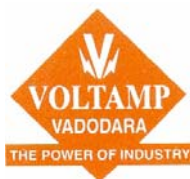


DRAFT RED HERRING PROSPECTUS

Please read Section 60B of the Companies Act, 1956.

Dated [●]

(The Draft Red Herring Prospectus will be updated upon filing with the Registrar of Companies)

100% Book Building Offer**VOLTAMP TRANSFORMERS LIMITED**

(Our Company was incorporated on March 2, 1967 as “Voltamp Transformers Private Limited” at Ahmedabad under the Companies Act, 1956, with the Registration No. 1437 of 1967. Subsequently, we became a deemed public company as “Voltamp Transformers Limited” on July 11, 1989 and thereafter we became a private company as “Voltamp Transformers Private Limited” with effect from May 8, 2001 under Section 43A (2A) of the Companies Act, 1956. On February 6, 2006, our Company was again converted to a public limited company as “Voltamp Transformers Limited”).

Corporate and Registered Office: Makarpura, Vadodara - 390 014, Gujarat.

Tel: + 91 0265 2642011, +91 0265 2642012 **Fax:** + 91 0265 2648454.

E-Mail: vnm_ipo@voltamptransformers.com; **Website:** www.voltamptransformers.com

Contact Person/ Compliance Officer: Mr. Vallabh Nanjibhai Madhani;

OFFER FOR SALE OF 4,883,840 EQUITY SHARES OF RS. 10/- EACH BY THE SELLING SHARE HOLDERS AT A PRICE OF RS. [●] PER EQUITY SHARE FOR CASH AGGREGATING RS. [●] MILLION (HEREINAFTER REFERRED TO AS THE “OFFER”), INCLUDING EMPLOYEE RESERVATION OF 244,192 EQUITY SHARES OF FACE VALUE OF RS. 10/- EACH AND A NET OFFER TO THE PUBLIC OF 4,639,648 EQUITY SHARES OF RS. 10/- EACH AT A PRICE OF RS. [●]. THE OFFER SHALL CONSTITUTE 48.27% OF THE FULLY DILUTED POST OFFER PAID UP-CAPITAL OF OUR COMPANY. THE NET OFFER SHALL CONSTITUTE 45.86% OF THE FULLY DILUTED POST OFFER PAID-UP CAPITAL OF OUR COMPANY.

PRICE BAND: Rs. [●] TO Rs. [●] PER EQUITY SHARE

THE FACE VALUE OF THE EQUITY SHARES IS RUPEES 10/- EACH AND THE FLOOR PRICE IS [●] TIMES OF THE FACE VALUE AND THE CAP PRICE IS [●] OF THE FACE VALUE

In case of revision in the Price Band, the Bidding Period shall be extended for three additional working days after such revision, subject to the Bidding Period not exceeding 10 working days. Any revision in the Price Band, and the revised Bidding Period, if applicable, shall be widely disseminated by notification to the National Stock Exchange of India Limited and Bombay Stock Exchange Limited, by issuing a press release and by indicating the change on the websites of the Book Running Lead Manager (“BRLM”) and the terminals of the member of the Syndicate.

This Offer for Sale is being made through a 100% Book Building Process wherein up to 50% of the Net Offer shall be allotted on a proportionate basis to Qualified Institutional Buyers (“QIBs”); wherein 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. Further, not less than 15% of the Net Offer shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Net Offer shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Offer Price. Further, 244,192 Equity Shares shall be available for allocation on a proportionate basis to eligible Employees, subject to valid Bids being received at or above the Offer Price.

The Company has not opted for grading of this offer.

RISK IN RELATION TO FIRST OFFER

This being the first offer of the Equity Shares of the Company, there has been no formal market for the Equity Shares of the Company. The face value of the shares is Rs. 10 and the Offer Price is [●] times of the face value. The Offer Price (as determined by the Selling Shareholders, in consultation with us and the BRLM on the basis of assessment of market demand for the Equity Shares by way of book building) should not be taken to be indicative of the market price

of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity 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 Offer 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 Offer. For taking an investment decision, investors must rely on their own examination of the Company and this Offer including the risks involved. The Equity Shares offered in this Offer 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 Draft Red Herring Prospectus. Specific attention of the investors is invited to the statements in the chapter titled "Risk Factors" beginning on page 8 of this Draft Red Herring Prospectus.

SELLING SHAREHOLDER'S AND COMPANY'S ABSOLUTE RESPONSIBILITY

The Selling Shareholders and the Company having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Red Herring Prospectus contains all information with regard to the Company and this Offer, which is material in the context of this Offer, that the information contained in this Draft Red Herring 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 Draft Red Herring 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 offered through this Draft Red Herring Prospectus are proposed to be listed on the Bombay Stock Exchange Limited ("BSE") and The National Stock Exchange of India Limited ("NSE"). We have received in-principle approvals from these Stock Exchanges for the listing of our Equity Shares pursuant to letters dated [•] and [•], respectively. For purposes of this Offer, [•] is the Designated Stock Exchange.

BOOK RUNNING LEAD MANAGER	REGISTRAR TO THE OFFER
 Enam Financial Consultants Private Limited 801, Dalamal Tower, Nariman Point, Mumbai - 400 021, Maharashtra Tel: +91 22 5638 1800 Fax: +91 22 2284 6824 E-mail: vtl.ipo@enam.com Website: www.enam.com	 Intime Spectrum Registry Limited C-13, Pannalal Silk Mills Compound, L B S Marg, Bhandup (W), Mumbai 400078, Maharashtra Tel: +91 22 2596 0320 Fax: +91 22 2596 0239 Email: voltampipo@intimespectrum.com Website: www.intimespectrum.com

OFFER PROGRAMME

BID / OFFER OPENS ON	[•], 2006	BID / OFFER CLOSSES ON	[•], 2006
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SECTION I – DEFINITIONS AND ABBREVIATIONS

Term	Description
“Voltamp Transformers Limited”, “Voltamp”, “VTL” “our Company”, “the Company”.	Unless the context otherwise requires, refers to Voltamp Transformers Limited, a public limited company incorporated under the Companies Act.
“we”, “us” and “our”	Unless the context otherwise requires, refers to VTL
Promoter(s)	Unless the context otherwise requires, refers to Mr. L. H. Patel and Hari Steel Private Limited.
Promoter Group	Promoter Group comprises of Patson Transformers Private Limited (PTPL), Voltamp Transformers (South) Private Limited (VTSPL), Maalee Horticulture Private Limited, M/s. The Bavla Vehpari Cotton Press Co., M/s. The Bavla Laxmi Cotton Gining Factory, M/s. The Sanjiv Cotton Company , M/s. Kevalbhai Desaiabhai Cotton Company, M/s. Achartlal Amratlal, M/s. Bharatkumar Cotton Company, Oam Farm & Nursery, Jwalin K. Patel (Minor), Ayushi K. Patel (Minor), L. H. Patel – HUF, Kunjal Patel- HUF, Kunjal Patel, Urmilaben L.Patel

CONVENTIONAL/ GENERAL TERMS

Term	Description
Articles/ Articles of Association	The Articles of Association of our Company.
Auditors	The statutory auditors of our Company, being M/s Chandulal M. Shah & Co.
Board of Directors / Board	The Board of Directors of our Company or a Committee thereof.
Company Identification Number	The Company identification Number issued to our Company by the RoC.
Companies Act	The Companies Act, 1956, as amended from time to time.
Depositories 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.
Director(s)	Director(s) of the Company unless otherwise specified.
Financial Year/ Fiscal/ FY	The period of twelve months ended March 31 of that particular year.
Insurance Act	Insurance Act, 1938, as amended from time to time.
Memorandum/ Memorandum of Association	The Memorandum of Association of our Company.
Non Resident	A person who is not resident in India except NRIs and FIIs.
NRI/ Non-Resident Indian	A person resident outside India, as defined under FEMA and who is a citizen of India or a person of Indian origin, each such term as defined under the FEMA (Deposit) Regulations, 2000, as amended.
Registered Office of our Company	Makarpura, Vadodara – 390 014, Gujarat
SEBI Guidelines/SEBI DIP Guidelines	The SEBI (Disclosure and Investor Protection) Guidelines 2000, as amended from time to time, including instructions, guidelines and clarifications issued by SEBI from time to time.
SEBI Insider Trading Regulations	The SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended from time to time, including instructions and clarifications issued by SEBI from time to time.
TRS or Transaction Registration Slip	The slip or document issued by the members of the Syndicate to the Bidder as proof of registration of the Bid.

OFFER RELATED TERMS

Term	Description
Allotment/ Allotment of Equity Shares	Unless the context otherwise requires, transfer of Equity Shares pursuant to this Offer from the Selling Shareholders to the successful bidders.
Banker(s) to this Offer	[•].
Bid	An indication to make an offer, made during the Bidding Period by a prospective investor to purchase to the Equity Shares at a price within the Price Band, including all revisions and modifications thereto.
Bid Amount	The highest value of the optional Bids indicated in the Bid-cum-Application Form and payable by the Bidder on submission of the Bid for this Offer.
Bid/ Offer Closing Date	The date after which the members of the Syndicate will not accept any Bids for this Offer, which shall be notified in a English national newspaper, Hindi national newspaper and a regional language newspaper with wide circulation.
Bid/ Offer Opening Date	The date on which the members of the Syndicate shall start accepting Bids for this Offer, which shall be the date notified in a English national newspaper, Hindi national newspaper and a regional language newspaper with wide circulation.
Bid-cum-Application Form	The form in terms of which the Bidder shall make an offer to subscribe to the Equity Shares of the Company and which will be considered as the application for allotment in terms of this Draft Red Herring Prospectus.
Bidder	Any prospective investor who makes a Bid pursuant to the terms of this Draft Red Herring Prospectus and the Bid-cum-Application Form.
Book Building Process	Book building mechanism as provided under Chapter XI of the SEBI Guidelines, in terms of which this Offer is made.
BRLM	Book Running Lead Manager to this Offer, in this case being Enam Financial Consultants Private Limited.
CAN/ Confirmation of Allocation Note	The note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares after discovery of Offer Price in the Book Building Process.
Cap Price	The upper end of the Price Band, above which the Offer Price will not be finalised and above which no Bids will be accepted.
Cut-off	The Offer Price finalised by the Company in consultation with the BRLM and it shall be any price within the Price Band. A Bid submitted at the Cut-off Price by a Retail Individual Bidder is a valid Bid at all price levels within the Price Band.
Designated Date	The date on which funds are transferred from the Escrow Account to the Offer for Sale Account after the Prospectus is filed with the Registrar of Companies, Gujarat, following which the Board of Directors shall allot Equity Shares to successful Bidders.
Designated Stock Exchange	[•]
Draft Red Herring Prospectus	This Draft Red Herring Prospectus offered in accordance with Section 60B of the Companies Act, which does not have complete particulars on the price at which the Equity Shares are offered and size of this Offer. It will become a Red Herring Prospectus after filing with the Registrar of Companies, Gujarat at least three days before the opening of this Offer. It will become a Prospectus after filing with the Registrar of Companies, Gujarat, after the Pricing Date.
ECS	Electronic Clearing Service
Employee/ Employees (in the Employee Reservation Portion)	All or any of the following: a) A permanent employee of the Company; b) A director of the Company (whether a whole-time director, part time director or otherwise); and c) Any employee person as defined in (a) or (b) above of a subsidiary of the Company. An Employee, as used in the context of the Employee Reservation Portion, should be an Indian national, based in India and physically present in India on the date of submission of the Bid-cum-Application Form. Also, such person should be an

Term	Description
	Employee on the payroll of the Company, on the date of filing the Red Herring Prospectus with the Registrar of Companies.
Employee Reservation Portion	The portion of the Offer being a maximum of 244,192 Equity Shares available for allocation to Employees.
Enam	Enam Financial Consultants Private Limited.
Equity Shares	Equity Shares of the Company of face value of Rs. 10 each unless otherwise specified in the context thereof.
Escrow Account	Account opened with Escrow Collection Bank(s) and in whose favor the Bidder will offer cheques or drafts in respect of the Bid Amount when submitting a Bid.
Escrow Agreement	Agreement to be entered into among the Company, the Selling Shareholders and the Registrar to this Offer, the Escrow Collection Banks and the BRLM in relation to the collection of the Bid Amounts and dispatch of the refunds (if any) of the amounts collected, to the Bidders.
Escrow Collection Bank(s)	The banks, which are registered with SEBI as Banker(s) to an issue at which the Escrow Account for the Offer will be opened, in this case being [●].
First Bidder	The Bidder whose name appears first in the Bid-cum-Application Form or Revision Form.
Floor Price	The lower end of the Price Band, below which the Offer Price will not be finalised and below which no Bids will be accepted.
Indian GAAP	Generally accepted accounting principles in India.
Indian National	As used in the context of the Employee Reservation Portion, a citizen of India as defined under the Indian Citizenship Act, 1955, as amended, who is not an NRI.
Offer for Sale/Offer	The offer of 4,883,840 Equity Shares of Rs. 10/- each fully paid up at the Offer Price aggregating Rs. [●] million.
Offer/ Bidding Period	The period between the Bid / Offer Opening Date and the Bid/Offer Closing Date inclusive of both days and during which prospective Bidders can submit their Bids.
Offer Price	The final price at which Equity Shares will be offered and allotted in terms of this Draft Red Herring Prospectus. The Offer Price will be decided by the Company in consultation with the BRLM and the Selling Shareholders on the Pricing Date.
Margin Amount	The amount paid by the Bidder at the time of submission of the Bid, being 10% to 100% of the Bid Amount.
Mutual Funds	Means mutual funds registered with SEBI pursuant to the SEBI (Mutual Funds) Regulations, 1996, as amended from time to time.
NEFT	National Electronic Funds Transfer
Net Offer	The offer of Equity Shares other than Equity Shares included in the Employee Reservation Portion, being 4,639,648 Equity Shares.
Non Institutional Bidders	All Bidders that are not Qualified Institutional Buyers or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than Rs. 100,000.
Non Institutional Portion	The portion of this Offer being at least 15% of the Net Offer consisting of 695,947 Equity Shares of Rs. 10 each aggregating Rs.[●] million, available for allocation to Non Institutional Bidders.
Pay-in Date	Bid/Offer Closing Date or the last date specified in the CAN sent to Bidders receiving allocation who pay less than 100% margin money at the time of bidding, as applicable.
Pay-in-Period	Means: (i) with respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid/ Offer Opening Date and extending until the Bid/Offer Closing Date; and (ii) with respect to QIBs, whose Margin Amount is 10% of the Bid Amount, the period commencing on the Bid/Offer Opening Date and extending until the closure of the Pay-in Date.
Price Band	The price band of a minimum price ("Floor Price") of Rs. [●] and the maximum price ("Cap Price") of Rs. [●] and includes revisions thereof.
Pricing Date	The date on which the Company in consultation with the BRLM and the Selling Shareholders finalise the Offer Price.
Prospectus	The Prospectus, filed with the Registrar of Companies, Gujarat containing, <i>inter alia</i> , the Offer Price that is determined at the end of the Book Building Process, the size of

Term	Description
	this Offer and certain other information.
Offer for Sale Account	Account opened with the Banker to this Offer to receive monies from the Escrow Account for this Offer on the Designated Date.
QIB Margin Amount	An amount representing at least 10% of the Bid Amount.
QIB Portion	Consists of 2,319,824 Equity Shares of Rs. 10 each aggregating Rs. [●] million being up to 50% of the Net Offer, available for allocation to QIBs, wherein 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only.
Qualified Institutional Buyers or QIBs	Public financial institutions as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual funds registered with SEBI, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, state industrial development corporations, insurance companies, provident funds with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million.
RTGS	Real Time Gross Settlement.
Registrar/ Registrar to this Offer	Intime Spectrum Registry Limited
Retail Individual Bidders	Individual Bidders (including HUFs) who have Bid for an amount less than or equal to Rs. 100,000 in any of the bidding options in this Offer.
Retail Portion	Consists of 1,623,877 Equity Shares of Rs. 10 each aggregating Rs. [●] million, being at least 35% of the Net Offer, available for allocation to Retail Individual Bidder(s).
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid price in any of their Bid-cum-Application Forms or any previous Revision Form(s).
Selling Shareholders	Mr. Umesh Patel, Mr. Rashmikant Patel, Mr. Udayan Patel, Mr. Jai Patel, Mr. Vishal Patel, Rashmi Stockholdings Private Limited, Udayan Finstock Private Limited, Umesh Stockholdings Private Limited, Mr. Navinchandra Patel, Ms. Hasumatiben Patel, Mrs. Kusumben Patel, Mr. Samir Patel, Mr. Bharat Patel, Navinchandra Patel- HUF, Samir Stockholdings Private Limited, Kusum Finstock Private Limited.
Syndicate	The BRLM and the Syndicate Member.
Syndicate Agreement	The agreement to be entered into between the Company and the members of the Syndicate, in relation to the collection of Bids in this Offer.
Syndicate Member	Enam Securities Private Limited
Transaction Registration Slip/ TRS	The slip or document issued by the Syndicate Member to the Bidders as proof of registration of the Bid.
Underwriters	The BRLM and the Syndicate Member.
Underwriting Agreement	The Agreement among the Underwriters and the Company to be entered into on or after the Pricing Date.

INDUSTRY/ COMPANY RELATED TERMS

Term	Description
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
AC	Alternate Current
APDRP	Accelerated Power Development and Reforms Program
CERC	Central Electricity Regulatory Commission
CEA	Central Electricity Authority
CRGO	Cold Rolled Grain Oriented
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 Ampere
LV	Low Voltage
MMT	Million Metric Tonne
MoP	Ministry of Power, Government of India
MVA	Mega volt Ampere
MVAR	Mega volt-amperes reactive
MU	Million Units
MW	Megawatt(s)
PLC	
PLF	Plant Load Factor
SEB	State Electricity Board
SERC	State Electricity Regulatory Commission
SSI	Small Scale Industry
T & D	Transmission and Distribution

ABBREVIATIONS

Abbreviation	Full Form
AGM	Annual General Meeting.
AS	Accounting Standards issued by the Institute of Chartered Accountants of India.
BSE	The Bombay Stock Exchange Limited.
CAGR	Compounded Annual Growth Rate.
CDSL	Central Depository Services (India) Limited.
DGFT	Directorate General of Foreign Trade.
CIN	Company Identification Number
DIN	Director's Identification Number
DM	Deutsche Mark
DP	Depository Participant.
EGM	Extraordinary General Meeting.
EPS	Earnings per Equity Share.
FCNR Account	Foreign Currency Non Resident Account.
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time and the regulations issued thereunder.
FII	Foreign Institutional Investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995, as amended from time to time) registered with SEBI under applicable laws in India.
FIPB	Foreign Investment Promotion Board.
FIs	Financial Institutions.
FVCI	Foreign Venture Capital Investors registered with SEBI under the SEBI (Foreign Venture Capital Investor) Regulations, 2000.
GIR Number	General Index Registry Number.
Gol/ Government	Government of India.
HUF	Hindu Undivided Family.
I. T. Act	The Income Tax Act, 1961, as amended from time to time.
I. T. Rules	The Income Tax Rules, 1962, as amended from time to time, except as stated otherwise.
NAV	Net Asset Value.
NBFC	Non-Banking Finance Company.
NRE Account	Non Resident External Account.
NRO Account	Non Resident Ordinary Account.
NSDL	National Securities Depository Limited.
NSE	The National Stock Exchange of India Limited
P/E Ratio	Price/Earnings Ratio.
PAN	Permanent Account Number.
PAT	Profit After Tax
RBI	The Reserve Bank of India.
RBI Act	The Reserve Bank of India Act, 1934, as amended from time to time.
RoC/Registrar of Companies	The Registrar of Companies, Gujarat, located at Ahmedabad.
RoNW	Return on Net Worth.
Rs./ Rupees	Indian Rupees, the legal currency of the Republic of India.

Abbreviation	Full Form
SCRA	The Securities Contract (Regulation) Act, 1956, as amended from time to time.
SCRR	The Securities Contracts (Regulation) Rules, 1957, as amended from time to time.
SEBI	The Securities and Exchange Board of India.
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended from time to time.
Stock Exchanges	[•]
UIN	Unique Identification Number issued in terms of SEBI (Central Database of Market Participants) Regulations, 2003, as amended from time to time.
UoI	Union of India.
USD/ \$/ US\$	The United States Dollar, the legal currency of the United States of America.
VTSP	Voltamp Transformers (South) Private Limited

SECTION II – RISK FACTORS

CERTAIN CONVENTIONS; USE OF MARKET DATA

Unless stated otherwise, the financial information used in this Draft Red Herring Prospectus is derived from the Company's restated financial statements as of and for the years ended March 31, 2001, 2002, 2003, 2004 and 2005 and as of and for the 9 months ended December 31, 2005, prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with SEBI Guidelines, as stated in the report of our statutory Auditors, M/s Chandulal M. Shah & Co., Chartered Accountants, beginning on page no. 117 of this Draft Red Herring Prospectus. Our fiscal year commences on April 1 and ends on March 31 of a particular year. Unless stated otherwise, references herein to a fiscal year (e.g., fiscal 2005), are to the fiscal year ended March 31 of a particular year. In this Draft Red Herring Prospectus, any discrepancies in any table between the total and the sum of the amounts listed are due to rounding-off. Property areas (in Sq. ft.) have been rounded off till the nearest integer. Calculation regarding number of Equity Shares available to various categories of investors as per the SEBI DIP Guidelines have been rounded off to the nearest integer. References to Baroda and Vadodara refer to the same city.

All references to "India" contained in this Draft Red Herring Prospectus are to the Republic of India. All references to "Rupees" or "Rs." Or "INR" are to India Rupees, the official currency of the Republic of India. All references to "Million" or "million" or "mn" refer to one million, which is equivalent to "ten lakhs" or "ten lacs."

Market and Industry data used in this Draft Red Herring Prospectus has been obtained from publications available in the public domain and internal Company reports. These publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe market and industry data used in this Draft Red Herring Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports, while believed by us to be reliable, have not been verified by any independent source.

FORWARD-LOOKING STATEMENTS

This Draft Red Herring Prospectus contains certain “forward-looking statements”. These forward-looking statements can generally be identified by words or phrases such as “will”, “aim”, “is likely to result”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “will continue” “will pursue”, “shall” or other words and similar expressions or variations of such expressions..

All forward looking statements are subject to risks, uncertainties and assumptions about us 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 but are not limited to:

- General economic and business conditions in the markets in which we operate and in the local, regional and national economies;
- Changes in laws and regulations relating to the industries in which we operate;
- Increased competition in these industries;
- Our ability to successfully implement our growth strategy and expansion plans, and to successfully launch and implement various projects and business plans;
- Our ability to meet our capital expenditure requirements;
- Fluctuations in operating costs;
- Our ability to attract and retain qualified personnel;
- Changes in technology;
- Changes in political and social conditions in India or in countries that we may enter, the monetary and interest rate policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices;
- The performance of the financial markets in India and globally; and
- Any adverse outcome in the legal proceedings in which we are involved.

For a further discussion of factors that could cause our actual results to differ, see the chapters titled “Risk Factors” “Our Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on pages 8, 66 and 146 of this Draft Red Herring Prospectus respectively. 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 members of the Syndicate, 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, we, Selling Share holders and the BRLM 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 Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our Company's Equity Shares. If any of the following risks occur, our business, financial condition and results of operations could suffer, the trading price of our Equity Shares could decline, and you may lose 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 number of legal & other proceedings

Our Company is involved in certain legal proceedings and claims in relation to certain civil, criminal, labour, property disputes, arbitration and taxation matters incidental to our business and operations. We are also subject to claims arising from excise (including show cause) and sales tax disputes. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. Any adverse decision may affect our business and results of operations. A classification of these legal and other proceedings instituted by and against our Company are given in the following table:

Cases filed by our Company

Type of legal proceeding	Total number of pending cases/ show cause notices/ summons	Remarks and amount involved(Rs.)
Income Tax	4	In one case amount involved is Rs. 11.40 lacs for which demand payable is already paid and no demand is outstanding by the Company. In remaining three cases dispute is in regard to manner of charging interest there is no demand raised
Excise Cases	1	Amount involved Rs. 50,000/- as penalty
Sales Tax	4	In all the four cases re-assessment order was passed and Company paid the amount and refund is pending to be received by the Company.
Negotiable Instrument Act	1	Note 1
Property Case	1	Amount not Quantifiable
Civil Cases	1	Company filed a Suit for restraining of encashing the advance Bank Guarantees of Rs. 15.20 Lacs
Labour Cases	2	Case 1: The case was filed to dismiss an employee. Case 2: Company paid Rs. 12,77,300/- with Regional Provident Fund, Commissioner, Vadodara in one fraudulent matter wherein a contract labour is involved in a fraud.
Arbitration	1	Company filed an Arbitration Application praying to appoint an independent arbitrator for settlement of dispute regarding cancellation of purchase order amounting to Rs. 17,31,654/-.

Note 1: Company filed a case against M/s. Essjay Electrolinks Private Limited under Section 138 of the Negotiable Instrument Act on September 27, 2002 for recovery of an amount of Rs. 3,00,000/-. On October 1, 2002 summons were issued. M/s. Essjay Electrolinks Private Limited filed a Criminal Miscellaneous Application against the order of summons before the High Court of Gujarat and obtained a stay order. The matter is pending for hearing.

For more information regarding litigation, please refer to the section titled “Outstanding Litigations and Defaults” beginning on page 159 the Draft Red Herring Prospectus.

Cases filed against our Company

Type of legal proceeding	Total number of pending cases/ show cause notices/ summons	Remarks and amount involved(Rs.)
Excise Cases	2	Case 1: Show cause notice issue to the Company demanding Rs. 10,24,800/- which is already paid by the Company. Case 2: Show cause issued to the Company demanding Rs. 1,963,208/- (The Company paid a sum of Rs. 9,81,604/- in compliance with the provisions of Rule 6 of the Cenvat Credit Rules)
Civil Cases	1	Amount involved Rs. 10,92,528/-. Case was filed against a Bank (wherein our Company is made a party) for fraud in respect of demand draft, which is paid by the Company.
Property Cases	1	Amount not quantifiable
Labour Cases	33	Cases file by ex-employees of our Company.

For further details, please refer to the chapter titled “Outstanding Litigation and Material Developments” on page 159 of this Draft Red Herring Prospectus.

One of our Promoter Group Company, Patson Transformers Private Limited is involved in the following legal proceedings:

Type of legal proceeding	Total number of pending cases/ show cause notices/ summons	Remarks and amount involved(Rs.)
Excise Case	1	Rs.0.5 million

For further details, please refer to the chapter titled “Outstanding Litigation and Material Developments” on page 159 of this Draft Red Herring Prospectus.

Our Company is only in the business of transformers

Our entire sales revenue is derived from transformers. In case of any downturn in this industry, our business operations may be adversely affected. Further, if we are unable to maintain and upgrade our technical know-how with the new technological developments in our industry, it may adversely affect our sales revenue and impact our business.

Our entire business is dependant upon the demand for power generation, transmission and distribution.

Our business is dependant on the power industry. 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. If the Indian

economy does not continue to grow at the current rate, or if there is an economic downturn, such as industrial production and consumer demand decline or stagnate, 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 cater to a limited segment of transformers.

We manufacture transformers ranging from 500KVA to 50,000 KVA capacities only. Manufacturing transformers with capacity higher than 50,000 KVA requires greater expenditure on infrastructure as well as technical expertise. Our absence in the other segments may limit our growth opportunities and clientele.

We have some Contingent Liabilities as on December 31, 2005.

As per our Restated Financial Statements, we have certain contingent liabilities which if determined against us in future may impact our financial position adversely. Details of our contingent liabilities as on December 31, 2005 are as given below:

1. Counter Guarantee given to the Bank in respect of the Guarantees issued by the Bank on behalf of the Company is Rs. 443.80 millions
2. Claim against the Company towards excise demand of Rs.0. 98 millions

Crystallization of any of the above liabilities may require us to honour the demands raised, if any, which may adversely impact our profitability and may have a material adverse impact on our financial resources and network.

Our Company has negative cash flows

While our operating cash flows are positive for FY 2004 and 2001, our cash flows are negative for nine months ended December 31, 2005, FY 2005, FY 2003 and FY 2002. For further details please refer to section titled 'Financial Statements' on page 117 of the Draft Red Herring Prospectus.

We have applied for registration of our logo with the trademark registry, which is pending registration. We have limited protection of our trademark

We have applied for a trademark for our logo, which is still pending as of the date of this Draft Red Herring Prospectus. Our application may not be allowed or competitors may challenge the validity or scope of this application or the trademark if the application is approved. If we fail to successfully obtain or enforce our trademark, we may need to change our logo. Any such change could materially adversely impact our business and require us to incur additional costs. This could have a material adverse effect on our business, financial condition and results of operations.

Rising attrition rate of employees

Our attrition rate is rising in the last 3 years. In the last 3 years ended March 31, 2006, our attrition rates were 8.33%, 9.67% and 15.32%. Our Company has taken measures to control the attrition. However, we cannot assure that we shall be successful in reducing attrition rate or ensuring that the attrition rate does not rise further in the future. If we are not able to control our attrition rates, it may have a materially adverse effect on our business and operations.

We are subject to restrictive covenants under various debt facilities provided to us by our lender.

As on date of this Draft Red Herring Prospectus we have availed certain working capital facilities from our lender. As per the signed agreement with our lender, there are certain restrictions imposed on us. As per these restrictions; neither sale of any kind nor mortgage, charge, lien or encumbrance other than the existing charges shall be made or allowed to be made over our Company's undertaking or property during the currency of the facility without the lender's prior written consent. Further, our Company shall indemnify the lender against all losses, costs, damages expenses which maybe incurred by the lender in order to recover any defaulted amount by us. Also, we shall not cause any receiver to be appointed on the properties hypothecated and mortgaged with the lender without its prior consent. However the lender can

appoint receiver to recover any dues in case of any default by us. Further, our Company shall not deal with the goods, movables and other assets and documents of title or the goods, movables and other assets so hypothecated except in accordance with written instructions of the lender.

Bank Guarantees given by our Company to our customers for the performance of transformers supplied to them.

As of December 31, 2005, our Company has given Bank Guarantees to the tune of Rs. 443.80 million to secure the advance payment received by us as also the performance of the supply contract. Our Company has given performance guarantees to our customers for a period of 12 – 60 months for 5- 20 % of the total invoice value for supply of our products. In the event of invocation of all or some of the bank guarantees given by us at the same time may affect our financial position, which may in turn impact our business.

We outsource some of our manufacturing processes

We outsource the coil winding activity and some components of transformers such as radiators and tanks. For the financial year ended March 31, 2005, these outsourced component contributed very less proportion of our total raw material costs. To the extent the works are outsourced, we are dependent on job workers and any delay to deliver in time or failure to maintain quality standards on their part may adversely affect our turnaround, time/delivery schedule and our business reputation.

Our customer contracts expose us to certain risks, which may negatively impact our revenues and profitability

In our customer contracts, we are required to deliver the products and services to the customer within the scheduled time lines. Further, each transformer is customized to the customer's requirement. Termination of contract, inadequate performance and/or failure on our part or any third party to meet quality and/or the scheduled timelines set by our customers 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.

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

Most of our customer contracts can be terminated with or without cause and at short notice usually after paying costs incurred by our Company. 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 may adversely affect our revenues and profitability.

A few customers contribute a substantial portion of our revenues.

Our top ten customers contributed 42% and 32% of our sales during FY 2004-05 and the nine months ended on December 31, 2005 respectively. Any decline in our quality standards, after sales service and growing competition and any change in the demand for our product by these customers may adversely impair our ability to retain these customers. The loss of our major customers or a decrease in the volume of transformers sourced from us may adversely affect our revenues and profitability.

We have not entered into any long term supply contracts for raw materials

We have not entered into any long term supply contracts for raw materials. Non- availability of required raw materials in desired quantity and quality at the required time may adversely affect our production process, ability to deliver orders in time and our business performance.

We are exposed to volatility in raw material prices

A few raw materials such as CRGO, copper, oil, insulation, resin, steel constitute over 70% of the sales revenue. Most of our raw material contracts allow for cost escalation, while our contracts with customer usually have a committed price. This subjects us to price fluctuations resulting from shifts in supply and

demand and other factors beyond our control. In addition, copper & steel is traded on futures exchanges and is thus subject to speculation, which could affect our profitability.

We source our entire requirements of copper from a single supplier

We have entered into an annual agreement with a single supplier for our total requirement of Copper CC rods. In case, our supplier is not able to supply copper in the required quantity and quality at the required time, it may adversely affect our production process, ability to deliver customer orders in time and also may affect our business performance.

We may continue to be controlled by our Promoters following this Offer and our other shareholders may not be able to affect the outcome of shareholders voting. Further our Promoter Hari Steel Private Limited had certain rights under the Article of Association of our Company.

Our Promoters will continue to hold 43.67% and collectively our Promoter Group will hold 51.73 % of the outstanding Equity Shares following this offer. Consequently, our Promoter Group, if they act jointly, may exercise substantial control over our Company. As per Article 159 (f) of the Articles of Association of our Company, one of our Promoter, Hari Steel Private Limited has been given certain special right as long as it continues to hold not less than 10 % of the total paid up capital of our Company. These right primarily include the rights to appoint/cancel appointment/re-appointment the chairman of the board of directors of our Company and the managing director of our Company.

One of our Promoter and some of our Promoter Group Companies/firms/sole proprietorship have in the past few years incurred losses and one of them is under the process of voluntary winding up

Voltamp Transformers (South) Private Limited, one of our promoter group companies is under the process of voluntary winding up. The winding up process is pending before the Court.

The following group companies have incurred losses as follows:

Financial Performance:

(Rs. in million)

	Profit after tax As of March 31,		
	2005	2004	2003
<i>Hari Steel Pvt. Limited</i>	2.84	2.34	(0.178)
<i>Voltamp Transformers (South) Pvt. Limited</i>	(0.09)	(2.57)	(0.98)
<i>Malee Horticulture Private Limited</i>	2.21	(0.19)	(0.24)
<i>M/s. Bavla Vehpari Cotton Press Co</i>	(0.026)	(0.024)	(0.022)
<i>M/s. The Bavla Laxmi Cotton Ginning Factory</i>	0.08	0.13	(0.18)
<i>M/s. The Sanjiv Cotton Company</i>	(0.077)	(0.28)	(0.29)
<i>M/s. Kevalbhai Desaibhai Cotton Company</i>	(0.027)	(0.022)	(0.006)
<i>M/s. Achartlal Amratlal</i>	(0.013)	(0.010)	(0.024)
<i>Oam Farm & Nursery</i>	0.04	(0.005)	(0.006)

One of our Promoter Group company is also in the same line of business, which may lead to conflict of interest.

Our Promoter Group company, Patson Transformers Private Limited was also in the business of manufacturing transformers. It has discontinued manufacturing activities with effect from February 24, 2006 subsequent to shareholders agreement dated December 2, 2005. If Patson Transformers Private Limited restarts its manufacturing activities, it may lead to a conflict of interest between us and our Promoter Group Company. This may impact our growth opportunities and may create competition for us. For further details, please refer the chapter “Our Promoter Group” on page 103 of this Draft Red Herring Prospectus.

Failure to keep our technical knowledge confidential could erode our competitive advantage.

Like many of our competitors, we possess extensive technical knowledge about transformers. Our know-how is an important asset, which may not be protected by intellectual property rights such as patents, designs but is protected only by maintaining confidentiality. 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 impaired, which could have a material adverse effect on our current business, future prospects and financial condition.

Our Company has entered into license agreements with a German company for manufacturing Dry Type Transformers

We have entered into a technical license agreement with M/s. HOCHSPANNUNGSTECHNIK UND TRANSFORMATORBAU GMBH, (HTT), for manufacture and sale of Cast Resin Dry Type Transformers dated December 22, 2001. The agreement is effective for an initial period of 10 years from the date of the agreement or 7 years from the date of commencement of commercial production whichever is earlier and it can only be renewed on mutual consent. In case our Company is not able to renew the said agreement, our Company will not be able to get the required technical service. In addition, under the agreement with HTT, our Company is restricted to directly export the Cast Resin Dry Type Transformers to Germany, Thailand and South Korea. This limits the export markets we can cater to and thus our growth opportunities.

We have to renew or maintain statutory and regulatory permits and licenses as required to operate our business and any delay or inability to obtain the same may have an adverse impact on our business.

We require certain statutory and regulatory permits, licenses and approvals to operate our business. Some of these approvals are granted for fixed periods of time and need renewal from time to time. We are required to renew such permits, licenses and approvals. There can be no assurance that the relevant authorities will issue any of such permits or approvals in time or at all. Failure by us to renew, maintain or obtain the required permits or approvals may result in the interruption of our operations and may have a material adverse effect on our business.

For further details please refer to the section “Government/Statutory and Business Approvals” beginning on page 170 of this Draft Red Herring Prospectus.

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

The market for transformers is highly competitive with very few organised players. Important factors affecting competition in our industry include performance of transformers, reliability, product quality, technology, price and scope and quality of services offered to customers. Some of the key competitors in the industry are listed in under “Industry Overview” on page 55 of this Draft Red Herring Prospectus. Some of our competitors have longer industry experience and greater financial, technical 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 develop and provide products faster or at a lower price than us. Growing competition may result in a decline in our market share and force us to reduce our margins and revenues.

We may face labour unrest

Our employees and contract labour work under a trade union. We have entered into a settlement agreement with the trade union. We may be exposed to risks such as decline in performance levels, labour disputes, strikes, lock-outs, absenteeism, irregular supply of contract labour, industrial accidents. We have faced a strike/ lock out in the year 1981 and 1982 wherein production was stopped for a period of 90 days and in the year 1985-1986, wherein production was stopped for a period of 45 days. We give no assurance that similar events will not occur in future. Occurrence of any of these may disrupt our business operations.

Our success depends largely on our senior management and our ability to attract and retain our key personnel.

Our success depends on the continued services and performance of the members of our management team and other key employees. Competition for senior management in the industry is intense, and we may not be able to retain our existing senior management or attract and retain new senior management in the future. The loss of the services of our Promoter, senior management or other key personnel could seriously impair our ability to continue to manage and expand our business, results of operations and financial condition. We do not maintain 'key man' life insurance for our Promoter, senior members of our management team or other key personnel.

Any change in policy of the Government 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 uncertain. There are likely to be more changes in the next few years. The Electricity Act, 2003 puts in place a framework for reforms in this sector, but in many areas the details and timing are yet to be determined. 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 provide assurance that such changes will not have an adverse impact on our financial condition and results of operations.

The value of our sales, could be diminished if we are associated with negative publicity.

Our business is dependent on the trust our customers have in the quality of our merchandise. Any negative publicity regarding our company, or products, including those arising from a drop in quality of our product and any mishaps at power plants, or any other unforeseen events could adversely affect our reputation and our results from operations.

Our success depends upon our ability to manage our growth of business

Our Company has experienced growth in our business in past few years. However, such growth will create pressure on our management and other resources. Any inability on our part to address the challenges associated with expansion such as ours may adversely affect prospects of our Company. Further, any inability on our part to generate orders for the expanded capacities may adversely affect our growth prospects.

Changes in technology may impact our business by making our plants less competitive

Advancement in technology may require us to make additional capital expenditure for upgrading our manufacturing facilities or may make our competitors plants more competitive. If we are not able to respond to such technological advancement well in time, we may lose our competitiveness.

Funds raised by the Offer will not come to our Company

The primary objects of the Offer are to achieve the benefits of listing of our Equity Shares and carry out the divestment of equity shares by Selling Shareholders. Total Offer for Sale related expenses shall be borne by the Selling Shareholders and our Company in the ratio of 48:52 respectively. Our Company will not receive any proceeds from the sale of the Equity Shares by the Selling Shareholders except the reimbursement of the Offer for Sale expenses to the extent of 48 %.

Insurance cover is available for certain risks or may be inadequate

Although we attempt to limit and mitigate our liability for damages arising from negligent acts, errors or omissions through contractual provisions and/or insurance policies, the indemnities set forth in our contracts and/ or our insurance policies may not be enforceable in all instances or the the limitations of liability may not protect us from entire liability for damages. A successful assertion of one or more large claims against us could adversely affect the results of our operations.

All our current manufacturing facilities are geographically located at one place at Vadodara, Gujarat, Company's registered office

All our existing manufacturing facilities are based in Vadodara, Gujarat. As a result, any local social unrest, natural disaster or breakdown of services and utilities in that area could have material adverse effect on the business, financial position and results of operations of our Company.

Our Company is exposed to accidents at our manufacturing facility

At our manufacturing facility, 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.

EXTERNAL RISK FACTORS

We are subject to adverse impact of economic and political conditions.

Global economic and political factors that are beyond our control, influence forecasts and directly affect performance. These factors include interest rates and its impact on rates of economic growth, fiscal and monetary policies of governments, inflation, deflation, consumer credit availability, consumer debt levels, tax rates and policy, unemployment trends, terrorist threats and activities, worldwide military and domestic disturbances and conflicts, and other matters that influence consumer confidence, spending and tourism. Increasing volatility in financial markets may cause these factors to change with a greater degree of frequency and magnitude. The taxation system within the country still remains complex.

We may face competition from domestic and international manufacturers

There are many players operating in our industry in the domestic and international market. Some of these players are established names in the industry with better resources. Additionally there is threat of price competitive products from countries like China, Taiwan, Thailand etc. Entry of these players in our industry may impact our business profitability.

We are subject to risks arising from exchange rate fluctuation

Uncertainties in the global financial markets may have an adverse impact on the exchange rate between Rupee vis-à-vis other currencies. The exchange rate between Rupee and other currencies is variable and may continue to remain volatile in future depending upon the foreign exchange reserve position of India. Fluctuations in the exchange rates may have a serious impact on the revenues from our export business. Any depreciation of Rupee against other currencies may have an adverse impact on our business cost, as we will be placing orders with overseas suppliers for buying equipments. Accordingly, any adverse fluctuation in the exchange rate between Rupee and other currencies may adversely affect our financial position and results of operation.

A slowdown in economic growth in India could cause our business to suffer.

The Indian economy has shown sustained growth over the last few years with gross domestic products ("GDP") growing at 6.9% in fiscal 2005 and 8.5% in fiscal 2004. In its mid-term review of annual policy published on October 25, 2005, the RBI stated that its GDP growth forecast for fiscal 2006 is between 7.0% to 7.5% as a result of a pick-up in agricultural output and increased momentum in other sectors, and its inflation forecast for fiscal 2006 is between 5.0% to 5.5%. However, any slowdown in the Indian economy could reduce consumer/institutional spend and adversely affect our financial performance.

Natural calamities could have a negative impact on the Global economy and cause our business to suffer.

India and other countries of the world have experienced natural calamities such as earthquakes, tsunami, floods and drought in the past few years. The extent and severity of these natural disasters has an impact on the Global economy. Any negative impact of natural disasters on the Global economy could adversely affect our business and the market price of our Equity Shares.

Political, economic, 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 the 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 or 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.

After this Offer for Sale, the price of our Equity Shares may be 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 and power industry and the perception in the market about investments in our sector;
- Adverse media reports about us or the Indian transformer and power 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 offer for sale. There can be no assurance that an active trading market for our Equity Shares will develop or be sustained after this Offer for Sale, 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 Offer for Sale.

