certificate No. EOT : 105

Type, description and distinctive number of Lifting Machine, Chain, Rope or Lifting Tackle located at High Bay Area, Shop Floor:

Saico -Make - E O T Crane 20/5 tonne Capacity - 4 fall Wire rope-12 mm dia - 6x37 -Wire Rope - configuration - with Hook and Latch - duly supported by Single Girdered -Box Structure - Incorporated with Safety Limit Switches- and Overload tripping devices and Emergency Stop Switch -Electrical Prime movers-with Pendant - Operated Controls-Internally Coded No 105- Year 2001 - Conforming to IS: 3177 and IS: 807 : 1988

6. Certificate No. EOT : 106

Type, description and distinctive number of Lifting Machine, Chain, Rope or Lifting Tackle located at Testing/Fabrication Area, Shop Floor:

Saico -Make - E O T Crane 15 tonne Capacity - 6 fall Wire rope-19 mm dia - 6x37 -Wire Rope - configuration - with Hook and Latch -duly supported by Double Girdered -Box Structure - Incorporated with Safety Limit Switches-and Overload tripping devices and Emergency Stop Switch-Electrical Prime movers-with Pendant Operated Controls-Internally Coded No 106- Year 1998 - Conforming to IS: 3177 and IS: 807 : 1988

7. Certificate No. EOT : 107

Type, description and distinctive number of Lifting Machine, Chain, Rope or Lifting Tackle located at Testing Area, Shop Floor:

Saico - Make - E O T Crane 5 tonne Capacity - 4 fall - Wire rope-12 mm dia - 6x19-Wire Rope-configuration-with Hook and Latch-duly supported by Single Girdered -Box Structure - Incorporated with Safety Limit Switches-and Overload tripping devices and Emergency Stop Switch- Electrical Prime movers-with Pendant -Operated Controls- Internally Coded No 107 - Year 1998 - Conforming to IS: 3177 and IS: 807 : 1988

8. Certificate No. EOT : 108

Type, description and distinctive number of Lifting Machine, Chain, Rope or Lifting Tackle located in the Factory/ Shop Floor:

Frech Engineer's Make -E O T Crane 3 tonne- Capacity-with four fall wire rope-12 mm - dia -with load hooks - Mounted on double Girdered structure and - Integral with trolley- 5m lift - 15m -Span-Electrically operated - Pendant hoisting Controls mechanism - Year 1996 - Coded 108

9. Certificate No. EOT : 109

Type, description and distinctive number of Lifting Machine, Chain, Rope or Lifting Tackle located in the Testing/Fabrication Area:

Saico -Make - E O T Crane 30tonne Capacity -8 fall Wire rope-25 mm dia - 6x37 - Wire Rope - configuration -with Hook and Latch -duly supported by Double Girdered -Box Structure - Incorporated with Safety Limit Switches - and Overload tripping devices and Emergency Stop Switch - Electrical Prime movers - with Pendant - Operated Controls - Internally Coded No 109- Year 2004 - Conforming to IS: 3177 and IS: 807: 1988

10. Certificate No. LT : 401

Type, description and distinctive number of Lifting Machine, Chain, Rope or Lifting Tackle located in the Factory/Shop Floor/Testing Area:

Madras Chain & Slings Make - Two fall Wire rope tackle - 2 tonne - Capacity - with - 16 mm Dia - Wire rope with Load Ring to One end and forged hooks to other ends - 1m Long leg lengths - used in conjunction with allied tackles-(Batch of 3 Nos) coded 401/1 to 401/3

11. Certificate No. LT : 402

Type, description and distinctive number of Lifting Machine, Chain, Rope or Lifting Tackle located in the Factory/Shop Floor:

Madras Chain & Slings Make - Three fall Wire rope tackle - 3 tonne. Capacity - with - 16 mm Dia - Wire Rope with Loads hooks and ends - 1.5m Long leg lengths - with master Load ring 20 mm dia to the other end -used in conjunction with allied tackles-(Batch of 2 Nos) - coded 402/1 to 402/2.

12. Certificate No. LT : 403

Type, description and distinctive number of Lifting Machine, Chain, Rope or Lifting Tackle located in the Factory/Shop Floor:

Madras Chain & Slings Make - Two fall Wire rope tackle - 5.7 tonne- with 22 mm Dia - wire Rope with Loads hooks to ends/ Master Load ring to the one end - 1 m Long lengths - used in conjunction with allied tackles-(Batch of 3 Nos) coded 403/1 to 403/3.

13. Certificate No. LT : 404

Type, description and distinctive number of Lifting Machine, Chain, Rope or Lifting Tackle located in the Factory/Shop Floor/High Bay Area:

Madras Chain & Slings Make - Single fall Wire rope tackle - 20 tonne - with 40 mm Dia - wire Rope - 1.5 m Long leg lengths - ends duly Looped/Spliced/Crimped used in conjunction with allied tackles -(Batch of Nos) coded 404/1 to 404/4.

14. Certificate No. LT : 405

Type, description and distinctive number of Lifting Machine, Chain, Rope or Lifting Tackle located in the Factory/Shop Floor:

Madras Chain & Slings Make - Two fall Wire rope tackle - 2 tonne - Capacity - with 12 mm Dia - wire Rope with Loads hooks to ends - 1.5 m Long leg lengths-with master Load ring 20 mm dia to the other end-used in conjunction with allied tackles-(Batch of 2 Nos) - coded 405/1 to 405/2.

15. Certificate No. LT : 405

Type, description and distinctive number of Lifting Machine, Chain, Rope or Lifting Tackle located in the Factory/Shop Floor:

16. Certificate No. LT : 406

Type, description and distinctive number of Lifting Machine, Chain, Rope or Lifting Tackle located in the Factory/Shop Floor:

Madras Chain & Slings make - Two fall Wire rope tackle - 10 tonne - Capacity-with 34 mm Dia - Wire Rope with Loads hooks to ends - 1.5 m Long leg lengths - with master Load ring- Used in conjunction with allied tackles-(Batch of 2 Nos) coded 406/1 to 406/2.

17. Certificate No. LT : 407

Type, description and distinctive number of Lifting Machine, Chain, Rope or Lifting Tackle located in the Factory/Shop Floor:

Madras Chain & Slings Make - Two fall Wire rope tackle 20 tonne - Capacity -with 44 mm Dia - wire Rope with Loads hooks to ends - 1.5 m Long leg lengths - with Master Load ring -Used in conjunction with allied tackles - (Batch of 2 Nos) coded 407/1 to 407/2.

18. Certificate No. LT : 408

Type, description and distinctive number of Lifting Machine, Chain, Rope or Lifting Tackle located in the Factory/Shop Floor/Used as Hoist Ropes/As Tackles:

Madras Chain & Slings Make - Single fall Wire rope tackle 15 tonne - with 36 mm dia - wire Rope with ends Looped/ Spliced to ends - 6.0 m Long leg lengths - Used in conjunction with allied tackles - 408.

19. Certificate No. LT : 409 : DST

Type, description and distinctive number of Lifting Machine, Chain, Rope or Lifting Tackle located in the Factory/Shop Floor/In conjunction with other tackles:

Madras Chain & Slings Make - MS D Shackle - 1 tonne - capacity - with 12 mm Dia - threaded locking pin - 12 mm 'D' type - used in conjunction with allied tackles - (Batch of 4 Nos) coded 409.

20. Certificate No. LT : 410 : DST

Type, description and distinctive number of Lifting Machine, Chain, Rope or Lifting Tackle located in the Factory/Shop Floor/In conjunction with other tackles:

Madras Chain & Slings Make - MS D Shackle - 2 tonne - capacity - with 16 mm Dia - threaded locking pin - 19 mm 'D' type - used in conjunction with allied tackles - (Batch of 4 Nos) coded 410.

21. Certificate No. LT : 411 : DST

Type, description and distinctive number of Lifting Machine, Chain, Rope or Lifting Tackle located in the Factory/Shop Floor/In conjunction with other tackles:

Madras Chain & Slings Make - MS D Shackle - 4 tonne - capacity - with 19 mm Dia - threaded locking pin - 22 mm 'D' type - used in conjunction with allied tackles - (Batch of 4 Nos) coded 411.

22. Certificate No. LT : 412 : DST

Type, description and distinctive number of Lifting Machine, Chain, Rope or Lifting Tackle located in the Factory/Shop Floor/In conjunction with hoist/ tackles:

Madras Chain & Slings Make - MS D Shackle - 5 tonne. Capacity -with 25 mm Dia - threaded locking pin - 28 mm 'D' type -used in conjunction with allied tackles - (Batch of 4 Nos) coded 412.

23. Certificate No. LT : 413 : DST

Type, description and distinctive number of Lifting Machine, Chain, Rope or Lifting Tackle located in the Factory/Shop Floor/In conjunction with other tackles:

Madras Chain & Slings Make - MS D Shackle - 8 tonne - capacity - with 32 mm Dia - threaded locking pin - 36 mm 'D' type -used in conjunction with allied tackles - (Batch of 4 Nos) coded 413.

24. Certificate No. LT : 414 : DST

Type, description and distinctive number of Lifting Machine, Chain, Rope or Lifting Tackle located in the Factory/Shop Floor/In conjunction with other tackles:

Madras Chain & Slings Make - MS D Shackle - 12 tonne - capacity - with 40 mm Dia - threaded locking pin-44 mm 'D' type - used in conjunction with allied tackles - (Batch of 4 Nos) coded 414.

25. Certificate No. LT : WSB : 607-608

Type, description and distinctive number of Lifting Machine, Chain, Rope or Lifting Tackle located in the Shop Floor/High Bay Area:

Local Make - Web Sling master - fabricated out of Nylon Strap - 100 mm width - 2m Long - duly web stitched - 3 tonne capacity Width - 6 mm thick - both ends duly incorporated -with hooking eye loops - Used in single fall / Two fall basket Configuration - with allied Lifting tackles -3 m lift - Year 2003- Coded 607 to 608 (batch of 2 Nos)

26. Certificate No. HPT :301

Type, description and distinctive number of Lifting Machine, Chain, Rope or Lifting Tackle located in the Factory/Shop Floor:

Macneil make - Pallet Truck - 2500 kg Capacity - with Twin Load Forks load Forks - Mobile on wheels-1.15 m x560 mm - hydraulically actuated - 114/82 mm lift -Manually Operated systems-Coded 301

27. Certificate No. HPT :302

Type, description and distinctive number of Lifting Machine, Chain, Rope or Lifting Tackle located in the Factory/Shop Floor:

Macneil make- Pallet Truck - 2500 kg Capacity - with Twin Load Forks - Mobile on wheels - 1.15 m x560 mm - hydraulically actuated -114/82 mm lift - Manually Operated system - Coded 302.

K. Reports of Examination of Lifting Machine, Chain, Rope or Lifting Tackle dated 2nd April, 2005 prescribed under Rule 61A-TNFR, issued by M.S. Rao, Chartered Engineer, Chennai, the validity of which is up to March 2006.

1. Certificate No. SHB: 601-606

Type, description and distinctive number of Lifting Machine, Chain, Rope or Lifting Tackle located in the Factory/ Shop Floor

Karams Make - Safety Harness Belt- 80 Kg capacity - with Single fall PP Rope 12 mm dia 3m long - with Nylon Straps 45 mm Width - and web stitched - with end metallic fastening devices with threaded Snap hook and safety lock nut - 1.8 m drop-approved by DGMS - Conforming to IS:3521:89 (Batch of 6 Nos)

2. Certificate No. SHB: 604-606

Type, description and distinctive number of Lifting Machine, Chain, Rope or Lifting Tackle located in the Factory used during maintenance:

Karams-Make- Safety Harness Belt - 80 Kg capacity - with Single fall PP Rope 12 mm dia 3m long - with Nylon Straps 45 mm Width - duly riveted and web stitched-with end metallic fastening devices with threaded Snap hook and safety lock nut - 1.8m drop - approved by DGMS- Conforming to IS:3521:89 (Batch of 3 Nos)

- L. The Deputy Chief Inspector of Factories (Testing & Safety Division), Chennai - 600 006 has issued a certificate bearing number TVR 5123/ET-2005I/PV-1 dated April 18, 2005 on examination of the pressure vessel at the factory which was a vertical vessel, 500 litres capacity, prescribed under Rule 56 of the Tamil Nadu Factories Rules 1950 in Form 8.
- M. The Deputy Chief Inspector of Factories (Testing & Safety Division), Chennai - 600 006 issued a certificate bearing number TVR 5123/ET-2005I/PV-2 dated April 18, 2005 on examination of the pressure vessel of the factory, prescribed under Rule 56 of the Tamil Nadu Factories Rules 1950 in Form 8. The vessel was a horizontal vessel.
- N. The Deputy Chief Inspector of Factories (Testing & Safety Division), Chennai - 600 006 issued a certificate bearing number TVR 5123/ET-2005I/PV-3 dated April 18, 2005 on examination of the pressure vessel of the factory, prescribed under Rule 56 of the Tamil Nadu Factories Rules 1950 in Form 8. The vessel was a portable horizontal vessel.
- O. The Deputy Chief Inspector of Factories (Testing & Safety Division), Chennai - 600 006 issued a certificate bearing number TVR 5123/ET-2005I/PV-4 dated April 18, 2005 on examination of the pressure vessel of the factory, prescribed under Rule 56 of the Tamil Nadu Factories Rules 1950 in Form 8. The vessel was a vertical prefilter.
- P. The Deputy Chief Inspector of Factories (Testing & Safety Division), Chennai - 600 006 issued a certificate bearing number TVR 5123/ET-2005I/PV-5 & PV-6 dated April 18, 2005 on examination of the pressure vessel of the factory i.e. vertical vessels, prescribed under Rule 56 of the Tamil Nadu Factories Rules 1950 in Form 8.
- Q. The Deputy Chief Inspector of Factories (Testing & Safety Division), Chennai - 600 006 issued a certificate bearing number TVR 5123/ET-2005I/PV-7 dated April 18, 2005 on examination of the pressure vessel of the factory i.e. vertical advanced carbon filter, prescribed under Rule 56 of the Tamil Nadu Factories Rules 1950 in Form 8.
- R. The Deputy Chief Inspector of Factories (Testing & Safety Division), Chennai - 600 006 issued a certificate bearing number TVR 5123/ET-2005I/PV-8 dated April 18, 2005 on examination of the pressure vessel of the factory i.e. vertical filter, prescribed under Rule 56 of the Tamil Nadu Factories Rules 1950 in Form 8.
- S. Thirumazhisai Special Panchayat issued a certificate no. 861, dated February 14, 2005 to our Company.

III. Licenses pertaining to factory located at 31, V.G.P. Salai, Saidapet, Chennai - 600 015

- A. The Corporation of Chennai, Revenue Department renewed the license issued to our Company bearing no. S135009740, under section 287 of the Chennai City Municipal Corporation Act, 1914 on March 30, 2005. The same was issued for the trade of manufacturing of electrical goods. The validity of the certificate is one year.
- B. A Fire Service license dated March 15, 2005 and bearing number 3439/A1/2005, was issued by the Divisional Officer, Fire and Rescue Services Department, Chennai City South Division, under section 13 of the Tamil Nadu Fire Service Act 1985 with the Tamil Nadu Fire Service Rules, 1990 - Appendix III. The license is valid for a period of one year.
- C. A Permanent Registration Certificate was issued by the Regional Joint Director, Department of Industries and Commerce to our Company, whereby this said unit was registered as a small scale industrial unit and allotted the number 18/07/23630/PMT/SSI dated March 20 1978 for the factory for the manufacturing and servicing of distribution transformers and Power transformers up to 50MVA/220 KVA class and additional line of activity - Power transformers upto 100 MVA/ 220 KVA class.

D. A Certificate of Stability bearing number 0104/RM/2003 dated November 12, 2003 was issued by Mr. Murugesan, chartered civil engineer and a competent and approved authority for factory buildings located at 31/1 Hospital Road, Saidapet, Chennai - 15 approved by the Chief Inspector of Factories, Chennai - 600 005, as per section 7(1) Rule 12-B 3 & (4) of the Factories Act, 1948 & Rules 50. The certificate is valid for three years only.

E. The Deputy Chief Inspector of Factories (Testing & Safety Division), Chennai - 600 006 has issued a certificate bearing number CH 2775/HT/PV-1 dated March 14, 2005 on examination of the pressure vessel at the factory, prescribed under Rule 56 of the Tamil Nadu Factories Rules, 1950 in Form 8. A hydrostatic examination was conducted at 10.5 kg/em² for 15 minutes.

The Deputy Chief Inspector of Factories (Testing & Safety Division), Chennai - 600 006 issued a certificate bearing number CH 2775/ET/2005-I/PV-1 dated March 14, 2005 on examination of the pressure vessel of the factory, prescribed under Rule 56 of the Tamil Nadu Factories Rules, 1950 in Form 8. An external examination was conducted for the year.

Name, description and distinctive number of the pressure vessel or plant:

Horizontal cylindrical air receiver, Fab No. 394, 160 litres capacity.

F. The Deputy Chief Inspector of Factories (Testing & Safety Division), Chennai - 600 006 has issued a certificate bearing number CH 2775/HT/PV-2 dated March 14, 2005 on examination of the pressure vessel at the factory, prescribed under Rule 56 of the Tamil Nadu Factories Rules 1950 in Form 8. A hydrostatic examination was conducted at 10.5 kg/em² for 15 minutes.

The Deputy Chief Inspector of Factories (Testing & Safety Division), Chennai - 600 006 issued a certificate bearing number CH 2775/ET/2005-I/PV-2 dated March 14, 2005 on examination of the pressure vessel at the factory, prescribed under Rule 56 of the Tamil Nadu Factories Rules 1950 in Form 8. An external examination was conducted for the year.