Notes to Risk Factors

1. Offer for Sale of 4,883,840 Equity Shares of Rs. 10 each at a price of Rs. [●] for cash aggregating Rs. [●] million, including employee reservation of 244,192 Equity Shares of face value of Rs. 10 each at a price of Rs. [●] for cash aggregating Rs. [●] million.
2. The net worth of our Company, as per our financial statements before the Offer for Sale as at March 31, 2005 is Rs. 464.37 million and as at December 31, 2005 is Rs. 633.31 million.
3. Net Asset Value (Book Value) of the Equity Shares of our Company, as per our financial statements as at March 31, 2005, is Rs. 459 per Equity Share of Rs. 100 face value and as at December 31, 2005 is at Rs. 626 per Equity Share of Rs. 100 face value. Each equity share of Rs. 100 was subdivided in 10 equity shares of Rs. 10 each pursuant to the resolution passed by the shareholders at the EGM held on February 6, 2006. The corresponding book value for Equity Share having a face value of Rs. 10/- each as on March 31, 2005 and December 31, 2005 respectively would be Rs. 45.9 per Equity Share and Rs. 62.6 per Equity Share.
4. Average Cost of acquisition of Equity Shares of our Company by our Promoters, Mr. L. H. Patel is Rs. 0.08 per Equity Share of Rs.10 each and Hari Steel Private Limited is Rs. 1.20 per Equity Share of Rs.10 each.
5. For details on Related Party Transactions refer to the chapter titled "Related Party Transactions" on page 114 of this Draft Red Herring Prospectus.
6. For interest of our "Promoters" and "directors", please refer to sections titled our "Promoters", our Promoter Group, "our management" and "Financial Statements" beginning on pages 101, 103,91, and 117 of this Draft Red Herring Prospectus.
7. Trading in Equity Shares of our Company for all investors shall in dematerialised form only.
8. All information shall be made available by the BRLM, the Selling Share holders and the Company to the public and investors at large and no selective or additional information would be available only to a section of the investors in any manner whatsoever.
9. Investors are advised to refer to the paragraph on "Basis of Offer Price" on page 45 of this Draft Red Herring Prospectus before making an investment in this Offer and "Basis of Allotment" on page 202 of this Draft Red Herring Prospectus for details of the allotment procedure.
10. The Offer is being made through a 100% Book Building Process wherein up to 50% of the Net Offer will be allotted on a proportionate basis to QIBs, of which 5% shall be reserved for Mutual Funds. Further, not less than 15% of the Net Offer will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Offer will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Offer Price.
11. In the event of the Offer being oversubscribed, the allocation shall be on a proportionate basis to QIBs, Retail Individual Bidders and Non-Institutional Bidders. For details, refer to the chapter titled "Offer Procedure" on page 185 of this Draft Red Herring Prospectus.
12. Under-subscription, if any, in the Employee Reservation Portion will be added back to the Non-Institutional Bidders portion and Retail Individual portion and the proportionate allocation of the same would be at the sole discretion of the Company and the Selling Share holders in consultation with the BRLM.

SECTION III: INTRODUCTION

SUMMARY

This is only a summary and does not contain all information that you should consider before investing in our Equity Shares. You should read the entire Draft Red Herring Prospectus, including the information contained in the chapters titled "Risk Factors" and "Financial Statements" and related notes beginning on pages 8 and 117 of this Draft Red Herring Prospectus before deciding to invest on our Equity Shares.

Overview

We are one of the manufacturers of transformers in India with focus on the industrial segment. We have a capacity of 5400 MVA and capable of manufacturing transformers upto 50MVA, 132 KV of Power transformers, class for many applications covering most segments of users including industrial, utility and buildings. We cater to a wide spectrum of transformer users in various industries like: petrochemical, oil refining, cement, paper and pulp, pharmaceuticals, automobiles, steel, power plant, building, metro rail applications, mining and minerals and many others.

Our client base covers many of the leading business houses, well known PSUs, and large cooperatives. Our top ten customers include Reliance Industries, Jindal Steel and leading solution providers and EPC contracting firms like Siemens, ABB, Larsen & Toubro, Torrent Power and Suzlon and others. Most of the engineering consultancy firms providing project engineering services to industrial and building projects have approved our products for use in their client's projects.

We have license agreements with two German companies M/s. MORA Transformatoren GmbH, Usingen and M/s. HOCHSPANNUNGSTECHNIK UND TRANSFORMATORBAU GMBH (HTT) for manufacture of Vacuum Resin Impregnated Dry Type Transformers and Cast Resin Dry Type Transformers respectively. We have equipped ourselves over a period to manufacture different application transformers like for power generation, power distribution, drive application, furnace application, to name a few. We have been expanding our product range in Oil filled transformers – manufacture larger rating transformers and also of higher voltage class, graduating from 33KV class to 66 KV class and later on to 132 kv class.

We have established nationwide network of 9 branches covering major industrial towns and metropolitan cities to effectively cater to the needs of existing customers and to reach and service potential customers.

Our revenues have grown from Rs. 1103.54 million in FY 2004 to Rs. 1743.75 million in FY 2005. The net profit, as restated, during the same period has grown from Rs. 99.70 million to Rs. 143.87 million. During the first three quarters of the current FY 2006, we have achieved revenue of Rs. 1753.66 million and generated net profit, as restated, of Rs. 163.70 million.

Competitive Strengths

We enjoy certain key competitive strengths, which will help us to grow in future and eventually enable us to get higher market share. In our opinion, the following are some of the factors:

Significant Presence in Engineering and Industrial segments

Our Company is focused on manufacture of transformers for catering to engineering and industrial segments. Although, volumes in these segments are lower when compared to State Electricity Boards (SEBs), margins are higher as products are customised to client requirements. In addition, our exposure to receivables risk due to the financial ill health of SEBs is low as they contribute less than 5% of the sales during nine months ended on December 31, 2005. We achieved a high debtors turnover ratio of 22.4 during nine months ended on December 31, 2005 in FY 2005. Our debtors level is low as compared to our sales. Over the years, we have built a franchise with large reputed industrial and EPC players. Our client base covers many of the leading business houses, well known PSUs, and large cooperatives.

Customer centric organization leading to Strong Brand Equity & Customer Loyalty

With 40 years of experience in designing and manufacturing transformers, we have been able to generate brand loyalty among customers by focusing on customer requirements through prompt response, delivery of quality products and strong after sales services. Our Company has strong customer focus with good

repeat business. Our top ten customers contributed 46% of our sales revenue during F.Y. 2004-05 and 32% during nine months ended on December 31, 2005. We have been associated with most of the major multinational engineering project business houses such as ABB, Siemens and are a preferred vendor for these houses.

We firmly believe in total Customer satisfaction and all the policies framed from time to time are such that all the activities are customer focused. Since we are in the business of tailor made products, we are associated with the clients from the project inception stage itself. We also understand the specific requirements of the customer and design the product according to its requirements.

High Productivity

Due to various factors such as efficient materials management, improvements in manufacturing methods and machines, skill up gradation, productivity related compensation packages for our workers and incentives for staff, we are able to achieve higher productivity. This helps in faster manufacturing cycle, quick conversion, and faster deliveries, which helps in controlling the cost of our end products. In addition, we outsource components like Tanks/Radiators and other fabricated components from some units in the vicinity who have proven track record. This helps us in optimizing output as per the demand resulting in a high asset turnover.

Expertise in Designing and Product Variety

Since we offer tailor made product, the designs used in the production of transformers are job specific. We have all our designs on software. In power transformers we are able to offer products up to 50 MVA/ 132 KV class. For distribution transformers our product range covers oil filled transformers up to 5 MVA/ 33 KV class, dry type vacuum resin impregnated up to 3 MVA/ 11 KV class and cast resin transformers up to 7.5 MVA/ 33 KV class. This gives our client to choose our products to suite the application and also his requirements are covered at one place. Hence, we have flexibility in changing the design to offer quick solutions. Over the years we have manufactured and supplied many combinations of voltage class, MVA ratings etc.. Our technical agreements have helped us built our knowledge on designing transformers at optimal costs.

Marketing Set-up & Customer service

Uninterrupted and quality supply of Power is very important for any establishment. With branch and service set up in all the four metros and also service engineers at the other major & important cities, we are able to reach our customers quickly in case of any unforeseen emergencies. Each branch has well-experienced and trained marketing man power. This enables us to market our products all over India. Our transformers are installed from Jammu and Kashmir to down South and from Assam to Rajasthan.

Our Strategy

Our vision is to become a leader in the transformer industry within India, offering world class products meeting customer's need. In line with this vision, we are implementing a business strategy with the following key components:

Concentration on Project Business

We have been associated with most of the major multinational engineering Project business houses such as ABB, SIEMENS and L&T. We plan to continue to support them with quality products at competitive prices for their upcoming projects. We would like to take advantage of the forthcoming investments in infrastructure sector. We would also continue to expand our business with industrial houses, building construction sector and utilities. This would help us in realizing more volumes and growth.

Entry into Export Market

We see a good scope in the export of our products to other countries. Both dry type transformer and oil filled transformers can be exported to countries in Middle East, Africa and south East Asia. We intend to have preliminary studies to explore these markets in the near future to capture this business opportunity.

We are on look out to appoint effective agents in these countries for testing these markets and their response to our products and services.

Expanding Dry type transformer market base

At present we are selling dry type transformers to various industries for varied applications. We would like to increase our market share in this segment. We have already started spreading awareness about the advantages of this product by conducting seminars in large companies and plants. These feedbacks have been positive from the market. There is good scope in replacement market also.

Exploring new business sectors

At present we are selling our products to various industries such as steel, cement, refineries, chemical plants, textiles, pharma industry, software parks, building sectors, multiplexes etc. We plan to expand our business to other areas where we are not present. We have started the process of identifying new opportunities on these lines.

Optimizing Resources

We constantly endeavor to improve our productivity levels by optimum material utilization, improvements in manufacturing methods and machines, skill upgradation, and outsourcing components for achieving better asset turnover. We are examining our existing procurement and manufacturing processes and procedures to identify the areas of bottlenecks and correct them. This will help us in improving our efficiencies, efficient use of resources, improving our bottom line and faster customer response.

Strengthening Brand Equity

For generating more business, customer recall is important. We are trying to increase our visibility and recall in customers mind by regular participation in important trade events, exhibitions, holding demonstrations at client locations, making presentations at Corporate Houses, trade seminars, etc.

SUMMARY FINANCIAL DATA

The following table sets forth summary financial information derived from our restated financial statements as of and for the fiscal years ended March 31, 2001, 2002, 2003, 2004 and 2005 and the 9-month period ended 31st December, 2005, prepared in accordance with Indian GAAP and SEBI Guidelines, and as described in the statutory auditors' report dated March 28, 2006 included in the section titled "Financial Statements" beginning on page 117 of this Prospectus and should be read in conjunction with those financial statements and the notes thereto.

STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(Amount in Million)

	Financial Year Ended					
	December 31, 2005	March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001
A. Fixed Assets						
Gross Block	165.65	151.43	118.13	105.78	77.82	83.95
Less : Depreciation	91.36	77.81	63.45	53.59	49.83	50.29
Net Block	74.29	73.62	54.68	52.20	27.99	33.67
B Investments	0.54	0.54	0.54	0.54	0.54	0.54
C Differed Tax Assets, Net	0.00	0.00	0.00	1.08	4.40	6.05
D Current Assets, Loans & Advances						
Inventories	503.34	208.70	138.59	126.21	42.65	54.61
Sundry Debtors	368.28	418.61	253.24	193.43	135.62	116.29
Cash & Bank Balances	24.11	30.46	35.56	13.22	20.80	28.64
Loans and Advances	358.70	193.75	120.62	84.91	83.55	15.89
Total	1254.43	851.52	548.01	417.77	282.62	215.43
E Liabilities & Provisions						
Secured Loans	117.68	132.24	95.82	119.87	50.73	59.58
Unsecured Loans	0.00	0.00	0.00	0.11	0.11	0.28
Current Liabilities & Provisions	577.35	328.19	177.19	113.14	73.79	41.92
Differed Tax Liability, Net	0.93	0.88	0.84	0.00	0.00	0.00
Total	695.96	461.31	273.85	233.12	124.63	101.78
F Net Worth [A+B+C+D-E]	633.31	464.37	329.38	238.47	190.93	153.91
Net Worth represented by						
G Share Capital						
Equity	101.17	101.17	7.78	7.78	7.78	7.78
H Reserves and Surplus	532.14	363.20	321.59	230.69	183.15	146.14
I Miscellaneous Expenditure to the extent not adjusted / written off	0.00	0.00	0.00	0.00	0.01	0.01
J Net Worth [G+H-I]	633.31	464.37	329.38	238.47	190.93	153.91

STATEMENT OF PROFIT AND LOSS, AS RESTATED

(Amount in Million)

	Financial Year Ended					
	December 31, 2005	March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001
INCOME						
Sales						
Of Goods Manufactured	1744.52	1730.61	1090.78	662.22	593.90	444.16
of Goods Traded	0.00	0.00	0.00	0.00	0.00	0.00
Of Services Rendered	7.97	10.90	9.03	10.56	12.40	18.78
Of Scrap Sales	1.17	2.24	3.73	1.09	1.28	2.69
Total Sales	1753.66	1743.75	1103.54	673.88	607.58	465.63
Other Income	25.51	30.86	29.30	35.31	16.88	18.52
Accretion to Closing Stock	250.10	47.39	7.18	55.94	(6.36)	(10.15)
TOTAL INCOME (A)	2029.26	1822.00	1140.03	765.13	618.10	473.99
EXPENDITURE						
Material Consumption	1598.36	1386.88	844.32	572.48	454.17	369.39
Manufacturing Expenses	70.56	71.43	48.13	33.92	32.51	28.43
Personnel Cost [See Note No.4(a) Of Annexure-4]	46.84	64.14	40.40	34.71	26.03	22.45
Administrative & Selling Expenses	33.17	35.95	23.51	22.36	18.25	22.17
Financial Charges	7.79	7.30	5.92	5.97	7.65	10.97
Depreciation	13.76	16.06	10.94	6.44	7.99	7.71
Assets Discarded	0.00	0.00	0.00	0.00	4.25	0.00
TOTAL EXPENDITURE (B)	1770.47	1581.75	973.21	675.88	550.84	461.13
Net Profit before tax and exceptional items (A-B)	258.79	240.25	166.81	89.24	67.26	12.87
Taxation [Expenses / (Reversal)]						
Current Tax	93.60	90.50	62.20	30.00	24.00	0.40
Earlier Tax	0.00	0.00	2.99	1.74	(1.34)	(0.34)
Differed Tax	0.05	0.04	1.93	3.32	1.65	2.61
F.B.T.	1.44	0.00	0.00	0.00	0.00	0.00
Net Profit before extraordinary items	163.70	149.71	99.70	54.19	42.95	10.20
Add : Exceptional Items [Income / (Expenses)]						
VRS Payment	0.00	0.00	0.00	(0.07)	(0.29)	(9.48)
Net Profit before adjustments	163.70	149.71	99.70	54.13	42.66	0.72
ADJUSTMENTS						
Impact of changes in accounting policies and estimates						
Provision for Warrantees [See Note No.1(a) Of Annexure-4]	0.00	(5.23)	0.00	0.00	0.00	0.00
Expenses for increase in capital	0.00	(0.61)	0.00	0.00	0.00	0.00
Total Impact of Adjustments	0.00	(5.84)	0.00	0.00	0.00	0.00
Current Tax Impact of Adjustments	0.00	0.00	0.00	0.00	0.00	0.00

Total of Adjustment after Tax impact	0.00	(5.84)	0.00	0.00	0.00	0.00
Net Profit, as restated	163.70	143.87	99.70	54.13	42.66	0.72
Profit and loss account at the beginning of the year	53.25	38.25	27.35	10.80	(1.72)	0.28
Balance available for appropriation, as restated	216.95	182.12	127.05	64.92	40.94	0.99
Appropriations						
Interim Dividend on Equity Shares	0.00	0.00	0.00	0.00	4.67	0.00
Proposed Dividend on Equity Shares	0.00	7.78	7.78	5.84	0.00	1.56
Tax on Dividends	0.00	1.09	1.02	0.75	0.48	0.16
Transfer to General Reserve	120.00	120.00	80.00	30.99	25.00	1.00
Balance Carried forward, as restated	96.95	53.25	38.25	27.35	10.80	(1.72)
Earning Per Share of Rs. 100 each	161.81	466.97	1281.10	695.49	548.21	9.23
Earning Per Share of Rs. 10 each	16.18	46.70	128.11	69.55	54.82	0.92

THE OFFER

Equity Shares Offered: Offer by the Selling Shareholders	4,883,840 Equity Shares of face value of Rs. 10 each aggregating Rs. [●] million.
Of which Employees Reservation Portion ⁽¹⁾	244, 192 Equity Shares of face value of Rs. 10 each aggregating Rs. [●] million.
Net Offer to the Public	4,639,648 Equity Shares of face value of Rs. 10 each aggregating Rs. [●] million.
Of which A) Qualified Institutional Buyers Portion	2,319,824 Equity Shares of face value of Rs. 10 each aggregating Rs. [●] million, constituting up to 50% of the Net Offer. (Allocation on a proportionate basis of which 5% shall be reserved for Mutual Funds)
B) Non-Institutional Portion ⁽²⁾	695,947 Equity Shares of face value of Rs. 10 each aggregating Rs. [●] million, constituting not less than 15% of the Net Offer that will be available for allocation to Non-Institutional Bidders.
C) Retail Portion ⁽²⁾	1,623,877 Equity Shares of face value of Rs. 10 each aggregating Rs. [●] million constituting not less than 35% of the Net Offer that will be available for allocation to Retail Individual Bidders.
Equity Shares outstanding prior to the Offer	10,117,120 Equity Shares of face value of Rs. 10 each
Equity Shares outstanding after the Offer ⁽³⁾	10,117,120 Equity Shares of face value of Rs. 10 each

⁽¹⁾ Under-subscription, if any, in the Employee Reservation Portion will be added back to the Non-Institutional Bidders portion and Retail Individual portion and the proportionate allocation of the same would be at the sole discretion of the Company and the Selling Shareholders in consultation with the BRLM.

⁽²⁾ Under-subscription, if any, in any of the above categories would be allowed to be met with spillover interest from any other categories, at the sole discretion of the Company, the Selling Shareholders and BRLM.

⁽³⁾ As this is an Offer for Sale, there will be no change in the number of Equity Shares outstanding post the Offer.

GENERAL INFORMATION

Registered Office of the Company

Voltamp Transformers Limited

Makarpura, Vadodara – 390 014.

Gujarat.

Tel: + 91 0265 2642011/2

Fax: + 91 0265 2648454

Registration Number: 001437 of 1967.

Company Identification Number: 0401437

Our Company is registered with the Registrar of Companies, Ahmedabad, situated at ROC Bhavan; Opposite Rupal Park; Behind Ankur Bus Stand; Naranpura; Ahmedabad - 380 013.

Board of Directors

Our current Board of Directors consists of the following:

Name of the Directors	Designation	Provisional Directors Identification Number
Mr. Lalitkumar H. Patel	Chairman & Managing Director (Executive)	00008334
Mr. Kunjal L. Patel	Vice Chairman & Joint Managing Director (Executive)	00008354
Mr. Kanubhai. S. Patel	Joint Managing Director & C.E.O & C.F.O (Executive)	00008395
Mr. Vasantlal L. Patel	Independent & Non Executive Director	000014411
Mr. Kewalkrishna G. Tuli	Independent & Non Executive Director	000014349
Mr. Jagannath S. Aiyar	Independent & Non Executive Director	000014370
Mr. Arvind N. Shelat	Independent & Non Executive Director	000014395

For further details of our Board of Directors, please refer to the chapter titled “Our Management” on page 91 of this Draft Red Herring Prospectus.

Company Secretary and Compliance Officer

Mr. Vallabh Nanjibhai Madhani

Company Secretary and Assistant General Manager (Commercial)

Voltamp Transformers Limited.

Makarpura, Vadodara – 390 014.

Gujarat.

Tel: + 91 265 264 2011/2

Fax: + 91265 264 8454

Email: vnm_ipo@voltamptransformers.com

Registrar to this Offer

Intime Spectrum Registry Limited

SEBI Regn. No. INR000001385

MAPIN No. UIN 100003467

C-13, Pannalal Silk Mills Compound,

L B S Marg, Bhandup (W),

Mumbai 400078.

Maharashtra.

Tel: +91 22 2596 0320

Fax: +91 22 2596 0239
Contact Person: Mr. Vishwas Attavar
Website: www.intimespectrum.com
Email: voltampipo@intimespectrum.com

Investors can contact the Compliance Officer or the Registrar in case of any pre-Offer or post-Offer related problems such as non-receipt of letters of allocation, credit of allotted Equity Shares in the respective beneficiary account or refund orders, etc.

Book Running Lead Manager (BRLM)

Enam Financial Consultants Private Limited

801, Dalamal Tower
Nariman Point
Mumbai 400 021.
Maharashtra.
Tel: +91 22 5638 1800
Fax: +91 22 2284 6824
E-mail: vtl.ipo@enam.com
Contact Person: Amit Maheshwari
Website: www.enam.com

Legal Advisors to the Offer

M/s. Crawford Bayley & Co.

State Bank Buildings, 4th floor
N. G. N. Vaidya Marg
Fort, Mumbai – 400 023.
Maharashtra.
Tel.: +91 22 2266 3713
Fax: +91 22 2266 0355
E-mail: sanjay.asher@crawfordbayley.com

Syndicate Member

Enam Securities Private Limited

Khatau Building, II Floor
44B, Bank Street
Off Shahid Bhagat Singh Road
Fort, Mumbai – 400 001,
Maharashtra.
Tel. No.: +91 22-22677901
Fax No.: +91 22-22665613
E-mail: vtl.ipo@enam.com
Contact Person: Mr. M. Natrajan
Website: www.enam.com

Bankers to the Offer and Escrow Collection Banks

[•]

Statutory Auditors

M/s. Chandulal M. Shah & Co.
Chartered Accountants
601, Samruddhi,
Opposite Sakar III, Sattar Taluka Society,
Ahmedabad – 380 014,
Gujarat.
Tel. No.: +91 79 2754 4430 / 2754 0612

Fax No.: +91 79 2754 1883
Email: cmshah@cmshah.com

Bankers to the Company

Bank of Baroda

Sayajiganj Branch,
Sayajiganj ,
Vadodara 390 005.
Gujarat.
Tel.: +91 265 236 2536
Fax no.: +91 265 222 6115
E-mail: sayaji@bankofbaroda.com
Website: www.bankofbaroda.com

Inter-se allocation of Responsibilities

Since Enam is the sole BRLM for this Offer, the entire Offer related activities are handled by Enam.

Credit Rating

As this is an Offer of Equity Shares there is no credit rating for this Offer.

Trustees

As this is an Offer of Equity Shares, the appointment of Trustees is not required.

Monitoring Agency

There is no requirement for a monitoring agency as per clause 8.17 of SEBI (DIP) Guidelines.

Book Building Process

Book Building refers to the process of collection of bids from investors on the basis of this Draft Red Herring Prospectus. This Offer Price is fixed after the Bid/Offer Closing Date. The principal parties involved in the Book Building Process are:

- (1) Our Company;
- (2) Book Running Lead Manager, in this case being Enam Financial Consultants Private Limited;
- (3) The Selling Shareholders;
- (4) Syndicate Members who are intermediaries registered with SEBI or registered as brokers with BSE/NSE and eligible to act as underwriters, in this case being Enam Securities Private Limited.
- (5) Registrar to the Offer, in this case being Intime Spectrum Registry Limited.

SEBI, through its guidelines, has permitted the Offer of securities to the public through the 100% Book Building Process, wherein upto 50% of the Net Offer shall be allotted on a proportionate basis to QIBs, of which 5% shall be reserved for Mutual Funds. Further, at least 15% of the Net Offer shall be available for allocation on a proportionate basis to Non Institutional Bidders and at least 35% of the Net Offer shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Offer Price. The Company and the Selling Share holder will comply with these guidelines for this Offer. In this regard, the Company and the Selling Share holders have appointed the BRLM to procure subscriptions to the Offer.

The process of book building, under SEBI Guidelines, is relatively new and the investors are advised to make their own judgment about investment through this process prior to making a Bid in the Offer.

Steps to be taken by the Bidders for bidding:

- Check whether he/ she is eligible for bidding;
- Bidder necessarily needs to have a demat account;
- Ensure that the Bid-cum-Application Form is duly completed as per instructions given in this Red Herring Prospectus and in the Bid-cum-Application Form; and
- Ensure that the Bid-cum-Application Form is accompanied by the Permanent Account Number or by Form 60 or Form 61 as may be applicable together with necessary documents providing proof of address. For details please refer to the chapter titled "Offer Procedure" on page 185 of this Draft Red Herring Prospectus. Bidders are specifically requested not to submit their General Index Register number instead of the Permanent Account Number as the Bid is liable to be rejected.

Underwriting Agreement

After the determination of the Offer Price but prior to filing of the Prospectus with Registrar of Companies, Ahmedabad, we will enter into an Underwriting Agreement with the Selling Shareholders and the Underwriters for the Equity Shares proposed to be offered through this Offer. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLM shall be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfill their underwriting obligations. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and not joint, and are subject to certain conditions as specified in such agreement.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

(This portion has been intentionally left blank and will be filled in before filing of the Prospectus with Registrar of Companies)

Name and Address of the Underwriters	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. million)
Enam Financial Consultants Private Limited 801, Dalamal Tower Nariman Point Mumbai 400 021. Maharashtra. Tel: +91 22 5638 1800 Fax: +91 22 2284 6824 E-mail: vtl.ipo@enam.com Contact Person: Amit Maheshwari Website: www.enam.com	[•]	[•]
Enam Securities Private Limited Khatau Building, II Floor 44B, Bank Street Off Shahid Bhagat Singh Road Fort, Mumbai – 400 001, Maharashtra Tel. No.: +91 22-22677901 Fax No.: +91 22-22665613 E-mail: vtl.ipo@enam.com Contact Person: Mr. M. Natrajan Website: www.enam.com	[•]	[•]
Total	[•]	[•]

The above-mentioned amount is an indicative underwriting and would be finalised after pricing and actual allocation. The above underwriting agreement is dated [•].

In the opinion of the Board of Directors of the Company (based on a certificate given by the Underwriters), the resources of all the above mentioned 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.

Allocation among Underwriters may not necessarily be in proportion to their underwriting commitments. Notwithstanding the above table, the BRLM and the Syndicate Members shall be severally responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default, the respective underwriter in addition to other obligations to be defined in the Underwriting Agreement, will also be required to procure/subscribe to the extent of the defaulted amount. For further details about allocation please refer to “Other Regulatory and Statutory Disclosures” on page 174 of this Draft Red Herring Prospectus.

CAPITAL STRUCTURE

The share capital of our Company as on the date of filing of this Draft Red Herring Prospectus with SEBI is as set forth below.

Share Capital	Amount in Rs.	
	Aggregate Value at Nominal Price	Aggregate Value at Offer Price
A. Authorised Capital⁽¹⁾ 12,000,000 Equity Shares of Rs. 10each*	120,000,000	[•]
B. Issued, Subscribed and Paid-Up Capital before this Offer 10,117,120 Equity Shares of Rs. 10 each*	101,171,200	[•]
C. Present Offer to the public in terms of this Draft Red Herring Prospectus Offer for Sale⁽²⁾		
4,883,840 Equity Shares of Rs. 10 each	48,83,8,400	[•]
Out of which		
(I) 244,192 Equity Shares are reserved for the Employees	24,41,920	[•]
(II) 4,639,648 Equity Shares as Net Offer to the Public	46,39,6,480	[•]
D. Issued, Subscribed and Paid-Up Capital after this Offer		
10,117,120 Equity Shares of Rs. 10 each	101,171,200	[•]
E. Securities Premium Account⁽³⁾		
Before this Offer	Nil	Nil
After this Offer	Nil	Nil

* Each equity share of Rs. 100 each was subdivided in 10 equity shares of Rs. 10 each pursuant to the resolution passed by the shareholders at our EGM held on February 6, 2006.

⁽¹⁾Changes in Authorised Capital are as follows:

Date of Resolution	Authorized Capital increased/reclassified from	Authorized capital increased/reclassified to
March 23, 1991	Rs. 25,00,000/- divided into 25,000 equity shares of Rs. 100/- each	Rs. 10,00,000/- divided into 100,000 equity shares of Rs. 100/- each
July 20, 1994	Rs. 10,00,000/- divided into 100,000 equity shares of Rs. 100/- each	Rs. 20,00,000/- divided into 200,000 equity shares of Rs. 100/- each
December 10, 2004	Rs. 20,00,000/- divided into 200,000 equity shares of Rs. 100/- each	Rs. 120,00,000 divided into 1,200,000 equity shares of Rs. 100/- each
February 6, 2006	Rs. 120,00,000 divided into 1,200,000 equity shares of Rs. 100/- each	Rs. 120,00,000 divided into 12,00,000 equity shares of Rs. 10/- each

⁽²⁾ Equity shares are offered through this Offer for Sale pursuant to the agreement dated December 2, 2005 and consent letters of Selling Shareholders dated January 25, 2006 and vide resolutions dated January 25, 2006 for approving the same. Our Company consented to this Offer for Sale vide our Board Resolution dated January 28, 2006 and vide resolution passed by the shareholders' of our Company at EGM held on February 27, 2006.

⁽³⁾ The amount in the Securities Premium Account, pre-Offer and post-Offer shall be NIL, since this is an Offer for Sale and there is no fresh issue of shares.

1. Share Capital History of the Company

Date of Allotment	No. of Equity Shares	Cumulative No. of Shares	Face Value* (In Rs.)	Issue Price(In Rs.)	Nature of payment of consideration	Reasons for Allotment	Cumulative Paid -up Capital(In Rs.)
March 22, 1967	40	40	100	100	Cash	Subscription to the Memorandum	4000
October 08, 1968	3,000	3,040	100	--	Consideration other than cash	Allotment as consideration for acquisition of partnership business	304,000
March 31, 1971	3040	6,080	100	--	Bonus	Bonus Issue (1:1)	608,000
April 25, 1973	3,648	9,728	100	--	Bonus	Bonus Issue (6:10)	972,800
October 4, 1982	9,728	19,456	100	--	Bonus	Bonus Issue (1:1)	1,945,600
March 27, 1991	19,456	38,912	100	100	Cash	Allotment to Promoters, Relatives & Associates	3,891,200
March 25, 1992	38,912	77,824	100	--	Bonus	Bonus Shares (1:1)	7,782,400
December 17, 2004	933,888	1,011,712	100	--	Bonus	Bonus Issue (12:1)	101,171,200
February 06, 2006	--	10117120	10*	--	Sub division	Sub division of face value of equity shares from Rs. 100 to Rs. 10 per share.	101,171,200
As of date	Total	10,117,120	10	-	-	-	101,171,200

* Our Company, vide resolution passed by the shareholders' of our Company at EGM held on February 6, 2006, subdivided the face value of Equity Shares from one equity share of the face value of Rs. 100/- per equity share to 10 equity shares of the face value of Rs. 10/- per equity share.

2. The equity share capital of our Company constituting of 1,011,712 equity shares of face value Rs. 100/- each was subdivided to 10,117,120 equity shares of the face value of Rs. 10/- each pursuant to the resolution passed by the shareholders' at EGM held on February 6, 2006.

3. Promoters Contribution and Lock-In

Name of the Promoter	Date on which Equity Shares were allotted/ transferred**	Number of Equity Shares*	Face Value (in Rs)*	Issue/ Transfer price in Rs.	Consideration (cash, bonus, consideration on other than cash)	Percentage of pre/ post Offer paid-up capital		Lock –in Period
Hari Steel Private Limited	December, 17 2004	2,023,424*	10*	N.A.	Bonus	20	20	3 years
	December, 17 2004	1,439,536*	10*	N.A.	Bonus	14.22	14.22	1 year
	November 26, 2002	12,7008*	10*	2397	Cash	0.16	0.16	1 year
	September 29, 2001	93,680*	10*	N. A.	Transfer due to scheme of amalgamation (Note 1)	0.92	0.92	1 year
	September 29, 2001	88,000*	10*	N. A.	Transfer due to scheme of amalgamation (Note 2)	0.86	0.86	1 year
	March 25, 1992	47,100*	10*	N.A.	Bonus	0.46	0.46	1 year
	July 15, 1990	3,000*	10*	136.10	Cash	0.030	0.030	1 year
	April 9, 1990	34,000*	10*	136.10	Cash	0.33	0.33	1 year
	October 4, 1982	5,050*	10*	N.A.	Bonus	0.05	0.05	1 year
	December 28, 1981	5,000*	10*	100	Cash	0.50	0.50	1 year
	December 31, 1974	50*	10*	100	Cash	0.00050	0.00050	1 year
Total		3,751,540*				37.08	37.08	
Mr. L.H. Patel	December 17, 2004	615,360*	10*		Bonus	6.08	6.08	1 year
	August 28, 2004	15,000*	10*		Gift	0.14	0.14	1 year
	August 28, 2004	15,000*	10*		Gift	0.14	0.14	1 year
	March 25, 1992	10,640*	10*		Bonus	0.11	0.11	1 year
	October 4, 1982	9,320*	10*		Bonus	0.09	0.09	1 year
	April 25, 1973	9,120*	10*		Bonus	0.09	0.09	1 year
	March 31, 1971	14,100*	10*		Bonus	0.09	0.09	1 year
	October 8, 1968	15,000*	10*	100	Consideration on other than cash (Takeover of erstwhile partnership firm Voltamp Corporation)	0.14	0.14	1 year

Name of the Promoter	Date on which Equity Shares were allotted/ transferred**	Number of Equity Shares*	Face Value (in Rs)*	Issue/ Transfer price in Rs.	Consideration (cash, bonus, consideration on other than cash)	Percentage of pre/ post Offer paid-up capital		Lock –in Period
	March 22, 1967	100*	10*	100	Cash	0.009	0.009	
	Total Allotment	703,640*						
	Equity Shares sold	(37,000)*						
	Equity Shares as on date	666,640*				6.59	6.59	1 year

* These Equity Shares were initially allotted at a face value of Rs. 100/- per Equity Share, and all the aforesaid allotments and transfers were for equity shares having a face value of Rs. 100/- each. The face value of our Equity Shares was sub divided from one Equity Share of Rs. 100/- each to ten Equity Shares of Rs. 10/- each at the EGM held on February 6, 2006. The number of Equity Shares have been stated in the aforesaid table on the basis that each of the allotment since incorporation of our Company were at a face value of Rs. 10/- per Equity Share, that is, the number of Equity Shares which were allotted having a face a value of Rs. 100/- each have been multiplied by 10 to give the equivalent number of Equity Shares held having a face value of Rs. 10/- each, which is the current denomination of Equity Shares of our Company.

**Unless otherwise referred to means subscription of fully paid-up Equity Shares.

Note 1: Share transfer pursuant to amalgamation of Lalit Stock Holdings Private Limited (who held the same shares prior to amalgamation) with Hari Steel Private Limited.

Note 2: Share transfer pursuant to amalgamation of Kunjal Stock Holdings Private Limited (who held the same shares prior to amalgamation) with Hari Steel Private Limited.

Note 3: There are no transfers from Hari Steel Private Limited

Out of the total Promoter's holding, 20% of the post Offer equity share capital, i.e. 2,023,424 Equity Shares of Rs. 10/- each held by Hari Steel Private Limited will be locked in for a period of 3 years pursuant to clause 4.2.1 of the SEBI DIP Guidelines as detailed above. The lock in period shall commence from the date of allotment of Equity Shares pursuant to this Offer.

The entire pre-Offer equity share capital of our Company (other than the Equity Share being offered through this Offer for Sale), comprising of 5,233,280 Equity Shares, shall be locked in for a period of one year from the date of the allotment of Equity Shares in this Offer, of which 2,023,424 Equity Shares, held by Hari Steel Private Limited, as a Promoter shall be locked in for three years from the date of allotment of Equity Shares in this Offer. This does not include 4,883,840 equity shares being offered to the public pursuant to this Offer for Sale, as the same are exempt from lock in pursuant to clause 4.14.2 of the SEBI (DIP) Guidelines.

Shares held by the person other than the Promoters, prior to this Offer, which are subject to lock in as per the relevant provisions of Chapter IV of SEBI Guidelines, may be transferred to any other person holding Equity Shares which are locked in, subject to continuation of lock-in in the hands of transferees for the remaining period and compliance of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 as applicable.

Shares held by Promoter(s) which are locked in as per the relevant provisions of Chapter IV of the SEBI Guidelines, may be transferred to and amongst Promoter/Promoter group or to a new promoter or persons in control of the Company, subject to continuation of lock-in in the hands of transferees for the remaining period and compliance of Securities and Exchange Board of India (Substantial Acquisition of shares and Takeovers) Regulations, 1997, as applicable. The locked-in Equity Shares held by the Promoter(s) can be

pledged only with banks or financial institutions as collateral security for loans granted by such banks or financial institutions, provided the pledge of shares is one of the terms of sanction of such loan.

4. Transactions in the Company's Equity Shares by the Promoters/Promoter Group and the directors of the Company or directors of the Promoters during a period of six months preceding the date of filing of this Draft Red Herring Prospectus with SEBI

There have been no transactions in the Company's Equity Shares by the Promoters/Promoter Group and the Directors of the Company or directors of the Promoters during the period of six months preceding the date of filing of this Draft Red Herring Prospectus with SEBI.

5. Shareholding pattern of the Company prior and post this Offer

Name of the Shareholders	Pre-Offer Equity Capital		Post-Offer Equity Capital	
	Number of Equity Shares	%	Number of Equity Shares	%
Promoter Group				
A. Promoters				
L. H. Patel	6,66,640	6.59	6,66,640	6.59
Hari Steel Private Limited	37,51,540	37.08	37,51,540	37.08
Total	44,18,180	43.67	44,18,180	43.67
B. Relatives of Promoters				
Kunjal Patel	3,48,790	3.45	3,48,790	3.45
(Minor) Jwalin K. Patel	86,060	0.85	86,060	0.85
(Minor) Ayushi K. Patel	86,060	0.85	86,060	0.85
Total	5,20,910	5.15	5,20,910	5.15
C. Other Promoter Group Entities				
L. H. Patel – HUF	2,08,000	2.06	2,08,000	2.06
Kunjal Patel- HUF	86,190	0.85	86,190	0.85
Total	2,94,190	2.91	2,94,190	2.91
Total (A + B + C)	52,33,280	51.73	52,33,280	51.73
Selling Shareholders	48,83,840	48.27	0	0
Public / Others	0	0	48,83,840	48.27
Total	48,83,840	48.27	48,83,840	48.27
Grand Total	1,01,17,120	100.00	1,01,17,120	100.00

5a) Particulars of top ten shareholders on the date of filing this Draft Red Herring Prospectus with SEBI

Serial No.	Name of the shareholder	Number of Equity Shares (of face value of Rs. 10/- each)	% (Percentage)
1.	Hari Steel Private Limited	3,751,540	37.08
2.	Samir Stockholdings Private Limited	713,440	7.05
3.	Kusum Finstock Private Limited	713,440	7.05
4.	Mr. Lalitkumar H. Patel	666,640	6.59
5.	Umesh Stockholdings Private Limited	368,680	3.64
6.	Rashmi Stockholdings Private Limited	354,380	3.50
7.	Mr. Kunjal Patel	348,790	3.45
8.	Mr. Samir Patel	322,400	3.18

Serial No.	Name of the shareholder	Number of Equity Shares (of face value of Rs. 10/- each)	% (Percentage)
9.	Mr. Bharat Patel	322,400	3.18
10.	Mr. Umesh Patel	307,840	3.04

5b) Particulars of top ten shareholders ten days prior to filing this Draft Red Herring Prospectus with SEBI

Serial No.	Name of the shareholder	Number of Equity Shares(of face value of Rs. 10/- each)	% (Percentage)
1.	Hari Steel Private Limited	3,751,540	37.08
2.	Samir Stockholdings Private Limited	713,440	7.05
3.	Kusum Finstock Private Limited	713,440	7.05
4.	Mr. Lalitkumar H. Patel	666,640	6.59
5.	Umesh Stockholdings Private Limited	368,680	3.64
6.	Rashmi Stockholdings Private Limited	354,380	3.50
7.	Mr. Kunjal Patel	348,790	3.45
8.	Mr. Samir Patel	322,400	3.18
9.	Mr. Bharat Patel	322,400	3.18
10.	Mr. Umesh Patel	307,840	3.04

5c) Particulars of the top ten shareholders 2 years prior to the date of filing of this Draft Red Herring Prospectus with SEBI

Serial No.	Name of the shareholder	Number of Equity Shares (of face value of Rs. 100/- each)	%Percentage
1.	Hari Steel Private Limited	28858	37.02
2.	Samir Stockholdings Private Limited	5488	7.05
3.	Kusum Finstock Private Limited	5488	7.05
4.	Mrs. Urmilaben L. Patel	3000	3.85
5.	Umesh Stockholdings Private Limited	2836	3.64
6.	Rashmi Stockholdings Private Limited	2726	3.50
7.	Mr. Kunjal L. Patel	2683	3.44
8.	Mr. Samir N. Patel	2480	3.18
9.	Mr. Bharat N. Patel	2480	3.18
10.	Mr. Umesh Kumar Patel	2368	3.04

6. Our Company, its Directors, the Promoters, the Selling Shareholders and their Directors and the BRLM to this Offer have not entered into any buy-back, standby or similar arrangements for purchase of Equity Shares of the Company from any person.
7. The total number of shareholders of our Company as on the date of filing this Draft Red Herring Prospectus is 23.
8. As this is an Offer for Sale, none of the proceeds of this Offer except for the proportionate Offer - related expenses shall be received by our Company. Our Company has not raised any bridge loan against the proceeds of this Offer for Sale, to be received by us.
9. 244,192 Equity Shares have been reserved for Allocation to eligible Employees on a proportionate basis, subject to valid bids being received at or above the Offer Price and subject to the maximum bids in this portion being the number of shares reserved under this category, which is 244,192 Equity Shares. Only the Employees as defined in the chapter titled "Definitions and Abbreviations" on page 1 of this Draft Red Herring Prospectus would be eligible to apply in this Offer under the reserved

category for our Employees. Employees may also bid in the Net Offer to public portion and such Bids shall not be treated as multiple Bids. Under-subscription, if any, in the Employee Reservation Portion will be added back to the Non-Institutional Bidders portion and Retail Individual portion and the proportionate allocation of the same would be at the sole discretion of the Company and the Selling Share holders in consultation with the BRLM.

10. The bids in the Employee Reservation Portion are subject to a maximum bid for [●] Equity Shares. If the aggregate demand in the Employee Reservation Portion is greater than 244,192 Equity Shares at or above the Offer Price, allotment shall be made on a proportionate basis.
11. In the case of over-subscription in all categories, upto 50% of the Net Offer to the Public shall be allocated on a proportionate basis to Qualified Institutional Buyers, of which 5% shall be reserved for Mutual Funds. Further, not less than 15% of the Net Offer to the Public shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Net Offer to the Public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above this Offer Price. Under-subscription, if any, in the Non Institutional and Retail categories would be allowed to be met with spill over from any other category at the sole discretion of the Company and the Selling Shareholders in consultation with the BRLM.
12. There would be no further offer of capital whether by way of issue of bonus shares, preferential allotment, and rights issue or in any other manner during the period commencing from submission of this Draft Red Herring Prospectus with SEBI until the Equity Shares offered through this Draft Red Herring Prospectus have been listed.
13. We presently do not have any intention or proposal to alter our capital structure for a period of six months from the date of opening of this Offer, by way of split/ consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into exchangeable, directly or indirectly, for our Equity Shares) whether preferential or otherwise, except that 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.
14. Our Company has not revalued its assets since inception.
15. Our Company has not capitalized its reserves since inception except as follows:

Date of the Issue	No. of equity shares	Face value (Rs.)	Amount (Rs.)	Details
March 31, 1971	3040	100	304,000	Bonus Issue (1:1)
April 25, 1973	3,648	100	364,800	Bonus Issue (6:10)
October 4, 1982	9,728	100	972,800	Bonus Issue (1:1)
March 25, 1992	38,912	100	3,891,200	Bonus Shares (1:1)
December 17, 2004	933,888	100	93,388,800	Bonus Issue (12:1)

16. A Bidder cannot make a Bid for more than the number of Equity Shares offered through this Offer, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.
17. Our Company has not made any offer for sale to the public/public issue since its incorporation.

18. Our Company undertakes that at any given time, there shall be only one denomination for the Equity shares of the Company and the Company shall comply with such disclosure and accounting norms as specified by SEBI from time to time.
19. As on the date of filing of this Draft Red Herring Prospectus, there are no outstanding warrants, options or rights to convert debentures, loans or other financial instruments into our Equity Shares. The shares locked in by the Promoters are not pledged to any party.

OBJECTS OF THE OFFER

The primary objects of the Offer are to achieve the benefits of listing of our Equity Shares and carry out the divestment of 4,883,840 Equity Shares by the Selling Shareholders. We believe that listing will enhance our visibility and also provide liquidity to our existing shareholders. It will provide a public market for our equity shares in India.

The net proceeds of this Offer for Sale, after deducting expenses related to Offer for Sale are estimated to be Rs. [●] million. Total Offer for Sale related expenses shall be borne by the Selling Shareholders and our Company in the ratio of 48:52 respectively. Our Company will not receive any proceeds from the sale of the Equity Shares by the Selling Shareholders.

OFFER STRUCTURE

The present Offer of 4,883,840 Equity Shares of face value Rs. 10/- each at a price of Rs. [●] for cash aggregating Rs. [●] million (hereinafter referred to as the "Offer") is being made through a 100% Book Building Process.

Particulars	Employees	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares*	Up to 244,192 Equity Shares	Upto 2,319,824 Equity Shares.	At least 695,947 Equity Shares shall be available for allocation.	At least 1,623,877 Equity Shares shall be available for allocation.
Percentage of Offer Size available for allocation	Up to 5% of the Offer	Upto 50% of the Net Offer (of which 5% shall be reserved for Mutual Funds) less allocation to Non-Institutional Bidders and Retail Individual Bidders.* Mutual Funds participating in the 5% reservation in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. The unsubscribed portion, if any, in the Mutual Fund reservation will be available to QIBs.	At least 15% of the Net Offer less allocation to QIBs and Retail Portion*	At least 35% of the Net Offer less allocation to QIBs and Non-Institutional Portion.*
Basis of allocation if respective category is oversubscribed	Proportionate	Proportionate (a) 115,991 Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds; and (b) 2,203,833 Equity Shares shall be allotted on a proportionate basis to all QIBs, including Mutual Funds receiving allocation as per (a) above.	Proportionate	Proportionate
Minimum Bid	[●] Equity Shares and thereafter in multiple of [●] Equity Shares	Such number of Equity Shares that the Bid Amount exceeds Rs. 100,000 and in multiples of [●] Equity Shares thereafter.	Such number of Equity Shares that the Bid Amount exceeds Rs. 100,000 and in multiples of [●] Equity Shares thereafter.	[●] Equity Shares and in multiples of [●] Equity Share thereafter
Maximum Bid	Not exceeding [●] Equity Shares	Not exceeding the size of the Offer subject to regulations as applicable to the Bidder	Not exceeding the size of the Offer subject to regulations as applicable to the Bidder	Such number of Equity Shares per Retail Individual Bidder so as to ensure that the Bid

Particulars	Employees	QIBs	Non-Institutional Bidders	Retail Individual Bidders
				Amount does not exceed Rs. 100,000
Mode of Allotment	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.
Trading Lot	One Equity Share	One Equity Share	One Equity Share	One Equity Share
Who can Apply **	a) All or any of the following: i) A permanent employee of the Company; ii) A director of the Company (whether a whole-time director, part time director or otherwise); and iii) Any employee person as defined in (a) or (b) above of a subsidiary of the Company. An Employee, as used in the context of the Employee Reservation Portion, should be an Indian national, based in India and physically present in India on the date of submission of the Bid-cum-Application Form. Also, such person should be an Employee on the payroll of the Company, on the date of filing the Red Herring Prospectus with the Registrar of Companies. b) A Director of the Company (whether a whole-time, part time Director or otherwise) except for directors who are a part of the	Public financial institutions, as specified in Section 4A of the Companies Act: FIs registered with SEBI, scheduled commercial banks, mutual funds, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, permitted insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million in accordance with applicable law.	Resident Indian individuals, HUFs (in the name of karta), companies, corporate bodies, NRIs, scientific institutions, societies and trusts.	Individuals (including HUFs in the name of karta and NRIs) applying for Equity Shares such that the Bid Amount per Retail Individual Bidder does not exceed Rs. 100,000 in value.

Particulars	Employees	QIBs	Non-Institutional Bidders	Retail Individual Bidders
	Promoter group.			
Terms of Payment	Full Bid Amount on Bidding unless waived by members of the Syndicate.	Margin Amount applicable to QIB Bidders at the time of submission of Bid-cum-Application Form to the Member of Syndicate.	Margin Amount applicable to Non-institutional Bidder at the time of submission of Bid-cum-Application Form to the Member of Syndicate.	Margin Amount applicable to Retail Individual Bidder at the time of submission of Bid-cum-Application Form to the Member of Syndicate.
Margin Amount	Full Bid Amount on Bidding	10% of the Bid Amount in respect of bids placed by QIB Bidder on Bidding.	Full Bid Amount on Bidding.	Full Bid Amount on Bidding.

* Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in any category would be allowed to be met with spillover from any of the other category or combination of categories, at the discretion of our Company in consultation with the BRLM, Selling Shareholders and the designated Stock Exchange subject to applicable provisions of the SEBI Guidelines.

** In case the Bid-cum-Application Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and is in the same sequence in which they appear in the Bid-cum-Application Form.

If the aggregate demand by Mutual Funds is less than 115,991 Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund reservation will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders in proportion to their Bids.

Under-subscription, if any, in the Employee Reservation Portion will be added back to the Non-Institutional Bidders portion and Retail Individual portion and the proportionate allocation of the same would be at the sole discretion of the Company and the Selling Share holders in consultation with the BRLM.

Withdrawal of this Offer

Our Company and the Selling Shareholders, in consultation with the BRLM reserves the right not to proceed with this Offer at any time, including after the Bid/ Offer Opening Date without assigning any reason therefore.

Bidding Period / Offer Period

BID / OFFER OPENS ON	[●], 2006
BID / OFFER CLOSSES ON	[●], 2006

Bids and any revision in bids shall be accepted **only between 10 a.m. and 3 p.m.** (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centers mentioned on the Bid-cum-Application Form except that on the Bid/Offer Closing Date, the Bids shall be accepted **only between 10 a.m. and 1 p.m.** (Indian Standard Time) or uploaded till such time as may be permitted by the BSE and NSE on the Bid/Offer Closing Date.

The Price Band will be decided by the Company in consultation with the BRLM and the Selling Shareholders.

The Company reserves the right to revise the Price Band during the Bidding Period in accordance with SEBI Guidelines. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band.

In case of revision in the Price Band, the Bidding/Offer Period will be extended for three additional

working days after revision of the Price Band, subject to the Bidding Period / Offer Period not exceeding ten working days. Any revision in the Price Band and the revised Bid/ Offer Period, if applicable, will be widely disseminated by notification to the BSE and NSE by issuing a press release, and also by indicating the change on the web site and at the terminals of the members of the Syndicate.

BASIS FOR OFFER PRICE

The Offer Price will be determined by our Company and the Selling Shareholders in consultation with the BRLM on the basis of assessment of market demand for the Offered Equity Shares by the Book Building Process.

QUALITATIVE FACTORS

For details, please refer to the section titled "Our Competitive Strengths" appearing beginning on page 70 of this Draft Red Herring Prospectus.

QUANTITATIVE FACTORS

Information presented in this section is derived from our unconsolidated restated financial statements prepared in accordance with Indian GAAP.

1. Earning Per Share (EPS) (as adjusted for changes in capital)

	Face Value per Share (Rs. 100)		Face Value per Share (Rs. 10)	
	Rupees	Weights	Rupees	Weights
Year ended March 31, 2003	695	1	69.5	1
Year ended March 31, 2004	1281	2	128.1	2
Year ended March 31, 2005	467	3	46.7	3
Weighted Average	776.33		77.63	

The EPS for nine months ended December 31, 2005 is Rs. 162 per share of the face value of Rs. 100 each and Rs. 16.2 per share of the face value of Rs. 10 each. Our Company vide shareholders' resolution dated February 6, 2006 subdivided the face value of equity shares from Rs. 100/- per share to Rs. 10/- per share.

Note:

- (i) The Earning per Share has been computed on the basis of the adjusted profits and losses of the respective years drawn after considering the impact of accounting policy changes and material adjustments prior period items pertaining to the earlier years.
- (ii) The denominator considered for the purpose of calculating Earnings per Share is the weighted average number of Equity Shares outstanding during the year.

2. Price/Earning (P/E) ratio of Equity Shares of face value of Rs. 10 each in relation to Offer Price of Rs. [•]

- a. For the year ended March 31, 2005, EPS is Rs.46.7
- b. For the nine months ended Decemebr 31, 2005, EPS is Rs.16.2
- c. P/E based on year ended March 31, 2005 is [•]
- d. Industry P/E
 - i) Highest 74.9
 - ii) Lowest 11.7
 - iii) Industry Composite 42.4

Source: Capital Market, April 10-23, 2006.

3. Return on Average Net Worth as per unconsolidated restated Indian GAAP financials:

Year	RONW %	Weight
Year ended March 31, 2003	22.7	1
Year ended March 31, 2004	30.27	2
Year ended March 31, 2005	30.98	3
Weighted Average	29.36	

The RONW for nine months ended December 31, 2005 is 25.85%.

Note: The return on average net worth has been computed on the basis of the profits and losses of the respective years drawn after considering the impact of accounting policy changes and material adjustments / regroupings pertaining to earlier years. Average net worth has been computed as a simple of the closing and opening net worth, as restated. Return is the profits/(losses), after taxes as restated.

4. Minimum Return on Increase Net Worth required to maintain pre-issue EPS is [•] .

5. Net Asset Value per Equity Share at Rs. 10 face value

- (i) as of March 31, 2005: Rs. 45.9
- (ii) as of December 31, 2005 Rs. 62.6
- (iii) Offer Price: Rs. [•]
(Offer Price per Share will be determined on conclusion of book building process)

Note: There will be no change in post offer net worth due to offloading of the stake by the Selling Shareholders.

Net Asset Value per Equity Share represents net worth, as restated divided by number of equity shares outstanding at the end of the period.

6. Comparison of Accounting Ratios

	EPS for the year ended March 31, 2005	P/E	RONW for the year ended March 31, 2005 (%)	NAV as on March 31, 2005
Voltamp Transformers Limited	46.7	[•]	30.98	45.9
Industry Data				
Peer Group				
Bharat Bijlee	35.8	30.3	50.7	92.6
EMCO transformers	11.9	35	13.5	153.8
Indo Tech Transformers	7.3	29.6	39.4	59

Source: Capital Market, April 10-23, 2006.

7. The Offer Price is [•] times of the face value of the Equity Shares.

The BRLM believes that the Offer Price of Rs. [•] is justified in view of the above qualitative and quantitative parameters. Investors should read the following summary along with the section titled “Risk Factors” beginning on page 8, the financial statements included in this Draft Red Herring Prospectus and the section titled “Summary” beginning on page 20 of this Draft Red Herring Prospectus. The trading price of the Equity Shares of the Company could decline due to these factors and you may lose all or part of your investments.

STATEMENT OF TAX BENEFITS

We hereby confirm that the information provided below states the possible tax benefits available to Voltamp Transformers Limited ('the Company') 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 provisions of 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 the business imperatives, the Company may or may not choose to fulfill.

The benefits discussed in the Annexure are not exhaustive and the preparation of the contents stated is the responsibility of the Company's management. We are informed that this statement is only intended to provide general information to the investors and hence is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, 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.

Our confirmation is based on the information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company and the interpretation of the current tax laws in India.

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, where applicable have been/ would be met.

For, Chandulal M. Shah & Co.
Chartered Accountants

(Dhinal A. Shah)
Partner

Place : Ahmedabad

Date : April 9, 2006

ANNEXURE TO POSSIBLE TAX BENEFITS

The following key tax benefits shall be available to the Company and the shareholders / prospective shareholders under the current direct tax laws in India.

1. Key benefits available to the Company under the Income-tax Act, 1961 ('the Act')

a) Dividend income:

- Dividend (both interim and final) income, if any, received by the Company on its investment in shares of another Domestic Company shall be exempt from tax under Section 10(34) read with Section 115-O of the Act.
- Income received in respect of units of a Mutual Fund specified under Section 10(23D) of the Act shall be exempt from tax under Section 10(35) of the Act.

b) Capital gains:

- Capital assets are to be categorized into short-term capital assets and long-term capital assets based on the period of holding. Shares held in a Company or any other securities listed on a recognized stock exchange in India or units of UTI and specified Mutual Fund/zero coupon Bonds are considered as long-term capital assets if these are held for a period exceeding 12 months. Capital gains arising on transfer of long-term capital assets are considered as 'long-term capital gains'. Capital gains arising on transfer of these assets held for a period of 12 months or less are considered as 'short-term capital gains'.
- Section 48 of the Act, prescribes the mode of computation of capital gains. It provides for deduction of cost of acquisition/improvement and expenses incurred wholly and exclusively 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 it offers a benefit by permitting substitution of cost of acquisition/improvement with the indexed cost of acquisition/improvement, which adjusts the cost of acquisition/improvement by the prescribed cost inflation index. The benefit of indexation is not available in respect of long-term capital gains arising from the transfer of long-term capital asset like bonds and debenture other than capital indexed bonds issued by the Government.
- Long-term capital gains arising on transfer of equity shares or units of an equity oriented fund (as defined) which has been set up under a scheme of a Mutual Fund specified under Section 10 (23D), on a recognized stock exchange on or after October 1, 2004 are exempt from tax under Section 10 (38) of the Act provided the transaction is chargeable to Securities Transaction Tax (STT).
- Under the provisions of Section 112 of the Act, long-term capital gains, which are not exempt under Section 10(38), are subject to tax at the rate of 20 per cent (plus applicable surcharge on tax and education cess on tax and surcharge), in case where indexation benefit is claimed. However, under the proviso to Section 112 (1), if the tax on long-term capital gains arising on transfer of listed securities or units or zero coupon bonds computed at the rate of 20 per cent (plus applicable surcharge on tax and education cess on tax and surcharge) after availing the benefit of indexation exceeds the tax on the long-term capital gain computed at the rate of 10 per cent (plus applicable surcharge on tax and education cess on tax and surcharge) without availing the benefit of indexation, then such excess tax is ignored for the purpose of computing the tax payable on the capital gains.
- On or after October 1, 2004, under the provisions of Section 111A of the Act, short-term capital gains arising on sale of equity shares or units of equity oriented mutual fund (as defined) under Section 10 (23D), on a recognized stock exchange are subject to tax at the rate of 10 per cent (plus applicable surcharge on tax and education cess on tax and surcharge), provided the transaction is chargeable to STT.
- Short-term capital loss suffered during the year is allowed to be set-off against short-term as well as long-term capital gains of the said year. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' short-term as well as long-term capital gains.

- Long-term capital loss suffered during the year is allowed to be set-off against long-term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' long-term capital gains.
- As per Section 54EC of the Act and subject to the conditions specified therein, long-term capital gains which are not exempt under Section 10(38) of the Act shall not be chargeable to tax in the proportion of capital gains, which are invested in certain notified bonds within six months from the date of transfer. If the Company transfers or converts the notified bonds into money (as stipulated therein) within a period of three years from the date of its acquisition, the amount of gains exempted earlier would be chargeable to tax as long-term capital gains in such year. The bonds specified for this Section are bonds issued by, National Highway Authority of India (NHAI), , and Rural Electrification Corporation Ltd. (REC) after 1st April, 2006.

Where the benefit of section 54EC has been availed of on investments in the notified bonds, a deduction from the income with reference to such cost shall not be allowed under section 80C of the Act.

c) Share of Profit from Partnership Firms:

- Share of Profit, if any, received by the Company from its investment in Partnership Firms that are separately assessed to tax will be exempt from tax under Section 10 (2A) of the Act.

d) Depreciation / Business Loss:

- The Company shall be entitled to claim depreciation on tangible and intangible assets owned by it and used for the purposes of its business in accordance with provisions of Section 32 of the Act.
- Unabsorbed depreciation can be carried forward in future years.
- Business losses can be carried forward for eight years for set off against subsequent business profits.

e) Rebate:

- As per Section 88E of the Act, the STT paid in respect of the taxable securities transactions entered into in the course of business would be eligible for rebate from the amount of income-tax on the income chargeable under the head 'Profits and Gains of Business or Profession' arising from taxable securities transactions.

f) MAT Credit

- Under section 115JAA(1A) of the Act, credit is allowed in respect of any Minimum Alternate Tax ('MAT') paid under section 115JB of the Act for any assessment year commencing on or after April 1st, 2006. Tax credit eligible to be carried forward will be the difference between MAT paid and the tax computed as per the normal provisions of the Act for that assessment year. Such MAT credit is allowed to be carried forward for set off purposes for up to 7 years succeeding the year in which the MAT credit is allowed.

2. Key benefits available to the Members of the Company

2.1 Resident Members

a) Dividend income:

- Dividend (both interim and final) income, if any, received by the resident shareholder from the domestic company shall be exempt under Section 10(34) read with Section 115O of the Act.

b) Capital gains:

- Capital assets are to be categorized into short-term capital assets and long-term capital assets based on the period of holding. Shares held in a Company or any other securities listed on a recognized stock exchange in India or units of UTI and specified Mutual Fund/zero coupon Bonds are considered as long-term capital assets if these are held for a period exceeding 12 months. Capital gains arising on transfer of long-term capital assets are considered as 'long-term capital gains'. Capital gains arising on transfer of these assets held for a period of 12 months or less are considered as 'short-term capital gains'.
- Section 48 of the Act, prescribes the mode of computation of capital gains. It provides for deduction of cost of acquisition/improvement and expenses incurred wholly and exclusively 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 it offers a benefit by permitting substitution of cost of acquisition/improvement with the indexed cost of acquisition/improvement, which adjusts the cost of acquisition/improvement by the prescribed cost inflation index. The benefit of indexation is not available in respect of long-term capital gains arising from the transfer of long-term capital asset like bonds and debenture other than capital indexed bonds issued by the Government.
- Long-term capital gains arising on transfer of equity shares or units of an equity oriented fund (as defined) which has been set up under a scheme of a Mutual Fund specified under Section 10 (23D), on a recognized stock exchange on or after October 1, 2004 are exempt from tax under Section 10 (38) of the Act provided the transaction is chargeable to Securities Transaction Tax (STT).
- Under the provisions of Section 112 of the Act, long-term capital gains which are not exempt under Section 10(38), are subject to tax at the rate of 20 per cent (plus applicable surcharge on tax and education cess on tax and surcharge), in case where indexation benefit is claimed. However, under the proviso to Section 112 (1), if the tax on long-term capital gains arising on transfer of listed securities or units or zero coupon bonds computed at the rate of 20 per cent (plus applicable surcharge on tax and education cess on tax and surcharge) after availing the benefit of indexation exceeds the tax on the long-term capital gain computed at the rate of 10 per cent (plus applicable surcharge on tax and education cess on tax and surcharge) without availing the benefit of indexation, then such excess tax is ignored for the purpose of computing the tax payable on the capital gains.
- On or after October 1, 2004, under the provisions of Section 111A of the Act, short-term capital gains arising on sale of equity shares or units of equity oriented mutual fund (as defined) under Section 10 (23D), on a recognized stock exchange are subject to tax at the rate of 10 per cent (plus applicable surcharge on tax and education cess on tax and surcharge), provided the transaction is chargeable to STT.
- Short-term capital loss suffered during the year is allowed to be set-off against short-term as well as long-term capital gains of the said year. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' short-term as well as long-term capital gains.
- Long-term capital loss suffered during the year is allowed to be set-off against long-term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' long-term capital gains.

As per Section 54EC of the Act and subject to the conditions specified therein, long-term capital gains which are not exempt under Section 10(38) of the Act shall not be chargeable to tax in the proportion of capital gains, which are invested in certain notified bonds within six months from the date of transfer. If the Company transfers or converts the notified bonds into money (as stipulated therein) within a period of three years from the date of its acquisition, the amount of gains exempted earlier would be chargeable to tax as long-term capital gains in such year. The bonds specified for this Section are bonds issued by, National Highway Authority of India (NHAI), and Rural Electrification Corporation Ltd. (REC) after 1st April, 2006.

Where the benefit of section 54EC has been availed of on investments in the notified bonds, a deduction from the income with reference to such cost shall not be allowed under section 80C of the Act.

- As per the provisions of Section 54F of the Act and subject to conditions specified therein, any long-term capital gains (other than on residential house but including those on shares) which are not exempt under Section 10(38) of the Act, arising to an individual or Hindu Undivided Family are exempt from capital gains tax if the net sales consideration is utilized, within a period of one year before, or two years after the date of transfer, in purchase of a new residential house, or for construction of residential house within three years from the date of transfer. Provided that the individual should not own more than one residential house at the time of such 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 (other than the new residential house referred above), then the original exemption will be taxed as capital gains in the year in which the additional residential house is acquired.

c) Rebate:

- As per Section 88E of the Act, the STT paid in respect of the taxable securities transactions entered into in the course of business would be eligible for rebate from the amount of income-tax on the income chargeable under the head 'Profits and Gains of Business or Profession' arising from taxable securities transactions.

2.2 Key Benefits available to Non-Resident / Non-Resident Indian Member (other than FIIs and Foreign Venture Capital Investors)

a) Dividend income:

- Dividend (both interim and final) income, if any, received by the non-resident/non-resident Indian shareholders from the domestic company shall be exempt under Section 10(34) read with Section 115-O of the Act.

b) Capital gains:

- Benefits outlined in Paragraph 2.1(b) above are also available to a non-resident/non-resident Indian shareholder except that under first proviso to Section 48 of the Act, the capital gains arising on transfer of capital assets being shares 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 at the prescribed rates prevailing on dates stipulated. Further, the benefit of indexation is not available to non-resident shareholders.

c) Rebate:

- As per Section 88E of the Act, the STT paid in respect of the taxable securities transactions entered into in the course of business would be eligible for rebate from the amount of income-tax on the income chargeable under the head 'Profits and Gains of Business or Profession' arising from taxable securities transactions.

d) 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/non-resident Indian shareholder.

Thus, a non-resident/non-resident Indian shareholder can opt to be governed by the beneficial provisions of an applicable tax treaty.

e) Capital gains tax – Options available to a non-resident Indian under the Act

Where shares have been subscribed to in convertible foreign exchange – Option of taxation under Chapter XII-A of the Act:

- Non-Resident Indians [as defined in Section 115C(e) of the Act], being shareholders of an Indian Company, have the option of being governed by the provisions of Chapter XII-A of the Act, which *inter alia* entitles them to the following benefits in respect of income from shares of an Indian company acquired, purchased or subscribed to in convertible foreign exchange:
- According to the provisions of section 115D read with Section 115E of the Act and subject to the conditions specified therein, long term capital gains arising on transfer of an Indian company's shares, will be subject to tax at the rate of 10 percent (plus applicable surcharge and education cess), without indexation benefit.
- According to 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 shall not be chargeable to tax if the entire net consideration received on such transfer 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. If 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 accruing as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

Further, if the specified asset or savings certificate in which the investment has been made is transferred within a period of three years from the date of investment, 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, Non-Resident Indians 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, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.
- Under Section 115H of the Act, where the Non-Resident Indian becomes assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer, along with his return of income for that year under Section 139 of the Act to the effect that the provisions of the Chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are converted into money.
- As per the provisions of Section 115I of the Act, a Non-Resident Indian may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing his return of income for that assessment year under Section 139 of the Act, declaring therein that the provisions of Chapter XII-A shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance with the other provisions of the Act.

2.2.1 Foreign Institutional Investors (FIIs)

- In terms of section 10(34) of the Act, any income by way of dividends referred to in section 115O (i.e. dividends declared, distributed or paid on or after 1st April 2003) received on the shares of the company is exempt from tax.
- In terms of section 10(38) of the Act, any long term capital gains arising to an investor from transfer of long-term capital asset being an equity share in a company or a unit of an equity oriented fund would not be liable to tax in the hands of the investor if the following conditions are satisfied:
 - The transaction of sale of such equity share is entered into on or after 1st October, 2004;

- The transaction is chargeable to securities transaction tax as explained below.
- In terms of section 88E of the Act, the securities transaction tax paid by the shareholder in respect of taxable securities transactions entered into in the course of his business would be eligible for rebate from the amount of income-tax on the income chargeable under the head "Profit and gains of business or profession" arising from such taxable securities transactions. As such, no deduction in respect of amount paid on account of securities transaction tax will be allowed in computing the income chargeable to tax as capital gains,
- The income by way of short-term capital gains / long-term capital gains realized by FIIs on sale of shares in the company would be taxed at 30% / 10% respectively, as per section 115AD of the Act. (However, in respect of short term capital gains referred to in section 111A the tax rate applicable will be 10%). The benefit of indexation and foreign currency fluctuation protection as provided by section 48 of the Act are not applicable to a FII.
- Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gain (in cases not covered under section 10(36) and section 10(38) of the Act) arising on the transfer of investment in shares will be exempt from capital gains tax if the capital gains are invested in certain notified bonds within a period of six months after the date of such transfer for a period of at least three years. 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 to tax as long-term capital gains in the year in which the bonds are transferred or converted into money. The bonds specified for this section are bonds issued by, NHAI, and RECL after 1st April, 2006.

Where the benefit of section 54EC has been availed of on investments in the notified bonds, a deduction from the income with reference to such cost shall not be allowed under section 80C of the Act.

- Under 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 provisions of the Act or the applicable tax treaty, whichever is more beneficial.

2.2.2 Venture Capital Companies/Funds

- Under section 10(23FB) of the Act, all venture capital companies/funds registered with Securities and Exchange Board of India, subject to the conditions specified, are eligible for exemption from income tax on all their income, including dividend from and income from sale of shares of the company.

2.2.3 Mutual funds

- Under section 10(23D) of the Act, any income of Mutual Funds set up by Public Sector Banks or Public Financial Institutions or Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or regulations made thereunder or Mutual Funds authorised by the Reserve Bank of India, subject to the conditions specified, would be exempt from income tax.

2.3 Benefits to company and shareholders under the Wealth Tax Act, 1957

- Shares of the company held by the shareholder is not treated as an asset within the meaning of section 2(ea) of Wealth Tax Act, 1957. Hence, shares are not liable to wealth tax.

2.4 Benefits to shareholders of the company under the Gift Tax Act, 1958.

- Gift made after 1st October 1998 is not liable for any gift tax, and hence, gift of shares of the Company would not be liable for any gift tax.

Notes:

1. All the above benefits are as per the current tax law as amended by the Finance Act, 2006.

2. The above Statement of possible tax benefits sets out the provisions of law in a summary manner only and is not a complete analysis or list of all potential tax consequences.
3. The stated benefits will be available only to the sole/first named holder in case the share are held by joint holders.
4. In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreements, if any, between India and the country in which the non-resident has fiscal domicile.
5. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the scheme.

SECTION IV: ABOUT US

INDUSTRY OVERVIEW

Background

Power is a critical infrastructure on which the socio-economic development of the country depends. Recognizing that electricity is one of the key drivers for rapid economic growth and poverty alleviation, after independence, the Indian government decided 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. The Central Government has been giving priority to this sector while fixing plan outlays. 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. India has increased its installed power capacity from 1362 MW at independence to over 100,000 MW and electrification of more than 500,000 villages.

India has increased its installed power capacity from 1362 MW at independence to over 100,000 MW and electrification of more than 500,000 villages.. However, it is a matter of concern that the annual per capita consumption of India, at about 350 kWh is among the lowest in the world. The Government of India has thus launched the "Power for all by 2012" program which targets adding about 1,00,000 MW of power generation capacity by 2012.

Power Sector Structure

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, Private Sector developers (IPP / CPP)	Power Grid Corporation, Transcos, SEBs	SEBs, Reliance Energy Limited, NDPL, CSES, AEC, SEC, end users in industry and building sector
Equipment Suppliers	BHEL, ABB, Crompton Greaves, Siemens, Bharat Bijalee, Areva T&D India, Emco	BHEL, ABB, Crompton Greaves, Siemens, Voltamp Transformers, Areva T&D India, KEC, Bharat Bijle, Emco	Vijai Electricals, Voltamp Transformers, Indotech Transformers, Crompton Greaves, Bharat Bijalee, Areva T&D India, KEC, Emco

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 41110 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	
Sub-sectors		X Plan	XI Plan
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.

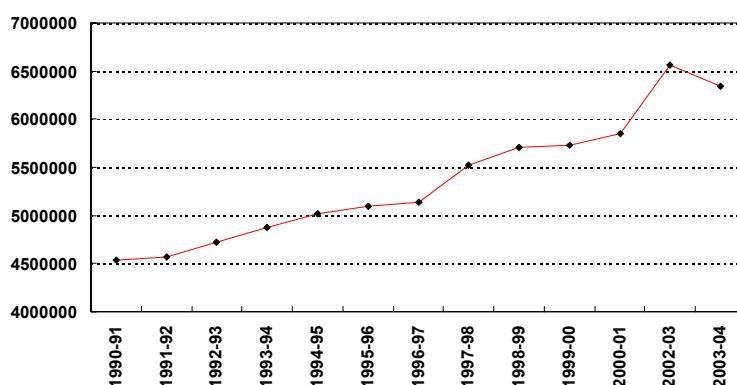
Transmission & Distribution

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:

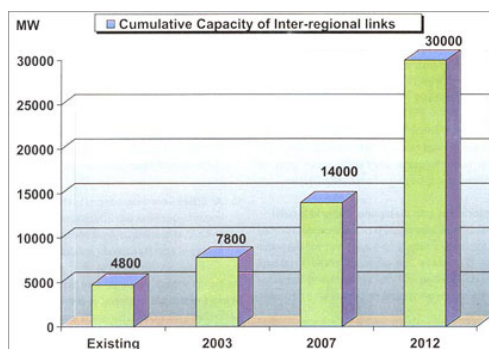
Works	Programme for the year 2004 -2005 (Ckt. Kms.)	Achievement upto November, 2004	% of achievement
800 / 400/ 220 KV EHVAC & 500 KV HVDC Lines	3355	2416	72

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 privatised in Orissa & Delhi and Uttar Pradesh has invited Expression of Interest for privatising 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 Reform 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 centers 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 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	61824.9	67,516	28,518	9,556
Special category states	34,495	34,495	12,404	5261.9	-	-	-
Grand Total	194,888	114,691	55,408	67,087	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 players.

T&D Equipment manufacturers

They would be the direct beneficiaries of investments under APDRP scheme and Rajiv Gandhi Grameen Vidhyutikaran Yojana. Private Sector distribution companies would also be investing in the circles privatised to upgrade the system. Even the electricity bill is focused 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.

Transformer industry

A transformer is a voltage changer. The transformer industry is usually divided into Distribution transformers,

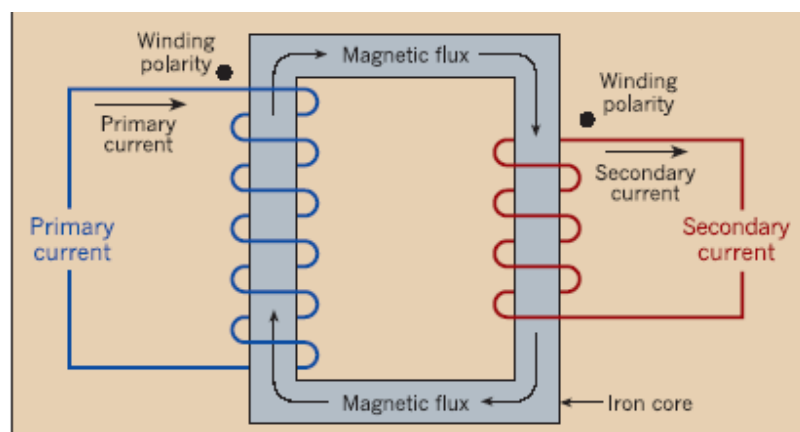
Power transformers & other types of special transformers for welding, traction, furnace etc. The power transformers are used to transform power voltage from the generation point to the transmission point. A distribution transformer is used to transform power voltage from transmission point to distribution of power to the end user. 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.

The Transformer Industry in India has evolved and now has a well matured technology base upto 800 KV class. India has a field-proven technology & capacity to manufacture a wide range of power transformers, distribution transformers and other types of special transformers for welding, traction, furnace etc. Today, about 95% of the transformers installed in the Indian Power Network are of indigenous origin. Energy efficient transformer with low losses and low noise levels can be available to meet international requirements.

Transformer Functioning

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 used to provide a low-reluctance path for the magnetic flux.

If there are more turns in the secondary winding than in the primary windings, 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 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 400/230V networks for local distribution. At the transition between these levels, transformers are required to ensure a smooth change of voltages with minimum loss of energy.

SUPPLY SCENARIO

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, Center 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, Center 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.

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

(Source: Powerline, July 2005)

The state wise contribution in the southern region is as given below.:

			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
Lakhsadweep	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 100KVA and upto 10,000KVA	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 SCENARIO

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

book position for transformers at the end of July 2005 is as given below:

Type of transformers	Range	Deliveries scheduled in				Total Order Booked	
	Above Upto & Inc.	Within next 12 months		Beyond 12 months			
		Jul-05	Jul-04	Jul-05	Jul-04	Jul-05	Jul-04
		MVA					
REC	Upto 100 KVA	2,050	3,048	-	-	2,050	3,048
Distribution	100 KVA-10,000 KVA	9,036	8,352	-	-	9,036	8,352
Power	Above 10,000 KVA	55,576	44,175	15,029	6,045	70,605	50,220
Total		66,662	55,575	15,029	6,045	81,691	61,620

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

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	315,225	110,428	425,653	NA	NA	NA
V	1975-80	514,247	165,464	679,711	199,022	55,036	254,058
VI	1980-85	816,134	201,161	1,017,295	301,887	35,697	337,584
VII	1985-90	896,477	365,565	1,262,042	80,343	164,404	244,747
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 337,584 MVA of transformer capacity was added. Of this power transformers accounted for ~ 89% and the balance 11% was on account of Distribution transformers. On an average, about 67,517 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.

MAJOR PLAYERS

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

OUR BUSINESS

OVERVIEW

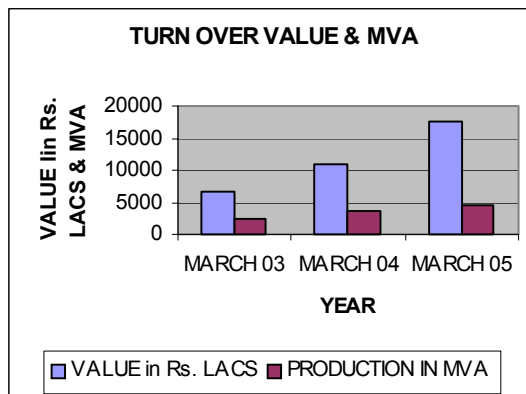
We are one of the manufacturers of transformers in India with focus on the industrial segment. We have a capacity of 5400 MVA capable of manufacturing transformers upto 50MVA, 132 KV, class for many applications covering most segments of users including industrial, utility and buildings. We cater to a wide spectrum of transformer users in various industries like: petrochemical, oil refining, cement, paper and pulp, pharmaceuticals, automobiles, steel, power plant, building, metro rail applications, mining and minerals and many others.

Our client base covers many of the leading business houses, well known PSUs, and large cooperatives. Our top ten customers include Reliance Industries, Jindal Steel and leading solution providers and EPC contracting firms like Siemens, ABB, Larsen & Toubro, Torrent Power and Suzlon and others. Most of the engineering consultancy firms providing project engineering services to industrial and building projects have approved our products for use in their client's projects.

We have license agreements with two German companies M/s. MORA Transformatoren GmbH, Usingen and M/s. HOCHSPANNUNGSTECHNIK UND TRANSFORMATORBAU GMBH (HTT) for manufacture of Vacuum Resin Impregnated Dry Type Transformers and Cast Resin Dry Type Transformers respectively. We have equipped ourselves over a period to manufacture different application transformers like for power generation, power distribution, drive application, furnace application, to name a few. We have been expanding our product range in Oil filled transformers – manufacture larger rating transformers and also of higher voltage class, graduating from 33KV class to 66 KV class and later on to 132 kv class.

We have established nationwide network of 9 branches covering major industrial towns and metropolitan cities to effectively cater to the needs of existing customers and to reach and service potential customers.

Our revenues have grown from Rs. 1103.54 million in FY 2004 to Rs. 1743.75 million in FY 2005. The net profit, as restated, during the same period has grown from Rs. 99.70 million to Rs. 143.87 million. During the first three quarters of the current FY 2006, we have achieved revenue of Rs. 1753.66 million and generated net profit, as restated, of Rs. 163.70 million. The growth in revenues in the last three years is as follows:



EVOLUTION

M/S. VOLTAMP CORPORATION, a partnership concern was established in the year 1963 by one of our Promoters Mr. Lalitkumar H. Patel alongwith Mr. Babubhai H. Patel and Mr. Navinchandra R. Patel to manufacture transformers at a plot in industrial estate at Gorwa in Baroda city. Our initial activities were to manufacture and market smaller ratings transformers and also to undertake repairs of transformers.

In the year 1967, M/s. Voltamp Transformers Private Limited was incorporated in the State of Gujarat to take over business of M/s. Voltamp Corporation as a going concern basis, and families of Mr. Lalitkumar H. Patel,

Mr.Babubhai H. Patel and Mr.Navinchandra R. Patel were issued shares in newly formed Private Company. We expanded our modest operations, by enhancing our capacity with passage of time. We acquired land in our own name at Makarpura, a part of Baroda city, to construct a modern factory well equipped to manufacture larger rating transformers of 10 MVA, 66 KV class and with that the entire manufacturing base was shifted to the existing facility in Makarpura in the year 1969.

Over a period of time, we have been expanding our product range in Oil filled transformers – to manufacture larger rating transformers and also transformers of higher voltage class, graduating from 33KV class to 66 KV class and later on to 132 kv class. We also equipped ourselves over a period for manufacture of different application transformers like for power generation, power distribution, drive application and furnace application. At present, we are one of the manufacturers of transformers with 5400 MVA capacity to manufacture transformers upto 50MVA, 132 KV.

Key Milestones

Year	Milestone
1970	Commenced manufacture of transformers up to 10000 KVA, 66 KV for utilities and industrial clients
1981	Commenced manufacture of 132 KV class transformers
1986	Commenced manufacture of 50MVA, 132 KV Class Power Transformer
1998	Entered into Technical License Agreement with M/s. MORA Transformatoren GmbH, Usingen, Germany for manufacture of Vacuum Resin Impregnated Dry Type Transformers and subsequently started manufacturing of the same.
2000	Commenced manufacture of Induction Furnace Transformers
2002	Entered into a Technical License agreement with M/s. HOCHSPANNUNGSTECHNIK UND TRANSFORMATORBau GmbH, (HTT), Germany for manufacture of Cast Resin Dry Type Transformers and subsequently started manufacturing of the same.
2005	Increased total capacity to 5,400MVA in FY06 from 3,000MVA in FY03

BUSINESS MODEL

Revenue Model

We are focused on manufacturing transformers catering to engineering and industrial segments. Although, volumes in these segments are lower when compared to State Electricity Boards (SEBs), our exposure to receivables risk due to the financial ill health of SEBs is low as they contributed less than 5% of the sales revenue during nine months ended on December 31, 2005.

EPC Contractors

We have been associated with most of the major multinational engineering Project business houses such as ABB, SIEMENS and Larsen & Toubro. We provide them with customised transformers required for executing their client's projects. Most of the engineering consultancy firms providing project engineering services to industrial and building projects have approved our Company's products for use in their client's projects.

These contractors take up turnkey contracts of corporates as well as atomic and thermal power stations and to the Power Grid Corporation. In recent times, there is a thrust on power reforms and projects. We plan to continue to support them with quality products at competitive prices for their upcoming projects.

Corporates

We have a well diversified revenue stream since we caters to a wide range of industries. The following table gives the industry-wise contribution to revenue in the last 3 years.

Industry	Mar-03	Mar-04	Mar-05
Utilities	22%	30%	19%
Steel & Metals	4%	4%	11%
Building & Service Sector Project	5%	9%	11%
Electricity Board	18%	13%	6%
Oil Refinery & Petro-Chemicals	7%	7%	6%
Power Project	4%	6%	5%
Cement	1%	0%	4%
Textiles & its Product	2%	3%	4%
Pharmaceuticals	0%	1%	2%
Automobiles	0%	1%	2%
Sugar & Co-Generation	2%	1%	1%

We have many of the leading business houses, well known PSUs, and giants in cooperative field as our clients. Majority of our sales go to known companies for their upcoming new projects in India. Our top ten customers contributed 46% of our sales revenue during F.Y. 2004-05 and 32% during nine months ended on December 31, 2005. These customers include Reliance Industries, Suzlon Energy, Torrent Power, L & T and Siemens. We have a strong marketing setup with a nation wide network of 9 branches to effectively cater to the needs of existing customers and to reach and service potential customers. Some corporates in our client list include: Bharat Forge, Binani Cement, Welspun Group, Arvind Mills, JK Cement, Kirloskar Brothers, Jubliant Organosys, Hindalco Industries, and Gujarat Alkalies & Chemicals.

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

Our Product Range

We have a well diversified business model with three well demarcated production units viz. Distribution Transformers, Power Transformers and Dry type Transformers. Distribution and Power Transformers are oil-filled transformers. We manufacture the following classes of transformers at our manufacturing facility:

Product Portfolio		
Type of Transformer	Range	Types
Distribution Transformer	500 KVA, 11 KV to 5000 KVA, 33 KV	Generator Transformer, Unit Auxiliary Transformers, Step up & Step down Transformers, Interconnecting Auto Transformers, Dual Voltage Primary or Secondary Three winding Transformers
Power Transformer	Above 5000 KVA to 50000 KVA up to 132 KV class	Earthing Transformers, Three winding Transformers, Thyristor Duty Transformers, Induction Furnace Transformers, Step up & Step down Transformers, Dual voltage Primary or Secondary.
Dry Type Transformer	63 KVA (Dry Type) to 7500 KVA (CRT)	Drive Isolation Transformers, Lighting Transformers, Step up & Step down Transformers.

Power Transformer

We design and manufacture a wide range of Oil Filled Power Transformers up to the range of 50MVA, 132KV. Our volumes of power transformers supplied has increased at a 4-year CAGR of 25.3% from 902,300KVA in FY 2001 to 2,225,750KVA in FY 2005 driven by aggressive marketing efforts through strong pan India network.

Distribution Transformer

A well equipped database of computer aided designs supports us in manufacturing customized Oil Filled Distribution Transformers of assorted ratings, conforming to IS 2026 & IEC 76 standards & ISO 9001 Quality system up to the range of 5 MVA, 33 KV. Our volumes of distribution transformers has increased at a 4-year CAGR of 27.3% from 643403 KVA in FY 2001 to 1689073KVA in FY 2005 as a result of aggressive marketing efforts and significant investments in Transmission & Distribution segment of power sector (Allocation of Rs. 1,021bn in Tenth 5 year plan) along with open access implementation.

Dry Transformer

We also operate in the Dry Transformer segment in the domestic markets. Our volumes of dry transformers supplied has increased at a 4-year CAGR of 68% from 69,178KVA in FY 2001 to 547,300KVA in FY 2005 due to stringent government norms and increasing demand for safer and environment friendly products. As a result, the share of Dry transformers in total sales has been growing continuously from 9% in FY 2001 to 24% in FY 2005. Dry Type transformers are generally ideal for Hotels, High rise buildings, Hospitals, Factories, Commercial & Entertainment complexes, Oil Refineries, Chemical & Fertilizer plants etc, where oil filled transformers pose a fire risk and safety is the first priority.

Our Order Book Position

We believe in not booking capacity for more than 3-4 months to reduce the exposure to commodity prices. This also allows us to cater to the short delivery market, which offers better margins. Currently we have a robust order book position worth Rs 1506.12 million as on February 11, 2006 which are pending for execution.

Cost Structure

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. Raw materials constitute about 75-85% of the sales price of transformers.