Name, description and distinctive number of the pressure vessel or plant:

Horizontal cylindrical air receiver, Fab No. 6520, 160 litres capacity.

G. The Deputy Chief Inspector of Factories (Testing & Safety Division), Chennai - 600 006 issued a certificate bearing number CH 2775/HT/PV-3 dated March 14, 2005 on examination of the pressure vessel at the factory, prescribed under Rule 56 of the Tamil Nadu Factories Rules 1950 in Form 8. A hydrostatic examination was conducted at 10.5 kg/em² for 15 minutes.

The Deputy Chief Inspector of Factories (Testing & Safety Division), Chennai - 600 006 issued a certificate bearing number CH 2775/ET/2005-I/PV-3 dated March 14, 2005 on examination of the pressure vessel at the factory, prescribed under Rule 56 of the Tamil Nadu Factories Rules 1950 in Form 8. An external examination was conducted for the year.

Name, description and distinctive number of the pressure vessel or plant:

Vertical cylindrical air receiver, Fab No. 982, 1000 litres capacity.

H. A Certificate was issued by Bay & Co., Chartered Engineers, Chennai - 600 014 and the inspection was conducted by M.S. Rao, approved valuer and competent person at Chennai, his approval number being H1/33059/2004 on examination of lifting machines and lifting tackles under TNFR - 55A/61A/53. The safety inspection was conducted in December 2005 and the next is due in December 2006.

I. Reports of Examination of Lifting Machine, Chain, Rope or Lifting Tackle dated 26th December, 2005 prescribed under Rule 55A-TNFR, issued by M.S. Rao, Chartered Engineer, Chennai, the validity of which is up to December 2005.

1. Certificate No. LT : 410 : DST

Type, description and distinctive number of Lifting Machine, Chain, Rope or Lifting Tackle located in the Factory/Shop Floor/In conjunction with other tackles:

Madras Chain & Slings Make - MS D Shackle - 1 tonne Capacity -with 12 mm Dai - threaded locking pin - 14 mm 'D' type -used in conjunction with allied tackles - (Batch of 4 Nos) coded 410.

2. Certificate No. LT : 409 : DST

Type, description and distinctive number of Lifting Machine, Chain, Rope or Lifting Tackle located in the Factory/Shop Floor/In conjunction with other tackles:

Madras Chain & Slings Make - MS D Shackle - 5 tonne - Capacity- with 25 mm Dia - threaded locking pin - 28 mm 'D' type - used in conjunction with allied tackles- (Batch of 4 Nos) coded 409.

3. Certificate No. LT : 408 : DST

Type, description and distinctive number of Lifting Machine, Chain, Rope or Lifting Tackle located in the Factory/Shop Floor/In conjunction with other tackles:

Madras Chain & Slings make - MS D Shackle - 3 tonne - Capacity - with 19 mm Dia - threaded locking pin- 22 mm 'D' type - used in conjunction with allied tackles - (Batch of 4 Nos) coded 408.

4. Certificate No. LT : 407 : DST

Type, description and distinctive number of Lifting Machine, Chain, Rope or Lifting Tackle located in the Factory/Shop Floor/In conjunction with other tackles:

Madras Chain & Slings Make - MS ED Shackle - 4 tonne- Capacity -with 22 mm Dia - threaded locking pin - 25 mm 'D' type-used in conjunction with allied tackles - (Batch of 4 Nos) coded 407.

5. Certificate No. LT : 406

Type, description and distinctive number of Lifting Machine, Chain, Rope or Lifting Tackle located in Shop Floor/Monorail:

Speed Make - Push Type - 4 wheeled trolley - 2 tonne - Capacity - with Single fall Hooking device - mounted on monorail l/Allied structural supports- with support plates - 5m lift - manually operated geared hand chain mechanism - with safety locknuts/pins-Coded 406.

6. Certificate No. LT/WRS : 405

Type, description and distinctive number of Lifting Machine, Chain, Rope or Lifting Tackle located in the Shop Floor/Maint:

Usha Martin make - Wire Rope Sling - 5 tonne- Capacity- with Single fall /2.5 m long - 6 x 19 Construction - FMC core with ends looped spliced and Crimped - 22 mm dia Coded 405- Conforming to IS:2266:89.

7. Certificate No. LT/WRS : 404

Type, description and distinctive number of Lifting Machine, Chain, Rope or Lifting Tackle located in the Shop Floor/Maint:

Usha Martin Make - Wire Rope Sling - 2 tonne - Capacity - with Single fall /3.0 m long - 6 x19 Construction - FMC core with ends looped Spliced/ Crimped- 16 mm dia - Coded 404-Conforming to IS:2266:89.

8. Certificate No. LT/WRS : 403

Type, description and distinctive number of Lifting Machine, Chain, Rope or Lifting Tackle located in the Shop Floor/Maint:

Usha Martin Make - Wire Rope sling -1 tonne - Capacity - with Single fall /3.0m long - 6x19 Construction - FMC core with ends looped Spliced Crimped- 12 mm dia - Coded 402-Conforming to IS:2266:89

9. Certificate No. LT/WRS : 402

Type, description and distinctive number of Lifting Machine, Chain, Rope or Lifting Tackle located in the Shop Floor/Maint:

Usha martin Make - Wire Rope Sling - ½ tonne - Capacity- with Single fall /3.0m long - 6x19 Construction - FMC core with ends looped Spliced/Crimped - 8 mm dia - coded 401- Conforming to IS:2266:89

10. Certificate No. LT : 401

Type, description and distinctive number of Lifting Machine, Chain, Rope or Lifting Tackle located in the Factory/Shop Floor:

Local -Make Two/Four legged Chain tackle- 5 tonne- Constructed out of MS chain Links 16 mm dia - with Centrally located master Load ring 28 mm dia - with forged dia - with forged hooks to ends- 3m Lift 1m Long leg length - coded 401.

11. Certificate No. CPB : 201

Type, description and distinctive number of Lifting Machine, Chain, Rope or Lifting Tackle located in the Factory/Shop Floor:

Speed chain Pulley Block - 2 tonne capacity - with two fall Load Chain fall - 8mm Load Chain with hooks -Manually operated geared hand chain mechanism-3m Lift - Mounted on a Monorail-Inconjunction with trolley - Coded 201 - Year 1996.

12. Certificate No. EOT : 106

Type, description and distinctive number of Lifting Machine, Chain, Rope or Lifting Tackle located in the Factory/Assembly Line:

Saico Make - E O T Crane - 15 tonne capacity -with - Six fall - 19 mm dia - load Wire ropes - 6 x 19 Construction - with hooks - 8 m lift - Mounted on Double Girdered Box - Structure - with allied structures and tackles - electric prime movers and controls - Coded 106 - 15m Span - Conforming top IS:3177/IS807:83 - Year 2004.

13. Certificate No. EH : 105

Type, description and distinctive number of Lifting Machine, Chain, Rope or Lifting Tackle located in the Factory/Shop Floor:

Swift Make - Electric hoist 5 tonne- Capacity - with Four fall Wire Rope - 16mm -dia - with load hooks - Mounted on Single Girdered ISMB/Jib Structure - and - Integral with trolley - 5 m lift - Electrically operated - Pendant hoisting Controls mechanism - Year 1994.

14. Certificate No. EH : 104

Type, description and distinctive number of Lifting Machine, Chain, Rope or Lifting Tackle located in the Factory/Shop Floor:

Power Master Make - Electric hoist 1 tonne - Capacity - with four fall wire rope - 8 mm -dia- with load hooks - Mounted on Single Girdered ISMB Jib structure - and - Integral with trolley - 6 m lift - Electrically operated - Pendant hoisting Controls mechanism - Year 1994.

15. Certificate No. EH : 103

Type, description and distinctive number of Lifting Machine, Chain, Rope or Lifting Tackle located in the Factory/Assembly Line:

Power Master Make - electric Hoist - 15 tonne Capacity - 4 fall - 22 mm dia -load Wire ropes - 6 x 37 Construction - with hooks - 8 m lift - Mounted on Structural Monorail - with allied structures and tackles - electric prime movers and controls - Coded 103 - Year 1993.

16. Certificate No. EOT : 102

Type, description and distinctive number of Lifting Machine, Chain, Rope or Lifting Tackle located in the Factory/Assembly Line:

Power Master Make - E O T Crane - 5 tonne capacity - with - Four fall - 16 mm dia - load Wire ropes - 6 x 19 Construction - with hooks - 5m lift - Mounted on Structural Monorail - with allied structures and tackles - electric prime movers and controls - Coded 102 - Year 1993.

17. Certificate No. EH : 101

Type, description and distinctive number of Lifting Machine, Chain, Rope or Lifting Tackle located in the FactoryYard:

MM Make - Electric hoist 2 tonne - Capacity - with Four fall Wire Rope - 8mm - dia - with load hooks - Mounted on Single Girdered ISMB structure - and - Integral with trolley - 6 m lift - Electrically operated - Pendant hoisting Controls mechanism - Year 1994.

J. Reports of Examination of Lifting Machine, Chain, Rope or Lifting Tackle dated 2nd April, 2005 prescribed under Rule 61A-TNFR, issued by M.S. Rao, Chartered Engineer, Chennai, the validity of which is up to March 2006.

Certificate No. SHB : 601 to 603

Type, description and distinctive number of Lifting Machine, Chain, Rope or Lifting Tackle used for maintenance:

Udyogi Make - Safety Harness Belt - 80 Kg Capacity - with Single fall PP Rope 12 mm dia 3m long - with Nylon Straps 45 mm Width - duly copper riveted and web stitched -with end metallic fastening devices with threaded Snap hook and safety lock nut - 1.8 m drop - approved by DGMS - Conforming to IS:3521:89 (Batch of 3 Nos).

K. The Deputy Chief Inspector of Factories, 3rd Division, Chennai - 600 006, issued a factory license under Rule 4(6) of the Tamil Nadu Factories Rules, 1950 & under G.O. Ms 150 L&E dated 14th July, 1993 for the factory located at 31, V.G.P Salai, Saidapet, Chennai - 600 015. The License number is CH 2775. The same has been renewed.

L. Our Company's factory located at 31, V.G.P Salai, Saidapet, Chennai - 600 015 has been allotted Code No. 51-18734 under the Employees State Insurance Act, 1948.

- M. Our Company's factory located at 31, V.G.P Salai, Saidapet, Chennai - 600 015 has been allotted Code No. 10586 under the Employees' Provident Fund and Miscellaneous Provisions Act, 1952.
- N. A Certificate of Registration no. 685/1999 was granted pursuant to Section 7(2) of the Contract Labour (Regulation and Abolition) Act, 1970 and the rules made thereunder to 'Hawkeye Security Force & Allied Services', the security appointed for our Company for its premises at the factory.

IV. Licenses pertaining to factory located at VII/222, Koyyamarakkad, Kanjikode, Palakkad - 678 621

- A. The Kerala Pollution Control Board has given its consent to operate the industrial plant to our Company under section 21 of the Air (Prevention & Control of Pollution) Act, 1981. The certificate number is PCB/A/F/2693/2004. The application for the consent of the Kerala Pollution Control Board is dated January 8, 2004 and the same is valid up to December 31, 2005.
- B. A Permanent Registration Certificate was issued by the Government of Kerala, Department of Industries and Commerce, District Industries Centre, Palakkad whereby the factory of our Company was registered as a small scale industrial unit and allotted the number 09/07/00684/PMT/SSI dated April 30, 1976 for the manufacturing and servicing of transformers & other electrical equipments.
- C. The Director of Factories and Boilers, State of Kerala has issued a factory license bearing number 31102 under the Factories Act, 1948, dated 30th June, 2004 for the factory located at VII/222, Koyyamarakkad, Kanjikode, Palakkad - 678 621. The same has been renewed.
- D. Our Company's factory has been allotted Code No. 54-381662SF under the Employees State Insurance Act, 1948.
- E. Our Company's factory has been allotted Code No. KR/KK/14453 under the Employees' Provident Fund and Miscellaneous Provisions Act, 1952.
- F. A Certificate of Stability dated January 8, 2004 was issued by Mr. S. P. Ramanathan, Chartered Civil Engineer, M/s. Anu & Co and a competent and approved authority for the factory building approved by the Chief Inspector of Factories and Boilers, Kerala, prescribed under Rule 3(4).
- G. A Non Objection Certificate was issued by the Fire Officer, Palakkad on December 9, 2003.
- H. The Pudussery Grama Panchayat under the Kerala Raj Panchayat Act 13 of 1994 issued a certificate no. 41/2005-06, dated February 18, 2005 to our Company.
- I. A Certificate dated January 15, 2002 was issued by K.J. Joy., Chartered Engineer, approved valuer and competent person, on examination of 35t. capacity E.O.T. Crane SAICO Nashik, under the section 29 of the Factories and Boilers Act saying that no defects were detected.
- J. A Certificate dated January 15, 2002 was issued by K.J. Joy., Chartered Engineer, approved valuer and competent person, on examination of 35t. capacity E.O.T. Crane SAICO Nashik, under the section 29 of the Factories and Boilers Act saying that no defects were detected.
- K. A Certificate dated January 10, 2002 was issued by Keetticka Metals & Fabrications in Form No. 8, prescribed under Rule 74 as revised by G.O. No. Rt. 844/74/KBR on examination of pressure vessel or plant i.e. air compressor receiver at the factory premises.
- L. A Certificate dated January 10, 2002 was issued by Keetticka Metals & Fabrications in Form No. 8, prescribed under Rule 74 as revised by G.O. No. Rt. 844/74/KBR on examination of pressure vessel or plant i.e. air compressor receiver at the factory premises.

Government Approvals applied for but not received:

Sr. No.	Approval applied for	Status
1.	Trademark for "INDO TECH" under class 09 (no. 1292696)	Application pending registration before the Registrar of Trade Marks, Trade Marks Registry, Mumbai
2.	Consent to operate the industrial plant at Thirumazhisai under section 21 of the Air (Prevention & Control of Pollution) Act, 1981	Application pending before the Tamil Nadu Pollution Control Board.
3.	Consent to operate the industrial plant at Palakkad, Kerala under section 21 of the Air (Prevention & Control of Pollution) Act, 1981	Application pending before the Kerala Pollution Control Board.

Government Approvals not yet applied for:

The objects of the Issue, inter alia, include Relocation and Modernization of Saidapet plant into a new Distribution Transformer Plant of 750 MVA / annum at Thirumazhisai, setting up a new Power Transformer Plant with a Capacity of 2400 MVA /Annum Incl 220 KV class of transformers at a new location, setting up of Dry Type Transformer Plant (120 units per annum) at Thirumazhisai and meeting working capital requirement for expansion. We would require certain licenses, approvals and permissions for undertaking these activities, and the details thereof are mentioned hereunder:

I. Relocation and Modernization of Saidapet plant into a new Distribution Transformer Plant:

Our Company is yet to apply for any other license, approval or permission in relation to the Relocation and Modernization of Saidapet plant into a new Distribution Transformer Plant at Thirumazhisai. An indicative list of the major licenses, approvals and permissions we may need in relation to our proposed unit state above are:

- a. License to operate a factory along with approvals for the machine plan layout and the building under the Factories Act;
- b. Certificate issued by the Thirumazhisai Special Panchayat for the new factory;
- c. If we import our plant and machinery under EPCG, Advance License or any other export promotion scheme, then we would require license(s) under such scheme(s) which would be adequate to cover the cost of imports;
- d. Approvals from the Tamil Nadu Pollution Control Board under the legislations concerning prevention of water pollution and air pollution; discharge of hazardous waste;
- e. Sanction for electrical power from the Tamil Nadu Electricity Board;
- f. The Electrical Inspectors' approval for diesel generator sets (for standby power) under the Electricity Act;
- g. Water connection approvals;
- h. Registration under the Contract Labour (Regulation & Abolition) Act for engaging contract labour, if any, employed by our Company.
- i. License for bulk storage of petroleum products (diesel/LPG) from the Department of Explosives;
- j. Registration of new premises as an additional place of business in the central excise and sales tax registration certificates of our Company.
- k. Other approvals and permissions relating to Provident Fund, Employees State Insurance etc.

II. Setting up a new Power Transformer Plant:

Our Company is yet to apply for any other license, approval or permission in relation to the new Power Transformer Plant. An indicative list of the major licenses, approvals and permissions we may need in relation to our proposed unit state above are:

- l. License to operate a factory along with approvals for the machine plan layout and the building under the Factories Act;
- m. If we import our plant and machinery under EPCG, Advance License or any other export promotion scheme, then we would require license(s) under such scheme(s) which would be adequate to cover the cost of imports;
- n. Approvals from the Tamil Nadu Pollution Control Board under the legislations concerning prevention of water pollution and air pollution; discharge of hazardous waste;
- o. Sanction for electrical power from the Tamil Nadu Electricity Board;
- p. The Electrical Inspectors' approval for diesel generator sets (for standby power) under the Electricity Act;
- q. Water connection approvals;
- r. Registration under the Contract Labour (Regulation & Abolition) Act for engaging contract labour, if any, employed by our Company.
- s. License for bulk storage of petroleum products (diesel/LPG) from the Department of Explosives;
- t. Registration of new premises as an additional place of business in the central excise and sales tax registration certificates of our Company.
- u. Other approvals and permissions relating to Provident Fund, Employees State Insurance etc.

Our Company had been issued Certificates bearing No.PP:901 and PRB: 902 dated April 2, 2005 issued by M S Rao, (an approved valuer and competent person at Chennai, his approval number being H1/33059/2004) on examination of power presses & safety devices under Rule 53, Schedule VIII, no. 6(4) in the Company's factory premises at DP : 14-19, SIDCO industrial Estate Thirumazhisai, Chennai - 602 107. The Certificate states that the next examination would be carried out in October 2005. The examination would be taking place around January 20, 2006 and the said certificate is expected by the end of January 2006.

Our Company has received all the necessary approvals and licenses for conducting its present business and the proposed business except those mentioned above.

Our Company has received all the necessary consents, licenses, permissions and approvals from the Government/RBI and various government agencies required for carrying on the present as well as the proposed business of our Company.

MATERIAL DEVELOPMENTS

In the opinion of the Board of Directors of our Company, there have not arisen, since the date of last financial statements disclosed in this Prospectus, any circumstances that materially or adversely affect or are likely to affect the profitability of our Company or the value of its assets or its ability to pay its liabilities within the next twelve months save and except as given below:

Except the merger of Indo Tech Electric Company Limited with our Company and issuance of Bonus shares in the ratio of 3:2 during the month of October 2005, no other circumstances have arisen since the date of the last financial statement until the date of filling of the Prospectus with SEBI, which materially and adversely affect or is likely to affect the operations or profitability of our Company, or value of its assets, or its ability to pay its liability within next twelve months.

Salient features of the Scheme of Amalgamation sanctioned by the Madras High Court on the amalgamation of Indo Tech Electric Company Limited with Indo Tech Transformers Limited

M/s Indo Tech Electric Company Limited and M/s. Indo Tech Transformers Limited had vide Company Petition No. 202/2005 and 203/2005 respectively, prayed to the Hon'ble Madras High Court for the sanction of the scheme of amalgamation, amalgamating M/s Indo Tech Electric Company Limited with M/s Indo Tech Transformers Limited and the same has been duly sanctioned vide an order dated September 30, 2005, passed by the Hon'ble Court. The Board of Directors of both the said companies in their respective meetings held on April 16, 2004 had approved the scheme of amalgamation ("**Scheme**") of M/s. Indo Tech Electric Company Limited with M/s. Indo Tech Transformers Limited so as to be effective from 1st April, 2003. The Scheme provides for the continuity of the services of the workforce of M/s. Indo Tech Electric Company Limited in M/s. Indo Tech Transformers Limited. The Scheme provides that in consideration of the transfer and vesting of the undertaking of M/s. Indo Tech Electric Company Limited in M/s. Indo Tech Transformers Limited, M/s. Indo Tech Transformers Limited shall issue and allot twenty-seven equity shares of Rs.10 each credited as fully paid up in the capital of M/s. Indo Tech Electric Company Limited to the shareholders of M/s. Indo Tech Transformers Limited for every one equity share of Rs.100 held by them in M/s. Indo Tech Electric Company Limited. In addition to the above said provisions of the Scheme, it also provides as follows:

1. The entire undertaking and business of M/s Indo Tech Electric Company Limited together with all its properties, movable and immovable, and other assets tangible and intangible of whatsoever nature subject to all mortgages, charges, hypothecation, guarantees and all rights and obligations shall be transferred to or vested in M/s Indo Tech Transformers Limited in accordance with and pursuant to Section 394 of the Companies Act, 1956.
2. All long term, medium term, short term loans and other secured and unsecured loans owing by M/s Indo Tech Electric Company Limited to banks and persons shall become the liabilities of M/s Indo Tech Transformers Limited.
3. All legal and other proceedings pending in any court, tribunal or authority by or against the M/s Indo Tech Electric Company Limited shall be continued and be enforced by or against M/s Indo Tech Transformers Limited.

SECTION VII - OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

Pursuant to Section 81(1A) of the Companies Act, 1956, the present issue of equity shares has been authorized vide Special Resolution passed at the Extra Ordinary General Meeting of the Company held on October 10, 2005 and a resolution passed by the Board of Directors at its meeting held on October 7, 2005.

The present Offer for Sale has been approved by the Offerors, i.e., Mr. P. S. Jagdish and 21st Century Management Services Limited, vide their Consent Letters dated October 22, 2005 to offer 397,480 and 590,900 shares respectively. The Board of Directors of Indo Tech Transformers Limited, in their meeting held on October 22, 2005, has taken on record the proposed Offer for Sale of 988,380 Equity Shares out of the shares held by the Offerors.

Prohibition by SEBI

We, our Directors, our Promoters, directors of our Promoter companies, the subsidiaries, the associates, the group companies, companies promoted by our Promoters and companies or entities with which our Company's Directors are associated as directors have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI. Our Company, our Promoters, group companies and associate companies have not been detained as willful defaulters by RBI / government authorities and there are no violations of securities law committed by them in the past or pending against them.

Eligibility for the Issue

The Company is eligible for the Issue according to Clause 2.2.1 of the SEBI (Disclosure & Investor Protection) Guidelines, 2000, as follows:

- The Company's net tangible assets as at 31st March, 2005 is Rs.222.49 millions which is more than 50% of the monetary assets.
- The Company has a track record of distributable profits as per Section 205 of the Companies Act for at least three out of the immediately preceding five years;
- The Company has a net worth of at least Rs.131.74 millions in each of the preceding three financial years of 12 months each;
- The Company has not changed its name within the last one year;
- The aggregate of the proposed Issue and all previous issues made in the same financial year in terms of size does not exceed five times the pre-Issue net worth, as per the audited balance sheet of the last financial year.

The net profit, net worth, net tangible assets and monetary assets derived from the auditors report included in this Prospectus under the section "Financial Statements (excluding Subsidiaries)", as at, and for the last five years ended March 31, is set forth below:

(Rs. in Million)

	As at and for year ended March 31, 2001	As at and for year ended March 31, 2002	As at and for year ended March 31, 2003	As at and for year ended March 31, 2004	As at and for year ended March 31, 2005	For the half year period ended September 30, 2005
Net Tangible Assets (1)	228.75	215.00	233.25	222.49	292.45	334.25
Monetary Assets (2)	25.71	24.32	30.70	35.76	106.32	112.83
Monetary Assets as a percentage of Net Tangible Assets	11.24	11.32	13.16	16.07	36.35	33.76
Net Profits / (Losses) as restated	4.22	(15.06)	(1.16)	35.95	78.54	49.28
Net Worth as restated	147.96	132.91	131.74	175.54	247.66	297.04
Distributable Profits/Losses (3)	4.22	(15.06)	(1.16)	34.43	78.54	49.28

(1) *Net tangible assets is defined as the sum of fixed assets (including capital work in progress and excluding revaluation reserves), trade investments, current assets (excluding deferred tax assets) less current liabilities (excluding deferred tax liabilities and long term liabilities)*

(2) *Monetary assets include cash on hand and bank and quoted investments.*

(3) *The Distributable profits of the company as per Section 205 of the Act and has been calculated from the audited financial statements of the respective year/period before making adjustments for restatement of financial statements.*

MINIMUM NUMBER OF ALLOTTEES

Further in terms of Clause 2.2.2A of the SEBI DIP Guidelines, the prospective allottees shall be not less than 1000 in numbers; else the Company shall not make an allotment pursuant to this Issue.

DISCLAIMER CLAUSE

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE PROSPECTUS TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE PROSPECTUS. THE LEAD MANAGER VIZ, ENAM FINANCIAL CONSULTANTS PRIVATE LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE PROSPECTUS, THE LEAD MANAGER ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER VIZ ENAM FINANCIAL CONSULTANTS PRIVATE LIMITED HAS FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED November 28, 2005 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992 WHICH READS AS FOLLOWS:

(1) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE PROSPECTUS PERTAINING TO THE SAID ISSUE;

(2) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY.

WE CONFIRM THAT:

- A. THE PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**
- B. ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE, AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH;**
- C. THE DISCLOSURES MADE IN THE PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE;**
- D. BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID; AND**
- E. WHEN UNDERWRITTEN, WE SHALL SATISFY OURSELVES ABOUT THE NET WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.**

THE FILING OF THE PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTIONS 63 OR 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MANAGERS ANY IRREGULARITIES OR LAPSES IN THE PROSPECTUS.

WE CERTIFY THAT WRITTEN CONSENT FROM THE SHAREHOLDERS HAVE BEEN OBTAINED FOR INCLUSION OF ITS SECURITIES AS PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN AND THE SECURITIES PROPOSED TO FORM PART OF PROMOTERS CONTRIBUTION SUBJECT TO LOCK-IN, WILL NOT BE DISPOSED/SOLD/

TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE PROSPECTUS WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE PROSPECTUS.

ALL LEGAL REQUIREMENTS PERTAINING TO THE ISSUE WILL BE COMPLIED WITH AT THE TIME OF FILING OF THE RED HERRING PROSPECTUS WITH THE ROC IN TERMS OF SECTION 60B OF THE COMPANIES ACT, 1956. ALL LEGAL REQUIREMENTS PERTAINING TO THE ISSUE WILL BE COMPLIED WITH AT THE TIME OF REGISTRATION OF THE PROSPECTUS WITH THE ROC IN TERMS OF SECTIONS 56, 60 AND 60B OF THE COMPANIES ACT."

Disclaimer from the Issuer, Offerors and the Lead Manager

We, our Directors, Offerors and the LM accept no responsibility for statements made otherwise than in this Prospectus or in the advertisements or any other material issued by or at instance of the above mentioned entities and anyone placing reliance on any other source of information, including our web site, would be doing so at his own risk.

Caution

The LM accept no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into between LM, the Offerors and us dated November 22, 2005 and the Underwriting Agreement to be entered into among the Underwriters and us.

All information shall be made available by the LM and us to the public and investors at large and no selective or additional information would be available for a section of investors in any manner whatsoever including road show presentations, research or sales reports or at bidding centres etc.

Disclaimer in Respect of Jurisdiction

This Issue is being made in India to persons resident in India, including Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission) or trusts under the applicable trust law and who are authorized under their constitution to hold and invest in shares, permitted insurance companies and pension funds and to permitted non residents including NRIs, FIIs and other eligible foreign investors (viz, Foreign Venture Capital Funds registered with SEBI, multilateral and bilateral development financial institutions). The Prospectus does not, however, constitute an invitation to subscribe to Equity Shares issued hereby in any other jurisdiction to any person to whom it is unlawful to make an invitation in such jurisdiction. Any person into whose possession this Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of the Issue will be subject to the jurisdiction of appropriate court(s) in the state of Tamil Nadu, India only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Prospectus has been filed with SEBI for observations and SEBI has given its observations. Accordingly, the Equity Shares, represented thereby may not be offered or sold, directly or indirectly, and this Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in our affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

Disclaimer Clause of the National Stock Exchange of India Limited

As required, a copy of the Offer Document has been submitted to the National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter No. NSE/LIST/19212-E dated December 22, 2005 permission to the Issuer to use the Exchange's name in this Offer Document as one of the stock exchanges on which the Company's securities are proposed to be listed. The Exchange has scrutinized this draft offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Offer Document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Offer Document; nor does it warrant that the Issuer's securities will be listed or will continue to be listed on Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription / acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Disclaimer Clause of the Bombay Stock Exchange Limited

Bombay Stock Exchange Limited ("the Exchange") has given by its letter dated December 27, 2005, permission to this Company to use the Exchange's name in this offer document as one of the stock exchanges on which the Company's securities are proposed to be listed. The Exchange has scrutinized this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:

1. warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or
2. warrant that this company's securities will be listed or will continue to be listed on the Exchange; or
3. take any responsibility for the financial or other soundness of this company, its promoters, its management or any scheme or project of this company;

and it should not for any reason be deemed or construed that this offer document has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by any person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Filing

A copy of the Prospectus along with the documents required to be filed under section 60 of the Companies Act, 1956 has been delivered for registration to RoC at Chennai. A copy of the Prospectus has been filed with the Corporation Finance Department of SEBI at Ground Floor, Mittal Court, "A" Wing, Nariman Point, Mumbai 400 021.

Listing

Applications have been made to BSE and NSE for permission to deal in and for an official quotation of our equity shares. We have nominated The National Stock Exchange of India Limited, as the Designated Stock Exchange for the Issue with which the Basis of Allotment will be finalized for the Non-Institutional and Retail Portion.

If the permissions to deal in and for an official quotation of our equity shares are not granted by any of the Stock Exchanges, we shall forthwith repay, without interest, all monies received from the applicants in pursuance of this Prospectus. If such money is not repaid within eight days after we become liable to repay it, i.e., from the date of refusal or within 70 days from the Issue Closing Date, whichever is earlier, then we and every director of ours jointly and severally shall, on and from such expiry of eight days, be liable to repay the money, with interest at the rate of 15.0% per annum on application money, as prescribed under Section 73 of the Companies Act.

We shall ensure that all steps for the completion of the necessary formalities for further listing and commencement of trading at the Stock Exchanges are taken within seven working days of finalization of the Basis of Allotment for the Issue.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, 1956 which is reproduced below:

"Any person who:

- (a) makes in a fictitious name, an application to a Company for acquiring or subscribing for, any shares therein, or
- (b) otherwise induces a Company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name,

shall be punishable with imprisonment for a term which may extend to five years."

MINIMUM SUBSCRIPTION

"If the Company does not receive the minimum subscription of 90% of the fresh issue to public including devolvement on Underwriters within 60 days from the date of closure of the Issue, the Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after the Company becomes liable to pay the amount, the Company shall pay interest prescribed under Section 73 of the Companies Act, 1956." The requirement of minimum subscription shall not be applicable to those equity shares being offered as part of offer for sale in the present issue.

ISSUE OF ALLOTMENT LETTERS / REFUND ORDERS

The Company shall give credit to the Beneficiary Account with Depository Participants within two (2) working days of finalisation of the basis of allotment of Equity Shares. The Company shall dispatch refund orders, if any, of value up to Rs.1,500, by

"Under Certificate of Posting", and will dispatch refund orders above Rs.1,500, if any, by registered post or speed post at the sole or first applicant's sole risk.

In accordance with the Company Act, the requirements of the Stock Exchange and the SEBI Guidelines, the Company further undertakes that:

- Allotment of Equity Shares will be made only in dematerialized form within 30 days from the issue closing date
- Dispatch of refund orders will be done with 30 days from the issue closing date
- The Company shall pay interest at 15% per annum (for delay beyond 30 days time as mentioned above), if transfer is not made, refund orders are not dispatched and/or demat credit are not made to investors within the 30 day time prescribed above.

The Company will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by the Company, as refund banker(s) and payable at par at places where application are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the applicants.

ISSUE SCHEDULE

The subscription list will open at the commencement of banking hours and will close at the close of banking hours on the dates as mentioned below:

ISSUE OPENS ON	February 10, 2006
ISSUE CLOSES ON	February 16, 2006

Consents

Consents in writing of: (a) the Directors, the Company Secretary & Compliance Officer, the Auditors, Bankers to the Company; and (b) Lead Manager to the Issue, Escrow Collection Bankers, Registrars to the Issue and Legal advisors to the Issue, to act in their respective capacities, have been obtained and filed along with a copy of this Prospectus with the Registrar of Companies, Tamilnadu at Chennai and such consents have not been withdrawn up to the time of delivery of this Prospectus for registration with the Registrar of Companies, Tamilnadu at Chennai.

M/s. G. Balu Associates, Chartered Accountants - Statutory Auditors of the Company, have given their written consent to the inclusion of their report in the form and context in which it appears in this Prospectus and such consent and report have not been withdrawn up to the time of delivery of this Prospectus for registration with the RoC.

M/s. G. Balu Associates, Chartered Accountants, have given their written consent to the tax benefits accruing to the Company and its members in the form and context in which it appears in the Prospectus and have not withdrawn such consent up to the time of delivery of the Prospectus for registration with the RoC.

Expert Opinion

Except as stated in the sections titled "Objects of the Issue", "Statement of Tax Benefits" and "Financial Statements" beginning on pages 17, 28, and 88 of this Prospectus, we have not obtained any expert opinions.

Expenses of the Issue

The total expenses of the Issue are estimated to be approximately Rs. 41.02 million. The Issue related expenses include, among others, issue management fees, brokerage and underwriting commission, printing and distribution expenses, legal fees, advertisement expenses, registrar and depository fees and listing fees.

(Rs. in Million)			
Category	Estimated expenses	As a percentage of Total Issue Size	As a percentage of Total Issue Expenses
Fees for the LM	10.26	2%	25%
Fees for Registrar to the Issue	4.65	0.91%	11.33%
Advertising and Marketing costs	6.12	1.19%	14.91%
Printing and distribution cost including dispatch	7.00	1.36%	17.05%
Brokerage and Underwriting commission	12.82	2.50%	31.23%
Others (initial listing fees and annual listing fees, SEBI filing fees, other statutory fees, depository fees and other related expenses)	0.20	0.04%	0.48%
Total	41.05	8.00%	100.00%

Fees Payable to the LM, Brokerage and Selling Commission

The total fees payable to the LM including brokerage and underwriting commission for the Issue will be as per the Memorandum of Understanding executed between the Company, the Offerors and the LM dated November 22, 2005, copy of which is available for inspection at our Registered Office.

Fees Payable to the Registrar to the Issue

The total fees payable to the Registrar to the Issue will be as per the Registrar's memorandum of understanding dated October 14, 2005, copy of which is available for inspection at our registered office. Adequate funds will be provided to the Registrar to the Issue to enable them to send refund orders or allotment advice by registered post.

Previous Public and Rights Issues

Since we are an unlisted company, we have not made any public or rights issue in the past.

Previous Issues Otherwise than for Cash

Save as stated in the section entitled "Capital Structure of the Company" on page 10 of this Prospectus, the Company has not issued any Equity Shares for consideration otherwise than for cash.

Companies under the Same Management

There are no companies under the same management within the meaning of Section 370 (1B) of the Companies Act, 1956 save and except Inndo Tech Anugraha Foundations Limited and Indo Tech Finance Private Limited.

Outstanding Debentures, Bonds, Redeemable Preference Shares or other Instruments

We have no outstanding debentures, bonds, redeemable preference shares or other instruments.