The approximate percentage of major input costs to sales revenue based on nine months period ended on December 31, 2005 for standard rating transformer is as flows:

Raw Material	Approximate percentage of Input Cost
Copper	20 %
CRGO	39 %
Transformer Oil	4 %
Steel (including Radiators and enclosure)	7 %

Our company has in place a system of taking back-to-back commitments from suppliers of major raw materials and components for large projects. We also book copper and other important raw materials in advance by forward booking on the London Metal Exchange in order to hedge its position. Our Company has developed good relations with its vendors due to a good track record of on time payment to its sub vendors. 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. All these measures ensure that the raw material costs are kept well within the tender cost. In addition, we outsource components like Tanks/Radiators and other fabricated components from some units in the vicinity who have proven track record. This helps us in optimizing output as per the demand resulting in a high asset turnover.

OUR COMPETITIVE STRENGTHS

We enjoy certain key competitive strengths, which will help us to grow in future and eventually enable us to get higher market share. In our opinion, the following are some of the factors:

Significant Presence in Engineering and Industrial segments

Our Company is focused on manufacture of transformers for catering to engineering and industrial segments. Although, volumes in these segments are lower when compared to State Electricity Boards (SEBs), margins are higher as products are customised to client requirements. In addition, our exposure to receivables risk due to the financial ill health of SEBs is low as they contribute less than 5% of sales during nine months period ended on December 31, 2005. We achieved a high debtors turnover ratio of 22.4 during nine months period ended on December 31, 2005. Our debtors level is low as compared to our sales. Over the years, we have built a franchise with large reputed industrial and EPC players. Our client base covers many of the leading business houses, well known PSUs, and large cooperatives.

Customer centric organization leading to Strong Brand Equity & Customer Loyalty

With 40 years of experience in designing and manufacturing transformers, we have been able to generate brand loyalty among customers by focusing on customer requirements through prompt response, delivery of quality products and strong after sales services. Our Company has strong customer focus with good repeat business. Our top ten customers contributed 46% of our sales revenue for F.Y. 2004-05 and 32% during nine months ended on December 31, 2005. We have been associated with most of the major multinational engineering project business houses such as ABB, Siemens and are a preferred vendor for these houses.

We firmly believe in total Customer satisfaction and all the policies framed from time to time are such that all the activities are customer focused. Since we are in the business of tailor made products, we are associated with the clients from the project inception stage itself. We also understand the specific requirements of the customer and design the product according to its requirements.

High Productivity

Due to various factors such as efficient materials management, improvements in manufacturing methods and machines, skill up gradation, productivity related compensation packages for our workers and incentives for staff, we are able to achieve higher productivity. This helps in faster manufacturing cycle, quick conversion, and faster deliveries, which helps in controlling the cost of our end products. In addition, we outsource components like Tanks/Radiators and other fabricated components from some units in the vicinity who have proven track record. This helps us in optimizing output as per the demand resulting in a high asset turnover.

Expertise in Designing and Product Variety

Since we offer tailor made product, the designs used in the production of transformers are job specific. We have all our designs on software. In power transformers we are able to offer products up to 50 MVA/ 132 KV class. For distribution transformers our product range covers oil filled transformers up to 5 MVA/ 33 KV class, dry type vacuum resin impregnated up to 3 MVA/ 11 KV class and cast resin transformers up to 7.5 MVA/ 33 KV class. This gives our client to choose our products to suite the application and also his requirements are covered at one place. Hence, we have flexibility in changing the design to offer quick solutions. Over the years we have manufactured and supplied many combinations of voltage class, MVA ratings etc.. Our technical agreements have helped us built our knowledge on designing transformers at optimal costs.

Marketing Set-up & Customer service

Uninterrupted and quality supply of Power is very important for any establishment. With branch and service set up in all the four metros and also service engineers at the other major & important cities, we are able to reach our customers quickly in case of any unforeseen emergencies. Each branch has well-experienced and trained marketing man power. This enables us to market our products all over India. Our transformers are installed from Jammu and Kashmir to down South and from Assam to Rajasthan.

OUR STRATEGY

Our vision is to become a leader in the transformer industry within India, offering world class products meeting customer's need. In line with this vision, we are implementing a business strategy with the following key components:

Concentration on Project Business

We have been associated with most of the major multinational engineering Project business houses such as ABB, SIEMENS and L&T. We plan to continue to support them with quality products at competitive prices for their upcoming projects. We would like to take advantage of the forthcoming investments in infrastructure sector. We would also continue to expand our business with industrial houses, building construction sector and utilities. This would help us in realizing more volumes and growth.

Entry into Export Market

We see a good scope in the export of our products to other countries. Both dry type transformer and oil filled transformers can be exported to countries in Middle East, Africa and south East Asia. We intend to have preliminary studies to explore these markets in the near future to capture this business opportunity. We are on look out to appoint effective agents in these countries for testing these markets and their response to our products and services.

Expanding Dry type transformer market base

At present we are selling dry type transformers to various industries for varied applications. We would like to increase our market share in this segment. We have already started spreading awareness about the advantages of this product by conducting seminars in large companies and plants. These feedbacks have been positive from the market. There is good scope in replacement market also.

Exploring new business sectors

At present we are selling our products to various industries such as steel, cement, refineries, chemical plants, textiles, pharma industry, software parks, building sectors, multiplexes etc. We plan to expand our business to other areas where we are not present. We have started the process of identifying new opportunities on these lines.

Optimizing Resources

We constantly endeavor to improve our productivity levels by optimum material utilization, improvements in manufacturing methods and machines, skill upgradation, and outsourcing components for achieving better asset turnover. We are examining our existing procurement and manufacturing processes and procedures to identify the areas of bottlenecks and correct them. This will help us in improving our efficiencies, efficient use of resources, improving our bottom line and faster customer response.

Strengthening Brand Equity

For generating more business, customer recall is important. We are trying to increase our visibility and recall in customers mind by regular participation in important trade events, exhibitions, holding demonstrations at client locations, making presentations at Corporate Houses, trade seminars, etc.

MANUFACTURING FACILITY

The manufacturing facility is located at Makarpura, Vadodara with a built up area of 10,000 sq. meters on six acres of land and manufacturing capacity of 5,400MVA p. a. in three different manufacturing units within the same campus manufacturing a range of transformers led by highly skilled technicians.

The facilities include:

- Latest & state of art casting plant imported from Hedrich, Germany
- Stand by power generator
- Own shot blasting facility to ensure better paint quality
- Extra high vacuum, transformer oil filtering machines
- Winding machines (under positive air pressure) and cranes to handle different types of transformers

- Air circulating and vacuum ovens
- EOT cranes, hoists and jib cranes
- Fork lift and pallet trucks
- State of art test facility

Design

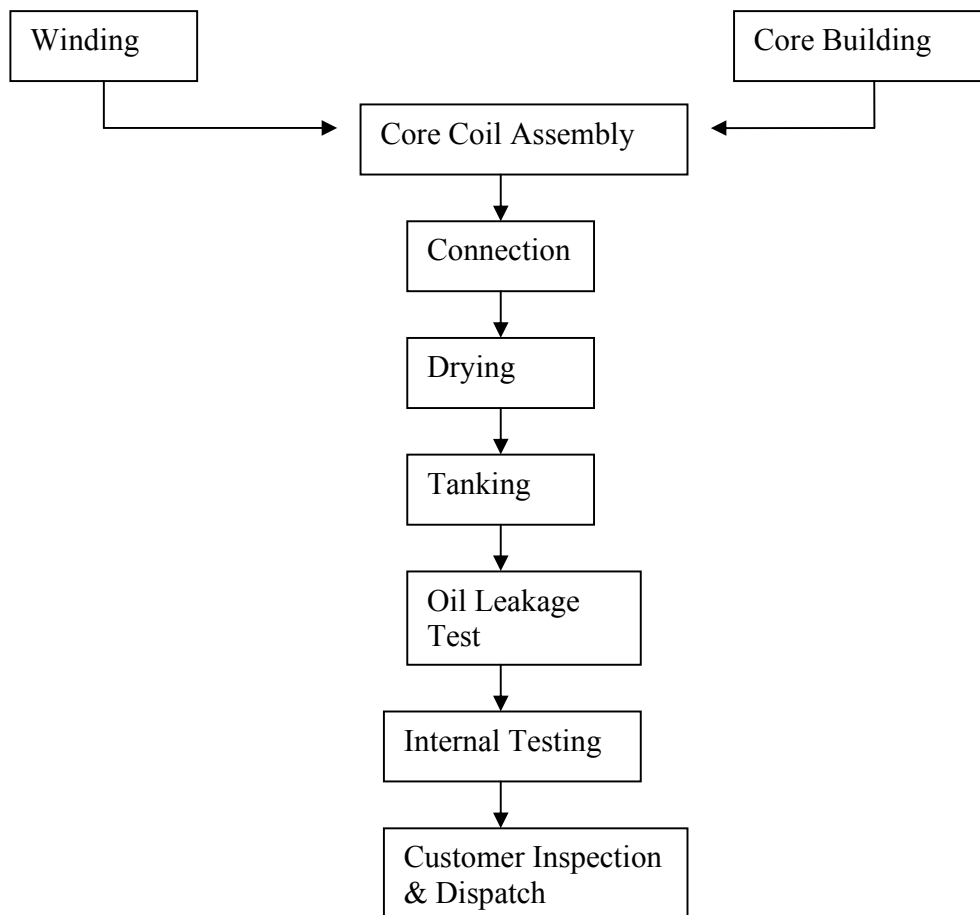
An extensively computerized Design Department works out the enquiry & order designs. The Drafting Section with aid of CAD prepares drawings for customer approval as well as for production.

Testing

- The Testing room is fully equipped to carry out all routine tests and other type tests like Temperature Rise Test, Zero Phase sequence Test etc.
- Every transformer is tested for routine tests specified in the standard specification and a Test Certificate to this effect is issued.
- Recently put up the latest Testing Bench, which have digital testing equipments from Yokogawa, Japan to ensure high accuracy & speed of testing.

Manufacturing Process :

The flow chart depicting the manufacturing process for Transformers is as follows:



Following are the major activities for manufacturing of Transformer: -

Design

Since all transformers are tailor made, on receipt of the customer order, we commence designing the transformer as per customer needs. The drawing is submitted to the customer for approval. The drawing and bill of material are then issued to various departments to carry out further work as per design.

Core Assembly

The core is made up of cold rolled grain oriented steel known as lamination. Cut laminations as per our drawings are procured. The core is built by stacking these sheets one over the other as per the design. Once stacked and checked with respect to design, the core is tightened with frame with help of tie rod and core bolts. The core is then lifted and kept in vertically for assembling the coils.

Winding

Windings are made up of Electrolytic grade copper strips/ copper wires/Enamel copper /Copper Foils with inter layer of insulations made of paper/ fibre glass depending on the type of transformer and design. Normally they are wound on wooden formers and are of circular shape with dimensions maintained as per design. Once completed windings are kept in drying oven and are heated at set temperature to achieve the designed height. In the drying oven the moisture from the insulation material is removed shrinking the coils to the designed height.

- A. In case of Resin Impregnated Dry Type transformers, Windings are kept in impregnation chamber for resin impregnation. After completion of impregnation cycle windings are kept in oven for curing.
- B. In case of Cast Resin Dry Type transformers, Windings are kept in casting chamber for Resin Casting. After completion of Casting Process, windings are kept in oven for curing.

Core Coil assembly

The yoke of the transformer core is removed manually. LV winding is lowered on core with help of crane. Insulation as per design specification is provided over LV winding. HV windings are then lowered on insulated LV winding with help of crane. Once windings are properly placed yoke plates are refitted manually on the core and core coil assembly is tightened properly.

Connection

The Core coil once assembled is kept in drying oven for shrinkage of insulation. Then connections are made with help of copper bus bar and jumpers as per design. The connections are provided on the transformer windings to take care of the voltage fluctuation to get the output constant/decided voltage. Tappings from windings are connected to off load / on load tap changers. After completion of connections various electrical tests are conducted to ensure that results are as per design.

Drying

The core and coil assembly are then kept in air drying/ Vacuum oven as per the rating of transformer for a predefined time. The core and coil assembly are constantly kept at elevated temperatures so that all moisture absorbed by them are dried down. The heating is done through Electricity and hence it is environmentally clean.

Tanking

Tanks are fabricated as per design. Surface of tank is cleaned by shot blasting the tank. The tanks are then painted with oil resistant paint for inside and as per customer requirement from outside. The dried core and coil assembly are taken out from oven and is placed in the tank. All connections with bushings etc. are made, and cover is tightened. Transformer oil is filled in the tank through filter machine under vacuum. After the oil filling is completed, Transformer is kept for 24 hours on oil leakage test. The process of oil filling is not applicable for Dry Type Transformers.

Completion of Transformer

Transformer is now tested electrically as per the relevant standard. After the completion of testing, the transformer is given final touch-up paint and then it is ready for dispatch. There is no waste disposal in the transformer industry.

Major Equipments

Following are the major equipments used in our factory:

S.N.	Equipment	Advantage
1	HEDRICH Germany make casting Plant	Casting is done under vacuum with static mixture technology. This ensures void free uniform casting. The entire casting process is computer controlled and six coils can be casted at a time. This type of plant is latest technology in India.
2	Resin Impregnation Plant	This plant is PLC controlled for vacuum impregnation. Due to high level of vacuum used and process parameters are PLC Controlled, hence impregnation process is Void free. No human error is possible.
3	Vacuum Oven (PT)	This oven is manufactured by VPI, Pune and is PLC controlled. This is for drying and moisture removal of Power Transformer Windings. The vacuum drying of winding ensures longer life and high polarization index values in Transformer. This also helps in reducing the process time due to larger capacity of vacuum pump.
4	Shot Blasting Plant	We have a high capacity Shot Blasting plant to meet our requirement of 100 Tanks per month. M S Tanks are shot blasted for surface cleaning to ensure proper painting. This enhances life of painting.
5	Partial Discharge Meter	P D meter is procured from M/s Hippotronics, USA. This is used for detecting voids in casting. This helps in ensuring that casting is void free. This is required to ensure longer life of Cast Resin Transformers.
6	Design software	All our designs are computerized based on software developed by our own Team to suit our requirement. In case of Cast Resin Transformer design software is provided by our collaborator M/s HTT, Germany. All these software are in use for more than 3 years.

Quality Assurance

The products of our Company are enjoying ISO 9001:2000 status for design, manufacture and after sales services. The certificate of registration is given by KPMG and is valid till April 08, 2007.

Technology

Our Company has entered into two license agreements for manufacturing Dry Type Transformers which are as follows:

1. Our Company has executed Technical License Agreement on 07/11/1998 with M/s. MORA Transformatoren GmbH, Usingen, Germany for manufacture of Vacuum Resin Impregnated Dry Type Transformers. This is a Technology Transfer agreement based on one time fee. The technology is fully absorbed and we are manufacturing these transformers since 1998-99. Currently, we do not have any financial, business or any other transactions/interests with M/s. MORA Transformatoren GmbH, Usingen.

2. The Company has executed Technical License Agreement on December 22, 2001 with M/s. HOCHSPANNUNGSTECHNIK UND TRANSFORMATORBAU GMBH, (HTT), Germany for manufacture and sale of Cast Resin Dry Type Transformers. This is a Technology Transfer agreement based on one time fee. The technology is fully absorbed and we are manufacturing these transformers since 2003-04. During the term of the agreement, Licensor shall supply component parts and raw materials to our Company at reasonable and competitive prices. In addition, the licensor is obliged to update any improvement or further inventions relating to Licensed products without any delay and free of charge. The agreement is effective for an initial period of 10 years from the date of the agreement or 7 years from the date of commencement of commercial production whichever is

earlier and it can only be renewed on mutual consent. In case of termination of the agreement we are allowed to continue manufacture licensed products.

Capacity & Capacity Utilisation

We increased our total installed capacity to 5,400MVA in FY 2006 from 3,000 MVA in FY 2003. Details of capacity utilization over the last 3 years are as follows:

Capacity Utilization Trend (MVA Units)			
Year	Installed Capacity	Actual Production	Capacity Utilization (%)
Mar-03	3000	2403.00	80%
Mar-04	4500	3650.10	81%
Mar-05	4500	4462.12	99%
Dec-05	5400	3286.60	81% (Annualised)

Raw Material Management

We operate in an industry with high raw material content constituting 75-85% of the sales price of transformers. The key raw materials required and the percentage and quantity of Input Cost to sales revenue based on nine months period ended on December, 2005 for standard rating transformer is as follows:

Raw Material	Percentage of input costs	Quantity of Consumption	Value (in Rs.million)
Copper	20 %	1745 (MT)	348.49
CRGO	39 %	3430 (MT)	673.89
Transformer Oil	4%	2475 (KL)	70.02
Steel (Including Radiators and enclosures)	7 %	1855 (MT) 4890 (Nos)	125.57

Our key suppliers are Sterlite Industries, M/s National laminations Industries, M/s Kryfs Lamination, M/s Savita Chemicals etc.

Copper

We have entered into an annual agreement with Sterlite Industries Ltd. for the supply of our total requirement of Copper CC rods. The Price is based on the average LME Price of Month plus Premium (pre decided during negotiation), Custom Duty and freight. Further, we try to hedge risks by forward booking part of Copper requirements up to six months period.

CRGO

We have ongoing contracts with various indenting agents of European, Russian, USA and Japanese CRGO mills: M/s National Lamination Industries, Amod Stampings Private Limited and M/s Kryfs Lamination. All these contracts are quantity and time period base.

Transformer Oil

We have made contract with M/s Savita Chemicals and Apar Industries for supply of Transformer oil. These contracts are normally of one month duration since the oil prices remained volatile during the year.

Steel

The steel is mainly used for manufacturing Transformer Tanks. Till Sept 2005 we used to procure Tanks on outright basis. We started going for rate contract with Steel Traders in month of Sept, 2005 and gradually made a rate contract with Essar Steel Limited in January, 2006 through their authorized agency namely M/s Click for steel. We procure steel and give the same for job work to our Tank manufacturers.

Inventory Management

We manufacture transformers as per customer requirement and hence all transformers are job specific. Each Transformer is identified by a Job No (JN). Each JN has a separate Bill of material. Hence we have two types of Raw material inventory: -

1. Raw materials which are procured against specific job number:

JN wise items are procured on the basis of Monthly planning issued.. Depending on the process cycle, inventory for these items (which are high in value) is optimized. We endeavor to maintain two to three months raw material inventory.

2. Raw material which are common to all types of transformers:. For such items we maintain an inventory of one month.

Working Capital Management

We enjoy working capital facilities with Bank of Baroda. Details of the working capital facilities availed by us as on December 31, 2005 from the aforesaid bank are as follows:

Particulars	Fund Based		Non-Fund Based		TOTAL	
	Limit	Outstanding	Limit	Outstanding	Limit	Outstanding
	(Rs. In Lacs)	(Rs. In Lacs)	(Rs. In Lacs)	(Rs. In Lacs)	(Rs. In Lacs)	(Rs. In Lacs)
Cash credit	2000.00	1176.81	-	-	2000.00	1176.81
Bank Guarantee	-	-	5,000.00	4,438.03	5000.00	4438.03
Letter of Credit	-	-	300.00	Nil	300.00	
TOTAL	2000.00	1176.81	5,300.00	4,438.03	7,300.00	5614.84

The interest rate on cash credit is 8.5% p.a. and on bill discounting is 7% p.a. for certain selected parties and 8.5% p.a. for others.

Restrictive Covenants

As on date of this Draft Red Herring Prospectus we have availed certain working capital facilities from our lender. As per the signed agreement with our lender, there are certain restrictions imposed on us.

1. As per these restrictions; neither sale of any kind nor mortgage, charge, lien or encumbrance other than the existing charges shall be made or allowed to be made over our Company's undertaking or property during the currency of the facility without the lender's prior written consent.
2. Further, our Company shall indemnify the lender against all losses, costs, damages expenses which maybe incurred by the lender in order to recover any defaulted amount by us. Also, we shall not cause any receiver to be appointed on the properties hypothecated and mortgaged with the lender without its prior consent.
3. However the lender can appoint receiver to recover any dues in case of any default by us. Further, our Company shall not deal with the goods, movables and other assets and documents of title or the goods, movables and other assets so hypothecated except in accordance with written instructions of the lender.

Outsource/ Sub Contract

We outsource non core activities such as Operation of Boilers and vacuum drying Ovens, shot blasting of MS tank. We also outsource components like Tanks/Radiators and other fabricated components from some units in near vicinity who have proven track record with us : .

1. Tank Manufacturing: -

We have developed few Tank manufacturers in and around Vadodara, which is very near to our works. These vendors are working with us for a long time and are doing exclusive work for our Company. Tank manufacturing is done as per our design and brought to Voltamp after verification by our quality control department. The contract is based on fixed charges per Kg basis.

2. Shot Blasting: -

We have exclusive shot blasting facility that is required to clean the surface of Tank before painting. We have helped this vendor to establish shot blasting plant by giving Technical as well as financial support. The contract is on labour basis.

Utility

We have 11 KV / 315 KVA power line provided by M/s Madhya Gujarat Viji Co Ltd. As a back up arrangement, we have installed one number 500 KVA DG set with necessary control panels in order to ensure uninterrupted power supply for manufacturing and testing of Transformers.

Marketing & Sales

We have established nationwide network of 8 offices and about 47 marketing personnel including supporting staff in all major industrial towns and Metros to effectively cater to the needs of existing and new customers. Strong marketing support has led to repeat business generation from existing clients and entry into new lucrative markets. We respond quickly to enquiries & service calls and also provide prompt delivery.. Marketing offices are located at major cities viz. Bangalore, Bhubaneswar, Chandigarh, Chennai, Delhi, Kolkata, Mumbai, Pune, Secunderabad, Raipur.

Pollution Control Measures & Maintenance

The process of manufacturing Transformer is clean and does not require any chemical process. This does not generate any waste and is free from pollution.

Research & development

The research and development is concentrated in Dry type transformer for absorbing the technology received from our collaborators. The designs are validated by type testing at independent Govt laboratories like CPRI, ERDA etc. For all other transformers, software is used for optimizing designs for reduction in cost and improving performance. Further, we continuously upgrade our products based on Customer's feed back and engineering efforts done by our technical team.

Insurance

We have adequate insurance policies for all our assets, movable and immovable, including Standard Fire and special peril policy for building, plant and machinery and furniture and fixtures located at factory and for premises used as branch offices and/or residential premises located at Bangalore, Chennai, Mumbai, Baroda. Insurance is also taken for premises taken on lease at, Mumbai, Delhi, Pune and Secunderabad.

A Floater Policy has been taken for stock of raw materials, semi finished goods, finished goods and consumables lying in the factory premises. The transfer, collection and movement of money is insured via a Money Insurance policy. Goods in transit are covered by Marine Cargo Insurance policy for inland transit by both rail and road.

Safety

We have provided for a system which ensures adequate safety for its personnel and property located at our factory. The Head of Department of both Production & Personnel are responsible for the implementation of safety procedure.

The personnel are provided suitable protective equipments while performing electrical maintenance work, painting, shot blasting, crane operation. All moving parts of the machines are covered with guards. An adequate fire system and first aid box is also maintained.

The gangways are sufficiently wide throughout the plant, and are marked with coloured strips. All electrical switches are identified. Exhaust blowers are provided in painting and shot blasting chamber and are properly maintained. The material is stored in such a way that it does not create safety hazard.

Employees

We have about 209 personnel (including on pay roll, on contract and on retainerhip) as on March 31, 2006. The classification of the Employees as per their qualification and designation is as follows:

Qualification	Management Staff	Non-Management Staff	Total
Diploma/Graduate	44	46	90
Post Graduate	4	0	4
Professional	4	0	4
Below Graduate	0	18	18
<i>Total</i>	<i>52</i>	<i>64</i>	<i>116</i>
Contract Labour	0	92	92
Total	52	156	208

All the above employees are skilled employees.

Employees of our company are given performance-linked incentives and HR policies are managed by senior level executive in our Company. We also hire contract labor for our business operations. In the last 3 years ended March 31, 2006, our attrition rates were 8.33%, 9.67% and 15.32%.

We have entered into settlement/compromise agreement with the labor union i.e. Baroda Labor Union, Baroda on 10th Oct 2003. There is no pending dispute with the Labor Union.

OUR PROPERTIES

Sr. No.	Description of Property/ Area	Nature of Interest	Registration / Stamp Duty.	Purpose	Term
1.	Flat No, 3; 1 st Floor, Shri Nagar Society; 4 th , Ashirwad Apartment, Behind Dinesh Mill, Vadodara, Gujarat Admeasuring 929.74 Sq. meters, Area: 1004 sq. ft.	Articles of Agreement dated October 10, 1981 between M/s Plan and Project and Voltamp Transformers Private Limited. Consideration Rs. 1,65,000/- 100 Shares of the property distinctive nos. 221 to 300 issued by Deval Premises Private Limited	Registered with Sub Registrar on February 12, 1982.	Commercial Activity.	NA
2.	Bearing no. 74 and 74 A forming part of old survey no. 362/3, New Survey no. 362/19, and 362/41 admeasuring about 3 grounds and 1790 sq. ft. situated at Flat No. 2-A, 2 nd Floor, 17 th Avenue, Harrington Road, Chetpet, Chennai-600031, Tamilnadu	Sale deed dated December 30, 1992 between Ninan Mathew and M/s. Voltamp Transformers Limited Consideration Rs. 228,109/-/-	Registered with Sub-Registrar of Periamet	Company's Marketing Office	NA
3.	Flat No. D-23 / 301, 3 rd Floor, Building No. 23 of Kaveri Co-operative Housing Society Limited, Yogi Nagar, Eksar Road, Borivali(W), Mumbai, Maharashtra - 400 092 admeasuring 500 Sq. ft	Sale deed dated July 4, 1985 between Nemoi Chandra Dowari and Voltamp Transformers Private Limited Consideration: Rs. 1,10,000/-. Share Certificate Nos. 91 to 95 issued to Mr. Bipin Shah and Mrs. Hemanti Vithalani by Yogi Kaveri Co-operative Housing Society Limited.	Registered	Property of Company used by Patson Transformers Private Limited for commercial activity	NA
4.	Suite No. 304, First Floor admeasuring 1296 sq. ft Regency Enclave Magrath Road, Bangalore- 560 025, Karnataka	Sale deed dated July 17, 1995 between M/s. Ballal Tourist Hotel Private Limited and Volatamp Transformers Private Limited and deed of assignment dated 25 th Day of June, 1994 between Mr.	Sub-Registrar Shivajinagar/ Bangalore on March 14, 1995 Registration	Company's Marketing Office	NA

Sr. No.	Description of Property/ Area	Nature of Interest	Registration / Stamp Duty.	Purpose	Term
		Kannan and Voltamp Transformers Ltd. Consideration :- 9,75,250/-	fees paid Rs. 23,059/- on November 22, 1996 to Public Accounts Department, Reserve Bank of India		
5.	Flat No. 16 K Forme-D, Ground Floor, Fern Road, Ballygunj, Kolkata, West Bengal admeasuring 680 Square feet	Sale deed dated August 29, 1992 between Amita Chatterjee and Voltamp Transformers Limited. Consideration:- Rs. 1,96,000/- Kolkata	Registered on September 8, 1992	Company's Marketing Office	NA
6.	Vadadala, Beside Translink Structure Limited, Taluka, Savli, District Baroda, Gujarat survey no. 114, 4, A to C admeasuring 17.16 hectares or 70.17 Sq.mtrs	Sale Deed dated November 1, 1991 between Ambalal Laldas Patel and Voltamp Transformers Private Limited Consideration :- Rs. 666,412/-	Registered with Sub-registrar, Savli.	Non-Agricultural Land.	NA
7.	Jambuva, District Sub District, Vadodara, Gujarat at Survey No. 575 admeasuring acre 1 and 13 guntas, Survey No. 576 admeasuring acre 1 and 16 guntas and Survey No. 583 acre 1 and 0.03 guntas	Sale deed dated January 11, 1968 between Gordhanbhai Lallubhai Patel and Voltamp Transformers Private Limited Consideration:- Rs. 73,652/- Permission for use of Non-Agricultural land was granted vide order No. LND/SR/54/68 dated June 13, 1968 by the office of District Panchayat, Vadodara	Registered	Offices & Production use	NA
8.	Jambuva, District Sub District, Vadodara at Survey No.577/2 admeasuring 1 acres and 4 guntas	Sale deed dated January 22, 1968 between Thakorebhai Tribhovandas Patel and Jadav T. Patel (widow of Tribhovandas Motibhai Patel and Voltamp Transformers Private Limited	Registered	Offices & Production use.	NA

Sr. No.	Description of Property/ Area	Nature of Interest	Registration / Stamp Duty.	Purpose	Term
		Consideration :- Rs. 24,725/- Permission for use of Non-Agricultural land was granted vide order No. LND/SR/54/68 dated June 13, 1968 by the office of District Panchayat, Vadodara			
9.	Jambuva, District Sub District, Vadodara, Gujarat at Survey No. 580 admeasuring acre 1 and 13 guntas, Survey No. 576 admeasuring acre 1 and 16 guntas and Survey No. 583 acre 1 and 0.03 guntas	Sale deed dated November 18, 1975 between 1. Patel Kalidas Desai, 2. Patel Purshotam Desai and Voltamp Transformers Private Limited Consideration:- Rs. 35,527/-	Registered with Sub-Registrar, Vadodara on November 20, 1975	Non-Agricultural Land. Possession is not with the Company, which is under litigation not with us under litigation.	NA
10.	20,000 Sq. ft open area of the factory near Voltamp Transformers Limited, Makarpura, Vadodara – 390 014, Gujarat.	Leave and License Agreement dated July 21, 2005 between M/s. Amarsons Engineers and Voltamp Transformers Private Limited Licence fees Rs. 38,000/Month		Commercial Activity	September 1, 2005 to August 31, 2008
11.	Factory shed at 855/1(i)-II, GIDC Estate, Makarpura, Baroda – 390 010, Gujarat	Leave and License Agreement dated May 28, 2005 between Shah Varsha Nalin Proprietor, M/s. Protech Engineers and M/s. Tiwari Engineering Work for Voltamp Transformers Private Limited Interest free Security Deposit: Rs. 50,000/- Licence fees Rs. 22,000/Month		Commercial Activity	June 1, 2005 to May 31, 2008
12.	Shor Blast Machinery Plant, Air Compressor, over head crane at 861/5/2, GIDC, Industrial Estate, Makarpura,	Leave and License Agreement dated December 15, 2004 between Voltamp Transformers Private Limited and M/s. Jay Mahakali Shot Blasting		Commercial Activity	December 15, 2004 to December 14, 2007

Sr. No.	Description of Property/ Area	Nature of Interest	Registration / Stamp Duty.	Purpose	Term
	Vadodara -390 010, Gujarat	Licence fees: - Job work charges are paid by the Company at a concessional rate.			
13.	Front Portion of First Floor, area measuring 450 Square feet in S.C.O. 115, Sector-47 C, Chandigarh	Leave and License Agreement dated March 11, 2006 between Mrs Chander Kala Dehra and Raghubir Rai Dehra General Power of Attorney of Amit Dehra(Licensors) and Kanubhai S. Patel, Joint Managing Director and Chief Executive Officer, on behalf of Voltamp Transformers Limited (Licensee) Interest free Security Deposit: Rs. 7,900/- Licence fees Rs. 7,900/-/Month (Inclusive of property tax)		Company's branch office	April 16, 2006 to April 15, 2009

Further our Company is using four properties of Patson Transformers Private Limited, details of which are as follows

S.N o.	Description of Property/Area	Nature of Interest	Registration	Purpose	Term	Restrictive Covenants
1.	Four Premises of Patsons Transformers Private Limited are used by our Company which are situated at 1. Voltamp Transformers Limited, 6, Sadanand Apartment, Off: Principal Kale Marg, Opp:- Bombay Film Lab, Agra Bazar, Dadar (W), Mumbai – 400 028, Maharashtra. Consideration:- Rs. 15,000/- per month	Shared Services Agreement dated April 3, 2006 between Patsons Transformers Private Limited and Voltamp Transformers Limited		All the four properties used as Company's Marketing Office	April 3, 2006 to April 2, 2009	1. This agreement is binding upon and shall inure for the benefit of the Parties neither party shall assign its rights under this agreement without prior written consent of the other. 2. The use by Company of the Infrastructure and facilities of Patsons Transformers Private Limited shall only be for business of Company and for no other purpose. 3. This Agreement constitutes the entire agreement between

	2. Voltamp Transformers Limited, Mansara Apartment, Flat No. 6, Survey No. 1108, Shivajinagar, Pune – 411 016, Maharashtra. Consideration:- Rs. 8,000/- per month 3. Voltamp Transformers Limited, Flat No. 208, 2nd Floor, Devki Chambers, Nr. Paradise Circle, 1-7-77/79, Sarojini Devi Road, Secunderabad – 500 004, Andhra Pradesh. Consideration:- Rs. 7,500/- per month 4. Voltamp Transformers Limited, 202-203, Aditya, 6, Preet Vihar, Commercial Complex, Delhi – 110 093 Consideration:- Rs. 12,500/- per month					the parties and supersedes all prior agreements and understandings whether oral or written and no variation of this agreement shall be valid unless it is in writing and signed by the parties. 4. The Company does not have a right to assign, transfer or convey any of its interest under this agreement, or have a right to delegate any of its duties or obligations under this Agreement unless confirmed in writing. 5. This agreement is binding upon the parties and neither party shall assign its rights under this agreement without the prior written consent.
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Furhter our Companys' property is used by Patson Transformers Private Limited, details of which are as follows:

S.N o.	Description of Property/Area	Nature of Interest	Registrati on	Purpose	Term	Restrictive Covenants
1.	Premises of Volatmp Transformers Limtied used by Patson Transformers Private Limited Patson Transformers Private Limited , Flat No. 301, Dwarka 23, Yogi Kaveri Cooperative Housing Soceity,	Shared Services Agreement dated April 8, 2006 between Voltamp Transformers Limited and PatsonTransfo rmers Private Limited		Company's Marketing Office	April 8, 2006 to April 7, 2009	1. This agreement is binding upon and shall inure for the benefit of the Parties neither party shall assign its rights under this agreement without prior written consent of the other. 2. The use by Patson Transformers Private Limited of the Infrastructure and facilities of Voltamp

	Yogi Nagar, Akshar Road, Borivilli (West), Mumbai – 400 091, Maharashtra. Consideration:- Rs. 7,000/- per month				Transformers Limited shall only be for business of Patson Transformer Private Limited and for no other purpose. 3. This Agreement constitutes the entire agreement between the parties and supersedes all prior agreements and understandings whether oral or written and no variation of this agreement shall be valid unless it is in writing and signed by the parties. 4. The Company does not have a right to assign, transfer or convey any of its interest under this agreement, or have a right to delegate any of its duties or obligations under this Agreement unless confirmed in writing. 5. This agreement is binding upon the parties and neither party shall assign its rights under this agreement without the prior written consent.
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REGULATIONS AND POLICIES

Key Industrial Regulations:

There are no specific regulations applicable to the industry in which our Company operates.

HISTORY AND CERTAIN OTHER CORPORATE MATTERS

History And Background of our Company:

Our Company was originally started as a Partnership firm in the year 1963 by the name of M/s Voltamp Corporation. The firm was jointly formed by our Promoter, Mr. Lalitkumar H. Patel along with his relatives (late) Mr. Babubhai H. Patel and Mr. Navinchandra R. Patel to manufacture transformers. At that stage the key technical expertise was provided by Mr. Lalitkumar H. Patel who was a U.K. educated electrical engineer and had a basic training on design aspects of transformers with a German Company, Siemens GmbH and their Indian Licensee, Bharat Bijalee Limited. The initial activities of the Partnership firm were manufacturing and marketing of distribution transformers and also their repairs.

Further in 1967, our Company was incorporated under the Companies Act, 1956 pursuant to a Certificate of Incorporation No. 1437 of 1967 dated March 2, 1967 issued by the Registrar of Companies, Gujarat. The Company was jointly promoted by the families of Mr. Lalitkumar H. Patel, Mr. Babubhai H. Patel and Mr. Navinchandra R. Patel to take over business of M/s. Voltamp Corporation as a going concern. Our Company continued the business of manufacturing transformers and simultaneously increased the capacity of transformers manufactured upto 10,000 KVA, 66KV for utilities and industrial clients.

In 1989, our Company became a deemed public company as our turnover in FY 1989 crossed the limit then laid down for private companies as per Section 43A of the Companies Act, 1956.

In November 1998, Our Company entered into a technical agreement with Mora Transformatoren GmbH, Germany for manufacture of Vacuum Resin Impregnated Dry Type Transformers. With this we forayed our entry into higher technology, environment friendly and high margin products moving us up in the value chain.

In December 2001, our Company entered into a technical license agreement with German Company M/s. Hochspannungstechnik und Transformatorbau GmbH having experience of 40 years for manufacture of Cast Resin Dry Type Transformers.

In 2001 the concept of “deemed public company” was deleted under the Companies Act, 1956, and therefore we converted back to private company under section 43A(2A) of the Companies Act, 1956.

Our Company has over the span of 42 years developed full fledged facilities for the design, manufacture, material handling, testing and after sales service of transformers. We cater to majority of the industries *inter alia* cement, sugar, paper, petrochemicals, oil refining, steel and pharmaceuticals. Our clientele include blue chip companies like Reliance, In addition leading solution providers like L & T, ABB, Siemens, Bharat Forge, Binani Cement, Welspun group, Arvind Mills, J. K. Cement, Hindalco Industries, Gujarat Alkalies and Chemicals and Balakrishna Tyres, Torrent Power, Wartsila India Suzlon Energy, Kirloskar Brothers are our customers. Our Company is also an approved vendor of , a consulting organization of Gol.

We have an established product marketing network covering metro and mini metro cities, which enable us to reach and service our existing and potential customers through our 9 branches spread over the country.

Our Company has become a public limited company and a fresh certificate of incorporation was issued on February 22, 2006.

HISTORY AND MAJOR EVENTS

Year	Event
1970	Commenced manufacture of transformer upto 10,000 KVA, 66KV for utilities and Industrial clients
1981	Commenced manufacture of 132 KV Class Transformers
1986	Commenced manufacture of 50 MVA, 132 KV Class Power Transformers
1998	ISO 9001:2000 Accreditation for quality assurance for design, manufacture and after sales services by M/s. KPMG Peatmarwick LLP, U.S.A.

1998	Entered into Technical License with M/s. Mora Transformatoren GmbH, Germany for manufacture of Vacuum Resin Impregnated Dry Type Transformers and subsequently started manufacture of the same.
2000	Commenced manufacture of Induction Furnace Transformers.
2002	Entered into a Technical License with M/s.HTT Hochspannungstechnik und Transformatorbau GmbH, Germany for manufacture of Cast Resin Dry Type Transformers and subsequently started manufacture of the same.
2005	Our Company increased its total capacity to 5,400MVA in FY06 from 3,000MVA in FY03.

Changes in Registered Office of our Company

Our Registered Office was changed from Bavla District, Ahmedabad to Ashwarath Avenue, C. G. Road, Ahmedabad 380 006, Gujarat on September 1, 1992. Subsequently on February 6, 2006, our Registered Office was changed from Ashwarath Avenue, C. G. Road, Ahmedabad 380 006 to Makarpura, Vadodara – 390 014, Gujarat.

The requisite Form 18 for the shifting of the Registered Office has been duly filed with the Registrar of Companies.

MAIN OBJECTS OF THE COMPANY

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

- (1) To acquire, purchase and take over as a going concern the business now being carried on under name and style of M/s. Voltamp Corporation at Vadodara alongwith all the stock-in-trade, rights, assets, interests, liabilities and obligations of the said firm with all its advantages, licences and privileges and to carry on the said business along with other business mentioned in the other clauses of this Memorandum of Association.
- (2) To manufacture, import, export, buy, sell, assemble, fabricate, repair, renovate and otherwise deal in all kinds of transformers and machineries and their components, spare parts, auxiliaries and accessories
- (3) To manufacture, import, export, buy, sell, repair, renovate, and deal in electrical instrument, equipment, machineries, stores, spare parts, auxiliaries and accessories.
- (4) To purchase, generate, accumulate, supply and distribute electric energy, to manufacture table' lamps, bulbs, pipes, wires appliances and other articles and things which consume, generate, distribute or supply electric energy, to manufacture and deal in all kinds of apparatus or articles which are required for or capable of being used in connection with the generation, accumulation, distribution, employment, display and supply of electric energy; to generate, produce, distribute and supply electrical and other energy to buildings and towns, place, theatres, exhibitions, cinemas, undertakings, factories, workshops, streets, etc.
- (5) To carryon all kinds of business of manufacturers, importers, exporters, dealers, assembling and distributors of radios, radiograms, gramophones, wireless apparatus, domestic and commercial refrigerators, coolers, freezers of all kinds humidifying, dehumidifying ventilating and cooling plants, room coolers and air conditioning of all kinds, records, bare and rubber insulating wires, cables, flexible cords, fuse wires, copper, welding and aluminum wires, electric switches and switch gears, contacts, lamps, motors, fans and electric goods, plastic and light material products, equipments and accessories of all kinds, cold storage equipments and all articles and things used in manufacture, construction, erection, maintenance and working thereof or in connection therewith in anyway whatsoever. To repair the same and their machinery and apparatus, etc. To manufacture and deal in loud speakers, transformers, microphones, transmitters, amplifiers, receivers, public address equipments and wireless equipments of all kinds and accessories of all kinds used in the manufacture, installation, erection, repairs, maintenance and working thereof or in connection their with in any way whatsoever.
- (6) To carryon the business of manufacture, buy or otherwise acquire, sale import, export distribute, deal in and dispose of and turn to account, produce ACSR, All Aluminum & Copper Conductors aluminum and copper" binding wire. strips, covered conductors, and all types of other materials used in the manufacture of the above items as dealers in & manufacturers of any other articles or things of a character similar or analogous to the forgoing or any of them or connected therewith

- (7) To carry on the business of electricians, electrical engineers and manufacturers of all kinds of electrical machinery and electrical apparatus for any purpose whatsoever and to manufacture, sell supply and deal in accumulators, lamps, meters, engines, dynamos, batteries, telephonic or telegraphic apparatus of any kind and manufacturers of and dealers in scientific instruments of any kind.
- (8) To carry on the business of iron foundries, mechanical engineers, and manufacturers of agricultural implements and other machinery, machinists, iron and steel converters, tool-makers, brass-foundries, metal-workers, boiler-makers, millwrights, smiths, woodworkers, builders, painters, metallurgist, electrical engineers, water supply engineers, gas-makers, farmers, printers, carriers, and merchants, and to buy, sell manufacture, repair, convert, alter, let on hire and deal in machinery, implements, rolling stock, and hardware of all kinds and to carry on any other business (manufacturing or otherwise) which may seem to the Company capable of being conveniently carried on in connection with the above, or otherwise calculated, directly or indirectly to enhance the value of any of the property and rights of the Company for the time being
- (9) To Manufacture, import, export, buy, sell, repair, renovate, assemble, fabricate, and otherwise deal in all kinds of copper conductors, porcelain bushings, cable papers, presspan, leatheroid, insulating-sleeves, transformer oil, on load and off load tap changing switch, breather, magnetic steel, lamination, all kinds of oil filtering machines and their components spare-parts, auxiliaries and accessories

The existing activities of our Company are in accordance with the object clause of our Memorandum of Association.