Mechanism evolved for Redressal of Investor Grievances

Investor's grievances will be settled expeditiously and satisfactorily by ITTL. The agreement between the Company and the Registrar to the Issue will provide for retention of records with the Registrar to the Issue for a period of at least one year from the last date of dispatch of letters of allotment, refund orders, demat credit, to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, Intime Spectrum Registry Limited, giving full details including name, address of the applicant, number of Equity Shares applied for, amount paid on application and the bank branch or collection centre where the application was submitted.

Investors may contact the Compliance Officer in case of any Pre-Issue or Post-Issue related complaints such as non-receipt of allotment advice, refund orders, demat credit, etc.

Disposal of Investor Grievances

We estimate that the average time required by us or the Registrar to the Issue for the redressal of routine investor grievances shall be seven working days from the date of receipt of the complaint. In case of non-routine complaints and where external agencies are involved, we or the Registrar to the Issue will strive to redress these complaints as expeditiously as possible.

As on date there are no Investor Grievances received by our Company

Changes in Auditors

There has been no change of the auditors in the last three years.

Capitalization of Reserves or Profits

The Company has not capitalized its reserves or profits at any time except as stated in the section titled "Capital Structure of the Company" on page 10 of this Prospectus.

Revaluation of Assets

The Company has not revalued any of its assets in the past five years.

Credit Rating

This being an issue of Equity Shares, credit rating is not required.

SECTION VIII : ISSUE RELATED INFORMATION

TERMS OF THE ISSUE

AUTHORITY FOR THE ISSUE

Pursuant to Section 81(1A) of the Companies Act, 1956, the present issue of equity shares has been authorized vide Special Resolution passed at the Extra Ordinary General Meeting of the Company held on October 10, 2005 and a resolution passed by the Board of Directors at its meeting held on October 7, 2005.

The present Offer for Sale has been approved by the Offerors, i.e., Mr. P. S. Jagdish and 21st Century Management Services Limited, vide their Consent Letters dated October 22, 2005 to offer 397,480 and 590,900 shares respectively. The Board of Directors of Indo Tech Transformers Limited, in their meeting held on October 22, 2005, has taken on record the proposed Offer for Sale of 988,380 Equity Shares out of the shares held by the Offerors.

PRINCIPAL TERMS AND CONDITIONS OF THE ISSUE

The Equity Shares now being offered for sale are subject to the provisions of the Act, the Memorandum and Articles of Association of the Company, conditions of the RBI approval, if any, the terms of the Draft Prospectus and Application Form and other terms and conditions as may be incorporated in the letters of allocation and other documents/ certificates that may be executed in respect of the equity shares. Further to the above, the Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing of securities issued from time to time by SEBI/Government of India/Stock Exchanges/RBI and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Face Value:

Each equity share shall be of Face value of Rs.10/-.

Terms of Payment:

The Applications should be for minimum of 50 equity shares and in multiples of 50 equity shares thereafter. **Entire amount of Rs. 130/- per share is payable on application.** Where an applicant is allotted lesser number of Equity Shares than he/she has applied for, the excess amount paid on application shall be refunded to Applicant.

Interest in Case of Delay on Allotment/Dispatch

The Offerors and the Company agrees that -

- a. as far as possible allotment of securities offered to the public shall be made within 30 days of the closure of the public issue.
- b. it shall pay interest @ 15% per annum if the allotment has not been made and the allotment letters/refund orders have not been dispatched to the investors within 30 days from the date of the closure of the issue.

Rights of the equity shareholders

1. To receive dividend, if declared.
2. To attend general meeting and exercise voting rights unless prohibited by law.
3. To vote either personally or by proxy.
4. To receive offer for rights shares and be allotted bonus shares.
5. To receive surplus on liquidation.
6. Such other rights, as may be available to a shareholder of a public limited company under the Companies Act, 1956.
7. Right of transferability.

Ranking of Equity Shares

The equity shares to be issued shall be subject to the Memorandum and Articles of Association of the Company and shall rank pari passu with the existing equity shares of the Company including rights in respect of dividends.

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialised form. As per the existing SEBI Guidelines, the trading in the Equity Shares shall only be in dematerialised form for all investors. Since trading of our Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allotment through this Issue will be done only in electronic form in multiples of one Equity Share subject to a minimum allotment of 50 Equity Shares. For details of allocation and allotment, see the section titled "Basis of Allotment" on page 176 of this Prospectus.

Arrangements for disposal of odd lots

The Company's shares will be traded in dematerialized form only and therefore the marketable lot is 1 (ONE) share.

Therefore, there is no possibility of any odd lots.

NOMINATION FACILITY TO INVESTOR

In accordance with Section 109A of the Act, the sole or first Applicant, along with other joint Applicants, may nominate any one person in whom, in the event of death of sole Applicant or in case of joint Applicants, death of all the Applicants, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of death of the original holder(s), shall in accordance with Section 109A of the Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed Form available on request at the Registered Office of the Company or at the Registrar and Transfer Agents of the Company. In accordance with Section 109B of the Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Act, shall upon the production of such evidence as may be required by the Board, elect either: (a) to register himself or herself as the holder of the Equity Shares; or (b) to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may, at any time, give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

PROCEDURE FOR APPLICATION AND MODE OF PAYMENT

Availability of Prospectus and Application Forms

Form 2A, the Memorandum containing the salient features of the Prospectus together with Application Forms and copies of the Prospectus may be obtained from the Registered Office of the Company, Lead Manager to the Issue, Brokers and at the collection centres of the Bankers to the Issue, as mentioned on the Application Form.

Application may be made by

1. Indian nationals resident of India who are adult individuals in single name or joint names (not more than three)
2. Hindu Undivided Families through the Karta of the Hindu Undivided Family
3. Companies, Bodies Corporate and Societies registered under the applicable laws in India and authorized to invest in the Shares.
4. Indian Mutual Funds registered with SEBI.
5. Indian Financial Institutions and Banks.
6. Venture Capital Funds / Foreign Venture Capital investors registered with SEBI.
7. State Industrial Development Corporation.
8. Scientific and/or Industrial Research Organisations, which are authorised to invest in the equity shares.
9. Insurance Companies registered with Insurance Regulatory and Development Authority;
10. Provident Funds with minimum corpus of Rs. 25 Crore;
11. Pension Funds with minimum corpus of Rs. 25 Crore;
12. Trusts who are registered under the Societies Registration Act, 1860 or any other trust law and are authorized under its constitution to hold and invest in shares.

13. Commercial Banks and Regional Rural Banks, Co-operative Banks may also apply subject to permission from the Reserve Bank of India.
14. Non-Resident Indians (NRIs) on non-repatriable basis/repatriable basis.
15. Foreign Institutional Investors (FIIs)

Applications cannot be made by

- a) Minors
- b) Foreign Nationals (except NRIs)
- c) Overseas Corporate Bodies (OCBs)
- d) Partnership firms or their nominees

Subscription by NRIs/ FIIs

In case of the shares offered for sale by the Offerors we have obtained in-principal approval from Reserve Bank of India vide their letter no. FE.CO.FID/14958/10.21.025/2005-06 dated January 9, 2006. Our company shall facilitate the Offerors and the Non-resident acquirers to file appropriate forms with the authorised dealers in foreign exchange for disclosure of such acquisition.

A. GENERAL INSTRUCTIONS

1. Application must be made in the prescribed Application Form and completed in Full in BLOCK LETTERS in English as per the instructions contained herein and in the Application Form are liable to be rejected if not so made.
2. The application for Equity Shares should be for a minimum of 50 Equity Shares and in multiples of 50 shares thereafter. An applicant in the public category can make an application only for a maximum of Equity Shares that are offered to the public, however the maximum allotment will be subject to the investment limits prescribed by the regulatory or statutory authorities governing them.
3. Thumb impressions and signatures other than in English/ Hindi or any other language specified in the 8th Schedule to the Constitution of India, must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under his/ her official seal.

4. Bank Account Details of Applicant:

The name of the Applicant, Depository Participant's name, Depository Participant's Identification (DPID) number and the Beneficiary number provided by the Depository participant must be correctly mentioned in the Application Form at the appropriate place. The Registrars will obtain the Demographic details such as Address, Bank account details and occupation from the depository participants. The refunds, if any, will be printed with the Bank details as given by the Depository participant.

5. Applications under Power of Attorney:

In case of applications under Powers of Attorney or by Companies, Bodies Corporate, Societies registered under the applicable laws, trustees of Trusts, Provident Funds, Superannuation Funds, Gratuity Funds, a certified copy of the Power of Attorney or the relevant authority, as the Case may be, must be lodged separately at the office of the Registrars to the Issue simultaneously with the submission of the Application Form, indicating the serial number of the Application Form and the name of the Bank and the branch office where the application is submitted.

The Company in its absolute discretion reserves the right to relax the above condition of simultaneous lodging of the Power of Attorney along with the Application Form subject to such terms and conditions as it may deem fit.

6. PAN/ GIR Number

Where applicant is/are for Rs. 50,000 or more, the applicant or in the case of an applicant in joint names, each of the applicant, should mention his/her Permanent Account Number (PAN) allotted under the I.T. Act. The copy of the PAN card or PAN allotment letter is required to be submitted with the application form. Applications without this information and documents will be considered incomplete and are liable to be rejected. It is to be specifically noted that Applicant should not submit the GIR number instead of the PAN as the applicant is liable to be rejected on this ground. In case the Sole/ First applicant and Joint applicant (s) is/are not required to obtain PAN, each of the applicant (s) shall mention "Not Applicable" and in the event that the sole applicant and/or the joint applicant (s) have applied for PAN which has not yet been allotted each of the applicant (s) should mention "Applied for" in the applicant each of the Joint applicant (s), as the case may be, would be required to submit Form 60 (Form of declaration to be filed by a person who does not have a permanent account number and who enters into any transaction specified in rule 114B), or, Form 61 (form of declaration

to be filed by a person who has agricultural income and is not in receipt of any other income chargeable to income tax in respect of transactions specified in rule 114B), as may be applicable, duly filled along with a copy of any one of the following documents in support of the address: (a) Ration Card (b) Passport (c) Driving License (d) Identity Card issued by any institution (e) Copy of the electricity bill or telephone bill showing residential address (f) Any document or communication issued by any authority of the Central Government, State Government or local bodies showing residential address (g) Any other documentary evidence in support of address given in the declaration. It may be noted that Form 60 and Form 61 have been amended vide a notification issued on December 1, 2004 by the Ministry of Finance, Department of Revenue, Central Board of Direct Taxes. All applicants are requested to furnish, where applicable, the revised Form 60 or 61, as the case may be.

7. Joint Applications in the case of individuals

Applications can be in single or joint names (not more than three). In the case of joint applications, all payments will be made out in favour of the first applicant. All communications will be addressed to the first named Applicant whose name appears in the Application Form at the address mentioned therein.

8. Applications may be made by Hindu Undivided Families (HUF) through the Karta of the HUF and will be treated at par with individual applications.

9. Multiple Applications

An Applicant should submit only one Application Form (and not more than one) for the total number of Equity Shares applied for. Two or more applications in single or joint names will be deemed to be multiple applications if the sole and/ or first Applicant is one and the same.

In case of application by Mutual Funds, a separate application can be made in respect of each scheme of an Indian Mutual Fund registered with SEBI and such applications will not be treated as multiple applications provided that the application made by the Asset Management Company/ Trustees/ Custodian clearly indicate their intention as to the scheme for which the application has been made.

The Company reserves the right to accept or reject, in its absolute discretion, any or all-multiple applications. A separate single Cheque/Draft must accompany each Application Form.

10. Stockinvest

Investors will not have the facility of applying through Stockinvest instrument, as RBI has withdrawn the Stockinvest scheme vide notification No.DBOD.NO.FSC.BC.42/24.47.001/2033-04 dated 5.11.2003.

Note:

Applicants are requested to write their names and the serial number of the Application Form on the reverse of the instruments, by which the payments are being made to avoid misuse of instruments submitted along with the applications for Equity Shares.

B. PAYMENT INSTRUCTIONS FOR RESIDENT INDIANS

1. Payment shall be made only by way of Cash or Cheque/ demand draft (money/ postal orders will not be accepted) drawn on any Bank, including a Co-operative Bank, which is situated at and is a member or sub-member of the Banker's clearing-house located at the place where the Application Form is submitted, i.e. at designated collection centres.
2. Outstation cheques/demand drafts drawn on Banks not participating in the clearing process will not be accepted.
3. All cheques/ demand drafts accompanying the Application Form should be payable in the name of "**Indo Tech -Public Issue**" and crossed "**A/c payee only**".
4. If the amount payable on application is Rs. 20,000 or more, such payment must be effected only by way of an account payee Cheque/ or Bank Draft in terms of Section 269SS of the Income-Tax Act, 1961. Otherwise the applications may be rejected and application money refunded without any interest.

APPLICATION BY EMPLOYEES

Reservation on competitive basis has been made in the public issue to the permanent employees including working directors of the company. Reservation on competitive basis shall mean reservation wherein allotment of shares is made in proportion to the shares applied for.

1. Application must be made only:
 - a. On the prescribed Application Form (PINK in colour) accompanying this Prospectus and completed in full in BLOCK LETTERS in English, except signature(s) in accordance with the instructions contained herein and in the application form and is liable to be rejected if not so made.

- b. For a minimum of 50 Equity Shares and in multiples of 50 thereafter.
 - c. In single name or joint names (not more than three), however first applicant should be permanent / regular employee of the Company;
2. A single applicant in the reserved category can make an application for a number of shares that are being issued to employees in terms of this issue. Payment should be made in cash or by Cheque/Bank Draft drawn on any bank (including a Co-operative Bank) which is situated at and is a Member or Sub-member of the Banker's Clearing House located at the place where the application is submitted.
 3. A separate Cheque or Bank draft shall accompany each application form. Applicants should write the Share Application Number on the back of the Cheque/Draft. Outstation Cheques will not be accepted and applications accompanied by such cheques drawn on outstation banks are liable for rejection. Money Orders/Postal Orders will not be accepted.
 4. All Cheques or Bank Drafts must be payable to any of the Bankers to the Issue with whom the application is lodged and marked "A/c- Indo Tech - Public Issue" and crossed "Account Payee Only" (**e.g. Indo Tech - Public Issue**).
 5. All Application Forms duly completed together with cash/ cheque/bank draft for the amount payable on application must be delivered before the closing of the subscription list to any of the Bankers to the Issue named herein or to any of their branches mentioned on the reverse of Application Form, and NOT to the Company or to the Lead Manager to the Issue or to the Registrar to the Issue.
 6. No receipt will be issued for the application money. However, Bankers to the Issue and/or their branches receiving the applications will acknowledge receipt by stamping and returning acknowledgment slip at the bottom of each application form.
 7. Where applicant is/are for Rs. 50,000 or more, the applicant or in the case of an applicant in joint names, each of the applicant, should mention his/her Permanent Account Number (PAN) allotted under the I.T. Act. The copy of the PAN card or PAN allotment letter is required to be submitted with the application form. Applications without this information and documents will be considered incomplete and are liable to be rejected.
 8. All Cheques/Bank Drafts accompanying the application form should contain the Application Form Number on the reverse of the instrument.
 9. The applicant should fill in the details of his/her bank account in the space provided in the application form failing which the application is liable to be rejected.
 10. Applicants residing at places where designated branches of the Banker to the Issue are not located may submit/mail their applications at their sole risk along with Demand Draft payable at Mumbai only payable to "Indo Tech - Public Issue" to Registrar to the Issue.

For further instructions please read Application Form carefully.

PAYMENT INSTRUCTIONS (FOR NRIs/FIIs ON A REPATRIABLE BASIS)

APPLICATION BY NRIs / FIIs

1. Application should be made only
 - (a) In the prescribed application form (**BLUE** in colour) and completed in full block letters in English in accordance with the instructions contained herein and in the application form. Applications not so made are liable to be rejected;
 - (b) For a minimum of 50 shares and in multiples of 50 thereof;
 - (c) In single or joint names (not more than three);
 - (d) In the names of individuals, (not in the names of minors or nominees) of Indian nationality/origin or FIIs registered with SEBI.
 - (e) with remittances from abroad for the amount payable on application per share through approved banking channels or out of funds held in Non-Resident External (NRE) / Foreign Currency Non Resident (FCNR) accounts maintained with banks authorised to deal in foreign exchange in India, along with the certificate from the bank issuing the draft confirming that the draft has been issued by debit to NRE / FCNR account.
2. Application forms properly completed together with cheques/bank drafts for the amount payable on application remitted through normal banking channels or funds held in Non-Resident External (NRE) Accounts/Foreign Currency Non Resident (FCNR) Accounts maintained with banks authorised to deal in foreign exchange in India along with documentary evidence in support of remittance, must be delivered before the close of subscription list to those branches of the Bankers to the issue at places mentioned against their names in the application forms.

3. Applicants are requested to mention the application form number on the reverse of the instrument to avoid misuse of instrument submitted along with application for shares. Applicants are advised in their own interest, to indicate the name of the Bank and the savings or current a/c number in the application form. In case of refund, the refund order will indicate these details after the name of the payee. The refund order will be sent directly to the payee's address.
4. The allotment of equity shares to NRIs shall be subject to RBI approval or any other requisite authority as may be necessary under the existing Exchange Control Regulation. The sale proceeds of such investment in equity shares by NRIs will be allowed to be repatriated along with the income thereon, subject to instructions from RBI then in force and subject to Indian Tax Laws, provided that the investments are made by inward remittance from abroad through approved banking channels or out of funds held in NRE / FCNR accounts maintained with a bank in India.
5. Refunds/dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges /commission. In case of applicants who remit their application money from funds held in NRE / FCNR accounts, such payments shall be credited to their respective NRE / FCNR accounts (details of which shall be furnished in the space provided for this purpose in the Application Form), under intimation to them. In case of applicants who remit their money through Indian Rupee Drafts from abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as maybe permitted by RBI at the exchange rate prevailing at the time of remittance and will be dispatched by registered post, or if the applicants so desire, will be credited to their NRE / FCNR accounts, details of which are to be furnished in the space provided for this purpose in the Application Form. The Company will not be responsible for loss, if any, incurred by the applicant on account of conversion of Foreign Currency into Indian Rupees and vice versa.
6. Applications in this category cannot be made out of NRO accounts and such applications would be rejected. Applications out of NRO accounts can, however, be made in the category of Resident Indian public.
7. All cheques / bank drafts accompanying the Application Form must be made payable to the Bankers to the Issue with whom the Application Forms are lodged and be marked "Indo Tech - Public Issue - NR" and crossed "Account Payee only". (e.g. Indo Tech - Public Issue - NR)
8. In accordance with the current regulations, the Issue of Equity Shares to a single FII should not exceed 10% of the post-Issue capital of the Company. In respect of an FII investing in Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued capital or 5% of the total issued capital in case such sub-account is a foreign corporate or an individual.
9. NRI/FII application forms can be obtained on request, from the registered office of the Company.

FOR FURTHER INSTRUCTIONS REGARDING APPLICATIONS FOR THE EQUITY SHARES, INVESTORS ARE REQUESTED TO READ THE APPLICATION FORM CAREFULLY.

SUBMISSION OF COMPLETED APPLICATION FORMS

All applications duly completed and accompanied by cash/ cheques/ demand drafts shall be submitted at any of the branches of the Bankers to the Issue (listed in the Application Form) before the closure of the Issue. Applications should NOT be sent to the Company or to the Lead Manager to the Issue.

Application Forms along with Bank drafts payable at Mumbai can also be sent by registered post with acknowledgement due to the Registrars to the Issue, Intime Spectrum Registry Limited so that the same can be received before the closure of the subscription list. The envelopes should be superscribed with the words "**Indo Tech Public Issue**".

No separate receipts will be issued for the application money. However, the Bankers to the Issue or their approved collecting branches receiving the duly completed Application Form will acknowledge receipt of the application by stamping and returning to the applicant the acknowledgement slip at the bottom of each Application Form.

Applications shall be deemed to have been received by the Company only when submitted to the Bankers to the Issue at their designated branches or on receipt by the Registrars as detailed above and not otherwise.

For further instructions, please read the Application Form carefully.

ACCEPTANCE OF APPLICATIONS

The Company reserves the right to accept or reject, any application, in whole or in part, without assigning any reason thereof. If the application is rejected in full, the whole of the application money received will be refunded by Registered Post to the applicant. If the Application Form is accepted in part, the excess application money will be refunded to the Applicant. Such refund, if any, will carry interest @ 15% p.a. after 30 days from the closure of the Issue for the period of delay beyond 30 days.

GROUND FOR TECHNICAL REJECTIONS

Applicants are advised to note that applications are liable to be rejected on technical grounds, including the following:-

- Bank account details for refund are not provided
- Age is not mentioned
- Application by minors
- PAN No. or Form 60/61 is not given if the value of the application is for Rs.50,000/- or more
- Multiple applications
- In case of application under power of attorney by limited companies, corporate trusts etc., relevant documents are not submitted
- Applications accompanied by Stockinvest/ money order/ postal order
- Applications by OCBs
- Applications not duly signed by the sole/joint applicants
- Application Forms are not submitted by the Applicants within the time prescribed as per the Application Form, Issue Opening Date advertisement and this Prospectus and as per the instructions in this Prospectus and the Application Form; or
- Applications for amounts greater than the maximum permissible amounts prescribed by the regulations;
- Corporate applications without documents (Board Resolution, Certified Copy of Memorandum and Articles of Association)
- Applications made with cash exceeding Rs.20,000/-
- Application forms does not have the applicant depository account details
- Application not in multiples of 50 shares

BASIS OF ALLOTMENT:

A. For Permanent/Regular Employees reservation portion

- Applications received from the Permanent / Regular Employees of the Company shall be grouped together to determine the total allotment under this category.
- If the aggregate number of equity shares applied for in this category is less than or equal to 50000 Equity Shares, full allotment shall be made to the applicants in this category and unsubscribed portion will be added back to the "Net offer to the Public" category.
- If the aggregate number of equity shares applied for in this category is more than 50000 Equity Shares, the allotment shall be made on a proportionate basis as explained below under "Net offer to the Public portion".

B. For Net offer to the Public portion

In the event of Public Issue of Equity Shares being over-subscribed, the allotment will be on a proportionate basis subject to minimum allotment being equal to the minimum application size, i.e. 50 shares as explained below:

1. A minimum 50% of the net Issue to the Indian public will be made available for allotment in favour of those individual applicants who have applied for Equity Shares of or for a value of not more than Rs.100,000/-. This percentage may be increased in consultation with the Designated Stock Exchange depending on the extent of response to the Issue from investors in this category. In case allotments are made to a lesser extent than 50% because of lower subscription in the above category, the balance Equity Shares would be added to the higher category and allotment made on a proportionate basis as per relevant SEBI Guidelines. The Executive Director/ Managing Director of the Designated Stock Exchange along with the Lead Manager and the Registrars to the Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner in accordance with the SEBI Guidelines.
2. The balance of the net Issue to Indian public shall be made available to investors including Corporate Bodies/ Institutions and individual Applicants who have applied for allotment of Equity Shares for a value of more than Rs.100,000/-.
3. The Unsubscribed portion of the net Issue to any of the categories specified in (1) or (2) shall be made available for allotment to Applicants in the other category, if so required.

4. Applicants will be categorized according to the number of Equity Shares applied for.
5. The total number of shares to be allotted to each category as a whole shall be arrived at on a proportionate basis i.e. the total number of shares applied for in that category (number of applicants in the category multiplied by the number of shares applied for) multiplied by the inverse of the over subscription ratio.
6. Number of the shares to be allotted to the successful allottees shall be arrived at on a proportionate basis i.e. total number of shares applied for by each Applicant in that category multiplied by the inverse of the over subscription ratio.
7. All the Application Forms where the proportionate allotment works out to less than 50 shares per Applicant, the allotment shall be made as follows:
 - i. Each successful Applicant shall be allotted a minimum of 50 shares; and
 - ii. The successful Applicants out of the total Applicants for that category shall be determined by draw of lots in such a manner that the total number of shares allotted in that category is equal to the number of shares worked out as per (5) above.
8. If the proportionate allotment to an Applicant works out to a number that is more than 50 but is a fraction, then the fraction equal to or higher than 0.50 shall be rounded off to the next integer and if that fraction is lower than 0.50, the fraction shall be ignored.
9. All Applicants in such categories shall be allotted shares arrived at after such rounding off.
10. If the shares allocated on a proportionate basis to any category is more than the shares allotted to the Applicants in that category, the balance available shares for allotment shall be first adjusted against any other category, where the allocated shares are not sufficient for proportionate allotment to the successful Applicants in that category.
11. The balance shares, if any, remaining after such adjustment shall be added to the category comprising applicants applying for minimum number of shares.
12. The process of rounding off to the nearest integer subject to a minimum allotment being equal to 50, which is the minimum application size in this Issue, may result in the actual allotment being higher than the shares offered. However, it shall not exceed 10% of the net offer to public.

DESPATCH OF REFUND ORDERS

The Company shall ensure dispatch of Refund Orders of value up to Rs.1500/- Under Certificate of Posting and refund order over the value of Rs.1500/- by Registered Post only. The Company shall make available adequate funds to the Registrars to the Issue for this purpose.

EQUITY SHARE IN DEMATERIALIZED FORM WITH NSDL OR CDSL

As per the provisions of Section 68B of the Companies Act, the Equity Share of the Company can be held in a dematerialized form, (i.e. not in the form of physical certificates but be fungible and be represented by the Statement issued through electronic mode).

Successful allottees in this Issue will be compulsorily allotted Equity Shares in dematerialized form. In this context, two Tripartite agreements have been signed between the Company, the Registrar to the Issue and the Depositories:

1. Copy of Tri-partite Agreement dated January 23, 2006 between NSDL, the Company and Intime Spectrum Registry Limited.
2. Copy of Tri-partite Agreement dated January 16, 2006 between CDSL, the Company and Intime Spectrum Registry Limited

All investors can seek allotment only in dematerialized mode. However, an investor will have an option to hold the shares in physical form or demat form. After the allotment in the proposed Issue, allottees may request their respective DPs for rematerialization of shares if they wish to hold shares in physical form. Applications without relevant details of his or her depository account are liable to be rejected.

1. An applicant applying for shares must have at least one beneficiary account with any of the Depository Participants (DPs) of NSDL or of CDSL, registered with SEBI, prior to making the application.
2. The Applicant must necessarily fill in the details (including the Beneficiary Account No. and DP ID No.) in the Application Form.
3. Equity Shares allotted to an applicant in the electronic mode will be credited directly to the respective Beneficiary accounts (with the DP).

4. Name(s) in the Share Application Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.
5. The Registrar to this Issue will directly send non-transferable Allotment Letters/ Refund Orders to the Applicant.
6. Application will be liable to be rejected if incomplete or incorrect details are given under the heading 'Request for shares in electronic form' in the Application Form.
7. The applicant is responsible for the correctness of the Applicant's demographic details given in the Application Form vis-à-vis those with his/ her DP.
8. It may be noted that Equity Shares in electronic form can be traded only on the Stock Exchanges having electronic connectivity with NSDL and CDSL. The Designated Stock Exchange is connected to NSDL and CDSL.
9. Trading in the Equity Shares of the Company would be in only dematerialized form for all investors.

Undertaking by the Company:

The Company undertakes:

- a. that the complaints received in respect of the Issue shall be attended to by the Company expeditiously and satisfactorily;
- b. that all steps for completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges where the Equity Shares are to be listed are taken within 7 working days of finalization of the basis of allotment;
- c. that the funds required for dispatch of Refund Orders/Allotment Letters/ Certificates by registered post shall be made available to the Registrar to the Issue by the Company.
- d. that the promoters' contribution in full, wherever required, shall be brought in advance before the Issue opens for public subscription and the balance, if any, shall be brought in pro rata basis before the calls are made on public.
- e. that the certificates of the securities of the securities / refund orders to the non-resident Indians shall be dispatched within the specified time.
- f. that no further issue of securities shall be made till the securities offered through this Prospectus are listed or till the application moneys are refunded on account of non-listing, Undersubscription, etc.

UTILISATION OF ISSUE PROCEEDS

The Board certifies that -

- a. All monies received out of the Issue of Equity Shares to the public shall be transferred to a separate Bank Account other than the Bank Account referred to in sub-section (3) of Section 73 of Act, 1956;
- b. Details of all monies utilized out of this Issue referred to in item (a) shall be disclosed under an appropriate separate head in the Balance Sheet of the Company indicating the purpose for which such monies had been utilized;
- c. Details of all unutilized monies out of this Issue of shares, if any referred to in item (a) shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the manner in which such unutilized monies have been invested.

SECTION IX: MAIN PROVISIONS OF ARTICLES OF ASSOCIATION OF THE COMPANY

The regulations contained in Table 'A' of Schedule I to the Companies Act shall apply only in so far as the same are not provided for or are not inconsistent with these Articles and the regulations for the management of our Company and for observance of the members thereof and their representatives shall, subject to any exercise of the statutory powers of our Company with reference to repeal or alteration of or addition to, its regulations by Special Resolution, as prescribed by the Companies Act, be such as are contained in these Articles.

Pursuant to Schedule II of the Companies Act and the SEBI Guidelines, an abstract of the main provisions of the Articles of Association of our Company is set out below:

(i) Preliminary

Title of Article	Article Number and contents
<i>Table 'A' not to apply but company to be governed by these Articles</i>	No regulations contained in Table 'A' in the First Schedule to the Companies Act, 1956, shall apply to this Company, but the regulations Articles, for the management of our Company and for the observance of the members thereof and their representatives, shall subject to any exercise or the statutory powers of our Company with reference to the repeal or alteration of, or additional to, its regulation by Special Resolution, as prescribed by the said Companies Act, 1956, be such as are contained in these Articles.

(ii) Articles relating to rights of members regarding voting, dividend, lien on shares, process for modification of such rights and forfeiture of shares

VOTE OF MEMBERS

Title of Article	Article Number and contents
Votes of members	76. Subject to any rights or restrictions for the time being attached to any class or classes of shares: (a) on a show of hands, every member present in person shall have one vote: and; (b) on a poll, the voting rights of members shall be as laid down in Section 87 of the Act.
Voting right of Joint Holders	77. In the case of joint holders, the vote of the senior who tenders a vote whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names of joint holders stand in the Register of members.
Voting by member of unsound mind	78. A member of unsound mind or in respect of whom an order has been made by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll by his committee or other legal guardian, and any such committee or guardian may on a poll, vote by proxy, provided that such evidence as the Board may require of the authority of the person claiming to vote shall have been deposited at the office no less than 24 hours before the time of holding the meeting or adjourned meeting at which such person claims to vote on poll.
Members not entitled to vote when call due on Company	79. No member shall be entitled to vote at any general meeting unless all calls, and other sums presently payable by him in respect of shares in the Company or in respect of shares on which the Company has exercised and right of lien, have been paid.
Objection to the qualification of a voter	80. (1) No objection shall be raised to the qualification of any voter, except at the meeting or adjourned meeting at which the vote objected to is given or tendered and every vote not disallowed at such meeting shall be valid for all purposes. (2) Any such objection made in due time shall be referred to the Chairman of the meeting, whose decision thereon shall be final and conclusive.

Title of Article	Article Number and contents
Instrument of proxy to be deposited at office	81. The instrument appointing a proxy and the power of attorney or other authority, if any under which it is signed or a naturally certified copy of that power or authority shall be deposited at the registered office of the Company, not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated valid.
Form of proxy	82. An instrument appointing a proxy shall be in either of the forms in Schedule IX to the Act or in a form as near thereto as circumstances admit.
Validity votes given by proxies after the death of appointers etc.	83. A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or the authority under which the proxy was executed or the transfer of the shares in respect of which the proxy is given, if no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.

DIVIDENDS AND RESERVES

Title of Article	Article Number and contents
Declaration of Dividend	121. The Company in General meeting may declare dividends but no dividend shall exceed the amount recommended by the Board.
Interim Dividend	122. The Board may, from time to time, pay to the members such interim dividends as appear it to be justified by the profits earned by the Company.
Reserve funds	123. (1) The Board may, before recommending any dividend, set aside out of the profits of the Company, such sums, as it may think proper, as reserve or reserves which shall at the discretion of the Board, be applicable for any of the purposes to which the profits of the Company may be properly applied, including provision for meeting contingencies or for equalizing dividends and pending such applications may at the like discretion either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Board may, from time to time, think fit. (2) The Board may also carry forward and profits which it may think prudent not to divide, without setting them aside as a reserve.
Method of payment of dividend	124. (1) Subject to the rights of the persons, if any, holding shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid. (2) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this regulation as having been paid on the share. (3) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid, but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.
Deduction of arrears	125. The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company subject to section 205A of the Act.