CHANGES IN MEMORANDUM OF ASSOCIATION

Date of Shareholders' Approval	Changes in the Memorandum of Association
March 23, 1991	Authorised Capital was increased from Rs. 25,00,000/- divided into 25,000 equity shares of Rs. 100/- each to Rs. 10,00,000/- divided into 100,000 equity shares of Rs. 100/- each
July 20, 1994	Authorised Capital was increased from Rs. 10,00,000/- divided into 100,000 equity shares of Rs. 100/- each to Rs. 20,00,000/- divided into 200,000 equity shares of Rs. 100/- each
December 10, 2004	Authorised Capital from Rs. 20,00,000/- divided into 200,000 equity shares of Rs. 100/- each to Rs. 120,00,000 divided into 1,200,000 equity shares of Rs. 100/- each
February 8, 2006	Authorised Capital from Rs. 120,00,000 divided into 1,200,000 equity shares of Rs. 100/- each to Rs. 120,00,000 divided into 12,00,000 equity shares of Rs. 10/- each

Details of Branch Offices

Sr. No.	Name & Address of Branches	Details of the Property
1	Voltamp Transformers Ltd. 304, Regency Enclave, 4 Magrath Road, Near Brigade Road Circle, Bangalore – 560 025	Ownership Marketing Office 3 Employees
2	Voltamp Transformers Ltd. S.C.O. No. 116, First Floor, Sector - 47-C, Chandigarh – 160 047	Rented Marketing Office 2 Employees

3	Voltamp Transformers Ltd. Ashirvad Apartment, 2nd Floor, No. 8 17th Avenue, Harrington Road, Chetpet, Chennai – 600 031.	Ownership Marketing Office 4 Employees
4	Voltamp Transformers Ltd. 202-203, Aditya, 6 Preet Vihar, Commercial Complex, Delhi - 110 092.	Ownership of PTPL (No rent) Marketing Office 4 Employees
5	Voltamp Transformers Ltd. 16-K, Fern Road, Bally Gunge, Kolkata – 700 019.	Ownership Marketing Office 3 Employees
6	Voltamp Transformers Ltd. 6, Sadanand Apartment, Off. Principal Kale Marg, Opp. Bombay Film Laboratory, Agar Bazar, Dadar (West), Mumbai – 400 028.	Ownership of PTPL (No Rent) Marketing Office 8 Employees
7	Voltamp Transformers Ltd. Mansara Apartments, Flat No.8, B/h. Jeevan Shree Bldg., Ganesh Khind Road, Shivaji Nagar, Pune - 411 016	Ownership of PTPL (No Rent) Marketing Office 3 Employees
8	Voltamp Transformers Ltd. Tatibandh Colony, Raipur – 492 099, Chhattisgarh.	Rental Marketing Office 1 Employees
9	Voltamp Transformers Ltd. Flat No. 208, IIInd Floor, Devaki Chambers Near Paradise Circle, 1-7-77/79 S.D. Road, Secunderabad – 500 003.	Ownership of PTPL (No Rent) Marketing Office 3 Employees

OUR SUBSIDIARIES

We do not have any subsidiary as on the date of filing this Draft Red Herring Prospectus. Our Company had a subsidiary in the name of M/s. Voltamp Transformer (South) Private Limited till 2000 in which we divested our stake of 1,520,000 shares at a price of Rs. 10/- each to our Promoter Group company, M/s. Patson Transformers Private Limited.

SHAREHOLDERS' AGREEMENTS

Our Company has not entered into any shareholders' agreement.

OTHER MATERIAL AGREEMENTS

As on the date of filing this Draft Red Herring Prospectus with SEBI, we are not a party to any material contract not being a contract entered into in the ordinary course of our business carried on or intended to be carried on by us or

which was entered into more than two years before the date of filing of this Draft Red Herring Prospectus with SEBI except the Arrangement between shareholders of our Company as follows:

Arrangement dated December 2, 2005 between Lalitkumar H. Patel and Kunjal L. Patel (hereinafter referred to as “LHP Branch”) and Navinchandra R. Patel and Bharat N. Patel (hereinafter referred to as “NRP Branch”) and Rashmikanth B. Patel and Udayan B. Patel (hereinafter referred to as “BHP Branch”) and supplementary agreement dated April 11, 2006.

Key terms of the agreements are as under :

- NRP and BHP Branch shall offer their entire shareholding of 4,88,384 equity shares of Rs. 100 each less the accepted shares to the public through an offer for sale route by way of IPO.
- The Board will function and hold meetings only on below listed matters/ agendas, till the opening date of the IPO:
 - a) to facilitate and to carry on the normal business operations of the Company and also to ensure the statutory compliance, and
 - b) to expedite the process of IPO.
- NRP and BHP Branch shall not use the name “Voltamp” in any business activity that they may start to carry on.

STRATEGIC PARTNERS

Our Company does not have any strategic partners.

FINANCIAL PARTNERS

Our Company does not have any financial partners.

OUR MANAGEMENT

BOARD OF DIRECTORS

The following table sets forth details regarding our Board of Directors:

S. No.	Name, Designation, Father's Name, Address and Occupation and Term (including rotational status)	Designation	Nationality	Age (in years)	Other Directorships
1.	Mr. Lalitkumar .H. Patel S/o Haribhai K. Patel "Niramaya", Bhaili-Raipura Road, Bhaili, District Vadodara – 391 410. Occupation: Industrialist Term: Not liable to retire by rotation	Chairman & Managing Director	Indian	70	1. Patson Transformers Private Limited 2. Voltamp Transformers (South) Private Limited 3. Hari Steel Private Limited
2.	Mr. Kunjalbhai L. Patel S/o Lalitkumar Patel "Niramaya", Bhaili-Raipura Road, Bhaili, District Vadodara – 391 410. Occupation: Industrialist Term: Liable to retire by rotation	Vice Chairman & Joint Managing Director	Indian	33	1. Malee Horticulture Private Limited 2. Patson Transformers Private Limited 3. Voltamp Transformers (South) Private Limited 4. Hari Steel Private Limited
3.	Mr. Kanubhai S. Patel S/o Shakarabhai. Patel 20, Shantikunj Society Akota, Old Padra Road, Vadodara – 390 020. Occupation: Service Term: Not liable to retire by rotation	Joint Managing Director, C.E.O and C.F.O	Indian	49	1. Voltamp Transformers (South) Private Limited
4.	Mr. Vasantlal L. Patel S/o Lallubhai Patel C-10, Amruta Society, Nizampura Vadodara – 390 002. Occupation: Businessman Term: Liable to retire by rotation (Additional Director)	Independent & Non-Executive Director	Indian	68	Nil
5.	Mr. Kewalkrishna G. Tuli S/o Gurucharandas M. Tuli 76, Vishwas Colony, Alkapuri, Vadodara – 390005.	Independent & Non-Executive Director	Indian	64	1. Paramount Limited

S. No.	Name, Designation, Father's Name, Address and Occupation and Term (including rotational status)	Designation	Nationality	Age (in years)	Other Directorships
	Occupation: Industrialist Term: Liable to retire by rotation (Additional Director)				
6.	Mr. Jagannath S. Aiyar S/o Swaminath Aiyar 11, Parshuramnagar Society, Sayajiganj, Vadodara – 390 005. Occupation: Professional Term: Liable to retire by rotation (Additional Director)	Independent & Non-Executive Director	Indian	76	Nil
7.	Mr. Arvind N. Shelat S/o Natwarlal Shelat 101, Riya Residency Apartments, Opposite Kalpana Society, Race Course Road, Vadodara – 390 007, Gujarat. Occupation: Retired Banker Term: Liable to retire by rotation (Additional Director)	Independent & Non-Executive Director	Indian	70	Nil

BRIEF BIOGRAPHY OF OUR DIRECTORS

1) Shri Lalitkumar H. Patel – Chairman & Managing Director, 70 years, he completed his graduation in London from the Imperial College of Science and Technology studied B. Sc., and Electrical Engineering with honours from A. C. G. Institute, London. He worked in Germany with M/s. Siemens GmbH at their Nuremberg Transformer Division where he gained experience in all the aspects of manufacturing transformers. On his return, he worked with M/s. Bharat Bijlee Limited in the years 1961-62 as a Deputy Chief Engineer and in Siemens Limited in the year 1962-63 as a Designer for all aspects of Oil filled Transformers. Subsequently in 1963, he initiated a partnership business of manufacturing transformers in the name of M/s. Voltamp Corporation. In 1967, he incorporated a Private Limited Company by the name of “M/s. Voltamp Transformers Private Limited” in Vadodara, in the State of Gujarat which acquired the business of erstwhile Partnership Firm established by him.

2) Shri Kunjalbhai L. Patel -- Vice Chairman & Joint Managing Director, 33 years, is an electrical engineer from M.S. University of Vadodara, Gujarat . He has 11 years of experience in production, marketing and general management. He is in charge of general management comprising of purchase and planning, technical aspects of quality control, manufacturing & design aspects of transformers. He is also a managing committee member of the Federation of Gujarat Industries and a managing committee of Gujarat Employers’ Organisation, Vadodara, Gujarat.

3) Shri Kanubhai S. Patel, Joint Managing Director, C.E.O & C.F.O., 49 years, holds a commerce degree from M. S. University, Vadodara and is a fellow member of the Institute of Chartered Accountants of India as well as the

Institute of Company Secretaries of India. He has also attended the Global Advanced Management Programme at Indian School of Business, Hyderabad and Kellogg School of Business (U.S.A.). He has worked with M.s Atul Products Limited, Bombay Dyeing & Manufacturing Company Limited and Cadbury India Limited. He has a very wide professional experience to his credit in the field of general management of our Company and has been responsible for restructuring the business model of our Company. He has been with our Company for 24 years.

4) Shri Vasantlal L. Patel, Independent Director, 68 years, is a mechanical and chemical engineer from the Gujarat University. He has a wide experience in field of material management and engineering services. He has worked with Gujarat State Fertilizers & Chemicals Limited (GSFC) as an Executive Director for many years. His scope of work in GSFC included project procurement and implementation of power plants and headed the designing, engineering services and operation and maintenance, construction and technical department. He was also a member of the Board of Directors of Effluent Channel Projects Limited. He is also a expert in the fields of import management, international trade, environment control, commercial and financial management.

5) Shri Kewalkrishna G. Tuli, Independent Director, 64 years, is an engineer from M.S. University, Gujarat. He is the Promoter and Managing Director of Paramount Limited, which is engaged in the business of environment engineering field. He has also founded the Paramount Charity Trust, which is actively involved in providing medical, educational and living support to weaker sections of the society.

6) Shri Jagannath S. Aiyar, Independent Director, 76 years, is an electrical and mechanical engineer from the Pune University. He acquired training from Siemens Schuckert Werke, GmbH, Germany and C.E.G.B, U.K. He has 37 years experience to his credit with Electricity Board in generation, transmission and distribution of electricity. He has held the posts of Chief Engineer, Executive Director in Planning & Projects Department in Gujarat Electricity Board and had been involved in operation and management of power stations and transmission lines. He is also a technical advisor to Gujarat Mineral Development Corporation and was advisor to Gujarat Torrent Energy Corporation, M/s. Letap Consultancy, M/s. Eashan Consultancy and also a Partner in GE Consultancy, a power consultancy firm.

7) Arvind Natwarlal Shelat, Independent Director, 70 years, is a Bachelor of Arts degree holder from the Gujarat University. He started his career in 1959 with Dena Bank and later joined Bank of Baroda in 1962. He held the post of Chief Manager in Bank of Baroda at the time of retirement in 1995. He has 46 years experience to his credit with respect to administration, inspection, and audit of Banks. He has worked with various branches in India as officer, branch manager and chief manager and held positions with administrative wing of the Bank like inspection and audit, training programmes.

BORROWING POWERS OF DIRECTORS

The Articles of Association of our Company authorize the board to borrow, the extract of which is as follows:

Powers to Borrow

86. Subject to the provisions of the Act and of these Articles and subject to any restriction imposed by Reserve Bank of India., SEBI, the Board of Directors, may from time to time at its discretion, by a resolution passed at a meeting of the Board, accept deposits from members either in advance of calls or otherwise, and generally accept deposits, raise loans or borrow or secure the payment of any sum or sums of money for the purpose of the Company. Provided however, where the moneys to be borrowed together with the moneys already borrowed including acceptance of deposits apart from temporary loans obtained from the Company's Bankers in the ordinary course of business, exceed the aggregate of the paid-up capital of the Company and its free reserves (not being reserves set apart for any specific purpose) the Board of Directors shall not borrow such moneys without the sanction of the Company in General Meeting. No debt incurred by the Company in excess of the limit imposed by this Article shall be paid or effectual unless the lender proves that he advanced the loan in good faith and without knowledge that the limit imposed by this Article had been exceeded.

COMPENSATION TO OUR MANAGING DIRECTOR

As per Resolution dated July 11, 2004 Mr. Lalitkumar Haribhai Patel was appointed on the following terms and conditions:

Mr. Lalitkumar Haribhai Patel

Remuneration

- Basic Salary : Rs. 125,000/- per month
- Commission : 1% of the pre tax profits of the Company per annum

Perquisites

- Car & Telephone
- Medical Benefits : Full reimbursement to MD & family
- Leave encashment: As per the Rules of the Company
- House Rent Allowance : 25% of salary per month
- Leave Travel Allowance : As per the Rules of the Company
- Personal Accident Insurance: As per the Rules of the Company.
- Bonus: As per the Company policy
- Reimbursement of Entertainment expenses
- Contribution to Provident fund, Superannuation fund and gratuity

Total compensation including perquisites paid in the FY 2004- 05: Rs. 4,900,643/-.

COMPENSATION TO OUR WHOLE-TIME DIRECTORS

As per Resolution dated June 30, 2005, Mr. Kunjal Lalitkumar Patel was appointed on the following terms and conditions:

Mr. Kunjal Lalitkumar Patel

Remuneration

- Basic Salary : Rs. 135,000/- per month
- Commission : 1% of the pre tax profits of the Company per annum

Perquisites

- Car & Telephone
- Medical Benefits : Full reimbursement to the Director & family
- Leave encashment: As per the Rules of the Company
- House Rent Allowance : 25% of salary per month
- Leave Travel Allowance : As per the Rules of the Company
- Personal Accident Insurance: As per the Rules of the Company.
- Bonus: As per the Company policy
- Reimbursement of Entertainment expenses
- Contribution to Provident fund, Superannuation fund and gratuity

Total compensation including perquisites paid in the FY 2004- 05: Rs. 3,888,752/-.

As per Resolution dated January 28, 2006, Mr. Kanubhai Shakrabhai Patel was appointed on the following terms and conditions:

Mr. Kanubhai Shakrabhai Patel

Remuneration

- Basic Salary : Rs. 3,00,000/- per month
- Commission : 1% of the pre tax profits of the Company per annum

Perquisites

- Car & Telephone
- Medical Benefits : Full reimbursement to the Director & family
- Leave encashment: As per the Rules of the Company
- House Rent Allowance : 25% of salary per month
- Leave Travel Allowance : As per the Rules of the Company
- Personal Accident Insurance: As per the Rules of the Company.
- Bonus: As per the Company policy

- Reimbursement of Entertainment expenses:- subject to a maximum of Rs. 7,500/- per month
- Contribution to Provident fund, Superannuation fund and gratuity

Total compensation including perquisites paid in the FY 2004- 05: Rs. 4,184,296/-.

SHAREHOLDING OF OUR DIRECTORS

As per our Articles, our Directors are not required to hold any Equity Shares in our Company. Save and except as below, our Directors do not hold any Equity Shares in our Company as on the date of filing of this Draft Red Herring Prospectus.

S. No.	Names of our Directors	No. of Equity Shares (Face value of Rs. 10/- each)
1.	Mr. Lalitkumar H. Patel	666,640
2.	Mr. Kunjalbhai L. Patel	348,790

INTEREST OF PROMOTERS, DIRECTORS AND SIGNIFICANT SHAREHOLDERS

All Directors of our 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 whole time directors will be interested to the extent of remuneration paid to them for services rendered by them as officers or employees of our 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 our Company, or that may be subscribed for and allotted to them, out of the present Offer in terms of the Draft Red Herring Prospectus and also to the extent of any dividend payable to them and other distributions in respect of the said equity shares.

CHANGES IN OUR BOARD OF DIRECTORS DURING THE LAST THREE YEARS*

Sr. No.	Name of the Director	Date of Joining	Date of Resignation.	Reasons for change
1.	Mr. Sanjeevbhai R. Patel	February 27, 1996	December 12, 2003	Ill-health
2.	Mrs. Urmilaben L. Patel	December 22, 2003	February 13, 2006	Old-age
3.	Mr. Samir N. Patel	June 4, 1994	February 13, 2006	preoccupation with other assignment
4.	Mr. Navinchandra R. Patel	July 7, 1999	August 20, 2005	Old-age
5.	Mrs. Taralben K. Patel	September 8, 1999	February 13, 2006	Preoccupation with other assignment
6.	Mr. Udayanbhai B. Patel	June 23, 1975	February 13, 2006	Preoccupation with other assignment
7.	Mr. Bharat Patel	August 20, 2005	February 13, 2006	Preoccupation with other assignment
8.	Mr. Vasantlal L. Patel	February 13, 2006	Appointed	
9.	Mr. Jagannath S. Aiyar	February 13, 2006	Appointed	
10.	Mr. Kevalkrishna G. Tuli	February 13, 2006	Appointed	
11.	Mr. Arvindbhai N. Shelat	February 27, 2006	Appointed	

CORPORATE GOVERNANCE

The provisions of the Listing Agreement to be entered into with the Stock Exchanges with respect to corporate governance and the SEBI Guidelines in respect of corporate governance will be applicable to our Company immediately upon the listing of our Company's Equity Shares on the Stock Exchanges. Our Company undertakes to adopt the corporate governance code as per Clause 49 of the Listing Agreement to be entered into with the

Stock Exchanges prior to listing. Our Company undertakes to comply with such provisions, including with respect to the appointment of independent directors to its Board and the constitution of the Audit Committee, the Remuneration/Compensation Committee and the Share Transfer and Investor Grievance Committee. The following committees have been formed: Our Company has constituted the following committees by board meeting dated February 27, 2006

Audit Committee

1. Mr. Arvind N. Shelat, Chairman - Independent and Non Executive Director
2. Mr. Kewalkrishna G. Tuli; Independent and Non Executive Director
3. Mr. Kanubhai S. Patel, Joint Managing Director, C.E.O & C.F.O.

Remuneration Committee

1. Mr. Kewalkrishna G. Tuli; Chairman Independent and Non Executive Director
2. Mr. Jagannath S. Aiyar, Independent and Non Executive Director
3. Mr. Vasantlal L. Patel, Independent and Non Executive Director

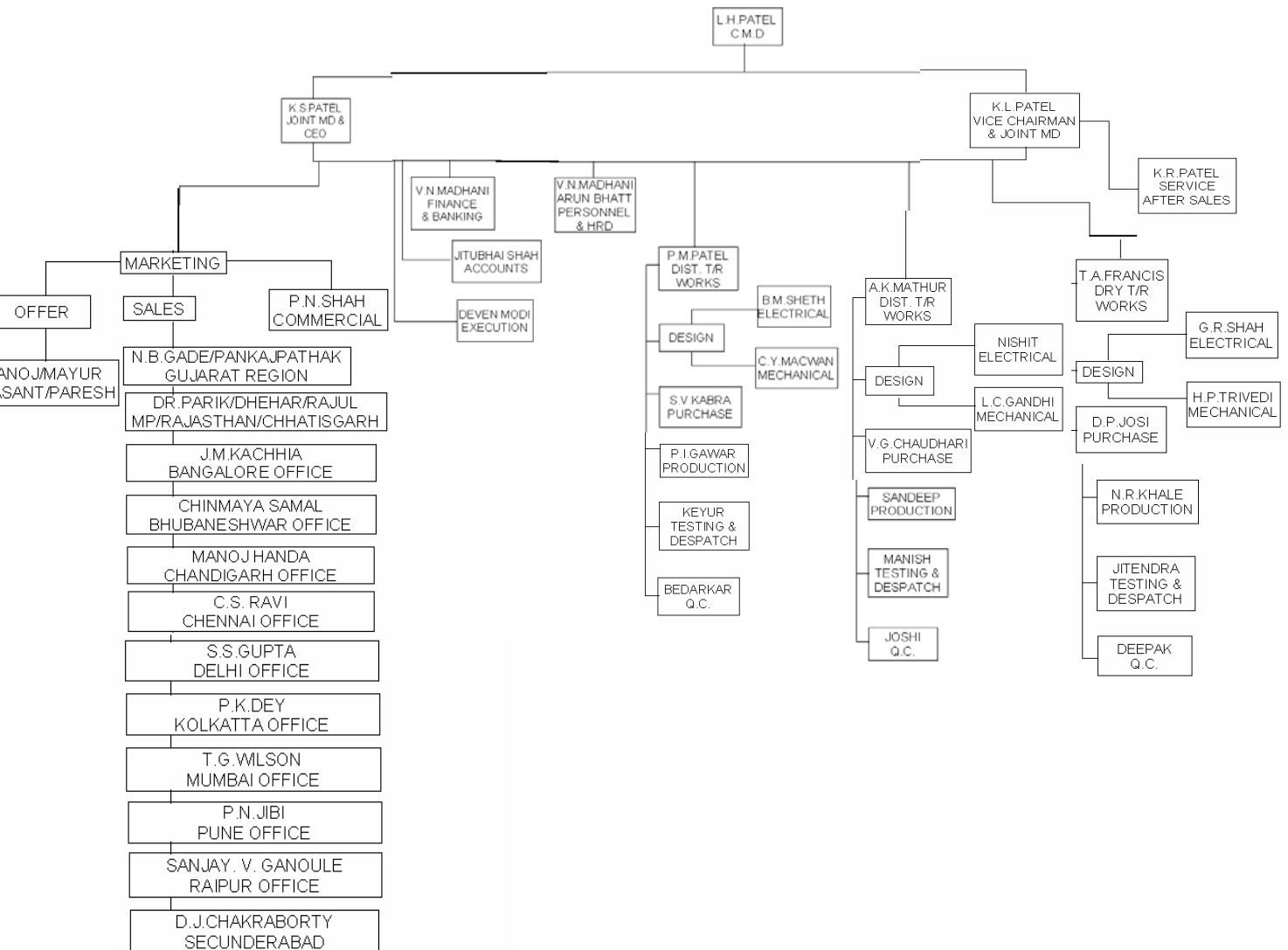
Shareholders' Committee

1. Mr. Jagannath S. Aiyar; Chairman, Independent and Non Executive Director
2. Mr. Kunjal L. Patel, Vice Chairman and Joint Managing Director
3. Mr. Kanubhai S. Patel, Joint Managing Director, C.E.O & C.F.O.

Management Organisation Structure

VOLTAMP TRANSFORMERS LIMITED

ORGANISATION CHART



KEY MANAGERIAL PERSONNEL

The Key Managerial Personnel of the Company are as follows:

Mr. Akshay K. Mathur - General Manager (Distribution Transformer) and Head Strategic Purchase, 47 years, is an electronics and communications engineer and also an M.B.A. from Jodhpur University. He has over 24 years experience and has worked with, Crompton Greaves as a Manager, as also with M/s Rajasthan Communications Limited; M/s Diamond and Gem Development Corporation; M/s Punsumi India Limited. He joined our Company in 2004 as a General Manager (Materials). He is in charge of negotiations and costing, planning and inventory control and value engineering. The remuneration paid during the last financial year was Rs. 453,451/- per annum.

Mr. Bhupendra M. Sheth - Group General Manager (Design & Development), 52 years, an electrical engineer from M. S. University, Vadodara. He has over 26 years of experience with various companies such as Jyoti Limited in the design department and GEB in the distribution division. He joined our Company in the year 1980 and has been since then working with us from past 26 years in the electrical designs department. He has undergone technical training with German collaborators from whom we have obtained technical know how. The remuneration paid during the last financial year was Rs. 714,924/- per annum.

Mr. T. Arulappan Francis - Sr. General Manager (Technical), 52 years, Diploma Mechanical Engineer from S.D. College – Alleppey (Kerala), has over 28 years of experience and has been working with our Company since 1981. He has worked as a Quality Control Engineer with Emco Transformers Limited. He has undergone technical training with our German collaborators from whom we have obtained technical know how and he was responsible for inspection and offering of transformers for NTPC Projects. He has also worked as head of Service's Department for large power transformers. He has taken leadership for developing the dry type transformers as well as resin cast dry types transformers. The remuneration paid during the last financial year was Rs.761,970/- per annum.

Dr. Pankaj M. Parikh - General Manager (Marketing), 50 years, M. Sc.(Chemistry) and Ph. d. (Chemistry) from the Gujarat University. He has done his thesis on Structural studies on metal chelates and published 4 research papers in American journals. He has worked with Motorola India Limited as Chief Chemist and has worked with Patson Transformers Private Limited as manager of production and development. He has been working with us since 1995 as General Manager Marketing. He looks after the Gujarat, M. P. and Jharkhand region. The remuneration paid during the last financial year was Rs. 513,560/- per annum.

Mr. Pravinchandra M. Patel - General Manager (Power Transformer Strategic Business Unit), 46 years, is mechanical engineer from Sardar Patel University, Vallabh Vidhya Nagar, Gujarat and has over 23 years of experience where he has worked with Banco Products India Limited as Senior Manager. He has worked as quality control manager, assistant production manager, production manager, senior manager with Banco (India) Limited. He joined the Company in 1997 as production manager wherein he was in charge of power transformer business unit. He was promoted in the year 2000 as General Manager (Power Transformer Business Unit) The remuneration paid during the last financial year was Rs. 513,274/- per annum.

Mr. Gautam R. Shah - General Manager (Dry Strategic Business Unit - Design), 49 years, is a Electrical Engineer from M.S. University, Vadodara, Gujarat and M. Tech (Electrical) from The Indian Institute of Technology (I.I.T.), Powai, Mumbai. He has over 25 years of experience and has worked with Jyoti Limited in R & D Department, Larsen and Turbo in the engineering department. He joined back Jyoti Limited as Marketing Manager and was promoted as Senior Manager (Exports and Purchase). He has been working with our Company since 2002 as General Manager (Design). The remuneration paid during the last financial year was Rs. 498,968/- per annum.

Mr. Vallabh N. Madhani - Company Secretary & Assistant General Manager (Commercial), 45 years, is a B.Com; LL.B (Special); Diploma in Taxation Practice and Company Secretary. He has over 17 years experience and has worked with M/s S. N. Mehta & associates, Vadilal Industries Limited, Unity Steel Limited, Gujarat Fluorochemicals Limited, Jalan Ispat Castings Limited. He has been working with us since 1997. His scope of

work includes Company law matters, banking, fund management and legal compliance. The remuneration paid during the last financial year was Rs. 353,416/- per annum.

Mr. Narendrabhai. B. Gade – General Manager (Marketing -Power Transformer Strategic Business Unit), 50 years, is an electrical engineer working in the Marketing Department at head office at Vadodara. He is holding an post graduate diploma in Sales and Commercial Management from Bhavans College of Commerce and Management, Vadodara. He has over 28 years experience and has worked with Elecon Engineering Company Limited and Jyoti Limited as service engineer, marketing of laser products and switchgear products. He has been working with our Company since 2003 as Assistant General Manager – Marketing and he was promoted as General Manager (Marketing) in 2005. He looks after Market Development work. The remuneration paid during the last financial year was Rs. 372,093/- per annum.

Mr. Subodh S. Gupta – Vice President (Marketing – Northern Region), 50 years, is in charge of marketing department of the northern region. He is holding a Bachelor degree in Electrical Engineering from South Gujarat University, Surat. He has over 28 years experience and has worked with Rathi Alloys & Steels Limited, Alwar, as Maintenance Engineer and Crompton Greaves Limited, New Delhi as Assistant Marketing Engineer. He joined our Company in the year 1996 as Assistant General Manager (Marketing) and he was promoted as Vice President (Marketing) in 2004. The remuneration paid during the last financial year was Rs. 926,920/- per annum.

Mr. Thomas G. Wilson – General Manager (Marketing), 52 years, is in charge of marketing department in the greater Mumbai Region. He is holding a Bachelor degree in Science (Physics) from Kerala University and also holding a Electrical Diploma from Polytechnical Institute, Kollam, Kerala .He has over 27 years experience and has worked with Ind Coil Trf. (P) Ltd, Mumbai as Sales Engineer. He has been working with us since 1990 in Marketing department. The remuneration paid during the last financial year was Rs. 591,260/- per annum.

Mr. Jashwantbhai Maneklal Kachhia – General Manager (Marketing), 56 years, is in charge of marketing department at Bangalore. He is holding Bachelor degree in Electrical Engineering from M. S. University , Vadodara and a degree in Marketing Management from the M. S. University , Vadodara. He has over 33 years experience and has worked with Jyoti Limited for marketing of switchgears, Hindustan Brown Boveri Limited (ABB Limited) for marketing of switchgears, El-Tra Equipment Company Limited as Inspection Engineer of transformers andGujarat Electricity Board, Vadodara a Assistant to Engineer, He joined our Company in the year 1994 as Deputy Manager (Marketing). The remuneration paid during the last financial year was Rs. 471,504/- per annum.

Mr. Pradip Kumar Dey - General Manager (Marketing – Eastern Region), 51 years, is in charge of marketing department of Eastern Region. He is holding an degree in Electrical Engineering from Bengal Engineering College, Sibpore, and a diploma holder in Business Management. He has over 29 years experience and has worked with Calcutta Electric Supply Corporation (India) Limited as Trainee, N.G.E.F. Limited as Sales Engineer, and Bharat Bijlee Limited as Assistant Manager. He joined our Company in the year 2000 as Deputy Manager (Marketing) and was promoted as General Manager (Marketing) in 2004. The remuneration paid during the last financial year was Rs. 465,142/- per annum.

Mr. D.J. Chakraborty - General Manager (Marketing), 47 years, is in charge of marketing department at Secunderabad. He is holding an Bachelor degree in Electrical Engineering, from Bengal Engineering College. He has over 23 years experience and has worked with Crompton Greaves Limited as Marketing Manager, Kirloskar Electric Company Limited, Calcutta, as Senior Engineer, The Indian Seamless Metal Tubes Limited as Commercial Officer and Crompton Greaves Limited, Ahmednagar as Marketing Engineer. He has been working with us since 2001 as Assistant General Manager (Marketing) and was promoted as General Manager (Marketing) in 2005. The remuneration paid during the last financial year was Rs. 425,056/- per annum.

Mr. C.S. Ravi - General Manager (Marketing), 56 years, is in charge of marketing department for the state of Tamilnadu operating from Chennai. He is holding an Bachelor degree in Electrical Engineering from College of Engineering, Guindy, Chennai. He has over 32 years experience and has worked with I.A.E.C (Madras) Private Limited for marketing of M.E.I. Switchgears, Macneil & Magor Limited as Sales Engineer, Chennai, Eswaran & Sons Engineers Limited, Chennai as Business Development Manager, and Bharat Bijlee Limited, Chennai as Deputy Manager of Sales. He has been working with us since 2003 as Assistant General Manager (Marketing),

Chennai and was promoted as General Manager (Marketing) in 2005. The remuneration paid during the last financial year was Rs. 300,887/- per annum.

SHAREHOLDING OF THE KEY MANAGERIAL PERSONNEL OF THE COMPANY

Nil

CHANGES IN OUR KEY MANAGERIAL PERSONNEL DURING THE LAST THREE YEARS

Nil

BONUS OR PROFIT SHARING PLAN WITH OUR KEY MANAGERIAL PERSONNEL

There is a performance incentive plan under which an total amount of upto Rs.5 million is allotted to the top management of the company on discretionary basis by the Chairman and Managing Director of the company. There is no other bonus or profit sharing plan with our Key Managerial Personnel save and except the bonus paid including under the payment of Bonus Act, 1972 to the Key Managerial Personnel.

INTEREST OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Except as stated otherwise in this Draft Red Herring Prospectus, no amount or benefit has been paid or given within the two preceding years or are intended to be given to any of our Directors or key managerial personnel except the normal remuneration for services rendered as directors, officers or employees.

OUR PROMOTERS AND THEIR BACKGROUND

Promoters

Our core promoters are Mr. Lalitkumar H Patel and Hari Steel Private Limited.

	Mr. Lalitkumar H Patel, 70 years, a resident Indian national, is a Promoter of our Company. Mr Lalitkumar H Patel completed his graduation from Imperial College of Science and Technology, London. He further studied Electrical Engineering with honours from A.C.G.Institute, and spent 44 years in this industry. He initially worked with Bharat Bijlee Limited and then with Seimens GmbH. Mr. Lalitkumar H. Patel initiated a partnership business of manufacturing Transformers in the name of M/s Voltamp Corporation in the year 1963. In 1967, he incorporated Voltamp Transformers Private Limited, which acquired the business of the said partnership firm. Mr. Lalitkumar H Patel's PAN number is ABBPP5056B, Passport Number is E9231476 and driver's licence no. GJ06/030355/03 and is residing at "Niramaya", Bhaili-Raipura Road, Bhaili, District Vadodara - 391 410. He does not have a voters' identification number.
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We confirm that the Permanent Account Number, Bank Account Number and Passport Number have been submitted to the NSE and BSE at the time of filing this Draft Red Herring Prospectus with them.

Hari Steel Private Limited

Hari Steel Private Limited was incorporated under the Companies Act, vide Certificate of Incorporation dated October 23, 1973 having Registration No. 02415 having registered office at Ashwarth Avenue, C.G. Road, Ahmedabad – 380 006. Hari Steel Private Limited was promoted by Mr. L. H. Patel. Hari Steel's PAN no. is AAACH3794D, Bank Account no. 3313 in Bank of Baroda, Sayajigunj Branch, Vadodara. Company Identification Number of Hari Steel Private Limited is U99999GJ1973PTC000241.

The Main objects of the Company is to produce, manufacture and trade in iron, metals, alloys, special steels. Currently, Hari Steel Private Limited has no business operations and is holding investment in various Promoter Group Companies.

Board of Directors:

1. Mr. Lalitkumar Haribhai Patel
2. Mr. Kunjal Lalitkumar Patel
3. Mr. Taralben K. Patel

Shareholding Pattern:

The Shareholding pattern of Hari Steel Private Limited as on March 31, 2006 is as follows:

Equity Shares

Sr. No.	Name of Shareholder	Number of Shares held	Percentage
1.	Lalitkumar Haribhai Patel	643	49.43

Sr. No.	Name of Shareholder	Number of Shares held	Percentage
2.	Lalitkumar Haribhai Patel (HUF)	212	16.30
3.	Lalitkumar Haribhai Patel jointly with Fulvaben S. Patel	5	0.38
4.	Kunjal Lalitkumar Patel	190	14.60
5.	Tarlaben K. Patel	7	0.54
6.	Minor Jwalin Kunjalbhai Patel	244	18.75
	Total	1301	100

Financial Performance:

(Rs. in million, except per share data)

	As of March 31,		
	2005	2004	2003
Equity share capital	0.13	0.13	0.13
Reserves and surplus*	13.18	10.33	7.99
Total income	3.24	2.82	0.79
Profit after tax	2.84	2.34	(0.178)
Earnings per share (face value Rs. 100) ** (Rs.)	2186	1798	(136)
Net Asset Value per share (Rs.)	10226	8039	6239

* Excludes revaluation reserves

** Computed on the basis of earnings including extraordinary items

OUR PROMOTER GROUP

1. Patson Transformers Private Limited (PTPL):

Patson Transformers Private Limited was incorporated under the Companies Act, vide Certificate of Incorporation dated May 27, 1971 having Registration No. 27378 and registered office at 2nd Floor, Ahvarath Avenue, C.G. Road, Ahmedabad- 380 006. The promoters of Patson Transformers Private Limited are Mr. Lalitkumar Patel, Urmilaben L. Patel and Hasumatiben R Patel. Company Identification Number of Patson Transformers Private Limited is U99999GJ1971PTC000190.

The Main object of this company is to manufacture distribution transformers. Pursuant to the agreement dated December 2, 2005 between the Shareholders, the Company has initiated steps to close its business operations. Subsequently, manufacturing activities of the company have been discontinued from February 24, 2006.

Board of Directors:

The board of directors of comprises the following:

1. Kunjalbhai L. Patel (Chariman & Managing Director)
2. Lalitkumar H. Patel
3. Bharatbhai N. Patel
4. Samirbhai N. Patel
5. Urmilaben L. Patel
6. Taralben K. Patel
7. Jay Rashmikanth Patel
8. Gautambhai N. Desai

Shareholding Pattern:

The Shareholding pattern of the Company as on March 9, 2006 is as follows:

Equity Shares

Sr. No.	Name of Shareholder	Number of Shares held	Percentage (%)
1.	Lalitkumar H. Patel	4316	7.93
2.	Kunjal L. Patel	18941	34.80
3.	Lalitkumar Haribhai Patel (HUF)	1380	2.54
4.	Hari Steel Private Limited	2118	3.89
5.	Minor Jwalin K. Patel	532	0.98
6.	Minor Ayushi K. Patel	532	0.98
7.	Kunjal L. Patel (HUF)	533	0.98
8.	Rashmikanth B. Patel	1805	3.32
9.	Umesh Kumar B. Patel	3020	5.55

Sr. No.	Name of Shareholder	Number of Shares held	Percentage (%)
10.	Udayan B. Patel	1805	3.32
11.	Sudhaben R. Patel	2125	3.90
12.	Jayshreeben U. Patel	2125	3.90
13.	Hasumatiben R. Patel	784	1.44
14.	Kusumben N. Patel	4800	8.82
15.	Bharatkumar N. Patel	4160	7.64
16.	Samirkumar N. Patel	4160	7.64
17.	Navinchandra R. Patel	16	0.03
18.	Tarikaben B. Patel	640	1.17
19.	Nishaben S. Patel	640	1.17
	Total	54432	100

Financial Performance:

(Rs. in million, except share data)

	As of March 31,		
	2005	2004	2003***
Equity share capital	5.44	5.44	5.44
Reserves and surplus*	58.04	46.37	46.53
Total income	292.65)	164.94	102.67
Profit after tax	17.88	0.45	2.43
Earnings per share (face value Rs. 10) ** (Rs.)	345	8	45
Net Asset Value per share (Rs.)	1166	953	955

* Excludes revaluation reserves

** Computed on the basis of earnings including extraordinary items

*** The financial year is for the period of 15 Months.

As per Shareholders Agreement dated December 2, 2005 and supplementary agreement dated April 11, 2006 between Lalitkumar H. Patel and Kunjal L. Patel (hereinafter referred to as "LHP Branch") and Navinchandra R. Patel and Bharat N. Patel (hereinafter referred to as "NRP Branch") and Rashmikant B. Patel and Udayan B. Patel (hereinafter referred to as "BHP Branch"), the following are the terms of business closure of Patson Transformers Private Limited (A company in which the parties have joint interest and stakes)

- It has been agreed to work out business closure proceedings of Patson Transformers Private Limited, settled all its liabilities, inter alia, VRS payments, outstanding product related warranties, disposing of all assets, settling all outstanding of all promoters and thereafter disbursement of the residual proceeds to the shareholders.
- The business operations of Patson will be closed latest by March 31, 2006.
- The parties shall appoint a Committee consisting of one representative of each Branch to sell/dispose off the fixed assets and machinery and to decide on the available distributable surplus after making proper provision for liabilities

- The parties appoint Mr. KunjalL. Patel, Managing Director of Patson as their duly constituted attorney and execute an irrevocable power of attorney in his favour authorizing him to proceed with the business closure
- None of the parties or their associates will be allowed to use the name of "PATSON" as a brand and/or business entity

Common Pursuits

PTPL was in the same business as our Company in the manufacture of transformers. Pursuant to the aforesaid scheme of the arrangement, the Company has closed its business operations.

2. Voltamp Transformers (South) Private Limited (VT SPL):

Voltamp Transformers (South) Private Limited was incorporated under the Companies Act, vide Certificate of Incorporation dated March 16, 1995 having Registration No. 27378 and registered office at 304, Regency Enclave, Magrath Road, Bangalore. Voltamp Transformers (South) Private Limited is a subsidiary of Patson Transformers Private Limited. The company Identification Number of Voltamp Transformers (South) Private Limited has not been allotted since the company is under the process of voluntary winding up.

The Main object of the Company is to manufacture transformers. As informed by the liquidator of the company vide letter dated February 27, 2006, VT SPL is under the process of voluntary winding up. A copy of the final accounts, copy of the resolution and the return of the meeting have been filed with the ROC and the Official Liquidator. The process of voluntary winding up is pending before the Hon'ble Karnataka High Court for submission of the final report by the Official Liquidator. The decision of the Hon'ble Karnataka High Court is awaited.

Board of Directors:

The board of directors of comprises the following:

1. Lalitkumar Haribhai Patel - Chairman
2. Rahmikan Babubhai Patel
3. Bharat Navinchandra Patel
4. Kunjal Lalitkumar Patel
5. Kanubhai S. Patel

Shareholding Pattern*:

The Shareholding pattern of the Company as on December 31, 2005 is as follows:

Equity Shares

Sr. No.	Name of Shareholder	Number of Shares held	Percentage
1.	Lalitkumar Haribhai Patel	10	0.0005
2.	Kunjal Lalitkumar Patel	10	0.0005
3.	Rashmikan Babubhai Patel	10	0.0005
4.	Samir Navinchandra Patel	10	0.0005
5.	Bharat Navinchandra Patel	10	0.0005

6.	Urmila Lalitkumar Patel	10	0.0005
7.	Fulvaben Shaivalbhai Patel	10	0.007
8.	Patson Transformers Private Limited	1,999,930	99.99
	Total	2,000,000	100

* As on the date of the filing of this Draft Red Herring Prospectus, VT SPL is under liquidation and the share capital stands nil due to winding-up of the company.

Financial Performance¹:

	(Rs. in million, except per share data)		
	As of March 31,		
	2005	2004	2003***
Equity share capital	20	20	20
Reserves and surplus*	Nil	Nil	Nil
Total income	Nil	Nil	1.50
Profit after tax	(0.09)	(2.57)	(0.98)
Earnings per share (face value Rs. 10) ** (Rs.)	(0.04)	(1.28)	(0.49)
Net Asset Value per share (Rs.)	6.40	6.44	7.72

* Excludes revaluation reserves

** Computed on the basis of earnings including extraordinary items

***The Financial Year is for the 15 Months.

¹ As on the date of the filing of this Draft Red Herring Prospectus, VT SPL is under liquidation and the share capital stands nil due to winding-up of the company.

Common Pursuits

VT SPL was in the same business of manufacture of transformers. However, since the company has closed its business operations, currently, there are no common pursuits.

3. Maalee Horticulture Private Limited

Maalee Horticulture Private Limited was incorporated under the Companies Act, vide Certificate of Incorporation dated July 18, 1994 having Registration No.04-22514 having registered office at Ashwarth Avenue, C.G. Road, Ahmedabad. Maalee Horticulture Private Limited is promoted by Mr. Lalitkumar Patel. Company Identification Number of Maalee Horticulture Private Limited is 04022514.

The Main object of the company is to undertake agriculture and horticulture related activities.

Board of Directors:

The board of directors of comprises the following:

1. Kunjal Lalitkumar Patel
2. Taralben K. Patel

Shareholding Pattern:

The Shareholding pattern of Malee Horticulture Private Limited as on March 9, 2006 is as follows:

Equity Shares

Sr. No.	Name of Shareholder	Number of Shares held	Percentage
1.	Lalitkumar Haribhai Patel	1,51,300	29.96
2.	Yogesh N. Mahadevia	16,100	3.19
3.	Urmilaben Lalitkumar Patel	1,08,250	21.44
4.	Lalitkumar Haribhai Patel (HUF)	1,45,000	28.71
5.	Hari Steel Private Limited	22,700	4.50
6.	Kunjal L. Patel	1,000	0.20
7.	Fulvaben S. Patel	1,000	0.20
8.	Mahadevia Yogesh N. (HUF)	13600	2.69
9.	Pratimaben Y. Mahadevia	19300	3.82
10..	Hyuma Y. Mahadevia	1500	0.30
11..	Kanubhai S. Patel	12625	2.50
12..	Vanalila K. Patel	12625	2.50
	Total	5,05,000	100

Financial Performance:

(Rs. in million, except per share data)

	As of March 31,		
	2005	2004	2003
Equity share capital	5.05	5.05	5.05
Reserves and surplus*	Nil	Nil	Nil
Total income	2.33	0.007	0.0073
Profit after tax	2.21	(0.19)	(0.24)
Earnings per share (face value Rs. 10) ** (Rs.)	4.37	(0.39)	(0.48)
Net Asset Value per share (Rs.)	4.81	0.43	0.80

* Excludes revaluation reserves

** Computed on the basis of earnings including extraordinary items

Partnership Firms/Sole Proprietorship**1. M/s. The Bavla Vepari Cotton Press Co.**

M/s. The Bavla Vepari Cotton Press Co., is a registered partnership firm formed vide a Deed of Partnership dated 1st April, 2000 and having its registered office at Bavla District, Ahmedabad, Gujarat.

It is engaged *inter alia* in the business of Pressing of Cotton. The business activities of the firm have been

discontinued.