Title of Article	Article Number and contents
Payment by cheques or warrant	<p>126.</p> <p>(1) Any dividend, interest or other moneys payable in cash in respect of shares may be paid by cheques or warrant sent through the post direct to the registered address of the holders or, in case of joint holders, to the registered address of that one of the joint holder who is first named on the register of members, or to such person and to such address as the first named holder or joint holders may it writing direct.</p> <p>(2) Every such cheques or warrant shall be made payable to the order of the person to whom it is sent.</p>
Receipt by joint holders	<p>127.</p> <p>Any one of two or more joint holders of a share may give effectual receipts for any dividends, bonus or other moneys payable in respect of such share.</p>
Notice of dividend	<p>128.</p> <p>Notice of any dividend that may have been declared shall be given to the persons entitled to share therein in the manner mentioned in the Act.</p>
Dividends not to bear interest	<p>129.</p> <p>No dividend shall bear interest against the Company, irrespective of the reason for which it has remained unpaid.</p>
Unclaimed dividends	<p>129A</p> <p>The unclaimed dividends, if any, shall not be forfeited unless barred by Law and such forfeiture, if effected, shall be annulled in appropriate cases.</p>
Capitalisation of profits	<p>133.</p> <p>(1) The Company in General Meeting may, upon the recommendation of the Board resolve:</p> <p>(a) that it is desirable to capitalize any part of the amount for the time being standing to the credit of any of the Company's reserve accounts or to the credit of the Profit and Loss Account, or otherwise available for distribution: and</p> <p>(b) that such sum be accordingly set free for distribution in the manner specified, in clause (2) among the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.</p> <p>(2) The sum aforesaid shall not be paid-in cash, but shall be applied, subject to the provisions contained in clause (3), either in or towards:</p> <p>(a) paying up any amounts for the time being unpaid on any shares held by such members respectively;</p> <p>(b) paying up in full, unissued shares of the Company to be allotted and distributed, credited as fully paid up, to and amongst such members in the proportions aforesaid; or</p> <p>(c) partly in the way specified in sub-clause (i) and partly in that is specified in sub-clause (ii).</p> <p>(3) Any share premium account and any capital redemption reserve fund may, for the purpose of this regulation, only be applied in the paying up of unissued share to be issued to members of the Company as fully paid bonus shares.</p> <p>(4) The Board shall give effect to the resolution passed by the Company in pursuance of this regulation</p>
Power of Directors for declaration of bonus	<p>134.</p> <p>(1) Whenever such a resolution as aforesaid shall have been passed, the Board shall:</p> <p>a) make all appropriations and applications of the undivided profits resolved to be capitalized thereby and allotment and issue of fully paid shares, if any; and</p> <p>b) do all acts and things required to give effect thereto.</p> <p>(2) The Board shall have full power;</p> <p>(a) to make such provision, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit in the case of shares becoming distributable in fractions; and also</p>

Title of Article	Article Number and contents
	<p>(b) to authorize any person to enter, on behalf of all the members entitled thereto, into an agreement with the Company providing for the allotment to him respectively, credited as fully paid up, of any further shares to which that may be entitled upon such capitalization or (as the case may require) for the payment by the company on their behalf, by the application thereto of their respective proportions of the profit resolved to be capitalized, of the amounts or any part of the amounts remaining unpaid on their existing shares.</p> <p>(3) Any agreement made under such authority shall be effective and binding on all such members.</p>

LIEN

Title of Article	Article Number and contents
Company's lien on shares	<p>14.</p> <p>(1) The Company shall have a first and paramount lien upon every share (not being a fully paid up share), for all money (whether presently payable or not) called or payable at a fixed time in respect of that share. Unless otherwise agreed the registration of a transfer of a share shall operate as a waiver of the Company's lien if any, on such shares. The Board of Directors may at any time declare any shares to be wholly or in part to be exempt from the provisions of this article.</p> <p>(2) The Company's lien, if any, on a share shall extend to all dividends payable thereon, subject to section 205A of the Act.</p>
Enforcing lien by sale	<p>15.</p> <p>The Company may sell, in such manner as the Board thinks fit, any share on which the Company has a lien provided that no sale shall be made</p> <p>(a) unless a sum in respect of which the lien exists is presently payable; or</p> <p>(b) until the expiration of thirty days after a notice in writing demanding payment of such part of the amount, in respect of which the lien exists as is presently payable, have been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency and stating that amount so demanded if not paid within the period specified at the Registered Office of the Company, the said shares shall be sold.</p>
Authority to transfer shares	<p>16.</p> <p>(1) To give effect to any such sale, the Board may authorize some person to transfer the shares sold to the purchaser thereof.</p> <p>(2) The purchaser shall be registered as the shareholder of the shares comprised in any such transfer.</p> <p>(3) The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the sale.</p>
Application of proceeds of sale	<p>17.</p> <p>(1) The proceeds of the sale shall be received by the Company and applied in payment of the whole or a part of the amount in respect of which the lien exist as is presently payable.</p> <p>(2) The residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the shares at the date of sale, be paid to the person entitled to the shares at the date of the sale.</p> <p>(3) The fully paid shares shall be free from all lien and that in case of partly paid shares the issuer's lien shall be restricted to moneys called payable at a fixed time in respect of such shares.</p>

FORFEITURE OF SHARES

Title of Article	Article Number and contents
If call or installment not paid, notice may be given	<p>40.</p> <p>If a member fails to pay any call or installment of a call, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or installment remains unpaid, serve a notice on him requiring payment of so much of the call or installment as is unpaid together with any interest which may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.</p>
Form of notice of forfeiture	<p>41.</p> <p>The notice aforesaid shall:-</p> <p>(a) name a further day not earlier than the expiry of 30 (thirty) days from the date of service of notice) on or before which the payment required by the notice is to be made; and</p> <p>(b) state that, in the event of non-payment on or before the day so named, the shares in respect of which the call was made, will liable to be forfeited.</p>
In default of payment, shares to be forfeited	<p>42.</p> <p>If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time, thereafter before the payment required by the notice has been made, be forfeited by a resolution of the Board of that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the date of forfeiture, which shall be the date on which the resolution of the Board is passed forfeiting the shares.</p>
Sale of forfeited shares	<p>43.</p> <p>(1) A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit.</p> <p>(2) At any time before a sale or disposal, as aforesaid, the Board may annul the forfeiture on such terms as it thinks fit.</p>
Liability after forfeiture	<p>44.</p> <p>(1) A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay to the Company all moneys which, at date of forfeiture, were presently payable by him to the Company in respect of the shares together with interest thereon from the time of forfeiture until payment at the rate of 9% (nine percent) per annum.</p> <p>(2) The liability of such person shall cease if and when the Company shall have received payments in full of all such money in respect of the shares.</p>
Declaration of forfeiture	<p>45.</p> <p>(1) A duly verified declaration in writing that the declarant is a director or the secretary of the Company and that a share in the company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts stated therein stated as against all persons claiming to be entitled to the share.</p> <p>(2) The Company may receive the consideration, if any, given for the share on any sale or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of.</p> <p>(3) The transferee shall thereupon be registered as the holder of the share.</p> <p>(4) Transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.</p>

Non-payment of sums payable at fixed times	46. The provisions of these regulations as to forfeiture shall apply, in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.
Effect of forfeiture	47. The forfeiture of a share shall involve the extinction of all interest in and also of all claims and demands against the Company in respect of the share, and all other rights incidental thereto except only such of those rights as by these Articles are expressly saved.
Validity of sale under Article 40 and 46	48. Upon any sale, after forfeiture or for enforcing a lien in purported exercise of powers herein before given, the Board may appoint some person to execute an instrument of transfer of the shares sold and cause the purchaser's name to be entered in the Register in respect of the shares sold and the purchaser shall not be bound to see to the regularity of the proceeding or to the application of the purchase money and after his name has been entered in the Register in respect of such shares, the validity, of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.
Cancellation of share certificates in respect of forfeited shares	49. Upon any sale, re-allotment or other disposal under the provisions of these Articles relating to lien or to forfeiture, the certificate or certificates originally issued in respect of the relative shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting member) stand cancelled and become null and void and of no effect. When any shares, under the powers in that behalf herein contained are sold by the Board and the certificate in respect thereof has not been delivered up to the Company by the former holder of such shares, the Board may issue a new certificate for such shares distinguishing it in such manner as it may think fit, from the certificate not so delivered.
Surrender of shares	50. The directors may, subject to the provisions of the Act, accept from any member on such terms and conditions as shall be agreed, a surrender of his shares or stock or any part thereof.

MODIFICATION OF RIGHTS

Title of Article	Article Number and contents
Modification of rights	6 & 6A. (1) If at any time the share capital is divided into (different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of Sections 106 and 107 of the Act and whether or not the company is being wound up be varied with the consent in writing of the holders of three fourths of the issued shares of that class or with a sanction of a resolution passed at a separate meeting of the holders of the shares of that class. (2) Subject to the provisions of Sections 170 (2) (a) and (b) of the Act, to every such separate meeting, the provisions of these regulations relating to meetings shall mutatis mutandis apply, but so that the necessary quorum shall be five persons at least holding or representing by proxy or one-third of the issued shares of the class in question. The Company shall have the power to issue shares with differential voting rights.

(iii) Other provisions of Articles of Association

CAPITAL AND INCREASE AND REDUCTION OF CAPITAL

Title of Article	Article Number and contents
Amount of Capital	3. The authorized share capital of the company is Rs.15,30,00,000/- (Rupees Fifteen Crores Thirty Lakhs only) divided into 1,53,00,000 (One Crore Fifty Three Lakhs) Equity Shares of Rs.10/- (Rupees Ten) each.
Issue of further shares, pari passu shall not affect the right of shares already issued	7. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not unless otherwise provided by the terms of issue of the shares of that class be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.
Power to pay commission	8 (1) The company may exercise the powers of paying commissions conferred by Sections 76 of the Act, provided that the rate per cent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by the Section. (2) The rate of commission shall not exceed the rate of 5% (five percent) of the price at which the shares in respect whereof the same is paid are issued or an amount equal to 5% (five percent) of such price, as the case may be and in the case of debentures in respect whereof the same is paid are issued or an amount equal to 2.5% (two and a half percent) of such price, as the case may be. (3) The commission may be satisfied by payment in cash or by allotment of fully or partly paid shares or partly in one way and partly in the other. (4) The Company may also, on any Issue of shares, pay such brokerage as may be lawful.
Trust not recognized	9. Subject to section 187-C of the Act, no person shall be recognized by the Company as holding any share upon any trust and the Company shall not be bound by or be compelled in any way to recognized (even when having notice thereof) any equitable, contingent future or partial interest in any share or any interest in any fractional part of a share or any other rights in .respect of any share except an absolute right to the entirety thereof in the registered holder.
Alteration and Consolidation of Capital	59 & 60 The Company may, from time to time, by ordinary resolution increase its share capital by such sum, to be divided into shares of such amount, as the resolution shall specify. The Company may by ordinary resolution in general meeting: (a) consolidate and divide all or any of its capital into shares of larger amounts than its existing shares: (b) sub-divide its shares or any of them, into shares of smaller amounts than is fixed by the Memorandum of Association, so however, than in the sub- division the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived: (c) cancel any share which, at the date of the passing of the resolution in that behalf, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.
Reduction of Capital etc. by our Company	61. The Company may, from time to time, by special resolution and on compliance with the provisions of Section 100 to 105 of the Act, reduce its share capital and any capital reserve fund or share premium account.

Power to establish branch offices	62. The Company shall have power to establish Branch Offices, subject to the provisions of Section 8 of the Act or any statutory modifications thereof.
Power of Company to pay interest out of capital	63. The Company shall have power to pay interest out of its capital on so much of shares which were issued for the purpose of raising money to defray the expenses of the construction of any work or building or the provisions of any plant for the Company in accordance with the provisions of Section 208 of the Act.
Mode of amalgamation	64. The Company, if authorized by a special resolution passed at a General Meeting may amalgamate or cause itself to be amalgamated with any other person, or body corporate, subject however, to the provisions of Section 391 to 394 of the Act.
Power of the Company to buy back shares	64A. Notwithstanding anything contained in the Articles of Association, the company shall have the power to buy back its shares or other securities in accordance with the provisions of Section 77A,77AA and 77B and other provisions of the Companies Act,1956 from its existing shareholders or the holders of other securities on a proportionate basis or by purchase of the shares or securities issued to the employees of the company pursuant to a scheme of stock options or sweat equity.

CONVERSION OF SHARES INTO STOCK

Title of Article	Article Number and contents
Mode of conversion	51. The company may, by an ordinary resolution: (a) convert any paid-up shares into stock; and (b) reconvert any stock into paid-up shares of any denomination authorised by these regulations.
Transfer of stock	52. The holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which, the shares from which the stock arose might before the conversion have been transferred or as near thereto as circumstances admit. Provided the Board may, from time to time, fix the minimum amount to Stock transferable, so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose.
Privileges of stockholders	53. The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regard dividends voting and meeting of the Company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.
Regulations of the Company shall be applicable to stockholders	54. Such of the regulations of the Company (other than those relating to share warrants), as are applicable to paid-up shares shall apply to stock and the words 'share' and 'shareholders' in those regulations shall include 'stock' and 'stockholders' respectively.

GENERAL MEETINGS

Title of Article	Article Number and contents
Extraordinary General Meeting	65. All General Meetings other than the Annual General Meetings of the Company shall be called Extraordinary General Meetings.
Calling of extraordinary general meeting by the Company	66. (1) The Board may, whenever it think fit call an Extraordinary General Meeting. (2) If at any time there are not within India Directors capable of acting who are sufficient in number to form a quorum, any Director or any two members of the Company may call an extraordinary general meeting in the same manners, as nearly as possible, to that in which such a meeting may be called by the Board.
Conduct of general meetings	67. No general meeting, annual or extraordinary, shall be competent to enter upon, discuss or transact any business which has not been stated in the notice by which it was convened or called. 72. No business shall be discussed at any general meeting except the election of a Chairman, whilst the chair is vacant.
Quorum of general meetings	68. (1) No business shall be transacted at any general meeting, unless a quorum of members is present at the time when the meeting proceeds to business. (2) Save as otherwise provided in Section 174 of the Act, a minimum of five members present in person shall be the quorum. A body corporate, being a member, shall be deemed to be personally present if it is represented in accordance with Section 187 of the Act. 72A. If no quorum is present, the meeting shall stand adjourned to the same day in the next week at the same time and place.
Chairman of the general meeting	69. The Chairman, if any, of the Board shall preside as Chairman at every general meeting of the Company. 70. If there is no such Chairman or if he is not present within fifteen minutes of the time appointed for holding the meeting or is unwilling to act as Chairman of the meeting, the Directors present shall elect one of their members to be the Chairman of the meeting. 71. If at any meeting no Director is willing to act as Chairman or if no Director is present within 15 (fifteen) minutes of the time appointed for holding the meeting, the members present shall choose one of their members to be the Chairman of the meeting.
Adjournment of meetings	73. (1) The Chairman may with the consent of any meeting at which a quorum is present and shall, if so directed by the meeting, adjourn the meeting, from time to time and place to place. (2) No business shall be transacted at any adjourned meeting, other than the business left unfinished at the meeting from which the adjournment took place. (3) When a meeting is adjourned for thirty days or more, fresh notice of the adjourned meeting shall be given as in the case of an original meeting. (4) Save as aforesaid, it shall not be necessary to give any notice of any adjournment or of the business to be transacted at an adjourned meeting.

Chairman to have casting vote	74. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes places or at which the poll is demanded, shall be entitled to a second or casting vote.
Poll when to be taken	75. Any business other than that upon which a poll has been demanded, may be proceeded with, pending the taking of the poll.

SHARES, CERTIFICATES AND DEMATERIALISATION

Title of Article	Article Number and contents
Members' right to shares and issue of share certificates	10. Every person whose name is entered as a member in the register of members (1) shall be entitled to receive within three months after allotment (or within such other period as the conditions of issue shall provide) or within one month after the application for the transfer of registration is received by the Company. (a) one certificate for all his shares without payment, or (b) several certificates, each for one or more of his shares, provided that any subdivision, consolidation or splitting of certificates required in marketable lots shall be done by the Company free of any charges. (2) Every certificate shall be under the seal and shall specify the shares to which it relates and the amount paid up thereon. (3) In respect of any share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders.
Fees to be charged by Company on issue of share certificates	11. The Company agrees, that it will not charge any fees exceeding those which may be agreed upon with the Stock Exchange. (1) for issue of new certificate in replacement of those that are torn, defaced, lost or destroyed. (2) for subdivision and consolidation of shares and debenture certificates and for subdivision of Letters of Allotment and Split, Consolidation, Renewal and Pucca Transfer Receipts into denominations other than those fixed for the market units of trading
Issue of fractional certificates	12. The Company may issue such fractional certificates as the Board may approve in respect of any of the shares of the Company on such terms as the board thinks fit as to the period within which the fractional certificate are to be converted into share certificates.
Shares under control of Directors	4. Subject to the provisions of these Articles and of the Act, the shares shall be under the control of the Board of Directors, who may allot or otherwise dispose of the same to such persons, on such terms and conditions and at such time as they think fit and with full power to give any person the option to call or be allotted shares of the Company of any class, either at a premium or at par or at a discount and for such time and for such consideration as the Board of Directors think fit (subject to the provisions of Sections 78 and 79 of the Act), provided that option or right to call of shares shall not be given to any person except with the sanction of the Company in General Meeting, The Board shall cause to be made the returns as to allotment provided for in Section 75 of the Act.
Acceptance of shares	5. Any application signed by or on behalf of an applicant for shares in our Company, followed by an allotment of any shares therein, shall be an acceptance of shares within the meaning of these Articles, and every person who thus or otherwise accepts any shares and whose name is on the Register shall, for the purpose of these Articles, be a Member.

Dematerialisation of Securities	13 (1) Notwithstanding anything contained in these Articles, the company shall be entitled to dematerialize /rematerialize its securities and to offer the securities in the dematerialized form pursuant to Depositories Act, 1996 and the rules framed thereunder.
Options for investors	13 (2) & (3) Every person subscribing to the securities offered by the company shall have the option to receive security certificate or to hold securities with a depository. Such a person who is the beneficial owner of the securities can, at any time, opt out of a depository, if permitted by Law, in respect of any security in the manner provided by the Depositories Act and the company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificate of securities. If a person opts to hold his security with a depository, the company shall intimate such depository the details of allotment of the security and the depository, on receipt of the information, shall enter in its record the name of the allottee as the beneficial owner of the security.
Securities to be in Fungible Form	13 (4) All securities held by a depository shall be dematerialized and be in a fungible form. Nothing contained in sections 153,153A,153B, 187A,187B, 187C and 372 of the Act shall apply to a depository in respect securities held by it on behalf of the beneficial owners.
Rights of Depositories and Beneficial Owners	13 (5),(6) & (7) Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of securities on behalf of the beneficial owner. Save as otherwise provided above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of securities held by it. Every Person holding securities of the company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the company. The beneficial owner of the securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of these securities which are held by a depository.
Service of Document	13(8). Notwithstanding anything to the contrary contained in the Act or these Articles, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the company by means of electronic mode or by delivery of floppies or discs.
Transfer of Securities	13(9). Nothing contained in section 108 of the Act or these Articles shall apply to a transfer of securities effected by a transferor or transferee both of whom are entered as beneficial owners in the records of the depository.
Allotment of Securities dealt with in a Depository	13(10). Notwithstanding anything contained in the Act or these Articles, where securities are dealt with by a depository, the company shall intimate the details thereof to the depository immediately on allotment of securities.
Distinctive number of Securities held in a Depository	13(11). Notwithstanding anything contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the company shall apply to the securities held with a depository.
Register and Index of Beneficial Owners	13(12) Register and Index of Beneficial Owner: The register and index of beneficial owners maintained by a depository under the Depositories Act,1956,shall be deemed to be the Register and Index of members and Security holders for the purpose of these Articles

Depository to Furnish Information	13(13) Every depository shall furnish to our Company information about the transfer of securities in the name of the beneficial owner at such intervals and in such manner as may be specified by the bye-laws and our Company in that behalf.
Option to Opt Out in Respect of Any Security	13(14) If a beneficial owner seeks to opt out of a depository in respect of any security, the beneficial owner shall inform the depository accordingly. The depository shall on receipt of information as above make appropriate entries in its records and shall inform our Company. Our Company shall, within thirty (30) days of the receipt of intimation from the depository and on fulfillment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the beneficial owner or the transferee as the case may be.
Sections 83 and 108 of the Act not to apply	13(15) Notwithstanding anything to the contrary contained in the Articles: (1) Section 83 of the Act shall not apply to the shares held with a depository; (2) Section 108 of the Act shall not apply to transfer of security effected by the transferor and the transferee both of whom are entered as beneficial owners in the records of a depository.
The first named of joint-holders deemed sole holder	12 (1) If any share stands in the names of two or more persons, the person first named in the register of members shall, as regards receipt of dividends, the service of notices and subject to the provisions of these Articles, all or any other matter connected with the Company except the issue of share certificates, voting at meeting and the transfer of the share, be deemed the sole holder thereof.