Partners of M/s. The Bavla Vepari Cotton Press Co and their profit (loss) sharing ratio are as under:

Sr. No	Name of Partner	Percentage (%)
1.	Mr. Manubhai Ashabhai Patel	4.3
2.	Mr. Bhagyashkumar Hiralal Patel	3.1
3.	Mr. Dilipkumar D. Desai	3.1
4.	Mr. Arvindkumar Manubhai	6.9
5.	Mr. Jitendrakumar Bhogilal (HUF)	6
6.	Mr. Kanubhai Ishwarbhai Desai	6
7.	Mr. Jivanbhai Govardhanbhai (HUF)	1.1
8.	Mr. Narshighbhai Praladhbhai (HUF)	3.9
9.	Mr. Dwarkadas Khodidas Desai	5.2
10.	Mr. Chinubhai Govindbhai	8.6
11.	Mr. Jayeshkumar Navneetlal	2.6
12.	Mrs. Vimlaben Chinubhai Patel	2.4
13.	Mr. Lalitkumar H. Patel	12.9
14.	Mrs. Sushilaben Dhirajlal	4.3
15.	Mr. Davyaniben Vijaykumar	3.5
16.	Mr. Ramubhai Achatralal	26.1
	Total	100

Financial Performance:

(Rs. in million)

	As of March 31,		
	2005	2004	2003
Partners' Capital Account	(0.034)	(0.008)	0.015
Reserves and surplus	Nil	Nil	Nil
Total income	0.022	Nil	Nil
Net Profit/(Loss)	(0.026)	(0.024)	(0.022)

2. M/s. The Bavla Laxmi Cotton Ginning Factory

M/s. The Bavla Laxmi Cotton Ginning Factory is a registered partnership firm formed vide a Deed of Partnership dated 5th January, 2004 with its registered office at Bavla District, Ahmedabad, Gujarat.

It is engaged inter alia in the business of Ginning of Cotton and Money Lending. The business activities of the firm have been discontinued.

Partners of M/s. The Bavla Laxmi Cotton Ginning Factory and their profit (loss) sharing ratio are as under :

Sr. No	Name of Partner	Percentage (%)	
		Profit	Loss
1.	Mr. Lalitkumar Haribhai	33	33
2.	Mrs. Ashiniben Sanjivkumar	34	67
3.	Minor. Rahil Sanjivkumar	33	--
	Total	100	100

Financial Performance:

	(Rs. in million)		
	As of March 31,		
	2005	2004	2003
Partnership capital	0.114	0.183	0.09
Reserves and surplus	Nil	Nil	Nil
Total income	0.36	0.31	0.26
Net Profit/(Loss)	0.08	0.08	(0.18)

3. M/s. The Sanjiv Cotton Company

M/s. The Sanjiv Cotton Company is a registered partnership firm formed vide a Deed of Partnership dated 5th January, 2004 with its registered office at Bavla District, Ahmedabad, Gujarat.

It is engaged *inter alia* in the business of dealing in cotton and Cotton Seeds. The business activities of the firm have been discontinued.

Partners of M/s. The Sanjiv Cotton Company and their profit (loss) sharing ratio are as under::

Sr. No	Name of Partner	(%)
1.	Mrs. Ashiniben Sanjivkumar	67
2.	Mr. Lalitkumar H. Patel	11
3.	Mrs. Fulvaben Lalitkumar	11
4.	Mrs. Taraleben Kunjalbhai	11
	Total	100

Financial Performance:

	(Rs. in million)		
	As of March 31,		
	2005	2004	2003
Partnership capital	0.92	0.60	(0.014)
Reserves and surplus	Nil	Nil	Nil
Total income	0.0015	0.003	0.00024

	As of March 31,		
	2005	2004	2003
Net Profit/(Loss)	(0.077)	(0.57)	(0.29)

4. M/s. Kevalbhai Desaibhai Cotton Company

M/s. Kevalbhai Desaibhai Cotton Company is a registered partnership firm formed vide a Deed of Partnership dated 5th January, 2004 with its registered office at Bavla District, Ahmedabad, Gujarat.

It is engaged *inter alia* in the business of dealing in cotton and Cotton seeds. The business activities of the firm have been discontinued.

Partners of M/s. Kevalbhai Desaibhai Cotton Company and their profit (loss) sharing ratio are as under:

Sr. No	Name of Partner	Percentage (%)
1.	Mr. Kunjal Lalitkumar	11
2.	Mrs. Urmilaben Lalitkumar	11
3.	Mr. Lalitkumar Haribhai (HUF)	11
4.	Mrs. Ashiniben Sanjivkumar	42
5.	Mr. Ramubhai Achatral Patel	25
	Total	100

Financial Performance:

(Rs. in million)

	As of March 31,		
	2005	2004	2003
Partnership capital	(0.006)	(0.020)	2.55
Reserves and surplus	Nil	Nil	Nil
Total income	Nil	0.003	0.030
Net Profit/(Loss)	(0.007)	(0.022)	(0.027)

5. M/s. Achartlal Amratlal

M/s. Achartlal Amratlal is a registered partnership firm formed vide a Deed of Partnership dated 5th January, 2004 with its registered office at Bavla District, Ahmedabad, Gujarat.

It is engaged *inter alia* in the business of Commission Agent, Investment in Shares and Letting out the property etc. The business activities of the firm have been discontinued.

Partners of M/s. Achartlal Amratlal and their profit (loss) sharing ratio are as under::

Sr. No	Name of Partner	Percentage (%)
1.	Mrs. Ashiniben Sanjivkumar	25

Sr. No	Name of Partner	Percentage (%)
2.	Mr. Samirkumar Navinchandra	25
3.	Mr. Bharatkumar Navinchandra	0
4.	Mr. Lalitkumar Haribhai	12.5
5.	Mr. Umeshkumar Babubhai	4.5
6.	Mr. Rashmikan Babubhai	4
7.	Mr. Udyankumar Babubhai	4
8.	Mrs. Alkaben Virendrakumar	8
9.	Mr. Bhupendrakumar Dwarkadas	8
10.	Mrs. Prathanaben Rameshbhai	5
11.	Mr. Rameshchandra Dwarkadas	4
	Total	100

Financial Performance:

(Rs. in million)

	As of March 31,		
	2005	2004	2003
Partnership capital	0.12	0.18	0.67
Reserves and surplus	Nil	Nil	Nil
Total income	0.005	0.004	0.044
Net Profit/(Loss)	(0.013)	(0.010)	(0.024)

6. M/s. Bharatkumar Navinchandra Cotton Company

M/s. Bharatkumar Navinchandra Cotton Company is a registered partnership firm formed vide a Deed of Partnership dated 5th January, 2004 with its registered office at Bavla District, Ahmedabad, Gujarat.

The firm is dealer in Kala, Kapas, Cotton, Cotton Seeds, Cotton Seeds Oil etc. The business activities of the firm have been discontinued.

Partners of M/s. Bharatkumar Cotton Company and their profit (loss) sharing ratio are as under:

Sr. No	Name of Partner	Percentage (%)	
		Profit	Loss
1.	Mr. Rashmikan Babubhai	2	2
2.	Mr. Udyankumar Babubhai	2	2
3.	Mr. Umeshkumar Babubhai	6	6
4.	Mr. Jitendrakumar Kantilal	7	7
5.	Mr. Hareshkumar Kantilal	6	6
6.	Mr. Navneetlal Kantilal	7	7

Sr. No	Name of Partner	Percentage (%)	
7.	Mrs. Urmilaben Lalitkumar	10	10
8.	Mrs. Ashiniben Sanjivkumar	10	20
9.	Mr. Bharatkumar Navinchandra	10	10
10.	Mr. Samirkumar Navinchandra	10	10
11.	Mr. Rameshchandra Dwarkadas	10	10
12.	Mr. Bhupendrakumar Dwarkadas	10	10
13.	Minor Rahil Sanjivkumar	10	-
	Total	100	100

Financial Performance:

(Rs. in million)

	As of March 31,		
	2005	2004	2003
Partnership capital	0.39	0.31	0.24
Reserves and surplus	Nil	Nil	Nil
Total income	0.099	0.11	0.10
Net Profit/(Loss)	0.05	0.03	0.06

7. Oam Farm & Nursery

Oam Farm & Nursery is a sole proprietorship firm formed on July 5, 1995 with its office at 25-A, Kunj Society, Alkapuri, Vadodara, Gujarat.

Oam Farm & Nursery is engaged *inter alia* in the business of agriculture products.

Proprietor of Oam Farm & Nursery is Mrs. Urmilaben Lalitkumar Patel

Financial Performance:

	(Rs. in million)		
	As of March 31,		
	2005	2004	2003
Proprietorship Account	0.32	0.29	0.23
Reserves and surplus	Nil	Nil	Nil
Total income	0.19	0.66	0.23
Net Profit/(Loss)	0.04	(0.005)	(0..006)

None of our Promoters or Promoter Group Companies or our Subsidiary have not been restrained or prohibited by SEBI or any other regulatory authority from accessing the capital markets for any reason.

None of the companies promoted by our Promoters have been struck off from the records of the Register of Companies except as follows :

1. Hilson Builders Private Limited
2. Allied Transformers Private Limited
3. Anup Electrical Private Limited

Application has been made to High Court of Karnataka to strike off the names of the following Promoter Group Companies:

1. Voltamp Transformers (South) Private Limited.(Under Voluntary winding up)

Common Pursuits

Save as stated in this Draft Red Herring Prospectus, none of our Promoters or Promoter Group Companies are engaged in similar businesses as our Company.

Patson Transformers India Limited and Voltamp Transformers South Private Limited were engaged in the manufacture of distribution manufactures. However, both these companies have closed their business operations and VTSP is under the process of winding up.

Companies under the same management

Patson Transformers Private Limited
Voltamp Transformers (South) Private Limited (under Under Voluntary winding up)
Maalee Horticulture Private Limited
Hari Steel Private Limited

RELATED PARTY TRANSACTIONS

For details on our related party transactions, please refer to section titled “ Financial Statements” on page 117 of this Draft Red Herring Prospectus.

CHANGES IN THE ACCOUNTING POLICIES IN THE LAST THREE YEARS

For details on changes in the accounting policies in the last three years, please refer to section titled “ Financial Statements” on page 117 of this Draft Red Herring Prospectus.

DIVIDEND POLICY

The declaration and payment of dividends will be recommended by our Board of Directors and approved by our shareholders, at their discretion, and will depend on a number of factors, including but not limited to our profits, capital requirements, and overall financial requirements.

The amounts paid as dividends in the past are not necessarily indicative of our dividend policy or dividend amounts, if any, in the future.

SECTION V: FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

Financial Information

STATEMENTS OF ASSETS AND LIABILITIES AS AT AND PROFITS AND LOSSES FOR THE NINE MONTHS ENDED DECEMBER 31, 2005 AND FOR THE YEARS ENDED MARCH 31, 2005, 2004, 2003, 2002 AND 2001 AND CASH FLOWS FOR THE NINE MONTHS ENDED DECEMBER 31, 2005 AND FOR THE YEARS ENDED MARCH 31, 2005, 2004, 2003, 2002 AND 2001, AS RESTATED, OF VOLTAMP TRANSFORMERS LIMITED.

Auditors' report as required by Part II of Schedule II to the Companies Act, 1956

To,
Board of Directors,
Voltamp Transformers Limited,
(Formerly known as Voltamp Transformers Pvt. Ltd.)
GIDC, Makarpura,
Vadodara.

Dear Sirs,

We have examined the financial information of Voltamp Transformers Limited ('VTL' or 'the Company') (Formerly known as Voltamp Transformers Pvt. Ltd.) annexed to this report, for the purposes of inclusion in the Offer Document, which has been prepared in accordance with the requirements of:

- a. Paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 ('the Act');
- b. The Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines 2000 ('the Guidelines') issued by the Securities and Exchange Board of India ('SEBI') on January 19, 2000, as amended, in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992; and
- c. The terms of reference dated 11th February, 2006 received from the Company, requesting us to carry out work, proposed to be included in the Offer Document of the Company in connection with its proposed Offer for Sale.
- d. The Guidance Note on Reports in Company Prospectuses and Guidance Note on Audit Reports/Certificates on Financial Information in Offer Documents issued by the Institute of Chartered Accountants of India ('ICAI').

The Company proposes to make an offer for sale of 48,83,840 equity shares by selling shareholders. The offer is being made through the 100 percent book-building scheme.

Financial information as per the audited financial statements

1. We have examined the attached restated statement of assets and liabilities of the Company as at December 31, 2005, March 31, 2005, 2004, 2003, 2002 and 2001, the attached restated statement of profits and losses for each of the period/years ended on those dates and the attached restated statement of cash flows for the nine months ended December 31, 2005 and the years ended March 31, 2005, 2004, 2003, 2002 and 2001 (referred to in Annexure 1, 2 and 3) as prepared by the Company and approved by the Board of Directors.

The Statement of Assets and Liabilities (Annexure - 1), Statement of Profits & Losses (Annexure - 2) and Statement of Cash Flows (Annexure - 3) have been arrived at after making such adjustments and regroupings as in our opinion are appropriate and more fully described in the notes appearing in Annexure 4 to this report. The statements as at and for the years/period ended are based on the financial statements for the respective years/period audited and reported upon by us. Based on our examination of these statements, we confirm that:

- The impacts of changes in accounting policies adopted by the Company as at and for the nine months ended December 31, 2005 have been adjusted with retrospective effect in the attached summary statements except,
 - The impact due to change in the method of valuation of inventory from weighted average to First in First Out (FIFO) from financial year 2001-2002, is not ascertainable and
 - The provision for warranty as required by AS-29 on "Provisions, Contingent Liabilities and Contingent Assets" is made from the financial year 2004-2005, the year from which the accounting standard has become applicable to the company;

- The prior period items (other than income tax) have been adjusted in the summary statements in the years to which they relate;
 - There are no extraordinary items, which need to be disclosed separately in the summary statements; and
2. The summary of significant accounting policies adopted by the Company pertaining to the audited financial statements as at and for the nine months ended December 31, 2005 are enclosed as Annexure 5 to this report.

Other financial information

3. We have examined the following financial information of the Company for the purpose of inclusion in the Offer Document as approved by you and annexed to this report:
- i. Details of Rates of dividend as enclosed in Annexure 6;
 - ii. Accounting ratios based on the restated profits relating to earnings per share (basic and diluted), net asset value and return on net worth as enclosed in Annexure 7;
 - iii. Details of other income, as appearing in Annexure 8;
 - iv. Details of secured loans, as appearing in Annexure 9;
 - v. Details of current liabilities and provisions, as appearing in Annexure 10;
 - vi. Details of investments, as appearing in Annexure 11;
 - vii. Details of sundry debtors, as appearing in Annexure 12;
 - viii. Details of loans and advances, as appearing in Annexure 13;
 - ix. Details of contingent liabilities, as appearing in Annexure 14;
 - x. Capitalisation statement as at December 31, 2005 as enclosed in Annexure 15;
 - xi. Details of related party transactions, as appearing in Annexure 16;
 - xii. Statement of tax shelters as enclosed in Annexure 17; and
4. In our view, the 'Financial information as per the audited financial statements' and 'other financial information' mentioned above has been prepared in accordance with Part II of Schedule II of the Act and the Guidelines.
5. The preparation of restated financial statements is the responsibility of the Company's management and hence the sufficiency of the procedures performed is the responsibility of the company. Our responsibility is to express an opinion on these restated financial statements based on our examination.
6. This report should not be in any way construed as a re-issuance or redrafting of any of the previous audit reports issued by us or should this report be construed as a new opinion on any of the financial statements referred to herein.
7. This report is intended solely for your information and for inclusion in the Offer Document in connection with the proposed Offer for Sale by the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For, Chandulal M. Shah & Co.
Chartered Accountants

(Dhinal A. Shah)
Partner
Membership No: 45341

Place : Ahmedabad
Date : March 28, 2006

ANNEXURE 1 : STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(Amount in Million)

	Financial Year Ended					
	December 31, 2005	March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001
A. Fixed Assets						
Gross Block	165.65	151.43	118.13	105.78	77.82	83.95
Less : Depreciation	91.36	77.81	63.45	53.59	49.83	50.29
Net Block	74.29	73.62	54.68	52.20	27.99	33.67
B Investments	0.54	0.54	0.54	0.54	0.54	0.54
C Differed Tax Assets, Net	0.00	0.00	0.00	1.08	4.40	6.05
D Current Assets, Loans & Advances						
Inventories	503.34	208.70	138.59	126.21	42.65	54.61
Sundry Debtors	368.28	418.61	253.24	193.43	135.62	116.29
Cash & Bank Balances	24.11	30.46	35.56	13.22	20.80	28.64
Loans and Advances	358.70	193.75	120.62	84.91	83.55	15.89
Total	1254.43	851.52	548.01	417.77	282.62	215.43
E Liabilities & Provisions						
Secured Loans	117.68	132.24	95.82	119.87	50.73	59.58
Unsecured Loans	0.00	0.00	0.00	0.11	0.11	0.28
Current Liabilities & Provisions	577.35	328.19	177.19	113.14	73.79	41.92
Differed Tax Liability, Net	0.93	0.88	0.84	0.00	0.00	0.00
Total	695.96	461.31	273.85	233.12	124.63	101.78
F Net Worth [A+B+C+D-E]	633.31	464.37	329.38	238.47	190.93	153.91
Net Worth represented by						
G Share Capital						
Equity	101.17	101.17	7.78	7.78	7.78	7.78
H Reserves and Surplus	532.14	363.20	321.59	230.69	183.15	146.14
I Miscellaneous Expenditure to the extent not adjusted / written off	0.00	0.00	0.00	0.00	0.01	0.01
J Net Worth [G+H-I]	633.31	464.37	329.38	238.47	190.93	153.91

Note :

- The above Statement should be read with the Notes on Adjustments and Significant Accounting Policies for restated financial statements as appearing in Annexure 4 to this report
- The company has sub divided the face value of equity shares of Rs. 100 each in to Rs. 10 each w.e.f. 6th February, 2006 and accordingly the number of equity shares have increased to 10117120

As per Our Report of even date
For Chandulal M. Shah & Co.
Chartered Accountants

For and On behalf of the Board of
Voltamp Transformers Ltd.

Dhinal A. Shah
Partner
M.No.: 45341

Lalitbhai H. Patel
CMD

Place : Ahmedabad
Date : March 28, 2006

Place : Vadodara
Date : March 28, 2006

ANNEXURE 2 : STATEMENT OF PROFIT AND LOSS, AS RESTATED

(Amount in Million)

	Financial Year Ended					
	December 31, 2005	March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001
INCOME						
Sales						
Of Goods Manufactured	1744.52	1730.61	1090.78	662.22	593.90	444.16
of Goods Traded	0.00	0.00	0.00	0.00	0.00	0.00
Of Services Rendered	7.97	10.90	9.03	10.56	12.40	18.78
Of Scrap Sales	1.17	2.24	3.73	1.09	1.28	2.69
Total Sales	1753.66	1743.75	1103.54	673.88	607.58	465.63
Other Income	25.51	30.86	29.30	35.31	16.88	18.52
Accretion to Closing Stock	250.10	47.39	7.18	55.94	(6.36)	(10.15)
TOTAL INCOME (A)	2029.26	1822.00	1140.03	765.13	618.10	473.99
EXPENDITURE						
Material Consumption	1598.36	1386.88	844.32	572.48	454.17	369.39
Manufacturing Expenses	70.56	71.43	48.13	33.92	32.51	28.43
Personnel Cost [See Note No.4(a) Of Annexure-4]	46.84	64.14	40.40	34.71	26.03	22.45
Administrative & Selling Expenses	33.17	35.95	23.51	22.36	18.25	22.17
Financial Charges	7.79	7.30	5.92	5.97	7.65	10.97
Depreciation	13.76	16.06	10.94	6.44	7.99	7.71
Assets Discarded	0.00	0.00	0.00	0.00	4.25	0.00
TOTAL EXPENDITURE (B)	1770.47	1581.75	973.21	675.88	550.84	461.13
Net Profit before tax and exceptional items (A-B)	258.79	240.25	166.81	89.24	67.26	12.87
Taxation [Expenses / (Reversal)]						
Current Tax	93.60	90.50	62.20	30.00	24.00	0.40
Earlier Tax	0.00	0.00	2.99	1.74	(1.34)	(0.34)
Differed Tax	0.05	0.04	1.93	3.32	1.65	2.61
F.B.T.	1.44	0.00	0.00	0.00	0.00	0.00
Net Profit before extraordinary items	163.70	149.71	99.70	54.19	42.95	10.20
Add : Exceptional Items [Income / (Expenses)]						
VRS Payment	0.00	0.00	0.00	(0.07)	(0.29)	(9.48)
Net Profit before adjustments	163.70	149.71	99.70	54.13	42.66	0.72
ADJUSTMENTS						
Impact of changes in accounting policies and estimates						
Provision for Warrantees [See Note No.1(a) Of Annexure-4]	0.00	(5.23)	0.00	0.00	0.00	0.00
Expenses for increase in capital	0.00	(0.61)	0.00	0.00	0.00	0.00

Total Impact of Adjustments	0.00	(5.84)	0.00	0.00	0.00	0.00
Current Tax Impact of Adjustments	0.00	0.00	0.00	0.00	0.00	0.00
Total of Adjustment after Tax impact	0.00	(5.84)	0.00	0.00	0.00	0.00
Net Profit, as restated	163.70	143.87	99.70	54.13	42.66	0.72
Profit and loss account at the beginning of the year	53.25	38.25	27.35	10.80	(1.72)	0.28
Balance available for appropriation, as restated	216.95	182.12	127.05	64.92	40.94	0.99
Appropriations						
Interim Dividend on Equity Shares	0.00	0.00	0.00	0.00	4.67	0.00
Proposed Dividend on Equity Shares	0.00	7.78	7.78	5.84	0.00	1.56
Tax on Dividends	0.00	1.09	1.02	0.75	0.48	0.16
Transfer to General Reserve	120.00	120.00	80.00	30.99	25.00	1.00
Balance Carried forward, as restated	96.95	53.25	38.25	27.35	10.80	(1.72)
Earning Per Share of Rs. 100 each	161.81	466.97	1281.10	695.49	548.21	9.23
Earning Per Share of Rs. 10 each	16.18	46.70	128.11	69.55	54.82	0.92

Note :

1. On a restatement of Profit & Loss Account on account of applying differed tax assets with effect from Financial Year 2000-2001, there is insufficient profit for appropriation of Profit and Loss account towards transfer to General Reserve and dividend declared during 31st March, 2001.
2. The above Statement should be read with the Notes on Adjustments and Significant Accounting Policies for restated financial statements as appearing in Annexure 4 to this report.
3. The reconciliation between the audited and restated accumulated profit and loss balance as at April 1, 2000 is given in Annexure 2A.

As per Our Report of even date
For Chandulal M. Shah & Co.
Chartered Accountants

For and On behalf of the Board of
Voltamp Transformers Ltd.

Dhinal A. Shah
Partner
M.No.: 45341

Lalitbhai H. Patel
CMD

Place : Ahmedabad

Place : Vadodara

Date : March 28, 2006

Date : March 28, 2006

ANNEXURE 2-A : PROFIT AND LOSS ACCOUNT AS AT APRIL 1, 2000 (RESTATED)

(Amount in Million)	
Particulars	Amount
Profit & Loss Account as at April 1, 2000 (Audited)	0.62
Less : Previous Years Expenses (Accounted during F.Y. 2000-2001)	0.34
Profit & Loss Account as at April 1, 2000 (Restated)	0.28

Note :

1. Adjustment of differed tax asset arising on unabsorbed loss and Depreciation under Tax Laws is not made on the ground of prudence in accordance with AS-22 on Differed Tax.

ANNEXURE 3 : STATEMENT OF CASH FLOW, AS RESTATED

(Amount in Million)

	Financial Year Ended					
	December 31, 2005	March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001
Cash Flow from Operating activities:						
(A) Net Profit before tax and extra ordinary items	258.19	240.25	166.84	89.18	66.47	3.88
VRS Scheme	0.00	0.00	0.00	0.07	0.29	9.48
Prior Period Income	0.00	0.00	0.00	0.00	1.34	0.34
Loss on Sale of Assets	0.00	0.08	0.00	0.48	0.01	0.05
Preliminary Expenses W/off	0.00	0	0.00	0.00	0.00	0.00
Assets Discarded	0.00	0	0	0.00	4.25	0.00
Wealth Tax Provision	0.00	0.09	0.07	0.06	0.05	0.00
Provision for Doubtful Debts	0.00	0	0.00	0.00	(0.88)	0.18
Profit on Sale of Assets	(0.03)	(0.22)	(0.03)	(2.44)	(0.15)	(0.08)
	258.15	240.20	166.89	87.36	71.38	13.87
Adjustment for :						
Interest Received	(1.95)	(2.14)	(2.35)	(5.62)	(1.44)	(1.25)
Interest paid	7.79	7.30	5.92	5.97	7.65	10.97
Depreciation	13.76	16.06	10.94	6.44	7.99	7.71
Operating Profit(Loss) before working capital Changes.	277.75	261.42	181.39	94.15	85.57	31.30
Adjustment for :						
Trade and other receivable	4.70	(171.35)	(61.53)	(30.08)	(67.33)	(4.40)
Inventories.	(294.63)	(70.11)	(12.38)	(83.56)	11.95	10.78
Trade Payables	168.92	54.56	20.72	2.75	10.92	4.74
Cash Generated from operating Activities	156.73	74.52	128.21	(16.81)	41.12	42.41
Less : Income Tax paid	119.42	67.21	58.16	30.87	18.81	0.89
Cash flow before extra ordinary item	37.31	7.30	70.05	(47.61)	22.31	41.52
Extra Ordinary Item						
Voluntary Retirement Scheme Payable	0.00	0.00	0.00	(0.07)	(0.29)	(9.48)
Investment Write Off.	0.00	0.00	0.00	0.00	0.00	0.00
Net Cash flow from operating activities.	37.31	7.31	70.05	(47.68)	22.02	32.04
(B) Cash Flow From Investing Activities. :						
Purchase of Fixed Assets	(14.65)	(35.45)	(13.62)	(33.11)	(6.86)	(3.56)
Sales of Fixed Assets	0.26	0.57	0.23	4.43	0.43	0.49
Purchase/Sale of Investments	0.00	0.00	0.00	0.00	0.00	15.20
Interest Received	1.95	2.14	2.35	5.62	1.44	1.25
Net Cash flow investing activities.	(12.44)	(32.73)	(11.03)	(23.07)	(4.98)	13.37
(C) Cash Flow From Financing Activities :						
Proceeds from borrowing	(14.56)	36.43	(24.17)	69.15	(10.37)	(19.43)
Interest	(7.79)	(7.30)	(5.92)	(5.97)	(7.65)	(10.97)
Dividend	(8.87)	(8.80)	(6.58)	0.00	(6.86)	0.00
Net Cash flow from financing activities	(31.22)	20.33	(36.67)	63.17	(24.88)	(30.39)
Total (A)+(B)+(C)	(6.35)	(5.10)	22.34	(7.58)	(7.85)	15.02

Cash & Cash equivalent as at 1st April	30.46	35.56	13.22	20.80	28.64	13.63
Cash & Cash equivalent as at 31st March / December	24.11 (6.35)	30.46 (5.10)	35.56 22.34	13.22 (7.58)	20.80 (7.85)	28.64 15.02

As per Our Report of even date
For Chandulal M. Shah & Co.
Chartered Accountants

For and On behalf of the Board of
Voltamp Transformers Ltd.

Dhinal A. Shah
Partner
M.No.: 45341

Lalitbhai H. Patel
CMD

Place : Ahmedabad

Place : Vadodara

Date : March 28, 2006

Date : March 28, 2006

ANNEXURE 4 : NOTES ON ADJUSTMENTS FOR RESTATED FINANCIAL STATEMENTS

1. Changes in Accounting Policies

a) Provision for Warranty

The company has been providing the warranty in respect of Transformers sold to various customers, which ranges between 12 months to 60 months. The accounting standard 29 on "Provisions, Contingent Liabilities & Contingent Assets" has become mandatory w.e.f. 1st April, 2004. Accordingly the company has made provision for warranty for the year ended on 31st March, 2005 and for the nine months period ended on 31st December, 2005 on estimated basis. The actual expenses incurred for repairs during warranty period during earlier years are already debited in the respective years.

b) Deferred Tax

The Company adopted Accounting Standard 22, ('AS-22') 'Accounting for taxes on Income' issued by the ICAI for the first time in preparing the financial statements for the year ended March 31, 2002. For the purpose of this statement, AS-22 has been applied for the years ended March 31, 2001 as if it was applicable since then. Accordingly, the deferred tax asset/liability has been recomputed in the respective years of origination, considering the adjustment on account of changes in the accounting policy and other changes with the corresponding effect to the statement of profits and losses, as restated.

Further, the differed tax asset as on 31st March, 2000 has not been adjusted to the Accumulated Profit and Loss balance as at April 1, 2000 on the ground of prudence.

2. Other Adjustments

a) Prior Period Items

In the financial statements for the year ended March 31, 2001 and 2002, the Company had classified certain items of income/expense as prior period. For the purpose of this statement, the said income/expenses have been appropriately adjusted in the respective years.

b) Preliminary Expenses

The company increased the authorised capital from Rs. 2 Crore to Rs. 12 Crore during financial year ended on March 31, 2005. However, the stamp duty and the registration fees were paid during the nine months period ended on December 31, 2005. Accordingly such expenses are adjusted in the restated financial statements ended on March 31, 2005 and the same is charged to Profit and Loss Account of that year.

3. Current Tax impact of adjustments

- (a) The company has not claimed the warranty provision under the tax laws and therefore there is no current tax impact on the adjustment.
- (b) The preliminary expenses represents expenses incurred on increase in authorised share capital and therefore the same is not allowable as expenditure under the tax laws and therefore there is no current tax impact on the adjustments.

4. Material Regroupings

a) Personnel Cost

The cost paid to the workers / staff on retainership was classified under the Manufacturing expenses and Administrative expenses upto March 31, 2005. This amount has been grouped under the head Personnel Cost for the nine months period ended on December 31, 2005 and accordingly the same is also adjusted in the restated financial statements for the year ended on March 31, 2001 to March 31, 2005.

b) Scrap Sales

The scrap sale was grouped under the head Other Income upto March 31, 2005. The same is regrouped with the sales from the nine months period ended on December 31, 2005 and accordingly the same is also adjusted in the restated financial statements for the year ended on March 31, 2001 to March 31, 2005.

5. Non-Adjustment items

a) *Inventory Valuation*

The company changed the method of valuation of stock from weighted average to FIFO from financial year 2001-2002. There is no change in the basis of valuation in as much as it is valued at lower of cost or Net Realisable Value in accordance with AS-2 on "Valuation of Inventory". Since the impact is not ascertainable due to change in the method of valuation, no adjustment is made in the restated financial statements.

b) *Short/excess provision for Income Tax*

The profit and loss account of certain years include amounts paid/provided for or refunded, in respect of shortfall/ excess income-tax arising out of assessments, appeals etc. Since in the opinion of the Company, the impact of the same is not material, no adjustments have been made in respect of this item.

ANNEXURE 5 : SIGNIFICANT ACCOUNTING POLICIES

1. The Financial Statements are prepared under the historical cost convention in accordance with the Indian Generally Accepted Accounting Principles ("GAAP") comprising the mandatory accounting standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956, on accrual basis.

The preparation of the financial statement in conformity with GAAP requires that the management of the company ("Management") make estimates and assumptions that affect the reported amounts of revenue and expenses of the year, balances of assets and liabilities, and disclosures relating to contingent assets and liabilities as of the date of the financial statements. Actual results could differ from those estimates.

2.
 - a) Fixed Assets are stated at cost less depreciation. Cost means Purchase price and/or erection/commissioning charges of fixed assets and other charges directly attributable to the cost of fixed assets less central on capital goods.
 - b) Depreciation on tangible assets is provided for as per the rates and manner prescribed under XIVth Schedule to the Companies Act, 1956 on written down value method.
 - c) The cost of intangible assets acquired i.e technical know how fees is amortised over a period of five years on SLM basis.
3. Investment classified as long term investments are carried at cost. However, provision for diminution is made to recognize, the decline, other than temporary nature, in the carrying amount of such long term investments.
4.
 - (a) Inventory is valued at lower of cost (on FIFO basis) net realisable value.
 - (b) Cost in case of finish goods and WIP is calculated on absorption costing method.
5. Revenue Recognition :
 - a) Domestic Sales is recognized on the basis of the dispatch of finished products, which corresponds to transfer of significant risk and rewards of ownership. Revenues from repairs are recognised when such services are rendered.
 - b) Export sales is recognised on the basis of date of bill of lading.
 - c) Price Variation claim not forming part of the contract are accounted, for as and when received.
 - d) Interest on Bank Guarantee margin money with Bank is accounted for on realised basis.
6. Employment Benefits
 - a) Premium is paid to Insurance Company on the basis of actuarial valuation for the Employees' Gratuity liability and Superannuation Benefit.
 - b) Provision for liability in respect of accrued leave encashment is made as per the actuarial valuation.
 - c) Other Benefits are accounted for on accrual Basis.
7. Foreign Currency Transactions:
 - a) Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction.
 - b) Monetary items denominated in foreign currency and remaining unsettled at the end of the year are translated at year end rates,
 - c) Non monetary foreign currency items are carried at cost.
 - d) Any income or expenses on account of exchange difference either on settlement or on transaction is recognized to the Profit & Loss Account.
8. Excise Duty

The Company follows Exclusive Method of Excise duty in accordance with As 2 on valuation of Inventory and Guidance Note on Modvat issued by ICAI. Accordingly, purchases, Sales and stock (other than finished goods) are stated at net of Excise Duty. Excise duty is included in the stock of finish goods.
9. Current Tax and Differed Tax :
 - a) Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961.

- b) Deferred tax resulting from "timing difference" between the book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognised and carried forward only to the extent that there is a reasonable certainty that the assets will be realized in future.

10. Impairment of Assets

Provision for impairment loss is recognised to the extent by which the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is the higher of an asset's net selling price and its value in use. Value in use is determined on the basis of the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of the useful life.

11. Provisions

A provision is recognised when there is a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are required at each balance sheet date and adjusted to reflect the current management estimates.

ANNEXURE 6 : STATEMENT OF RATES OF DIVIDEND

(Amount in Million)

	Face Value (Rs. Share)	Financial Year Ended					
		December 31, 2005	March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001
Class of Shares							
Equity Share Capital	100	101.17	101.17	7.78	7.78	7.78	7.78
Dividend on Equity Shares							
Interim Dividend							
- Rate		0.00%	0.00%	0.00%	0.00%	60.00%	0.00%
- Amount		0.00	0.00	0.00	0.00	4.67	0.00
Final Dividend							
- Rate		0	100%*	100.00%	75.00%	0.00%	20.00%
- Amount		0.00	7.78	7.78	5.84	0.00	1.56
Corporate Dividend Tax		0.00	1.09	1.02	0.75	0.48	0.16

* The Company issued the Bonus Shares during financial year 2004-2005. However, the bonus shares issued were entitled for dividend only from Financial year 2005-2006 and therefore the dividend @ 100% is paid on equity share capital before bonus shares.

Note :

1. The company has sub divided the face value of equity shares of Rs. 100 each in to Rs. 10 each w.e.f. 6th February, 2006 and accordingly the number of equity shares have increased to 10117120

ANNEXURE 7 : STATEMENT OF ACCOUNTING RATIOS (ON RESTATED NUMBERS)

(Amount in Million)

	Financial Year Ended					
	December 31, 2005	March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001
A) Earning Per Share (Rs.) *						
of face value of Rs. 100 each	162	467	1281	695	548	9
of face value of Rs. 10 each	16	47	128	70	55	1
B) Return Net Worth	25.85%	30.98%	30.27%	22.70%	22.35%	0.47%
C) Net Asset Value per Share (Rs.)						
of face value of Rs. 100 each	626	459	326	236	189	152
of face value of Rs. 10 each	63	46	33	24	19	15
D) Weighted average number of equity shares outstanding during the year (in Million)	1.01	0.31	0.08	0.08	0.08	0.08
E) Total number of equity shares outstanding during the year (in Million)	1.01	1.01	0.08	0.08	0.08	0.08

* There is no diluted Earning Per Share (EPS) and therefore basic and diluted EPS are same.

Formula

(A) Earning Per Share (EPS) = Net Profit attributable to equity shareholders / weighted average number of equity shares outstanding during the year.

(B) Return of Net Worth (%) = Net Profit after tax / Net worth excluding revaluation reserve at the end of the year.

(C) Net Asset Value per equity share (Rs.) = Net worth excluding revaluation reserve and preference share capital at the end of the year / Number of equity shares outstanding at the end of the year.

Notes :

1. Ratios have been computed on the basis of the adjusted profits for the respective years.
2. Earnings per share calculations are done in accordance with Accounting Standard 20 "Earning Per Share" issued by the Institute of Chartered Accountants of India.
3. The face value of the share of Rs. 100 has been subdivided in to Rs. 10 w.e.f. 6th February, 2006.

ANNEXURE 8 : STATEMENT OF OTHER INCOME

(Amount in Million)

	Financial Year Ended					
	December 31, 2005	March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001
Other Income, as per Summary Statement of Profit and Losses, as restated (A)	25.51	30.86	29.30	35.31	16.88	18.52
Net Profit before tax, as per Summary Statement of Profit and Losses, as restated (B)	258.79	240.25	166.81	89.24	67.26	12.87
Percentage (A/B)	10%	13%	18%	40%	25%	144%

Source and Particulars of Other Income	Related / Un Related	Nature	December 31, 2005	March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001
Deduction & Damages recovered	Related	Recurring	1.40	2.41	1.22	6.93	2.05	3.00
Testing Fees Recovered (Gross)	Related	Recurring	5.03	7.41	5.88	3.86	1.83	2.27
Service Charges recovered	Related	Recurring	4.26	1.13	1.48	2.11	2.36	1.73
Cash Discount	Related	Recurring	9.35	11.40	9.96	7.39	7.13	6.40
Interest on Bank Deposit / Inter corporate deposits	Un Related	Non Recurring	0.00	1.03	0.74	4.85	0.00	0.63
Interest from Suppliers and Others	Related	Recurring	1.95	1.11	1.62	0.76	1.44	0.62
Sundry Credit Balances W/off	Related	Recurring	1.08	1.42	1.41	1.85	0.00	3.05
Dividend	Un Related	Non Recurring	0.02	0.03	0.05	0.03	0.02	0.02
Profit on Sale of Assets	Related	Recurring	0.03	0.22	0.03	2.44	0.15	0.08
Foreign Exchange Gain	Related	Recurring	0.00	0.00	4.21	0.48	0.00	0.00
Transportation Charges Recovered (Net)	Related	Recurring	1.52	2.23	1.83	2.43	1.64	0.00
Insurance Claim Received	Related	Recurring	0.86	2.47	0.50	1.48	0.00	0.37
Others	Un Related	Recurring	0.00	0.00	0.37	0.71	0.26	0.36
			25.51	30.86	29.30	35.31	16.88	18.52
Other Income as per restated Profit and Loss Account (D)			25.51	30.86	29.30	35.31	16.88	18.52

Note :

1. The details of "Other Income" disclosed above are Stated after adjusting the effect of restatement.
2. The classification of "Other Income" as recurring or non-recurring is based on the current operations & business activity of the company as determined by Management.

ANNEXURE 9 : STATEMENT OF LOANS

(Amount in Million)

Financial Year Ended

SECURED LOANS

	December 31, 2005	March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001
Working Capital Facilities from Bank						
Rupee Loan	117.68	132.24	57.85	90.42	50.73	60.93
Foreign Currency Loans	0.00	0.00	37.96	29.45	0.00	0.00
Total Secured Loans	117.68	132.24	95.82	119.87	50.73	60.93

Financial Year Ended

UNSECURED LOANS

	December 31, 2005	March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001
Long Term						
From Related Parties	0.00	0.00	0.00	0.00	0.11	0.11
From Others	0.00	0.00	0.00	0.00	0.00	0.00
Short Term						
From Related Parties	0.00	0.00	0.00	0.11	0.00	0.00
From Others	0.00	0.00	0.00	0.00	0.00	0.17
Total Unsecured Loans	0.00	0.00	0.00	0.11	0.11	0.28

Notes :

1. The details of Principal terms and conditions of the secured loans as at December, 2005 are disclosed in Annexure 9A.
2. Unsecured loans are considered as long term which are not re-payable within 12 months from the date of the deposit. Other loans are considered as Short Term.
3. The name and amount of the Related parties who have given Unsecured Loans

Name	Amount		
	31/03/2003	31/03/2002	31/03/2001
Shankarbhai K. Patel & K. S. Patel	26750	26750	26750
Manguben S. Patel & K. S. Patel	26750	26750	26750
Vinodbhai S. Patel & K. S. Patel	26750	26750	26750
Vanlila K. Patel & K. S. Patel	26750	26750	26750
Total.....	107000	107000	107000

**ANNEXURE 9A : STATEMENT OF PRINCIPAL TERMS AND CONDITIONS OF LOANS OUTSTANDING AS AT
DECEMBER 31, 2005**

SECURED LOANS

WORKING CAPITAL FACILITIES

Sr. No.	Name of the Institution	Amount (in Million)	Interest Rate	Repayment Terms	Security
1	Bank Of Baroda, Sayaji Gunj Branch, Vadodara.	117.68	2% below BPLR i.e. @ 8.5% p.a. with Monthly rest	Limits are granted for the period of One Year.	Secured by Hypo. Of Inventories, Book Debts and other Current Asset, both present and future, first charge on movable fixed assets of the company and further secured by equitable mortgage of immovable assets and personal guarantee of certain directors.

Note :

1. The fund based Working Capital Limits from the Bank of Baroda have been renewed and revised from existing of Rs. 13.25 Crores to Rs. 23 Crores by sanctioned letter dated 15th July, 2005. The terms and conditions of the loans are given based on this fresh sanctioned letter.

ANNEXURE 10 : STATEMENT OF CURRENT LIABILITIES & PROVISIONS

(Amount in Million)

Financial Year Ended

	December 31, 2005	March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001
Current Liabilities & Provisions						
Current Liabilities						
Sundry Creditors for Goods	90.97	7.63	10.72	5.00	3.94	7.01
Sundry Creditors for Expenses	13.11	5.12	3.42	6.75	6.30	6.59
Advance Against Order	105.82	58.65	28.16	21.88	15.23	14.99
Other Liabilities	69.88	49.78	30.51	18.45	23.87	11.18
Sub Total (A)	279.77	121.17	72.81	52.09	49.34	39.77
Provisions						
Provision for Taxation	279.52	186.02	95.52	54.40	24.45	0.44
Provision for Wealth Tax	0.10	0.09	0.07	0.06	0.00	0.00
Proposed Dividend	0.00	7.78	7.78	5.84	0.00	1.56
Provision for Leave Encashment	2.39	1.81	0.00	0.00	0.00	0.00
Provision for Performance Reward	8.00	5.00	0.00	0.00	0.00	0.00
Provision for F.B.T.	1.44	0.00	0.00	0.00	0.00	0.00
Provision for Warranty	6.13	5.23	0.00	0.00	0.00	0.00
Provision for Taxation on Dividend	0.00	1.09	1.02	0.75	0.00	0.16
Sub Total (B)	297.57	207.02	104.39	61.05	24.45	2.15
Total (A + B)	577.35	328.19	177.19	113.14	73.79	41.92

ANNEXURE 11 : STATEMENT OF INVESTMENTS

(Amount in Million)

Financial Year Ended

	December 31, 2005	March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001
Quoted Investments						
Shares						
In Promoter Group / Associate Companies	0.00	0.00	0.00	0.00	0.00	0.00
Others	0.54	0.54	0.54	0.54	0.54	0.54
Debentures						
In Promoter Group / Associate Companies	0.00	0.00	0.00	0.00	0.00	0.00
Others	0.00	0.00	0.00	0.00	0.00	0.00
Total (A)	0.54	0.54	0.54	0.54	0.54	0.54
Unquoted Investments						
Shares						
In Promoter Group / Associate Companies	0.00	0.00	0.00	0.00	0.00	0.00
Others	0.00	0.00	0.00	0.00	0.00	0.00
Total (B)	0.00	0.00	0.00	0.00	0.00	0.00
Grand Total C = (A + B)	0.54	0.54	0.54	0.54	0.54	0.54
Market Value of Quoted Investments	1.65	1.32	1.36	0.49	0.31	0.37

ANNEXURE 12 : STATEMENT OF SUNDRY DEBTORS

(Amount in Million)

Financial Year Ended

	December 31, 2005	March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001
Debts Outstanding for a period						
Considered good *						
exceeding six months	27.95	9.70	7.57	9.32	9.43	9.66
other debts	340.33	408.91	245.67	184.11	126.19	106.63
Sub Total (A)	368.28	418.61	253.24	193.43	135.62	116.29
Considered doubtful						
exceeding six months	0.00	0.00	0.00	0.00	0.00	0.88
other debts	0.00	0.00	0.00	0.00	0.00	0.00
Sub Total (B)	0.00	0.00	0.00	0.00	0.00	0.88
Total (A + B)	368.28	418.61	253.24	193.43	135.62	117.18
Less : Provision for doubtful debts	0.00	0.00	0.00	0.00	0.00	0.88
Total Debtors	368.28	418.61	253.24	193.43	135.62	116.29
* Debts outstanding includes due from Associate Companies						
Exceeding Six Month	0.00	0.00	0.00	0.00	0.00	0.00
Other Debts #	0.00	0.01	0.02	0.05	0.03	0.00

Patson Transformers Pvt. Ltd.