CALLS

Title of Article	Article Number and contents
Calls	18 (1). The Board of Directors may, from time to time, make calls upon the members in respect of money unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the condition of allotment thereof made payable at fixed times.
Payment of call money	19 A call shall be deemed to have been made at the time when the resolution of the Board authorizing the call was passed. Call money may be required to be paid by installments. 20. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.
Notice for calls	18 (2) & (3) Each member shall, subject to receiving at least thirty days notice specifying the time or times and place of payment of the call money pay to the Company at the time or times and place so specified, the amount called on his shares. A call may be revoked or postponed at the discretion of the Board.
Calls to carry interest	21 & 22 21 (1) If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest thereon from the day appointed for payment thereof to the time of actual payment at such rate of interest as the Board may determine. 21 (2) The Board shall be at liberty to waive payment of any such interest wholly or in part. 22 (1) Any sum which by the terms of issue of a share become payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way

	<p>of premium, shall for purposes of these regulations, be deemed to be a call duly made and payable on the date on which the terms of issue such sum becomes payable.</p> <p>22(2) In case of non-payment of such sum, all the relevant provisions of these regulations as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.</p>
Payment of calls in advance	<p>23.</p> <p>Subject to the provisions of Section 92 and 292 of the Act, the Board :-</p> <p>(a) may, if it thinks fit, receive from any member willing to advance all or any part of the money uncalled and unpaid upon any shares held by him; and</p> <p>(b) if it thinks fit, may pay interest upon all or any of the moneys advanced on uncalled and unpaid shares (until the same would but for such advance become presently payable) at such rate not exceeding, unless the Company in general meeting shall otherwise direct, 9% (nine percent) per annum as may be agreed upon between the Board and the members paying the sums or advances. Money so paid in advance shall not confer a right to dividend or to participate in profits.</p>
Conclusive evidence of debt in event of claim made by Company against members	<p>24.</p> <p>On the trial or hearing of any suit or proceedings brought by the Company against any member or his representative to recover any debt or money claimed to be due to the Company in respect of his share, it shall be sufficient to prove that the name of the defendant is or was, when the claim arose, on the Register of members of the Company as a holder or one of the holders of the number of shares in respect of which such claim is made and that the amount claimed is not entered as paid in the books of the Company and it shall not be necessary to prove the appointment of Directors who resolved to make any call, not that a quorum of Directors was present at the Board Meeting at which any call was resolved to be made, nor that the meeting at which any call was resolved to be made was duly convened or constituted nor any other matter, but the proof of the matters aforesaid shall be conclusive evidence of the debt.</p>
Partial payment not to preclude forfeiture	<p>25.</p> <p>Neither the receipt by the Company of a portion of any money which shall, from time to time, be due from any member to the Company in respect of his shares, either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any such money, shall, preclude the Company from thereafter proceeding to enforce a forfeiture of such shares as hereinafter provided.</p>

TRANSFER AND TRANSMISSION OF SHARES

Title of Article	Article Number and contents
Register of Transfers	<p>26.</p> <p>The company shall keep a "Register of Transfers", and therein shall fairly and distinctly enter particulars of every transfer or transmission of any share.</p>
Mode of Transfer	<p>27</p> <p>(1) The instrument of transfer of any share in the Company shall be executed by or on behalf of both the transferor and the transferee.</p> <p>(2) The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.</p> <p>29.</p> <p>Unless the Directors decide otherwise, when an instrument of transfer is tendered by the transferee, before registering any such transfer, the Directors shall give notice by letter sent by registered acknowledgment due post to the registered holder that such transfer has been lodged and that unless objection is taken the transfer will be registered. If such registered holder fails to lodge an objection in writing at the office within ten days from the posting of such notice of him, he shall be deemed to have admitted the validity of the said transfer. Where no notice is received by the registered holder, the Directors shall be deemed to have decided not to give notice and in any event the non-receipt by the registered holder of any notice shall not entitle him to make any claim of any kind against the Company or the Directors in respect of such non-receipt.</p>

Form of Transfer	<p>28. The instrument of transfer shall be in writing and all the provisions of Section 108 of the Companies Act, 1956 and of any modification thereof for the time being shall be complied with in respect of all transfers of shares and registration thereof.</p> <p>29A The Company shall use a common form for share transfer</p>
Directors may refuse to register transfers	<p>30. The Board of Directors may, subject to the right of appeal conferred by Section 111 of the Companies Act, 1956, decline to register:-</p> <p>(a) the transfer of a share not being a fully paid up share, to a person of whom they do not approve; or</p> <p>(b) any transfer of the share on which the Company has a lien, provided that the registration of transfer shall not be refused on the ground of transferor being either alone or jointly with any person or persons indebted to the Company on any account except a lien.</p> <p>(c) Notice of refusal to transfer shares to transferor or transferee shall be sent within 30 days.</p> <p>31. The Board may also decline to recognized any instrument of transfer unless:</p> <p>(1) the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and</p> <p>(2) the instrument is in respect of only one class of shares.</p>
When transfer instrument to be retained	<p>32. All instruments of transfer which shall be registered shall be retained by the Company, but may be destroyed upon the expiration of such period as the Board may from time to time determine. Any instrument of transfer which the Board declines to register shall (except in any case of fraud) be returned to the person depositing the same.</p>
Closing of register of members	<p>33 (1) The registration of transfers may be suspended at such times and for such periods as the Board may, from time to time, determine provided that such registration shall not be suspended for more than forty-five days in the aggregate in any year or for more than thirty days at any one time.</p>
No transfer to minor etc.	<p>33 (3) No transfer shall be made to a minor or a person of unsound mind.</p>
Registration of persons entitled to share otherwise than transfer	<p>34. (1) On the death of a member, the survivor or survivors where the member was a joint holder and his legal representative where he was a sole holder shall be the only person recognized by the Company as having any title to his interest in the shares. (2) Nothing in clause (1) shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.</p> <p>35. (1) Any person becoming entitled to a share in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, elect, either:</p> <p>(a) to be registered himself as holder of the share; or</p> <p>(b) to make such transfer of the shares as the deceased or insolvent member could have made.</p>

	<p>(2) The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had himself transferred the share before his death or insolvency.</p> <p>36.</p> <p>(1) If the person so becoming entitled, shall elect to be registered as holder of the share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.</p> <p>(2) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share.</p> <p>(3) All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of share shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice of transfer were a transfer signed by that member.</p>
Entitlement to transferee on transmission	<p>37.</p> <p>On the transfer of the share being registered in his name a person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he was the registered holder of the share and that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company;</p> <p>Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share and if the notice is not complied with within 90 (ninety) days, the Board may thereafter withhold payment of all dividends, bonus or other moneys payable in respect of the share, until the requirements of the notice have been complied with.</p>
Company to furnish details to Company on transmission of shares	<p>38.</p> <p>Where the Company has knowledge through any of its principal officers within the meaning of Section 2 of the Estate Duty Act. 1953 of the death of any member of or debenture holder in the Company, it shall furnish to the Controller within the meaning of such section, the prescribed particulars in accordance with that Act and the rules made thereunder and it shall not be lawful for the Company to register the transfer of any shares or debentures standing in the name of the deceased, unless the transferor has acquired such shares for valuable consideration or a certificate from the Controller is produced before the Company to the effect that the Estate Duty in respect of such shares or debentures has been paid or will be paid or that none is due, as the case may be.</p>
Company not liable for disregard of a notice prohibiting registration of a transfer	<p>39.</p> <p>The Company shall incur no liability whatever in consequence of its registering or giving effect, to any transfer of share made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the register of members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the said shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer and may have entered such notice or referred thereto, in any book of the Company, and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest or be under any liability for refusing or neglecting so to do, though it may have been entered or referred to in some book of the Company but the Company though not bound so to do, shall be at liberty to regard and attend to any such notice and give effect thereto if the Board shall so think fit.</p>
No charge to be incurred by the Company	<p>33 (2)</p> <p>There shall be no charge for :</p> <p>(a) registration of shares or debentures;</p> <p>(b) sub-division and /or consolidation of shares and debenture certificates and subdivision on Letters of Allotment and split consolidation, renewal and pucca transfer receipts into denominations corresponding to the market unit of trading;</p>

	<p>(c) sub-division of renounceable Letters of Right;</p> <p>(d) issue of new certificates in replacement of those which are decrepit or worn out or where the cages on the reverse for recording transfers have been fully utilized;</p> <p>(e) registration of any Powers of Attorney, Letter or Administration and similar other documents.</p>
Nominee to be appointed by members	<p>33 (4)</p> <p>Notwithstanding anything in the Articles elsewhere, every holder of shares in, or holder of the debentures of, the company may, at any time, nominate, in the manner prescribed by section 109A & 109B of the Companies Act, 1956 as amended, a person to whom his shares in, or debentures of, the company shall vest in the event of his death.</p>
Registration of transfer shall not be refused	<p>33(5)</p> <p>The registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person indebted to the issuer on any account whatsoever.</p>

BORROWING POWERS

Title of Article	Article Number and contents
Borrowing powers	<p>101.</p> <p>Subject to the provisions of sections 58 A, 292 and 293 of the Act, and Regulations made thereunder and directions issued by the R.B.I, the Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property (both present and future) and uncalled capital, or any part thereof and to issue debentures, debenture-stock and other securities whether outright or a security for any debt, liability or obligation of the Company or of any third party.</p>
Payment or repayment of moneys borrowed	<p>102.</p> <p>The payment or repayment of moneys borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respects as the Board may think fit and in particular by a resolution passed at a meeting of the Board (and not by circulation) by the issue of debenture or debenture stock of the Company, charged upon all or any of the property of the Company (both present and future) including its uncalled capital for the time being.</p>
Terms of Issue of Debentures	<p>103.</p> <p>Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise, may be made assignable free from any equities between the Company and person to whom the same may be issued and may be issued on the condition that they shall be convertible into shares of any authorised denomination, and with privileges and conditions as to redemption, surrender, drawings, allotment of shares, attending (but not voting) at general meetings, appointment of Directors and otherwise, provided that debentures with the right to allotment of or conversion into shares shall not be issued except with the sanction of the Company in General Meeting.</p>
Issue of negotiable instrument by the Company	<p>104.</p> <p>All cheques, promissory notes, drafts, hundies, bills of exchange and other negotiable instrument and all receipts for moneys paid to the Company, shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, by such person and in such manner as the Board may, from time to time, by resolution determine.</p>

SHARE WARRANTS

Title of Article	Article Number and contents
Issue of warrants	<p>55.</p> <p>The Company may issue share warrant, subject to and in accordance with, the provisions of Sections 114 and 115 of the Act and accordingly the Board may in its discretion, with respect to any share which is fully paid up, on application in writing signed by the person registered as holder of the share and authenticated by such evidence (if any) as the Board may, from time to time, require as to the identity of the person signing the application and on receiving the certificate (if any) of the share: and the amount of the stamp duty on the warrant and such fee as the Board may, from time to time, require, Issue a share warrant.</p>
Deposit of share warrant within the Company	<p>56.</p> <p>(1) The bearer of a share warrant may at any time deposit the warrant at the office of the Company and so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition for calling a meeting of the Company and of attending and voting and exercising, the other privileges of a member at any meeting held after the expiry of two clear days from the time of deposit, as if his name were inserted in the register of members as the holder of the shares included in the deposited warrant.</p> <p>(2) Not more than one person shall be recognized as depositor of the share warrant.</p> <p>(3) The company shall, on two days written notice, return the deposited share warrant to the depositor.</p>
Disabilities of holder	<p>57.</p> <p>(1) Subject as herein otherwise expressly provided, no person shall, as bearer of a share warrant, sign a requisition for calling meeting of the Company or attend or vote or exercise any other privilege of a member at a meeting of the Company or be entitled to receive any notice from the Company.</p> <p>(2) The bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he was named in the register of member as the holder of the shares included in the warrant and he shall be deemed to be a member of the Company in respect thereof.</p>
Rules to be framed for issue of new share warrants	<p>58.</p> <p>The Board may, from time to time, make rules as to the terms on which ('if it shall think fit) a new share warrant or coupon may be issued by way of renewal in case defacement, loss or destruction of the original.</p>

DIRECTORS

Title of Article	Article Number and contents
Number of directors	<p>84.</p> <p>The number of Directors of the Company shall not be less than three and not more than twelve.</p> <p>85.</p> <p>The first Directors of the Company are:</p> <ol style="list-style-type: none"> 1) Mr. P. E. Subramaniam 2) Mrs. Lisamma Samuel 3) Mr.P.S. Jagdish
Nomination, appointment and removal of special director	<p>94.</p> <p>Every nomination, appointment or removal of a Special Director shall be in writing and accordance with the rules and regulations of the government, corporation or any other institution. A Special Director shall be entitled to the same rights and privileges and be subject to same obligations as any other Director of the Company.</p>

Vacancy of Directors	<p>95. The office of a Director shall become vacant:</p> <p>(i) on the happening of any of the events provided for in Section 283 of the Act:</p> <p>(ii) on contravention of the provisions of Section 314 of the Act, or any statutory modifications, thereof;</p> <p>(iii) if a person is a Director of more than twenty Companies at a time.</p> <p>(iv) in the case of alternate Director on return of the original Director to the State, in terms of Section 313 of the Act; or</p> <p>(v) On resignation of his office by notice in writing and is accepted by the Board.</p>
Attendance of directors	<p>96. Every Director present at any meeting of the Board or a committee thereof shall sign his name in a book to be kept for that purpose, to show his attendance thereat.</p>
Debenture Directors	<p>90. If it is provided by any trust deed securing or otherwise in connection with any issue of debentures of the Company that any person or persons shall have power to nominate a Director of the Company then in the case of any every such issue of debentures, the persons having such power may exercise such power, from time to time and appoint a Director accordingly. Any Director so appointed is herein referred to as a Debenture Director. A Debenture Director may be removed from office at any time by the person or persons in whom for the time being is vested the power under which he was appointed and another Director may be appointed in his place. A Debenture Director shall not be liable to retire by rotation, but he shall be counted in determining the number of retiring Directors.</p>
Special Directors	<p>91. In the course of its business and for its benefit the Company shall, subject to the provisions of the Act, be entitled to agree with any person, firm corporation, government, financing institution or other authority that he or it shall have the right to appoint his or its nominee on the Board of Directors of the Company upon such terms and conditions as the Directors may deem fit. Such nominees and their successors in office appointed under this Article shall be called Special Directors. Special Directors shall be entitled to hold office until requested to retire by the government, authority, person, firm, institution or corporation who may have appointed them and will not be bound to retire by rotation. As and whenever a Special Director vacates office whether upon request as aforesaid or by death, resignation or otherwise the government, authority, person, firm, institution or corporation who appointed such Special Director may if the agreement so provide, appoint another Director in his place. But he shall be counted in determining the number of retiring Directors.</p>
Appointment of Alternate Director	<p>92. Subject to the provisions of Section 313 of the Act, the Board of Directors shall have power to appoint an alternate Director to act for a Director during his absence for a period of not less than three months from the State in which meetings of the Board are ordinarily held.</p>
Directors' power to add to the Board	<p>89. The Board of Directors shall have power to appoint additional Directors in accordance with the provisions of Section 260 of the Act.</p>
Qualification of Directors	<p>88. The Directors shall not be required to hold any qualification shares in the company.</p>
Remuneration of Directors	<p>87. (1) Subject to the provisions of the Companies Act, 1956 and Rules made thereunder, each Director including a Managing Director Shall be paid sitting fees for each meeting of the Board or a committee thereof, attended by him.</p>