Note : All debtors are Unsecured

ANNEXURE 13 : STATEMENT OF LOANS AND ADVANCES

(Amount in Million)

Financial Year Ended

	December 31, 2005	March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001
Deposits	6.01	4.55	4.25	4.91	4.31	4.00
Advance Payment against Taxes	271.24	151.91	84.76	50.76	21.68	2.90
Advance to Suppliers	39.78	17.75	4.22	11.39	8.44	4.15
Advances recoverable in cash or kind or for value to be received - Considered Good (Break up as under)	41.68	19.54	27.39	17.85	49.12	4.84
Total	358.70	193.75	120.62	84.91	83.55	15.89

Advance recoverable in cash or kind or for value to be received include the following, considered good:

Financial Year Ended

	December 31, 2005	March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001
Intercompany deposits						
From Related Parties	0.00	0.00	0.00	0.00	0.20	0.07
From Others	0.00	0.00	17.50	10.00	43.53	0.00
Advance to Employees	1.44	0.34	0.33	0.66	0.93	1.89
Prepaid Expenses	0.63	1.88	1.60	1.30	0.77	0.44
Cenvat Receivable	39.57	17.28	7.78	5.68	2.60	1.25
Other Advances	0.05	0.05	0.19	0.21	1.09	1.19
Total	41.68	19.54	27.39	17.85	49.12	4.84

1. The name and amount of the Related parties

Name		
	31/03/2002	31/03/2001
Vomtamp Transformers (South) Pvt. Ltd.	201000	65620

ANNEXURE 14 : STATEMENT OF CONTINGENT LIABILITIES

(Amount in Million)

Financial Year Ended

	December 31, 2005	March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001
Claims against the Company not acknowledged as debts	0.98	0.98	2.13	7.75	1.64	0.00
Counter Guarantee given to the Bank against Bank Guarantee issued	443.80	299.51	208.75	163.34	146.43	100.44
Total.....	444.78	300.49	210.88	171.09	148.06	100.44

ANNEXURE - 15 : STATEMENT OF CAPITALISATION AS AT DECEMBER 31, 2005

(Amount in Million)

	Pre-issue as at December 31, 2005	Post Issue *
Short Term Debt (A)	117.68	117.68
Long Term Debt (B)	0.00	0.00
Total Debt [C = (A) + (B)]	117.68	117.68
Shareholders' funds		
Equity Share Capital	101.17	101.17
Reserves, as restated	532.14	532.14
Total shareholders' fund (D)	633.31	633.31
Long term debt / Shareholders' fund (B/D)	0.00	0.00
Total debt / Shareholders' fund (C/D)	0.19	0.19

* It is proposed to offer the shares of the existing promoters through offer for sale and thus, there will be no increase in the existing share capital of the company and therefore the post issue figures are the same as pre issue figures.

Notes :

1. Short Term Debts Represents Debts in the nature of Working Capital Loans and Short Term Loans which are due within 12 months from December 31, 2005.
2. Reserves include General Reserves, Capital Reserve & Accumulated Balance of Profit & Loss Account as on December 31, 2005.
3. The figures disclosed above are based on the Restated Financial Statements of Voltamp Transformers Ltd. as on December 31, 2005.

Annexure 16 : STATEMENT OF THE LIST OF RELATED PARTIES AND NATURE OF RELATIONSHIPS

Particulars	Period ended December 31,2005	Financial year ended March 31,2005	Financial year ended March 31,2004	Financial year ended March 31,2003	Financial year ended March 31,2002	Financial year ended March 31,2001
Nature of relationship	Name of Party	Name of Party	Name of Party	Name of Party	Name of Party	Name of Party
Associates	Voltamp ** Transformers (South) P.Ltd.	Voltamp Transformers (South) P.Ltd.	Voltamp Transformers (South) P.Ltd.	Voltamp Transformers (South) P.Ltd.	Voltamp Transformers (South) P.Ltd.	Voltamp Transformers (South) P.Ltd.
	Patson Transformers Pvt. Ltd.	Patson Transformers Pvt. Ltd.	Patson Transformers Pvt. Ltd.	Patson Transformers Pvt. Ltd.	Patson Transformers Pvt. Ltd.	Patson Transformers Pvt. Ltd.
Key Management Personnel ('KMP')	Lalitbhai H. Patel	Lalitbhai H. Patel	Lalitbhai H. Patel	Lalitbhai H. Patel	Lalitbhai H. Patel	Lalitbhai H. Patel
	Kunjal L. Patel	Kunjal L. Patel	Kunjal L. Patel	Kunjal L. Patel	Kunjal L. Patel	Kunjal L. Patel
	Kanubhai S. Patel	Kanubhai S. Patel	Kanubhai S. Patel	Kanubhai S. Patel	Kanubhai S. Patel	Kanubhai S. Patel
Relatives of Key Management Personnel ('RKMP')	Urmilaben L. Patel *	Urmilaben L. Patel	Urmilaben L. Patel	Urmilaben L. Patel	Urmilaben L. Patel	Urmilaben L. Patel
	Taral K. Patel *	Taral K. Patel	Taral K. Patel	Taral K. Patel	Taral K. Patel	Taral K. Patel
	V. K. Patel	V. K. Patel	V. K. Patel	V. K. Patel	V. K. Patel	V. K. Patel
Related parties where KMP / RKMP exercise significant influence	Hari Steel Pvt. Ltd.	Hari Steel Pvt. Ltd.	Hari Steel Pvt. Ltd.	Hari Steel Pvt. Ltd.	Hari Steel Pvt. Ltd.	Hari Steel Pvt. Ltd.
	Malee Horticulture P. Ltd.	Malee Horticulture P. Ltd.	Malee Horticulture P. Ltd.	Malee Horticulture P. Ltd.	Malee Horticulture P. Ltd.	Malee Horticulture P. Ltd.
Employee Funds (Other than Statutory)	Super Annuation Fund	Super Annuation Fund	Super Annuation Fund	Super Annuation Fund	Super Annuation Fund	---

* Director Upto 13/02/2006

** Company is being dissolved.

ANNEXURE 16A : STATEMENT OF TRANSACTIONS WITH RELATED PARTIES AND DETAILS OF OUTSTANDING BALANCES

(Amount in Million)

Particulars	Nature of Relationship	Financial Year Ended					
		December 31,2005	March 31,2005	March 31,2004	March 31,2003	March 31,2002	March 31,2001
Purchases & Sales							
Purchase of goods							
1. Voltamp Transformers (South) P. Ltd	Associate	0.00	0.00	0.00	0.02	0.32	0.00
2. Patson Transformers Pvt. Ltd.	Associate	0.00	0.00	0.45	0.52	1.33	1.71
Purchase of fixed assets							
1. Voltamp Transformers (South) P. Ltd	Associate	0.00	0.00	0.00	3.38	0.00	0.20
2. Patson Transformers Pvt. Ltd.	Associate	0.00	0.09	0.17	0.00	0.08	0.00
Sales of goods							
1. Voltamp Transformers (South) P. Ltd	Associate	0.00	0.00	0.00	0.00	0.00	0.00
2. Patson Transformers Pvt. Ltd.	Associate	0.01	0.00	0.00	0.03	0.21	0.50
Sales of fixed assets							
1. Voltamp Transformers (South) P. Ltd	Associate	0.00	0.00	0.00	0.00	0.00	0.00
2. Patson Transformers Pvt. Ltd.	Associate	0.00	0.00	0.00	0.00	0.19	0.00
Expenses :							
Managerial Remuneration	Key Managerial Person	16.69	12.97	9.74	5.21	1.20	0.47
Rent Charges Paid							
1. Patson Transformers Pvt. Ltd.	Associate	0.00	0.00	0.00	0.00	0.00	0.00
Interest Paid							
1. Patson Transformers Pvt. Ltd.	Associate	0.00	0.00	0.02	0.27	0.00	0.14
Contribution to employee funds	Key Managerial Person	0.57	0.55	0.48	0.36	1.17*	0.00

Income :							
Interest Received							
1. Voltamp Transformers (South) P. Ltd	Associate	0.00	0.00	0.00	0.00	0.00	0.00
2. Patson Transformers Pvt. Ltd.	Associate	0.00	0.00	0.00	0.00	0.05	0.00
Finance :							
Loan & Advance							
1. Voltamp Transformers (South) P. Ltd	Associate	0.10	0.15	4.55	0.00	0.20	0.30
2. Patson Transformers Pvt. Ltd.	Associate	0.00	0.00	0.00	0.00	4.00	0.00
Outstanding Balances :							
Sundry Creditors							
1. Voltamp Transformers (South) P. Ltd	Associate	0.00	0.39	0.23	0.24	0.00	0.00
2. Patson Transformers Pvt. Ltd.	Associate	0.00	0.00	0.00	0.00	0.05	0.40
Sundry Debtors							
1. Voltamp Transformers (South) P. Ltd	Associate	0.00	0.00	0.00	0.00	0.00	0.00
2. Patson Transformers Pvt. Ltd.	Associate	0.00	0.01	0.02	0.05	0.03	0.00
Loans / Dposit							
1. Voltamp Transformers (South) P. Ltd	Associate	0.00	0.00	0.00	0.00	0.20	0.38
2. Patson Transformers Pvt. Ltd.	Associate	0.00	0.00	0.00	0.00	0.00	0.00

* Initial Contribution Upto 31/03/2002

ANNEXURE 17 : STATEMENT OF TAX SHELTERS

(Amount in Million)

	December 31, 2005	March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001
Profit before Current and differed tax are restated (A)	258.79	240.25	166.81	89.18	66.97	3.38
Tax Rate (%) (B)	33.66%	36.5925%	35.875%	36.75%	35.70%	39.55%
Tax Impact (C) = (A x B)	87.11	87.91	59.84	32.77	23.91	1.34
<u>Adjustments</u>						
<u>Permanent Differences</u>						
Dividend Income exempt under the Act	0.02	0.03	0.05	0.00	0.02	0.02
Donation disallowed under the Act.	(0.33)	(1.12)	(0.16)	(0.66)	(0.29)	(0.51)
Brought forward Losses / Depreciation allowable as set off	0.00	0.00	0.00	0.00	9.56	12.61
Assets discarded	0.00	0.00	0.00	(0.00)	(4.25)	0.00
Others	(6.13)	(0.99)	(0.11)	(0.37)	(0.05)	(0.56)
Total (D)	(6.44)	(2.07)	(0.22)	(1.03)	4.99	11.56
<u>Temperory Differences</u>						
Difference between book depreciation and tax depreciation	(4.96)	(0.23)	6.26	0.53	(0.09)	0.17
Voluntary Retirement Expenses U/s. 35DDA	0.07	1.97	1.97	1.90	1.67	(7.59)
Profit / Loss on sale of fixed assets	0.03	0.14	(0.00)	1.96	0.14	0.03
Provision for doubtful debts	0.00	0.00	0.00	0.00	0.00	(0.18)
Deduction u/s. 43B	(0.58)	(0.66)	(0.40)	(0.25)	(0.04)	(0.27)
Others	(0.95)	(0.95)	0.00	2.32	(2.32)	0.00
Total (E)	(6.39)	0.27	7.83	6.45	(0.64)	(7.84)
Net Adjustment F = (D + E)	(12.83)	(1.80)	7.61	5.42	4.35	3.73
Tax (Expenses) / Saving thereon G = (F x B)	(4.32)	(0.66)	2.73	1.99	1.55	1.47
Tax Liability after considering the effect of adjustments H (C - G)	91.43	88.57	57.11	30.78	22.36	(0.14)
Taxable Income (Book Profits) as per MAT (I)	257.35	240.34	166.92	89.24	66.49	3.90
MAT Rate (%) (J)	0.00	0.00	0.00	0.00	0.00	0.00
Tax liability as per MAT (K) = (I x J)	21.66	18.85	12.83	7.03	5.09	0.33
Tax Liability being higher of H or K	91.43	88.57	57.11	30.78	22.36	0.33

	December 31, 2005	March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002	March 31, 2001
Interest payable under the Act	0.00	1.91	1.11	0.63	0.99	0.11
Tax Payable for the year	91.43	90.49	58.23	31.41	23.35	0.44

STATEMENT OF TAX BENEFITS

Statement of Possible Tax Benefits Available to the Company and its Shareholders

Please refer to the Auditors Statement of the Tax Benefits set out at page 47 of this Draft Red Herring Prospectus.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial conditions and results of operations together with the Auditors' Report dated March 28, 2006 prepared in accordance with paragraph B(1) of Part II of schedule II to the companies act and SEBI guidelines. (as restated) for the years ended March 31, 2003, 2004, 2005 and nine months ended December 31, 2005 under Indian GAAP including schedules, annexure and notes thereto and reports thereon, which appear in the section titled "Financial Statements" beginning on page 117 of this Draft Red Herring Prospectus. Unless otherwise stated, the financial information used in this section is derived from our audited unconsolidated financial statements as restated. Our fiscal year ends on March 31 of each year, so all references to a particular year are to the 12 month period ended March 31 of that year.

INDIAN ECONOMY

We are into the business of manufacture of transformers and currently operating with our plant at our Registered office in Baroda. 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 supports 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 policy and legislative initiatives to restructure the power industry, which will have a direct or indirect, impact on the transformer industry also.

OVERVIEW OF OUR COMPANY

Our manufacturing facility is located at Makarpura, Vadodara with a built up area of 10,000 sq. metres on six acres of land and manufacturing capacity of 5,400MVA per annum in three different workshops within the same campus manufacturing a range of transformers led by highly skilled technicians.

We have a well diversified business model with three different well separated independent manufacturing units: Distribution, Transformers, Power Transformers and Dry Transformers.. Distribution and Power Transformers are oil-filled transformers. Oil Filled Transformers with sales of Rs. 1,331.4 mn constituted 76% of revenues while Dry Transformers, into which the company diversified in 1998 constituted 24% of FY'05 revenues. The turnover of power transformers in terms of MVA is the highest amongst all our products and comprises 49.9% of the total company turnover of 4,462MVA while Distribution Transformers & Dry Transformers constituted 37.80% and 12.3%, respectively, in FY 2005.

We manufacture two types of Dry Transformers – Resin Impregnated Type & Cast Resin Type and have emerged as a player in the country in this segment within a short span of five years..

Due to stringent government norms and increasing demand, for safer and environment friendly products, the share of Dry transformers in our total revenues have been growing continuously from 9% in FY'01 to 24% in FY'05, whereas the share of Power & Distribution Transformers in total revenues has decreased - from 47% & 44% in FY'01 to 40% & 36% in FY'05, respectively.

Product Portfolio	
Type of Transformer	Range
Distribution Transformer	500 KVA, 11 KV to 5000 KVA, 33 KV
Power Transformer	Above 5000 KVA, 33 KV to 50000 KVA, 132 KV
Dry Type Transformer	63 KVA (Dry Type) to 7500 KVA (CRT)

We have a well established nationwide network of 9 offices and more than 47 marketing and supporting staff personnel in all major industrial towns and Metros to effectively cater to the needs of customers.

OUR STRATEGY

- Concentration on Project Business
- Entry into Export Market
- Expanding Dry type transformer market base
- Exploring new business sectors
- Increase volumes by higher productivity
- Raising the Company profile

FACTORS AFFECTING OUR FUTURE RESULTS OF OPERATIONS

Our results of operations could potentially be affected by the following factors:

- General economic and business conditions in India
- Growth in the Power sector in India
- Our ability to achieve operational efficiency and competitive cost of production
- Our ability to manufacture the transformers as per the specific 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,
- Our ability to manufacture transformers using the latest technologies using new manufacturing techniques and processes

RESULTS OF OPERATIONS

The table below sets forth various line items from our restated financial statements for FY 2002, FY 2003, FY 2004, FY 2005 and nine months period ended December 31, 2005 as a percentage of Total Income

(Rupees in Million)

Particulars	Period ended December 31, 2005	FY 2005	FY 2004	FY 2003	FY 2002
Sales & Services (Including Export Incentives)	1,753.66	1,743.75	1,103.54	673.88	607.58
Other Income	25.51	30.86	29.30	35.31	16.88
Restated Increase / (decrease) in stock	250.10	47.39	7.18	55.94	(6.36)
Restated Total Income	2,029.26	1,822.00	1,140.03	765.13	618.10
Restated Cost of Materials	1,598.36	1,386.88	844.32	572.48	454.17
Restated Cost of Material as % to Total Income	78.77%	76.12%	74.06%	74.82%	73.48%
Personnel Cost	46.84	64.14	40.40	34.71	26.03
Personnel Cost as % of Total Income	2.31%	3.52%	3.54%	4.54%	4.21%
Other Manufacturing Expenses ..	70.56	71.43	48.13	33.92	32.51
Other Manufacturing Expenses as % of Total Income	3.48%	3.92%	4.22%	4.43%	5.26%
Operating and Administrative Expenses	33.17	35.95	23.51	22.36	18.25
Operating and Administrative Expenses % of Total Income....	1.63%	1.97%	2.06%	2.92%	2.95%
Restated PBDIT	280.34	263.61	183.67	101.66	82.90
PBDIT as % of Total Income	13.81%	14.47%	16.11%	13.29%	13.41%
Interest Expense (gross)	7.79	7.30	5.92	5.97	7.65
Interest as % of Total Income....	0.38%	0.40%	0.52%	0.78%	1.24%
Depreciation.....	13.76	16.06	10.94	6.44	7.99
Depreciation as % of Total Income	0.68%	0.88%	0.96%	0.84%	1.29%
Profit/(Loss) before Tax and Prior Period Item	258.79	240.25	166.81	89.25	71.51
Restated Taxation-current and deferred	95.09	90.54	67.11	35.05	24.31
Profit/(Loss) after Tax	163.70	149.71	99.70	54.13	42.66
Profit/(Loss) for the year as % of Total Income	8.07%	7.90%	8.75%	7.07%	6.90%

Business Performance

1. Revenues

Our revenues comprise of Sale of Transformers and Other income.

The following table shows our revenue for last three fiscals ended March 31, 2005 and for the nine months period ended December 31, 2005:

(Rs. in million)

Sources of Revenue	For the nine months ended December 31, 2005	FY2005	FY 2004	FY 2003
Goods Manufactured	1744.52	1730.61	1090.78	662.22
Services Rendered	7.97	10.90	9.03	10.56
Scrap Sales	1.17	2.24	3.73	1.09
Total Sales	1753.66	1743.75	1103.54	673.88
Other Income	25.51	30.86	29.30	35.31
Accretion to Closing Stock	250.10	47.39	7.18	55.94
TOTAL INCOME	2029.26	1822.00	1140.03	765.13

We derive our revenues primarily from sale of transformers manufactured for:

- 1) EPC Contractors
- 2) Buyers in Industrial and Building Segment
- 3) SEBs & Utilities

The revenue break-up from these segments for last three years is as follows:

(Rs. in million)

	FY 2003	% of total sales	FY 2004	% of total Sales	FY 2005	% of total sales	9M FY 2006	% of total sales
EPC Contractors	256.26	38.028	485.25	43.937	586.22	33.618	609.85	34.776
Buyers in Industrial Corporates, Building Segment and Govt. / Semi Govt. Sectors.	206.80	30.688	215.55	19.567	723.41	41.486	959.73	54.727
SEBs & Utilities	210.82	31.285	402.74	36.496	434.12	24.896	184.08	10.497
Total	673.88	100.000	1103.54	100.000	1743.75	100.000	1753.66	100.000

The number of transformers sold by us during the last five years are as follows:

Financial Year	Transformer Type			Total
	Dry	Distribution	Power	
2000-2001	95	449	106	650
2001-2002	147	472	110	729
2002-2003	218	490	96	804
2003-2004	382	680	145	1207
2004-2005	673	909	211	1793

Financial Year	Transformer Type			Total
	Dry	Distribution	Power	
APRIL-05 TO DEC.05	389	680	191	1260

2. Expenditure

The following table shows our expenditure for last three fiscals ended March 31, 2005 and for the nine months period ended December 31, 2005:

(Rs. million)

Expenditure	For the nine months ended December 31, 2005	FY 2005	FY 2004	FY 2003	FY 2002
Material Consumption	1,598.36	1,386.88	844.32	572.48	454.17
Manufacturing Expenses	70.56	71.43	48.13	33.92	32.51
Personnel Cost	46.84	64.14	40.40	34.71	26.03
Administrative & Selling Expenses	33.17	35.95	23.51	22.36	18.25
Financial Charges	7.79	7.30	5.92	5.97	7.65
Depreciation	13.76	16.06	10.94	6.44	7.99
Assets Discarded	-	-	-	0.00	4.25
TOTAL EXPENDITURE	1,770.47	1,581.75	973.21	675.88	550.84

Significant Accounting Policies

Preparation of financial statements in accordance with Indian Generally Accounting Principles, the applicable accounting standard issued by The Institute of Chartered Accountants of India and the relevant provisions of the Act, require our management to make judgments estimate and assumptions that affect the reported amounts of our assets and liabilities, disclosures of contingent liabilities and the reported amount of revenues and expenses.

While we believe that all aspects of our financial statements should be studied and understood in assessing our current and expected financial conditional results. We believe the following significant accounting policies warrant additional attention.

1. The Financial Statements are prepared under the historical cost convention in accordance with the Indian Generally Accepted Accounting Principles ("GAAP") comprising the mandatory accounting standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956, on accrual basis.

The preparation of the financial statement in conformity with GAAP requires that the management of the company ("Management") make estimates and assumptions that affect the reported amounts of revenue and expenses of the year, balances of assets and liabilities, and disclosures relating to contingent assets and liabilities as of the date of the financial statements. Actual results could differ from those estimates.

2.
 - a) Fixed Assets are stated at cost less depreciation. Cost means Purchase price and/or erection/commissioning charges of fixed assets and other charges directly attributable to the cost of fixed assets less cenvat on capital goods.
 - b) Depreciation on tangible assets is provided for as per the rates and manner prescribed under XIVth Schedule to the Companies Act, 1956 on written down value method.
 - c) The cost of intangible assets acquired i.e technical know how fees is amortised over a period of five years on SLM basis.
3. Investment classified as long term investments are carried at cost. However, provision for diminution is made to recognize, the decline, other than temporary nature, in the carrying amount of such long term investments.
4.
 - (a) Inventory is valued at lower of cost (on FIFO basis) net realisable value.
 - (b) Cost in case of finish goods and WIP is calculated on absorption costing method.
5. Revenue Recognition:
 - a) Domestic Sales is recognized on the basis of the dispatch of finished products, which corresponds to transfer of significant risk and rewards of ownership. Revenues from repairs are recognised when such services are rendered.
 - b) Export sales is recognised on the basis of date of bill of lading.
 - e) Price Variation claim not forming part of the contract are accounted, for as and when received.
 - f) Interest on Bank Guarantee margin money with Bank is accounted for on realised basis.
6. Employment Benefits
 - a) Premium is paid to Insurance Company on the basis of actuarial valuation for the Employees' Gratuity liability and Superannuation Benefit.
 - b) Provision for liability in respect of accrued leave encashment is made as per the actuarial valuation.
 - c) Other Benefits are accounted for on accrual Basis.
7. Foreign Currency Transactions:
 - e) Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction.
 - f) Monetary items denominated in foreign currency and remaining unsettled at the end of the year are translated at year end rates,
 - g) Non monetary foreign currency items are carried at cost.
 - h) Any income or expenses on account of exchange difference either on settlement or on transaction is recognised to the Profit & Loss Account.
8. Excise Duty

The Company follows Exclusive Method of Excise duty in accordance with AS 2 on valuation of Inventory and Guidance Note on Modvat issued by ICAI. Accordingly, purchases, Sales and stock (other than finished goods) are stated at net of Excise Duty. Excise duty is included in the stock of finish goods.
9. Current Tax and Deferred Tax :
 - a) Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961.
 - b) Deferred tax resulting from "timing difference" between the book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively

enacted as on the balance sheet date. The deferred tax asset is recognised and carried forward only to the extent that there is a reasonable certainty that the assets will be realized in future.

10. Impairment of Assets

Provision for impairment loss is recognised to the extent by which the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is the higher of an asset's net selling price and its value in use. Value in use is determined on the basis of the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of the useful life.

11. Provisions

A provision is recognised when there is a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are required at each balance sheet date and adjusted to reflect the current management estimates.

Comparison of the operating results for the nine month ended December, 31, 2005 to FY 2005

Some of the key developments during the nine months ended December 31, 2005 were:

- a) Transformer testing Lab was commissioned in the year
- b) Yearly production and testing capacity were enhanced up to 5500 MVA
- c) Extensive range of cast resin dry type transformers were type tested

Revenues

Our total revenues for the nine months period ended December 31, 2005 were Rs. 2,029.26 million as against Rs. 1,822.00 million in FY 2005.

Raw Material

Expenditure on raw material, which is a part of manufacturing expenses, was Rs. 1,598.36 million for the nine months period ended December 31, 2005 as against Rs. 1,386.88 million for FY 2005.

Personnel Cost

We had 209 employees (including employees on pay roll, on contracts and as retainers) as of December 31, 2005. Our cost towards employee's remuneration and other benefits was Rs. 46.84 million.

Manufacturing Expenses

Our total manufacturing expenses for the nine months period ended December 31, 2005 were Rs. 70.56 million as against Rs. 71.43 million in FY 2005.

Operating and Administration Expenses

Operating and Administration expenses were Rs. 33.17 million for the nine months period ended December 31, 2005 against Rs. 35.95 million in FY 2005.

Depreciation

Depreciation for the nine months period ended December 31, 2005 was Rs. 13.76 million (or 0.68% of our total revenues) against Rs. 16.06 million (or 0.88% of our total revenues) in FY 2005.

Interest Cost

Interest for the nine months period ended December 31, 2005 were Rs. 7.79 million (or 0.38% of our total revenues) against Rs. 7.30 million (or 0.40% of our total revenues) in FY 2005.

Profit before Tax

Our profit before tax for the nine months period ended December 31, 2005 was Rs. 258.79 million (or 12.75% of our total revenues) against Rs. 240.25 million (or 13.19 % of our total revenues) for FY 2005.

Taxation

For the nine months period ended December 31, 2005, we provided for Rs. 95.09 million (net of current tax and deferred tax) for tax compared to Rs. 90.54 million in FY 2005.

Profit after Tax

Our profit after tax for the nine months period ended December 31, 2005 was Rs. 163.70 million (or 8.07% of our total revenue) against Rs. 143.87 million (or 7.9% 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 our customers and also developed new customers.

Due to better 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 143.87 million.

In FY2005, we sold 1793 units of transformers of different capacities against 1207 units of different capacities in FY 2004. The increase in the number of transformer (units) sold was primarily on account of increased volume of dry type transformers and buoyant demand in power sector coupled with increased requirements from industrial customers giving rise to jump in sales of oil filled Transformers.

Revenues

Our total revenues for FY 2005 were Rs. 1,822.00 million as compared to Rs. 1,140.03 million in FY 2004, an increase of 59.82%. This is primarily, due to :

- a) Realisation per kVA increased by 29.8% YOY
- b) Substantial increase in production volumes : 4462 MVA in the FY 2005 compare to 3650 MVA in FY 2004

Sales

Our total sales increased by 58.01% to Rs. 1,743.75 million in FY 2005 from Rs. 1,103.54million in FY 2004. The increase in sales was attributable to buoyant demand in power sector coupled with increased requirement from industrial customers.

Other Income

Our other income in FY 2005 has increased by 5.32% to Rs. 30.86 million as compared to Rs.29.30 million in FY 2004. Sources of income under this head were discounting charges earned on early payment of supplier's bills, services revenue, interest earned on bank fixed deposits, etc.

Raw Material

Expenditure on raw material was Rs. 1386.88 million for the year ended March 31, 2005 against Rs. 844.32 million for FY 2004. The increase was due to pricing pressure of CRGO Steel and also copper price increase.

Personnel Cost

Employees' remuneration and other benefits increased 58.78% to Rs. 64.14 million in FY 2005 from Rs. 40.40 million in FY 2004. The increase in employee remuneration and other benefits was on account of increase in the work force and pay revision granted to all employees. We increased the number of employees on our payroll from 94 employees in FY 2004 to 117 employees in FY 2005.

Manufacturing Expenses

Our other manufacturing expenses during FY 2005 increased by 48.39% to Rs. 71.43 million from Rs. 48.13 million in FY 2004. Increase in our manufacturing expenses was due to increase in the production of transformers. The proportion of these expenses to total income reduced from 4.2% in the Financial Year 2004 to 3.9% in Financial Year 2005 with tight cost control measures and optimal sourcing strategies of non core activities and key components.

Operating and Administration Expenses

Operating and Administration expenses increased by 52.93% to Rs. 35.95 million in FY 2005 from Rs. 23.51 million in FY 2004.

Interest Cost

Interest expenses increased by 23.26% to Rs. 7.30 million (or 0.40% of our total revenues) in FY 2005 from Rs. 5.92 million (or 0.52% of our total revenues) in FY 2004. This was primarily on account of increased cost of bank charges due to larger number and value of bank guarantees issued for bid bonds and contract performance.

Depreciation

Our depreciation increased by 46.84 % to Rs. 16.06 million (or 0.88% of our total revenues) in FY 2005 from Rs. 10.94 million (or 0.96 % of our total revenues) in FY 2004. The increase was primarily on account of addition in plant and machinery. There was substantial addition of plant and machinery in FY 2004 i.e. Rs. 30.0 million out of which Rs. 23.0 million addition was added on August 31, 2003. Therefore, in FY 2004 depreciation was claimed for half year only, while in FY 2005 it is claimed for full year.

Profit before Tax

Our profit before tax increased by 44.02% to Rs. 240.25 million (or 13.19 % of our total revenues) in FY 2005 from Rs. 166.81 million (or 14.63% of our total revenues) in FY 2004. This increase in profits was on account of increase in sales by 63.15%. Total MVA supplied during the year is 4462 in comparison to 3650 MVA in the year 2004.

Taxation

In FY 2005, we provided for Rs. 90.54 million for tax compared to Rs. 67.11 million in FY 2004, an increase of 34.90%. The increase was in line with the increase in profit before tax.

Profit after Tax

Our profit after tax after adjustments increased by 44.30% to Rs. 143.87million (or 7.90% of our total revenues) in FY 2005 from Rs. 99.70 million (or 8.75% of our total revenues) in FY 2004.

Comparison of FY 2004 with FY 2003**Revenues**

Our total revenues for FY 2004 were Rs. 1140.03 million as compared to Rs. 765.13 million in FY 2003. Our revenue in FY 2004 increased by 49.00% year on year, primarily due to the launch of new dry type transformers and increase in number of transformers sold. During FY 2004, we manufactured 1207 units of transformers as compared to 800 units in FY 2003. The total production of transformers during the year was 3650 MVA compared to 2403 MVA in FY 2003.

Sales

Our sales increased to Rs. 1103.54 million in FY 2004 from Rs. 673.88 million in FY 2003. During 2004 we sold 1207 units of transformers as compared to 804 units of transformers in FY 2003. The total production of transformers during the year was 3650 MVA compared to 2403 MVA in FY 2003.

Other Income

Our other income in FY 2004 declined by 17.02% to Rs. 29.30 million as compared to Rs. 35.31 million during FY 2003. This was primarily on account of decline in profit from sales of assets in FY 2004. In addition, our earning

from interest on ICD (Inter Corporate Deposits) declined 85% in comparison of FY 2003 because no investment in ICDs was made in FY 2004.

Raw Material

Expenditure on raw material was Rs. 844.32 million for the year ended March 31, 2004 as against Rs. 572.48 million for FY 2003. Our raw material cost during FY 2004 increased by 47.49% which was primarily on account of increased in rate of CRGO Steel and copper, which is based on international markets. The average rate of Copper in FY 2004 was Rs. 136 and Rs. 117 in FY 2003. In addition, average rate of CRGO in FY 2004 is Rs. 76.55 and Rs. 63.78 in FY 2003.

Personnel Cost

Employee remuneration and other benefits increased by 16.39% to Rs. 40.40 million in FY 2004 from Rs. 34.71 million in FY 2003. This increase was primarily due to increase of remuneration and commission to Directors and special performance reward to employees. Also increase in number of temporary employees employed during the year. We had 94 employees on our payroll as of March 31, 2004, compared to 79 employees as of March 31, 2003.

Manufacturing Expenses

Our other manufacturing expenses during FY 2004 increased by 41.90 % to Rs. 48.13 million from Rs. 33.92 million in FY 2003. The increase in manufacturing expenses was mainly due to increase in sales and increase in charges for testing of transformers carried out side our Company (i.e. E.R.D.A., C.P.R.I.). In addition, power and fuel also became costly in comparison with the previous year. However, despite this, our manufacturing expenses, as a percentage of our total revenues were 4.22% in FY 2004 as compared to 4.43% in FY 2003. This decrease in the manufacturing costs as a percentage of our total revenues was on account of decrease in freight and maintenance of plant and machinery. The increase in amount of Store consumption i.e. Rs. 6.50 million in FY 2003 to Rs. 10.60 million in FY 2004, was due to increased production of Dry type transformers.

Operating and Administration Expenses

Operating and Administration expenses increased by 5.11% to Rs. 23.51 million in FY 2004 from Rs. 22.36 million in FY 2003. The increase was primarily due to increased cost related to expansion of marketing network.

Depreciation

Depreciation for FY 2004 was Rs. 10.94million (0.96% of total revenues) as against Rs. 6.44 million (0.84% of total revenues) in FY 2003.

Interest

Interest decreased by 0.87% to Rs. 5.92 million (0.52% of total revenues) in FY 2004 from Rs. 5.97million (0.78% of total revenues) in FY 2003. This change was on account of lesser utilisation of working capital from the bank.

Profit before Tax

Profit before tax increased substantially by 86.91% to Rs. 166.81 million (14.63% of total revenues) in FY 2004 from Rs. 89.25 million (11.66% of total revenues) in FY 2003.

Taxation

In FY 2004, we provided for Rs. 67.11 million for tax (current and deferred) compared to Rs. 35.05 million in FY 2003. The increase was primarily due to increase in profits.

Profit after Tax

Profit after tax and adjustments increased to Rs. 99.70 million (8.75 % of total revenues) in FY 2004 from of Rs. 54.13 million in FY 2003.

Comparison of FY 2003 with FY 2002

Revenues

Our total revenues for FY 2003 were Rs. 765.13 million as compared to Rs. 618.10 million in FY 2002. Our revenue in FY 2003 increased by 23.79%, which was primarily attributable to increase in number of transformers sold.

Sales

Our sales increased to Rs. 673.88 million in FY 2003 from Rs. 607.58 million in FY 2002. During 2003 we manufactured 804 units of transformers as compared to 729 units of transformers in FY 2002. The increase in the number of transformers sold was primarily on account of good market demand of dry type transformers and also owing to improved plant performance.

Other Income

Our other income in FY 2003 increased by 109.14% to Rs. 35.31 million as compared to 16.88 million during FY 2002. This was on account of Profit on sales of asset, Interest on Inter Corporate Deposits, Insurance Claim and Testing fees recovered on higher scale as compared to previous year.

Raw Material

Expenditure on raw material was Rs. 572.48 million for the year ended March 31, 2003 as against Rs. 454.17 million for FY 2002. Our raw material cost during FY 2003 increased by 26.05% which was primarily on account of increase in cost of CRGO steel, which accounts for 24% of the total raw material cost.

Personnel Cost

Employee remuneration and other benefits increased by 33.35% to Rs. 34.71 million in FY 2003 from Rs. 26.03 million in FY 2002. This increase was primarily due to increase in contractual work force and wage revisions. Our Company introduced for first time, management staff super annuation scheme and spent Rs. 4.30 million in FY 2003. Commission to the Directors was Rs. 24.87 million in FY 2003, as compared to Rs. 6.77 million in FY 2002. We had 79 employees on our payroll as of March 31, 2003, compared to 89 employees as of March 31, 2002.

Manufacturing Expenses

Our other manufacturing expenses during FY 2003 increased by 4.35% to Rs. 33.92 million from Rs. 32.51 million in FY 2002. Our manufacturing expenses, as a percentage of our total revenues were 4.43% in FY 2003 as compared to 5.26% in FY 2002. The overall decrease in manufacturing cost was on account of reduced expenses on freight and repairs and maintenance of plant and machinery.

Operating and Administration Expenses

Operating and Administration expenses increased by 22.53% to Rs. 22.36 million in FY 2003 from Rs. 18.25 million in FY 2002. The increase was primarily due to increase in sales in comparison to previous year.

Depreciation

Depreciation for FY 2003 was Rs. 6.44 million (0.84% of total revenues) as against Rs. 7.99 million (1.29% of total revenues) in FY 2002.

Interest Cost

Interest decreased by 21.93% to Rs. 5.97million (0.78% of total revenues) in FY 2003 from Rs. 7.65 million (1.24% of total revenues) in FY 2002. This change was on account of better utilisation of cash flow and lesser utilisation of working capital limits. We have also issued more corporate guarantees instead of bank guarantees to our customers to reduce bank charges.

Profit before Tax

Profit before tax increased by 24.80 % to Rs. 89.25 million (11.66% of total revenues) in FY 2003 from Rs. 71.51million (11.57% of total revenues) in FY 2002.

Taxation

In FY 2003, we provided for Rs. 35.06 million for tax (current and deferred) compared to Rs. 25.65 million in FY 2002. The increase was primarily due to increase in profit, which is related to increase in sales and gross profit.

Profit after Tax

Profit after tax increased by 26.87% to Rs. 54.13 million (7.07% of total revenues) in FY 2003 from of Rs. 42.66million (6.90% of total revenues) in FY 2002.

Indebtedness

We do not have any unsecured loans as on December 31, 2005. The following table represents our secured debt as on December 31, 2005:

Secured Loans

(Rs. in million)

Particulars	Amount (in millions)	Interest Rate	Repayment Terms
Bank Of Baroda	117.68	2% below BPLR i.e. 8.5% p.a. with Monthly rest	Limits are sanctioned for the period of One Year.

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

We have very less amount of outstanding loans. 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 manufacture to various industrial customers and turnkey contractors on purchase order basis. For a detail discussion on related party transactions refer to the section titled "Related Party Transactions" on page number 114 of this Draft Red Herring Prospectus.

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" on page 85 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 8 and in "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 146, 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.

Seasonality of business

We operate at one location and our transformer manufacturing facilities are at Baroda. Our business is not seasonal and among other things, subject to availability of raw material, we will continue to manufacture the transformers.

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, we believe that generation of more power will be a prime agenda for the state governments, which in turn is going to have a direct impact on the transformer manufacturing industry.

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 which may be available to us.

Significant Developments after December 31, 2005 that may affect our future results of operations

The Government of Gujarat has announced implementation of VALUE ADDED TAX (VAT) with effect from April 1, 2006. This will give us a competitive edge v/s. our outside Gujarat based competitors for Transformers to be supplied within the State of Gujarat.

Each equity share of Rs. 100 each was subdivided into 10 equity shares of Rs. 10 each pursuant to the resolution passed by the shareholders at our EGM held on February 6, 2006.

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.

SECTION VI: LEGAL AND REGULATORY INFORMATION

OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

There are no outstanding litigations against our Company, our Subsidiary, our Directors, our Promoters and our Promoter group or any disputes, tax liabilities, non payment of statutory dues, over dues to banks/ financial institutions, defaults against banks/ financial institutions, defaults in dues towards instrument holders like debenture holders, fixed deposits and arrears on cumulative preference shares issued by our Company, defaults in creation of full security as per terms of offer/ other liabilities, proceedings initiated for economic/ civil/ any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (i) of Part 1 of Schedule XIII of the Companies Act) against our Company, our Subsidiary, our Directors, our Promoters and our Promoter Group, except the following:

A. Outstanding litigation and contingent liabilities of the Company

Contingent liabilities as on December 31, 2005

- Counter guarantees given to the Bank in respect of the Guarantees issued by the Bank on behalf of the Company: Rs. 443.80 million.
- Claim against the Company towards Excise demand: Rs. 0.98 million.
- Capital Commitments: NIL

Cases filed by our Company

A. Section 138 of the Negotiable Instrument Act

A1. Case no. 5461 of 2002 filed by our Company against M/s. Essjay Electrolinks Private Limited under Section 138 of the Negotiable Instruments Act

M/s. Essjay Electrolinks Private Limited placed a Purchase order dated June 15, 2001 for supply of two sets of transformers with the Company and gave a cheque no. 452934 dated September 12, 2001 of Rs. 13,61,168/-, which was dishonored. Subsequently, M/s. Essjay Electrolinks Private Limited gave another cheque no. 909321 dated April 20, 2002 for Rs. 2,00,000/- and a cheque no. 910236 dated July 31, 2002 for Rs. 1,00,000/-, which were also dishonoured. The Company filed a case under Section 138 of the Negotiable Instrument Act on September 27, 2002 for recovery of an amount of Rs. 3,00,000/- being Criminal Complaint No. 5461 of 2002 before the Chief Judicial Magistrate, Vadodara. On October 1, 2002 summons were issued to M/s. Essjay Electrolinks Private Limited. M/s. Essjay Electrolinks Private Limited filed a Criminal Miscellaneous Application No. 8645 of 2002 under Section 482 of the Code of Criminal Procedure for quashing and setting aside the Criminal Complaint 5461 of 2002 before the High Court of Gujarat at Ahmedabad and obtained a stay order on February 24, 2003. Company filed its reply in April, 2003 and denying the contentions mentioned in Criminal miscellaneous application filed by M/s. Essjay Electrolinks Private Limited. The matter is pending for hearing before the High Court of Gujarat at Ahmedabad.

B. Income Tax

B1. Miscellaneous Application No. 12/Ahd/06 of 2005 arising out of Income Tax Appeal No. 793/Ahd/1999 filed by our Company against Commissioner of Income Tax (Appeals), Ahmedabad (Assessment Year 1994-1995)

The Company had filed Income Tax return for the assessment year 1994-1995 on November 30, 1995. The Company filed an application dated January 6, 1996 for rectification of interest calculation under Section 234-B and Section 234-C. By an order dated February 2, 1996 the application filed by the Company was rejected. The Deputy Commissioner of Income Tax, Ahmedabad passed an assessment order dated December 13, 1996, and also issued a show cause notice to the company as to why depreciation should not be allowed at the normal rate and demanded a sum Rs. 59,828/-. By a letter dated July 16, 1998 addressed to Commissioner of Income Tax (Appeals), Ahmedabad informed that an appeal has been filed against the order dated February 2, 1996 passed

by the Deputy Commissioner of Income Tax, Ahmedabad. The Company in its Appeal no. CIT(A)-XIII/DCSR-9/83/96-97 stated that the manner of calculating interest under Section 234-B is not proper and prayed to delete the excess interest charged. An order dated March 12, 1999 passed by Commissioner of Income Tax (Appeals), Ahmedabad partly allowed, dismissing appeal under Section 154 and partly allowing under Section 143(3). Aggrieved by the order, the Company filed a Income Tax Appeal No. 793/Ahd/1999 praying for quashing the order dated March 12, 1999 passed by the Commissioner of Income Tax (Appeals). By an order dated October 26, 2005 passed by the Income Tax Appellate Tribunal, Ahmedabad dismissed Company's Appeal. The Company has filed a miscellaneous application no. 12/Ahd/06 of 2005 dated December 1, 2005 praying to recall the order dated October 26, 2005. The miscellaneous application is pending for hearing.