	<p>(2) Subject to the provisions of Sections 309,310 and 314 of the Act, the Directors shall be paid such further remuneration, whether in the form of monthly payment or by a percentage of profit or otherwise, as the Company in General meeting may, from time to time, determine and such further remuneration shall be divided among the Directors in such proportion and in such manner as the Board may, from time to time, determine and in default of such determination, shall be divided among the Directors equally or if so determined paid on a monthly basis.</p> <p>(3) The remuneration of the Directors shall, in so far as it consists of a monthly payment, be deemed to accrue from day to day.</p> <p>(4) Subject to the provisions of Sections 198,309,310 and 314 Act, if any Director be called upon to perform any extra services or make special exertions or efforts (which expression shall include work done by a Director as a member of any committee formed by the Directors) the Board may pay such Director special remuneration for such extra services or special exertions or efforts either by way of a fixed sum or by percentage of profit or otherwise and may allow such Director at the cost and expense of the Company such facilities or amenities (such as rent free house, free medical aid and free conveyance) as the Board may determine from time to time.</p> <p>(5) In addition to the remuneration payable to them in pursuance of the Act, the Directors may be paid in accordance with Company's rules to be made by the Board all travelling, hotel and other expenses properly incurred by them:</p> <p>(a) In attending and returning from meetings or adjourned meeting of the Board of Directors or any committee thereof: or</p> <p>(b) In connection with the business of the Company.</p>
<p>Director may be director of companies promoted by our Company</p>	<p>93. A Director may be or become a director of any company promoted by the company or in which it may be interested as a vendor, shareholder or otherwise and no such Director shall be accountable for any benefits received as director or shareholder of such company. Such Director before receiving or enjoying such benefits in cases in which the provisions of Section 314 of the Act are attracted will ensure that the same have been complied with.</p>
<p>Retirement and rotation of Directors</p>	<p>86. At every Annual General Meeting of the Company one third of such of the Directors for the time being as are liable to retire by rotation in accordance with the provisions of Section 255 of the Act or if their number is not three or a multiple of three, then the number nearest to one third shall retire from office in accordance with the provisions of Section 256 of the Act.</p>
<p>Provisions relating to Managing Director/Whole Time Directors and their remuneration</p>	<p>116. Subject to provisions of Sections 197 A, 269,198 and 309 of the Act, the Board of Directors may, from time to time, appoint one or more of their body to the office of Managing Director/s or whole time Director/s for a period not exceeding 5 (five) years at a time and on such terms and conditions as the Board may think fit and subject to the terms of any agreement entered into with him, may revoke such appointment, and in making such appointments the Board shall ensure compliance with the requirements of the Companies Act, 1956 and shall seek and obtain such approvals as are prescribed by the Act, provided that a Director so appointed, shall not be whilst holding such office, be subject to retirement by rotation but his appointment shall be automatically determined if he ceases to be a Director. However, he shall be counted in determining the number of retiring Directors.</p>
<p>Special Position of Managing Director /Whole Time Directors</p>	<p>117. The Board may entrust and confer upon Managing Director/s or Whole Time Director/s any of the powers of management which would not otherwise be exercisable by him upon such terms and conditions and with such restrictions as the Board, may think fit, subject always to the superintendence, control and direction of the Board and the Board may, from time to time, revoke, withdraw, alter or vary all or any of such powers.</p>

PROCEEDINGS OF THE BOARD OF DIRECTORS

Title of Article	Article Number and contents
Power of Directors	<p>97. The Board of directors may pay all expenses incurred in the formation, promotion and registration of the Company.</p> <p>98. The Company may exercise the powers conferred by Section 50 of the Act, with regard to having an official seat for use abroad and such powers shall be vested in the Board.</p> <p>99. The Company may exercise the powers conferred on it by Section 157 and 158 of the Act with regard to the keeping of a foreign register; and the Board may (subject the provisions of those Sections) make and very such regulations as it may think fit with respect to the keeping of any such register.</p> <p>100. The Directors may enter into contracts or arrangements on behalf of the Company subject to the necessary disclosures required by the Act being made whenever any Director is in any way, whether directly or indirectly concerned or interested in the contract or arrangement.</p>
Quorum	<p>105. Subject to Section 287 of the Act, the quorum for a meeting of the Board of Directors shall be one third of its total strength (any fraction contained in that one third being rounded off as one) or two Directors, whichever is higher; provided that where at any time the number of interested Directors exceeds or is equal to two thirds of the total strength, the number of the remaining Directors, that is to say, the number of Directors, who are not interested, present at the meeting, being not less than two, shall be the quorum during such time.</p> <p>106. If a meeting of the Board could not be held for want of quorum, whatever number of Directors, not being less than two, shall be present at the adjourned meeting, notice whereof shall be given to all the Directors, shall form a quorum.</p>
Questions to be decided	<p>107. (1) Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of vote. (2) In case of an equality of votes, the Chairman of the meeting shall have a second or casting vote.</p>
Continuing directors may act notwithstanding vacancies	<p>108. The continuing Directors may act notwithstanding any vacancy in the Board, but if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing Directors or Director may act for the purpose of increasing the number of Directors to that fixed for the quorum or for summoning a General Meeting of the Company, but for no other purpose.</p>
Election of chairman of the Board	<p>109. (1) Save as provided in Article 93, the Board may elect one of its members as Chairman of its meetings and determine the period for which he is to hold office as such. (2) If no such Chairman is elected or if at any meeting the Chairman is not present within fifteen minutes after the time appointed for holding the meeting, the Directors present may choose one of their members to be Chairman of the meeting.</p>
Delegation of power	<p>110. Subject to the restrictions contained in Section 292 and 293 of the Act, the Board may delegate any of its powers to committees of the Board consisting of such member or members of its body as it thinks fit and it may, from time to time, revoke such delegation</p>

	and discharge any such committee of the Board either wholly or in part, and either as to persons or purposes, but every committee of the Board so formed shall in the exercise of the powers so delegated conform to any regulations that may from time to time be imposed on it by the Board. All acts done by any such Committee of the Board in conformity with such regulations and in fulfillment of the purposes of their appointment but not otherwise, shall have the like force and effect as if done by the Board.
Meetings and proceedings of committee of board	111. The meetings and proceedings of any such committee of the Board consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors so far as the same are applicable thereto and are not superseded by any regulations made by the Directors under the last proceedings Article.
Election of chairman of committee	112. (1) A committee may elect a chairman of its meetings. (2) If no such chairman is elected or if at any meeting the chairman is not present within five minutes of the time appointed for holding the meeting, the members present may choose one of their members to be chairman of the meeting.
Quorum of committee	113. (1) A committee may meet and adjourn as it thinks proper. (2) Questions arising at any meeting of a committee shall be determined by a majority of votes of the members, present and in case of an equality of votes, the-Chairman shall have a second or casting vote.
Acts done by Board or Committee valid notwithstanding defective appointment etc.	114. All acts done by any meeting of the Board or by a committee thereof or by any person acting as a Director shall, notwithstanding that it shall afterwards be discovered that there was some defect in the appointment or continuance in office of any such Director or persons acting as aforesaid; or that they or any of them were disqualified or had vacated office or were not entitled to act as such, or that the appointment of any of them had been terminated by virtue of any provisions contained in the Act or in these Articles, be as valid as if every such person had been duly appointed, had duly continued in office, was qualified, had continued to be a Director, his appointment had not been terminated and he had been entitled to be a Director provided that nothing in this Article shall be deemed to give validity to any act done by a Director after his appointment has been shown to the Company to be invalid or to have terminated.
Resolution to be passed	115. Subject to Section 289 of the Act and except a resolution which the Act requires specifically to be passed in any board meeting, a resolution in writing signed by the majority members of the Board or of a committee thereof, for the time being entitled to receive notice of a meeting of the Board or committee, shall be as valid and effectual as if it had been passed at a meeting of the Board or committee, duly convened and held.

SECRETARY

Title of Article	Article Number and contents
Appointment of secretary of the Company	118. (1) Subject to section 383 A of the Act, a Secretary of the Company may be appointed by the Board on such terms, at such remuneration and upon such conditions as K may think fit, and any Secretary so appointed may be removed by the Board. (2) A Director may be appointed as a Secretary.
Compliance with the regulations and provisions of the Act	119. Any provision in the Act or these regulations requiring or authorizing a thing to be done by or to a Director and the Secretary shall not be satisfied by its being done by or to the same person acting both as Director and as, or in place of the Secretary.

SEAL

Title of Article	Article Number and contents
Common Seal	120 (1). The Board shall provide a common seal for the purposes of the Company and shall have power, from time to time, to vary or cancel the same and substitute a new seal in lieu thereof. The Board shall provide for the safe custody of the seal for the time being.
Affixture of common seal	120 (2) & (3) Subject to any statutory requirements as to Share Certificates or otherwise, the seal of the Company shall not be affixed to any instrument except by authority of a resolution of the Board or of a Committee of the Board authorised by Kin that behalf and except in the presence of at least one Director and of the Secretary or of two Directors who shall sign every instrument to which the seal of the Company to so affixed in their presence. This is, however, subject to Rule 6 of the Companies (Issue of Share Certificates) Rules, 1960. The Board shall also be at liberty to have an official seal in accordance with Section 50 of the Act, for use in any territory, district or place outside India. The Company shall, however, comply with Rule 6 of the Companies (Issue of Share Certificates) Rules, 1960.

AUDIT

Title of Article	Article number and contents
Audit	132. (1) The first auditor of the Company shall be appointed by the Board of Directors within one month after its incorporation who shall hold office till the conclusion of the First Annual General Meeting. (2) The Board of Directors may fill up any Casual Vacancy in the office of the Auditors. (3) The remuneration of the auditors shall be fixed by the Company in the annual general meeting except that remuneration of the first or any auditors appointed by the directors may be fixed by the directors.

BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

Title of Article	Article number and contents
Balance Sheet and Profit and Loss Account	131. Balance Sheet and Profit and Loss Account of the Company will be audited once in a year by a qualified auditor for Correctness as per provisions of the Act.

ACCOUNTS

Title of Article	Article number and contents
Directors to have power amend the audited accounts which have been laid before our Company in General Meeting	130. (1) The Board shall cause proper books of accounts to be maintained under section 209 of the Act. (2) The Board shall, from time to time, determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books of the Company or any of them, shall be open to the inspection of members not being Directors. (3) Subject to provisions of section 209 A of the Act, no member (not being a Director) shall have any right of inspection any account or book or document of the Company, except as conferred by law or authorised by the Board or by the Company in General Meeting.

INDEMNITY

Title of Article	Article Number and contents
Right of directors and others to indemnify	<p>137.</p> <p>Subject to the provisions of Section 201 of the Act, every Director, auditor, secretary and other officer or servant of the Company (all of whom are hereinafter referred to as officer or servant) shall be Indemnified by the Company and it shall be duty of the Directors out of the funds of the Company to pay, all bonafide costs, losses and expenses which any such officer or servant may incur or become liable to by reason of any contract entered into or act or thing done or omitted by him as such officer or servant or in any way in the discharge of his duties: and in particular and so as not to limit the generality of the foregoing provisions, against any liability incurred by such officer or servant in defending any bonafide proceedings whether civil or criminal in which a judgement is given in his favour or in which he is acquitted or discharged or in connection with any application under Section 633 of the Act in which relief is granted to him by the Court. The amount for which such indemnity is provided shall immediately attach as a charge on the property of the Company.</p>

SECRECY CLAUSE

Title of Article	Article Number and contents
Secrecy clause	<p>135.</p> <p>Subject to the provisions of law of land and the Act, no member or other person (not being a Director) shall be entitled to visit or inspect the Company's works without the permission of the Board of Directors or the Managing Director to require discovery of any information respecting any details of the Company's business, trading or customers of any matter which is or may be in the nature of a trade secret, mystery of trade or secret process or any other matter which may relate to the conduct of the business of the Company or which in the opinion of the Directors, it will be inexpedient in the interest of the Company to disclose.</p>

WINDING UP

Title of Article	Article Number and contents
Winding up	<p>136</p> <p>(1) If the company shall be wound up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the Company, whether they shall consist of property of the same kind or not.</p> <p>(2) For the purpose aforesaid, the liquidator may set such values as the deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.</p> <p>(3) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction, shall think fit but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.</p>

DOCUMENTS AND NOTICE

Title of Article	Article Number and contents
Service of documents or notices on members by Company	75A. A document or notice may be served or given by the Company on any Member either personally or by sending it by post to him to his registered address or (if he has no registered address in India) to the address, if any, in India supplied by him to the Company for serving documents or notices on him.
Documents sent by post - when service deemed to be effected	75B. Where a document or notice is sent by post, service of the document or notice shall be deemed to be effected by properly addressing, preparing and posting a letter containing the document or notice, provided that where a Member has intimated to the Company in advance that documents or notices should be sent to him under a certificate of posting or by registered post with or without acknowledgement due, and has deposited with the Company a sum sufficient to defray the expenses of doing so, service of the document or notice shall not be deemed to be effected unless it is sent in the manner intimated by the member and such service shall be deemed to have been effected in the case of a Notice of a meeting at the expiration of forty-eight hours after the letter containing the document or notice is posted and in any other cases, at the time at which the letter would be delivered in the ordinary course of post.
By Advertisement	75C. A document or notice advertised in a newspaper circulating in the neighbourhood of the Registered Office shall be deemed to be duly served or sent on the day on which the advertisement appears on to every member who has no registered address in India and has not supplied to the Company an address within India for the serving of documents on or the sending of notices to him.
On Joint-holders	75D. A document or notice may be served or given by the Company on or to the joint-holders of a share by serving or giving the document or notice on or to the joint-holder named first in the Register of Members in respect of the share.
On personal representatives, etc.	75E. A document or notice may be served or given by the Company on or to the persons entitled to a share in consequence of the death or insolvency of a member by sending it through the post in prepaid letter addressed to them by name or by the title of representatives of the deceased, or assignee of the deceased, or assignee of the insolvent or by any like description, at the address (if any) in India supplied for the purpose by the persons claiming to be entitled, or (until such an address has been so supplied) by serving the document or notice in any manner in which the same might have been given if the death or insolvency had not occurred.
To whom documents or notices must be served or given	75F. Documents or notices of every General Meeting shall be served or given in some manner hereinbefore authorised on or to (a) every Member, (b) every person entitled to a share in consequence of the death or insolvency of a member, and (c) the Auditor or Auditors for the time being of the Company.
Members bound by documents or notices served on or given to previous holders	75G. Every person who, by operation of law, transfer or other means whatsoever, shall become entitled to any share shall be bound by every document or notice in respect of such share, which previously to his name and address being entered on the Register of Members, shall have been duly served on or given to the person from whom he derives his title to such shares.
Services of documents or notice by members	75H. All documents or notices to be served or documents given by members on or to the Company or any Officer thereof shall be served or given by sending it to the Company or Officer at the Registered Office by post under a certificate of posting or by registered post, or by leaving it at the Registered Office of the Company.

SECTION X : MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of this Prospectus) which are or may be deemed material have been entered or to be entered into by our Company. These contracts, copies of which have been attached to the copy of this Prospectus, delivered to the Registrar of Companies, Tamil Nadu for registration and also the documents for inspection referred to hereunder, may be inspected at our Registered Office from 10.00 am to 4.00 pm on working days from the date of this Prospectus until the Issue Closing Date.

Material Contracts

1. Engagement Letter dated October 22, 2005 for appointment of Enam Financial Consultants Private Limited, as LM to the issue
2. Memorandum of Understanding amongst our Company, the Offerors and the LM dated November 22, 2005.
3. Memorandum of Understanding executed by our Company, the Offerors and the Registrar to the issue dated October 14, 2005
4. Underwriting Agreement dated January 20, 2006 between our Company, the Offerors, the LM and Enam Securities Limited.

Documents for Inspection

1. Our Memorandum and Articles of Association as amended till date.
2. Our certificate of incorporation dated January 16, 1992.
3. Our certificate of commencement of business dated January 16, 1992.
4. Resolution passed by the Board of Directors at a meeting held on October 7, 2005 recommending the Issue and copy of special resolution dated October 10, 2005 in respect of Section 81(1A) for public issue of shares.
5. Copies of the annual reports of our Company for the last five years and other group companies for the last three fiscals and Balance Sheet of Indo Tech Electric Company Ltd. for last five years.
6. Scheme of Merger of Indo Tech Electric Company Ltd. with our company dated September 30, 2005
7. Reports of the Statutory Auditors, M/s G. Balu Associates, Chartered Accountants dated December 31, 2005 as per Indian GAAP and included in this Prospectus.
8. Consent of our Statutory Auditors, M/s G. Balu Associates, Chartered Accountants for inclusion of their report on accounts in the form and context in which they appear in this Prospectus.
9. A copy of the tax benefit report dated November 23, 2005 from our Statutory Auditors, M/s G. Balu Associates, Chartered Accountants and consent for inclusion of said report in Prospectus.
10. Consents of our Statutory Auditors, Bankers to the Company, the LM, Registrar to the Issue, Banker(s) to the Issue, Legal Counsel to the Issue, Directors of the Company, Company Secretary cum Compliance Officer, as referred to, in their respective capacities.
11. General Power of Attorney executed by the Directors of the Company in favour of person(s) for signing and making necessary changes to this Prospectus and other related documents.
12. In - principle listing approval dated December 22, 2005 and December 27, 2005 from NSE and BSE respectively;
13. Tripartite Agreements between (i) NSDL, our Company and Intime Spectrum Registry Limited dated January 23, 2006; and (ii) CDSL, our Company and Intime Spectrum Registry Limited dated January 16, 2006.
14. Due diligence certificate dated November 28, 2005 to SEBI from the LM;
15. SEBI observation letter No JCFD/DIL/ISSUES/PB/MKS/57804/2006 dated January 16, 2006.
16. Legal opinion dated January 20, 2006 from Mr. K. Ramaswamy, Advocate, Madras High Court & Compliance Letter dated January 23, 2006 from Lead Manager.

Any of the contracts or the documents mentioned in this Prospectus may be amended or modified at any time if so required in the interest of the Company or if required by other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

SECTION XI

DECLARATION

All the relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the guidelines issued by Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, the Securities and Exchange Board of India Act, 1992 or rules made thereunder or guidelines issued, as the case may be. We further certify that all statements in this Prospectus are true and fair.

SIGNED BY ALL THE DIRECTORS OF INDO TECH TRANSFORMERS LIMITED

Mr. P.E. Subramaniam, Chairman and Managing Director

Mr. P.S. Jagdish, Executive Director

Mr. P.S. Shekar, Director Operations

Mr. P. Velayudhan Pillai, Independent

Mr. K. Kannan, Independent

Mr. A.P. Muthuswami I.A.S. (Retd.)

SIGNED BY

CHAIRMAN AND MANAGING DIRECTOR

HEAD - CORPORATE FINANCE

SIGNED BY MR. P. S. JAGDISH, OFFEROR

SIGNED ON BEHALF OF 21st CENTURY MANAGEMENT SERVICES LTD., OFFEROR BY THE DULY CONSTITUTED POWER OF ATTORNEY HOLDER

Date: January 27, 2006.

Place: Chennai

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