B2. Miscellaneous Application No. 11/Ahd/06 of 2005 arising out of Income Tax Appeal No. 473/Ahd/2000 filed by our Company against Commissioner of Income Tax (Appeals), Ahmedabad (Assessment Year 1992-1993)

The Company filed Income Tax return for the assessment year 1992-1993 on December 29, 1993. By an Assessment order dated March 24, 1995 passed by Deputy Commissioner of Income Tax, Ahmedabad stating that interest is charged as Rs. 75,386/-. The Company filed an Appeal no. CIT(A)/XIII/DC/(A)/SR-9/19/96-97 dated April 11, 1995 before Commissioner (Appeals) of Income Tax against the manner of charging interest u/s. 234B and prayed to quash the assessment order. By an order dated November 5, 1999 passed by Commissioner of Income Tax (Appeals), dismissed the Company's Appeal. Aggrieved by the order, Company filed an Appeal No. 473/Ahd/2000 with Income Tax Appellate Tribunal, Ahmedabad praying to quash the order passed by the Commissioner of Income Tax (Appeals). The Income Tax Appellate Tribunal, Ahmedabad dismissed Company's Appeal by an order dated October 31, 2005. The Company has filed a miscellaneous application no. 11/Ahd/06 of 2005 dated December 1, 2005 praying to recall the order dated October 31, 2005. The miscellaneous application is pending for hearing.

B3. Income Tax Application No. 5 of 1997 filed by our Company against Commissioner of Income Tax(Appeals), Ahmedabad (Assessment Year 1984-1985)

The Company filed Income Tax return for the assessment year 1984-1985 on June 13, 1984. By an Assessment order dated February 2, 1987 passed by Income Tax Officer, Ahmedabad determining the total income at Rs. 13,33,130/- which erroneous. By an order u/s. 263 dated March 16, 1989 passed by Commissioner of Income Tax, Ahmedabad directed the assessing officer to reframe the same after examining the details and to hear the Company. By an assessment order dated December 12, 1989 passed by Deputy Commissioner of Income Tax, Ahmedabad u/s. 143(3) r.w.s. 263 an addition of Rs. 11,40,000/- lacs was made towards valuation of stock ordering to issue notice under Section 17(1)(c) and to issue demand notice and challan and give credit for taxes paid after due verification. The Appeal no. CIT(A)-IV/DC/(A)2/225 was filed by Company before Commissioner of Income Tax (Appeals) against the order of Deputy Commissioner of Income Tax, Ahmedabad. By an order dated November 7, 1990 the appeal is partly allowed. Aggrieved by the order, Company filed a Income Tax Appeal No. 277/Ahd/1991 praying to quash the order passed by the Commissioner of Income Tax (Appeals). By an order dated December 15, 1995 passed by the Assistant Registrar, Income Tax Appellate Tribunal, Ahmedabad dismissed Appeal of the Company. Company has filed a miscellaneous application no.197/Ahd/2005 praying to recall the order dated December 15, 1995. By an order dated November 15, 1996 dismissed the Company's application. The Company, by an Income Tax Application No. 5 of 1996 filed before Hon'ble High Court of Gujarat at Ahmedabad filed an appeal praying to admit the appeal of the Company, since it involved question of law immediately point out that the question involved may be reframed calling upon the tribunal to consider the issue. The High Court of Gujarat admitted the appeal of the Company by an order dated December 23, 1997 and ordered the tribunal to furnish statement of case of the issue involved. The matter is pending before the High Court for disposal.

B4. Income Tax Appeal No. 3024/A/2002 filed by Commissioner of Income Tax, Ahmedabad against our Company (Assessment Year 1999-2000)

The Company had filed Income Tax return for the assessment year 1999-2000 on December 2, 1999. The Company vide its letter dated August 22, 2000 pointed out that while processing its return under Section 143 (1)(a), credit for TDS of Rs.1,45,727/- has not been taken into consideration and as a result thereof, demand of

Rs. 3,69,133/- has been raised. By an order dated November 6, 2000 passed by Joint Commissioner of Income Tax, Ahmedabad granted TDS credit of Rs. 1,37,749. The company by letter dated December 12, 2001 addressed to Commissioner of Income Tax(Appeals), Ahmedabad informed that an appeal has been filed against the order dated November 6, 2000 passed by the Joint Commissioner of Income Tax, Ahmedabad. The Company in its appeal before No. CIT(A)-XI/44/2000-01 stated that the manner of calculating interest under Section 234-B was not rectified and prayed to allow the appeal by deleting the excess interest charged. An order dated July 19, 2002 passed by Commissioner of Income Tax(Appeals), Ahmedabad allowed the appeal of the Company and directed the Assessing Officer to calculate the interest chargeable and intimate the same to the Company. Aggrieved by the order, the department filed a Income Tax Appeal No. 3024/A/2002 praying for quashing the order dated July 19, 2002 passed by the Commissioner of Income Tax (Appeals). The appeal of the Department is Pending.

C. Excise

C1. Civil Application No. 2062 of 1986 in Special Civil Application No. 2964 of 1985 filed by our Company against Union of India

A show cause notice no. V(28A)15-14/OA/84 dated February 18, 1985 was issued by Superintendent of Central Excise & Customs, Vadodara for payment of excise duty on 48799.06 kgs of Electric Stamping and Lamination valued at Rs. 875,565/- in respect of job work given to a firm. The Company by its reply stated that the show cause notice which is issued be withdrawn without confirming any duty or penalty on the Company. The Deputy Collector of Customs & Central Excise, Vadodara by its order dated November 10, 1986 confirmed the show cause notice issued by the department and ordered the Company to pay the appropriate duty on Electric stamping and lamination and also imposed penalty of Rs.50,000/-. Aggrieved by the order dated November 10, 1986 the Company filed a Special Civil Application no. 2964 of 1985 before the High Court of Gujarat at Ahmedabad challenging the order and further filed a Civil Application No. 2062 of 1986 for stay of the execution of the order. The Court vide its order dated January 18, 1987 granted stay of the execution of the order. The matter is pending for hearing.

D. Sales Tax

D1. Appeal no. 305 of 199 filed by the Company against Gujarat Sales Tax Tribunal at Ahmedabad

A appeal was filed by the Company before the President, Gujarat Vechan Vera Nyai Panch, Ahmedabad (Sales Tax Tribunal) against the order of the Assistant Sales Tax Commissioner dated March 25, 1994 (First appeal) which was dismissed the Company appeal to set aside the re-assessment order dated April 30, 1992. The Sales Tax Officer had re- assessed Central Sales Tax liability with interest at Rs. 9,38,734/- against the original assessment of Rs. 10,13,315/- of Central Sales Tax and interest. The Company had already paid Rs. 8,24,598/- against the original order and balance amount of Rs.1,85,722/- was also subsequently, paid on June 3, 1992. The appeal pertains to assessment year beginning from 01.7.1983 to 30.6.1984. Thus the company is entitled to a refund of Rs. 71,582/- on re-assessment. The Company has contended in its appeal that the interest amount assessed and paid by the Company is to be refunded. The said appeal is pending for hearing.

D2. Appeal no. 1994 of 2000 filed by the Company against Gujarat Sales Tax Tribunal at Ahmedabad

A appeal dated July 17, 1999 was filed by the Company before the President, Gujarat Vechan Vera Nyai Panch, Ahmedabad (Sales Tax Tribunal) against the order of the Assistant Sales Tax Commissioner dated May 21, 1999 (First appeal) which dismissed the Company's to set aside the re-assessment order dated September 30, 1993. The Sales Tax Officer had re-assessed our Central Sales tax liability with interest at Rs. 11,13,585/- against the original assessment of Rs. 25,61,381/- towards Central sales tax and interest against which Rs,9,52,274/- was already paid and the balance amount of Rs.1,63,000/- was paid on December 11, 1993. The Company has contended in its appeal that the interest amount assessed and paid by the Company is to be refunded. The appeal pertains to assessment year beginning on 01.07.1984 to 30.06,1985 The said appeal is pending for hearing.

D3. Appeal no. 95 of 2000 filed by the Company against Gujarat Sales Tax Tribunal at Ahmedabad

A appeal dated January 18, 1999 was filed by the Company before the President, Gujarat Vechan Vera Nyai Panch, Ahmedabad (Sales Tax Tribunal) against the order of the Assistant Sales Tax Commissioner dated August 10, 1998 (First appeal) which dismissed the Company's appeal to set aside the re-assessment order dated January 31, 1994. The Assistant Sales Tax Commissioner had assessed the Company's liability towards Central Sales tax and interest at Rs.17,60,144/- against which department gave the Company a credit of Rs. 14,93,403/- under the scheme of 1993. The Company paid the balance amount of Rs. 2,66,741/- vide challan dated March 11, 1994. The Company has contended in the appeal that the interest amount assessed and paid by the Company is to be refunded. The appeal pertains to assessment year beginning on 01.07.1985 to 30.06.1986. The said appeal is pending for hearing.

D4. Appeal no. 1 of 1999 filed by the Company against Gujarat Sales Tax Tribunal at Ahmedabad

A appeal dated January 18, 1999 was filed by the Company before the President, Gujarat Vechan Vera Nyai Panch, Ahmedabad (Sales Tax Tribunal) against the order of the Assistant Sales Tax Commissioner dated September 17, 1998 (First appeal) which dismissed Company's appeal to set aside the re-assessment order dated January 31, 1994 of Assistant Sales Tax Commissioner assessed the Company's liability of Central Sales Tax and interest at Rs. 18,58,414/- against which department gave the Company a credit of Rs.16,64,353/- under 1993 scheme. The appeal pertains to assessment year beginning on 01.07.1986 to 30.06.1987..The Company paid the balance amount of Rs.1,94,061/- vide challan dated March 11, 1994. The company has contended that the interest amount assessed and paid is to be refunded. The said appeal is pending for hearing.

E. Property

E1. Special Civil Suit No. 91 of 1995 filed by our Company against Bhailalbhai R. Patel

Suit No. 91 of 1995 is filed by the Company on February, 1995 before the Civil Court, Vadodara, against Bhailalbhai Rajivbhai Patel for specific performance of contract i.e Banakhat executed by him in favour of the Company. Company had prayed for permanent injunction against Bhailalbhai Patel pertaining to land bearing R.S. No.577/1, 577/2B, 578, 579, 581 & 582 at village Jambuva which he sold to the Company. The Hon'ble Court has granted Ex-party injunction against the landowners. There is no reply filed from Bhailalbhai Rajivbhai Patel till date. The Suit is pending hearing.

F. Civil Case

F1. Suit no. 305 of 2003 filed by our Company against Wire and Cable India Private Limited

Wire and Cable India Private Limited by a letter of intent dated April 25, 2002 placed order for two transformers. The Company's Bankers, Bank of Baroda executed two Bank Guarantees on behalf of our Company in favour of Wire and Cable India Private Limited and then they paid the advance of Rs. 15,20,000/-By letters dated November 22, 2002 and February 28, 2003, Company requested Wire and Cable India Private Limited to take delivery of the transformers at the earliest. However, Wire and Cable India Private Limited failed to take delivery. The Company filed Suit no. 305 of 2003 against Wires and Cables India Private Limited & Others, before the Civil Judge, Vadodara restraining them from encashing the Advance Bank Guarantees. By an order dated July 31, 2003, the Suit filed by the Company was dismissed. Company then filed a Miscellaneous Civil Appeal No. 130 of 2003 before the District Court, Vadodara. An order dated July 31, 2003 was passed in favour of the Company. Aggrieved by the order Wire and Cable India Private Limited filed a special civil application no. 9581 of 2005 before the High Court of Gujarat. Vide its order dated May 13, 2005 the Hon'ble High Court suspended the Appellate Court order and stated that if the Bank Guarantees are encashed, the same will be subject to the result of the Suit. A Miscellaneous Civil Application No. 1390 of 2005 was filed by Wire and Cable India Private Limited before the Hon'ble High Court of Gujarat at Ahmedabad. A Special Civil Application No. 9581 of 2005 praying to initiate Contempt of Court proceeding against the Bank of Baroda, to impose punishment and immediate encashment of the Bank Guarantees in view of order dated May 13, 2005. The Special Civil Application is pending for hearing.

G. Labour Cases

G1. Application No. 1 of 2001 filed by our Company against Jyoti K. Nayar

The case is filed by the Company against Jyoti K. Nayar. Jyoti K. Nayar was a steno typist at Company's Mumbai branch. She joined the Company on November 26, 1996. The Company by its letter dated February 23, 1999 to Jyoti K. Nayar informed her about the transfer of her services to Delhi branch of the Company. Jyoti K. Nayar refused to accept the transfer and she never reported to the Company office. The case is filed by the Company Jyoti K. Nayar before the 5th Labour Court, Mumbai seeking permission to dismiss Jyoti K. Nayar as the charges levelled against Jyoti K. Nayar have been proved in the enquiry. The matter is now pending for documentary evidence from Jyoti K. Nayar.

G2. Special Civil Application No. 1490 of 2003 filed by our Company against Regional Provident Fund, Commissioner, Vadodara

Ranchhodbhai G. Parmar, a contractor, was given a contract for providing contract labourers to carry out unskilled work like house keeping, cleaning, etc. The Company paid bills of Ranchhodbhai G. Parmar regularly and the payments included Provident Fund Contribution. On December 1, 2001 Ranchhodbhai G. Parmar gave a notice of discontinuance of the contract to the Company, which was accepted by a letter dated December 17, 2001. On January 6, 2003 the Company received a letter from Provident Fund Commissioner that Ranchhodbhai G. Parmar was not regular in depositing the Provident Fund Contribution. Thereafter, on February 4, 2003 the Regional Provident Fund Commissioner, Vadodara issued notice to the Company to pay Provident Fund Contribution of Rs. 12,77,300/- for the period June 1999 to December 2001 in respect of the employees of Ranchhodbhai G. Parmar. The Company had filed a Special Civil Application No. 1490 of 2003 before the High Court of Gujarat, Ahmedabad to set aside the notice dated February 4, 2003 and restrain the office of the Provident Fund, Vadodara from recovering any amount. By an interim order dated March 5, 2003 High Court of Gujarat, Ahmedabad stayed the execution of notice dated February 4, 2003 and also asked Company to deposit Rs. 12,77,300/-, which was deposited by the Company. The case is pending for hearing.

H. Arbitration

H1. Arbitration Application No. 30 of 2005 filed by our Company against M/s. Haryana Vidyut Parisaran Nigam Limited

M/s. Haryana Vidyut Parisaran Nigam Limited placed a purchase order for 8 nos. transformers with the Company. The Company had supplied one transformer under the said purchase order. However, subsequently M/s. Haryana Vidyut Parisaran Nigam Limited demanded to reduce the prices, which is refused by the Company. M/s. Haryana Vidyut Parisaran Nigam Limited cancelled the purchase order and deducted 5 % of the contract value amounting to Rs. 17,31,654/- as liquidated damages towards late delivery of the transformer. The Company gave notice to M/s. Haryana Vidyut Parisaran Nigam Limited for appointment of Arbitrator. However, M/s. Haryana Vidyut Parisaran Nigam Limited failed to appoint arbitrator within 30 days, as stipulated in the agreement. Thereafter, Company filed an Arbitration Application No. 30 of 2005 before the District Judge, Panchkula praying to appoint an independent arbitrator for settlement of dispute. The matter is pending for hearing.

Cases filed against our Company

A. Excise

A1. Show Cause Notice F. No. 574/CE/17/2004/Teil/Voltamp Transformer/1806 Dated October 10, 2004

The Company had received a show cause notice No. 574/CE/17/2004/Teil/Voltamp Transformer/1806 dated October 10, 2004 from the Joint Director, Directorate General of Central Excise Intelligence, New Delhi demanding from the Company to pay Rs. 10,24,800/- being the Central Excise duty payable on the excisable goods manufactured and cleared by the Company under sub-section (1) of Section 11A of the Central Excise Act to M/s. Triveni Engineering and Industries Limited, Saharanpur, Uttar Pradesh. The Company availed exemption under

notification no. 108/95-CE dated August 28, 1995, by a certificate from Department of Economic Affairs dated May 14, 2004 and Certificate dated April 23, 2004 of ICICI Bank provided to the Company by M/s. Triveni Engineering and Industries Limited. The Company vide its reply dated March 25, 2005 informed the Commissioner of Central Excise (Adjudication), New Delhi that as per the certificates produced by M/s. Triveni Engineering and Industries Limited, Saharanpur, Uttar Pradesh the Company availed the exemption. The matter is pending for hearing.

A2. Show Cause Notice no. V.Ch. 85(4)70/DC/Dn.11/2001 dated February 26, 2002 and Show Cause Notice No. V.CH. 85 (4) 230/R-I/D-II/2002/DC,Vadodara dated September 17, 2002

The Company had received a show cause notice no. V.Ch. 85(4)70/DC/Dn.11/2001 dated February 26, 2002 and No. V.CH. 85 (4) 230/R-I/D-II/2002/DC, dated September 17, 2002 from the Deputy Commissioner, Central Excise and Customs, Division-II, Vadodara demanding from the Company to pay an amount of Rs. 16,38,088/- and Rs. 3,25,120/- being the Central Excise duty payable. The Company had availed exemption under notification no. 10/97 dated March 1, 1997. A common order in original bearing no. 3 & 4/Demand/Dc/D-II/03 dated March 24, 2003 was passed disposing the show cause notice. The Department had gone for an appeal against the order in original. The Commissioner of Central Excise (Appeals) by its order dated September 24, 2003 set aside the order and allowed the department's appeal. The Company by its letter dated May 29, 2003 paid a sum of Rs. 9,81,604/- in compliance with the provisions of Rule 6 of the Cenvat Credit Rules by reversal of Cenvat Credit at the rate of 8% value of the exempted goods, cleared under the above mentioned goods. The Company had filed an appeal against the order on December 22, 2003 and a stay order was passed on April 5, 2004 wherein Company was required to pay additional Rs. 5,00,000/-. The Company had filed an Miscellaneous Application for modification of stay order dated April 5, 2004 and informed the Tribunal that the Company had already paid an amount of Rs. 9,81,604/- by a letter dated May 29, 2003. The status of the case is pending for hearing.

B. Civil Case

B1. Suit No. 1338/2001 filed by M/s. Alfa Laminations, Mumbai against Lord Krishna Bank Limited & Ors. (Our Company is made a party to the Suit)

The Company had received a letter dated December 7, 1999 from M/s. Alfa Laminations, Mumbai informing that they had not received payment of Rs. 7,71,414/- against its bill no. 272 dated September 2, 1998. The Company replied vide its letter dated December 9, 1998 that they made payment of Rs. 7,71,414/- vide demand draft no. 206818 dated September 16, 1998 of Bank of Baroda, Vadodara. By a letter dated February 11, 1999 the Company requested Bank of Baroda to arrange a duplicate demand draft. Bank of Baroda by its reply dated March 9, 1999 informed the Company that said demand draft is encashed on November 2, 1998. By a letter dated March 19, 1999 to M/s. Alfa Lamination informed that the Company is in no way responsible for the payment, which Company had already made. M/s Alfa Laminations filed a Civil Suit no. 1338 of 2001 against Lord Krishna Bank Limited and others before the High Court, Mumbai for a recovery of an amount of Rs. 10,92,528/- along with interest at the rate of 18 % per annum. The matter is pending for hearing.

C. Property

C1. Suit No. 1154 of 1997 filed by Shaileshbhai Kanubhai Patel

Suit No. 1154 of 1997 was filed on August 6, 1994 by Shaileshbhai Kanubhai Patel against the Company before the Civil Court, Vadodara for declaration and injunction pertaining to land bearing R.S. No. 582 at village Jumbuva. Shaileshbhai Kanubhai Patel is a grandson of Kalidas Desai bhai Patel, the original owners of the said land. The Company had purchased the said land from Kalidas Desai bhai Patel & Parshottam Desai bhai Patel in 1975 and the Company became owner of the said land. The Suit filed by Shaileshbhai Kanubhai Patel, who is in possession of the said land. The Company filed its reply dated April 1, 1998 and prayed for counter injunction on the said land. The Suit is pending hearing on the miscellaneous applications filed by the both parties of the Suit.

D. Labour Cases

D1. Ref no. 1023/1998 filed by Mohan M. Parmar

Mohan M. Parmar was a permanent worker in production assembling who had joined on August 19, 1974. The Company via notice dated 2/11/1994, 12/12/1993, 23/12/1993, 22/6/1994, 2/10/1994 for being absent from the factory without intimation and not reporting to the factory supervisor for several days. On December 20, 1997, the Company served a final notice on Mohan M. Parmar terminating his service on the Company's payroll with final settlement of Rs. 34,487.60 including 1 month notice pay, leave and gratuity. Pursuant to failure to settle the dispute by the Assistant Labour Commissioner, the matter was referred to the Labour Court, Vadodara on June 23, 1998. Subsequently on June 25, 1999, Mohan M. Parmar filed an application before the Labour Court for reinstatement on muster rolls with back wages from the Company wherein he claimed that he had been removed without hearing and without reason when he deserved leave due to his ill-health. The matter is pending for documentary evidence and hearing.

D2. Ref no. 310/1999 filed by Vijay B. Patel

Vijay B. Patel was a technical trainee in production department for a period of one year who had joined the Company on December 1, 1996 subsequently, the training period was extended by a letter dated November 29, 1997 till February 28, 1998. The Company due to lack of progress in work extended the training period by a letter dated February 27, 1998 till April 30, 1998. Training certificate dated April 30, 1998 was given and all his dues were paid on May 30, 1998 to Vijay Patel. The Company had removed his name from the Company's register of trainees from May 30, 1998. Vijay B. Patel filed an application before the Labour Court, Vadodara on May 1999 alleging that the Company had unnecessarily extended his training period two times and paid him as a trainee instead of paying him as a skilled worker and prayed for reinstatement and wages. The Company by its reply dated February 22, 2002 denied the contents mentioned in the application filed by Vijay B. Patel and replied that Vijay B. Patel being an unskilled worker was being paid as a trainee and the prayers of reinstatement and payment of wages were not acceptable to the Company. The matter is pending for documentary evidence and hearing.

D3. Ref No. 26/2004 filed by Ganshyam R. Patel

Ganshyam R. Patel was an electrician working in electrical department of the Company on behalf of S.S. Electric Company, a sub-contractor. He joined the Company on March 6, 2002. On December 30, 2002 Ganshyam R. Patel had an accident while working in the Company. After the accident Ganshyam R. Patel never came back to work in the Company. The Employees State Insurance Corporation had paid Ganshyam R. Patel the benefits he was entitled to as per the provisions of the Employees State Insurance Act. By a notice dated August 30, 2003 from Conciliation officer, Labour Department, Vadodara asked the Company to appear before them on September 16, 2003. Company by its letter dated September 16, 2003 requested the officer to dispose off the matter because Ganshyam R. Patel was not an employee of the Company. By a notice dated February 30, 2004; Labour Court, Vadodara asked the Company to appear before the Court on April 8, 2004. Ganshyam R. Patel filed an application before the Labour Court, Vadodara on July 19, 2004 alleging that the Company had illegally terminated him from work and also prayed for reinstatement with back wages and increment of wages. The matter is pending for hearing.

D4. Ref No. 112/2003 filed by Bhikha S. Solanki

Bhikha S. Solanki was a Time Keeper and Security in charge who joined the Company on June 19, 1970. Bhikha S. Solanki by a letter dated May 10, 2000 requested the Company to pay him Voluntary Retirement Scheme benefit. The Company had paid Rs. 3,32,786.78 to Bhikha S. Solanki against full and final settlement of VRS benefit. The Company by a letter dated May 14, 2000 terminated the service of Bhikha S. Solanki. By a notice dated March 25, 2003 from Labour Department, Vadodara, Company was asked to appear before the Department on April 10, 2003 to solve the dispute with Bhikha S. Solanki. The Company's Advocates did not appear before the Court due to which an ex parte order dated February 3, 2006 was passed, wherein, the Company was ordered to pay Rs. 64,514/- alongwith 6 % interest from May 13, 2000 and also ordered to give Rs.1,000/- to Bhikha S. Solanki. The Company filed a miscellaneous application against order dated February 3, 2006, which was admitted on February 22, 2006. The matter is pending for hearing.

D5. Special Civil Application no. 6197/2002 filed by Sanat A. Patel

Sanat A. Patel was working as a helper in Assembly department of the Company. He joined the Company on January 1, 1978 and was dismissed on December 2, 1987 due to indiscipline and lack of interest in work. Sanat A. Patel filed a case against the Company before the Labour Court, Vadodara for reinstatement and payment of wages. Sanat N. Patel filed an application on January 23, 1990, which was dismissed by an order dated July 23, 2001 passed by Labour Court, Vadodara. The Court ordered the Company to pay Sanat A. Patel a Discharge Simplicitor amount of Rs. 1,10,000/-, which was paid by the Company vide cheque no. 990128 dated February 15, 2002. Sanat A. Patel aggrieved by the order dated July 23, 2001 filed an case before the High Court, Gujarat at Ahmedabad for setting aside the impugned order and also for reinstatement with full back wages. The Company filed its reply on January 30, 2003 denying the contentions and informed the court that Discharge Simplicitor amount of Rs. 1,10,000/- was paid by the Company. The case is pending for final hearing.

D6. Special Civil Application no. 6195/2002 filed by Kirit N. Patel

Kirit N. Patel was working in Assembly department of the Company. He joined the Company on March 23, 1978 and was dismissed on March 2, 1988 due to indiscipline and lack of interest in work. Kirit N. Patel filed a case against the Company before the Labour Court, Vadodara for reinstatement and payment of wages. Kirit N. Patel filed an application on February 17, 1990, which was dismissed by an order dated July 23, 2001 passed by Labour Court, Vadodara. The Court ordered the Company to pay Kirit N. Patel a Discharge Simplicitor amount of Rs. 1,10,000/-, which was paid by the Company vide cheque no. 990129 and was encashed on June 4, 2002. Kirit N. Patel aggrieved by the order dated July 23, 2001 filed a case before the High Court, Gujarat at Ahmedabad for setting aside the impugned order and also for reinstatement with full back wages. The Company filed its reply dated January 30, 2003 denying the contentions and informed the court that Discharge Simplicitor amount of Rs. 1,10,000/- was paid by the Company. The case is pending for final hearing.

D7. Reference (IDA) No. 929 of 1999 filed by Jyoti K. Nayar

Jyoti K. Nayar was a steno typist at Company's Mumbai branch. She joined the Company on November 26, 1996. The Company by its letter dated February 23, 1999 to Jyoti K. Nayar informed her about the transfer of her services to Delhi branch of the Company. Jyoti K. Nayar refused to accept the transfer and she never reported to the Company office. The case came as a reference through the State Government of Maharashtra as the conciliation held by the Government failed. The Mumbai Port Trust General Workers Union on behalf of Jyoti Nayar had challenged her transfer from Mumbai to New Delhi and claimed for cancellation of transfer order. The main defence of the Company in this matter is that the transfer is legal and proper in accordance with the agreed terms of appointment. The matter is now pending for documentary evidence from Jyoti K. Nayar.

D8. Application No. 1 of 2000 filed by Jyoti K. Nayar

The case is filed by Jyoti K. Nayar before the 5th Labour Court, Mumbai. Jyoti K. Nayar was a steno typist at Company's Mumbai branch. She joined the Company on November 26, 1996. The Company by its letter dated

February 23, 1999 to Jyoti K. Nayar informed her about the transfer of her services to Delhi branch of the Company. Jyoti K. Nayar refused to accept the transfer and she never reported to the Company office. The case is filed by Jyoti K. Nayar before the 5th Labour Court, Mumbai against the executive director and branch manager of the Company seeking action against them for alleged contravention of law. The Company denied the contentions of Jyoti K. Nayar and also opposed the application on various technical/legal grounds. The matter is now pending for documentary evidence from Jyoti K. Nayar.

D9. There are 25 cases filed by the ex-employees of the Company, which are pending before the Labour Court, Vadodara for recovery of amount under settlement benefit scheme.

The below mentioned 25 ex-employees had filed a case against the Company for recovery of settlement amount. The Company by its reply had informed Court that the 25 ex-employees who had resigned before January 16, 2000 are not eligible for getting settlement benefit. The condition of settlement of the Company is applicable only to the employees who are on the pay roll on January 16, 2000.. The cases filed by 25 ex- employees against the Company are untenable and liable to be dismissed. All the 25 cases are pending for hearing.

The list of the cases filed before the Labour Court, Vadodara are as follows:-

S.no	CASE NO	EMPLOYEE	AMOUNT DEMANDED (RS)
1.	577/2001	MR.JAGATSING J RATHOD	45,894/-
2.	578/2001	MRABDUL C PATANGWALA	40,034/-
3.	579/2001	MR.DAHAYA S HARIJAN	48,785/-
4.	580/2001	MR.SURESH P SINDE	56,921/-
5.	581/2001	MR.HARIHAR R PATEL	42,756/-
6.	582/2001	MR.KASAM R MALIK	40,234/-
7.	583/2001	MR.MAHESH R SHAH	61,704/-
8.	584/2001	MR.BHAILAL P.PATEL	46,948/-
9.	585/2001	MR.KANU G VANKAR	55,398/-
10.	586/2001	MR.GANSHYAM C SUTHAR	49,170/-
11.	324/2004	MR.KARAN B THAKOR	46,601/-
12.	325/2001	MR.BABAR H THAKOR	42,278/-
13.	326/2001	MR.RATILAL P VANKAR	48,662/-
14.	327/2001	MR.BACHU S RATHOD	55,552/-
15.	328/2001	MR.CHUNILAL S GORANE	61,381/-
16.	329/2001	MR.KIRAN D VIRGAOKAR	39,911/-
17.	330/2001	MR.SATISH G THAKOR	48,770/-
18.	331/2001	MR.LALLU N PARMAR	53,707/-
19.	332/2001	MRBHUPENDRA R PATEL	45,786/-
20.	333/2001	MR.CHUNILAL D PARMAR	47,370/-
21.	334/2001	MR.RAJARAM R SAROJ	62,150/-
22.	335/2001	MR.K.R.MORE	40,788/-
23.	336/2001	MR.AMBALAL K PARMAR	55,706/-
24.	1212/2001	MR.PARBAT A PADHIYAR	Amount not specified
25.	1112/2001	MR.SUKHLAL F PATIL	41,017/-

Litigation in relation to Promoter and Promoter Group Companies

Special Civil Application No. 2965 of 1985 filed by Patsons Transformers Private Limied & Anr. against Union of India

A show cause notice no. V(28A)15-15/OA/84/T.III dated February 18, 1985 issued by Superintendent of Central

Excise & Customs, Vadodara for payment of excise duty on 25,685.41 kgs of Electric Stamping and Lamination valued at Rs. 4,61,298.96 in respect of job work given to a firm. Company by its reply submitted that the show cause notice issued be withdrawn without confirming any duty or penalty on the Company. The Deputy Collector of Customs & Central Excise (Audit), Vadodara by its order dated November 26, 1986 confirmed the show cause notice issued by the department and ordered the Company to pay the appropriate duty on Electric stamping and lamination and also imposed penalty of Rs.501,000/-. Aggrieved by the order dated November 26, 1986 the Company filed a Special Civil Application no. 2965 of 1985 before the High Court of Gujarat at Ahmedabad challenging the order and also filed a Civil Application No. 2063 of 1986 for stay of the order. . By an order dated January 1, 1987 the Hon'ble High Court granted stay of the execution of the order. The matter is pending for hearing.

MATERIAL DEVELOPMENTS

Except as stated section titled “Management Discussion and Analysis of Financial Condition and Results of the Operations (as per Indian GAAP)” beginning on page 146 of this Draft Red Herring Prospectus there are no other material developments which have occurred since the date of the last audited financial statements disclosed (i.e., December 31, 2005) in this Draft Red Herring Prospectus, the Board of Directors are not aware of any circumstances that materially or adversely affect or are likely to affect our profitability or the value of our assets or our ability to pay our liabilities within the next twelve months.

GOVERNMENT/STATUTORY AND BUSINESS APPROVALS

In view of the approvals listed below, we can undertake this Offer and our current business activities and no further major approvals are required from any Government authority for us to continue our activities. The 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 except as mentioned below.

The Company has received the following significant Government approvals, licenses and permissions:

Incorporation

Certificate of Incorporation no. 1437 of 1967 dated March 2, 1967 issued by the Registrar of Companies, Ahmedabad, Gujarat.

Certificate of change of company to deemed public company under section 43A of the Companies Act, 1956 dated July 11, 1989 issued by the Registrar of Companies Ahmedabad, Gujarat.

Certificate of change of company to private company under section 43A (2A) of the Companies Act, 1956 dated May 8, 2001 issued by the Registrar of Companies Ahmedabad, Gujarat.

Certificate of change of company to public company under section 43A (2A) of the Companies Act, 1956 dated February 22, 2006 issued by the Registrar of Companies Ahmedabad, Gujarat.

Industry/Finance

By a letter dated March 27, 2003 from the Secretariat for Industrial Assistance, New Delhi, our Company received acknowledgement for manufacturing Electrical Transformers for existing capacity of 5,500 MVA

Permanent Account No. AAACV5048G issued to Voltamp Transformers Limited by Income Tax Department, Government of India.

By a letter bearing Ref no. EC.AH.FID.1156/06.04.2159/1998-1999 dated November 3, 1998 Reserve Bank of India given approval for entering in to technical agreement with M/s. HTT GmbH, Germany

By a letter bearing Ref no. EC.AH.FID.405/06.04.2359/2001-2002 dated November 21, 2001 Reserve Bank of India given approval for entering in to technical agreement with M/s. HTT GmbH, Germany

Certificate of Registration bearing no. AAACV5048GXM001 issued under Rule 9 of the Central Excise (No.2) Rules, 2001 by Superintendent Central Excise & Customs, Vadodara dated November 1, 2001 as manufacturers.

Certificate of Registration bearing no. GTA/VAD-II(CITY)/281/VTPL/2005 under Section 69 of the Finance Act, 1994 (32 of 1994) issued by Superintendent Central Excise and Customs Division, Vadodara dated January 24, 2005 for payment of service tax on services of goods transport agency.

Central Sales Tax Registration no. Guj8E/249 issued under Central Sales Tax (Registration and Turnover) Act, 1957 dated September 13, 2005 to manufacture electrical transformers.

Sales Tax Registration no. 1918001313 issued under Gujarat Sales Tax Act, 1969 dated July 1, 2002 to manufacture electrical transformers.

Licence issued by the Government of Gujarat to Voltamp Transformers Limited authorizing them to carry out Electrical Installation Works in the Gujarat State under Government Notification, Industries, Mines & Power Department No. GU-40/IER-1067/2336-K dated April 7, 1969. This licence is valid upto December 31, 2005. The same is pending for renewal.

Certificate of Importer-Exporter Code bearing PAN no. AAACV 5048G and IEC Number: 0888026293 issued by Foreign Trade Development Officer dated November 16, 1989.

Certificate of Registration dated November 14, 2003 under Shops and Establishment Act for Company's branch office at Kolkata issued by Supervising Officer, Shops and Establishments, Government of West Bengal.

Certificate of Registration dated March 23, 2006 under Shops and Establishment Act for Company's branch office at Bangalore issued by Office of the Inspector, Karnataka Shops and Establishments, Government of Karnataka.

By Form no. III bearing R.D. No. 154/06 dated March 27, 2006, The Assistant Inspector of Labour, Chennai certified that our Company is taken on record under Tamil Nadu Industrial Establishments (National and Festivals Holidays) Rules, 1999 for Company's branch office at Chennai.

Certificate of Registration AW022/2354/2001 under Shops and Establishment Act for Company's branch office at Secunderabad issued by Supervising Officer, Shops and Establishments, Government of Andhra Pradesh.

Certificate of Registration No. 23932/RPR/S/2006 dated 20.03.2006 under Chattisgarh Shops and Establishment Act, 1958 for Company's branch office at Raipur issued by Shops and Establishments, Raipur, Government of Chhatisgarh.

Applied for

By Application dated March 23, 2006, our Company applied under labour and employment Shops and Establishment Act for Company's branch office at Pune, under Shops and Establishments, Government of Maharashtra.

By Application No. A/13134 dated March 24, 2006, our Company applied under Shops and Establishment Act for Company's branch office at Mumbai with Brihanmumbai Mahanagarpalika, G/North Ward, Mumbai under Shops and Establishments, Government of Maharashtra.

By Application dated March 27, 2006, our Company applied under Shops and Establishment Act for Company's branch office at Chandigarh with the Labour Department, Chandigarh under Shops and Commercial Establishments.

Plant

Factory license bearing number 3602/12/S and license no. 079421 issued by Factories Insepector under the Factories Act, 1948 dated October 1, 1999 and valid till the year 2007.

Consent and authorization from the Gujarat Pollution Control Board bearing no. GPCB/BO/TECH/APC-VRD-656/5358 under section 25 of the Water (Prevention & Control of Pollution) Act, 1974, under section 21 of the Air (Prevention & Control) Act, 1981 and under section 3(c) & 5(5) of the Hazardous Waste (Management and Handling) Rules 1989 and Environment Protection Act, 1986 to manufacture Transformers of maximum 80 MVA (45 nos.) per month. This consent is valid from July 31, 2003 to July 30, 2008.

Approval from Department of Explosives, Ministry of Commerce & Industry, Government of India dated May 26, 2003 bearing no. A/P/WC/GJ/15/2321 (P25424) for storage of 15KL of furnace oil (Petroleum Class 'C').

Release letter from Gujarat Electricity Board to supply a total of 475 KVA of power to the company, vide it letter dated August 9, 2004.

Certificate of stability dated February 4, 2006 issued by Shanti Consulting Engineers stating that the works of Engineering Construction in the premises of the Company are structurally sound and that their stability will not be endangered by their use as a factory for the Transformers for which the machines plants etc. installed are intended.

Report for examination of lifting machine ropes and lifting tackles of E.O.T. Crane of 2 ton capacity bearing Sr. No. 2085, Hook No. 8626 located at Winding Shed dated June 21, 2005 valid for a period of one year by Hemant P. Shah, Chartered Engineer.

Report for examination of lifting machine ropes and lifting tackles of E.O.T. Crane of 12.5 ton capacity with hoist take machinery bearing Sr. No. 12240022, Hook No. SCW 1062 located at P.T. Shed dated June 21, 2005 valid for a period of one year by Hemant P. Shah, Chartered Engineer.

Report for examination of lifting machine ropes and lifting tackles of E.O.T. Crane of 3 ton capacity with hoist take machinery bearing Sr. No. 3211311P, Hook No. SCW 1577 located at Insulation/Stop dated June 21, 2005 valid for a period of one year by Hemant P. Shah, Chartered Engineer.

Report for examination of lifting machine ropes and lifting tackles of E.O.T. Crane of 3 ton capacity with hoist take machinery bearing Sr. No. 321448P, Hook No. SCW 678 located at Winding dated June 21, 2005 valid for a period of one year by Hemant P. Shah, Chartered Engineer.

Report for examination of lifting machine ropes and lifting tackles of E.O.T. Crane of 3 ton capacity with hoist take machinery bearing Sr. No. E321295P, Hook No. SCW 4983 located at Winding dated June 21, 2005 valid for a period of one year by Hemant P. Shah, Chartered Engineer.

Report for examination of lifting machine ropes and lifting tackles of E.O.T. Crane of 12.5 ton capacity with bearing Sr. No. MH-108 1995, located at D.T. assembly shed dated June 21, 2005 valid for a period of one year by Hemant P. Shah, Chartered Engineer.

Report for examination of lifting machine ropes and lifting tackles of E.O.T. Crane of 5 ton capacity bearing Sr. No. MH 106, located at D.T. Shed dated June 21, 2005 valid for a period of one year by Hemant P. Shah, Chartered Engineer.

Report for examination of lifting machine ropes and lifting tackles of E.O.T. Crane of 3 ton capacity with hoist take machinery bearing Sr. No. 321440P, Hook No. SCW 2172 located at D.T. Winding Shed dated June 21, 2005 valid for a period of one year by Hemant P. Shah, Chartered Engineer.

Report for examination of lifting machine ropes and lifting tackles of E.O.T. Crane of 3 ton capacity bearing Sr. No. 3211455P, Hook No. SCW 651 located at Colour Department dated June 21, 2005 valid for a period of one year by Hemant P. Shah, Chartered Engineer.

Report for examination of lifting machine ropes and lifting tackles of E.O.T. Crane of 20 ton capacity located at P T Shop and furnace and foundry equipment located at P T Assembly; dated June 21, 2005 valid for a period of one year by Hemant P. Shah, Chartered Engineer.

Report for examination of lifting machine ropes and lifting tackles of E.O.T. Crane of 30 ton capacity located at P. T. Assembly dated June 21, 2005 valid for a period of one year by Hemant P. Shah, Chartered Engineer.

Report of examination of pressure vessel bearing Sr. No. SHI 113, Comp. No. 8703181 dated September 20, 2005 and external test valid till March 19, 2006 and Hydro test valid till September 30, 2006.

Report of examination of pressure vessel bearing Sr. No. 52102, Tank No. 2045 dated September 20, 2005 and external test valid till August 23, 2006 and Hydro test valid till February 23, 2008.

Report of examination of pressure vessel bearing Sr. No. 518, Comp. No. 50180 dated September 20, 2005 and external test valid till August 23, 2006 and Hydro test valid till February 23, 2008.

Report of examination of pressure vessel bearing Sr. No. 37241, Identity mark 1009 dated September 20, 2005 and external test valid till March 19, 2006 and Hydro test valid till March 22, 2007.

Report of examination of pressure vessel bearing Sr. No. 37241, Tank No. 17 dated September 20, 2005 and external test valid till March 19, 2006 and Hydro test valid till March 22, 2007.

Report of examination of pressure vessel for generator starts dated September 20, 2005 and external test valid till March 19, 2006 and Hydro test valid till March 22, 2007.

Report of examination of pressure vessel bearing Sr. No. 9521894, dated September 20, 2005 and external test valid till March 19, 2006 and Hydro test valid till March 22, 2007.

Report of examination of pressure vessel for Shot blasting and spray painting dated September 20, 2005 and external test valid till March 19, 2006 and Hydro test valid till March 22, 2007.

Contract Labour Registration issued by Deputy Labour Commissioner, bearing number MK/III/CLR No. 297 to our Company manufacturing transformers.

Provident Fund Code No. GJ/4445 issued by the Employee Provident Fund Organisation, Ministry of Labour with effect from September 1, 1966.

Trademarks Applied

The Company does not have any registered trade marks for any of its logo, but the Company has applied for trade mark. The Company has made an Application no. 1425325 dated March 1, 2006 for registration of Trademark for Company's logo before the Assistant Registrar of Trade Marks, Ahmedabad.

SECTION VII - OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for This Offer

(a) In terms of the Shareholders Agreement dated December 2, 2005 and supplementary agreement dated April 11, 2006 (herein after referred to as "SHA") entered into between Lalitkumar H. Patel, Lalitkumar Haribhai (HUF), Mr. Kunjal L. Patel, Hari Steel Pvt. Limited, Kunjal L. Patel (HUF), Jwalin K. Patel, Ayushi K. Patel and Mr. Umesh Patel, Mr. Rashmikant Patel, Mr. Udayan Patel, Mr. Jai Patel, Mr. Navinchandra Patel, Mrs. Kusumben Patel, Mr. Vishal Patel, Ms. Hasumatiben Patel, Mr. Samir Patel, Mr. Bharat Patel, Navinchandra Patel- HUF, Rashmi Stockholdings Private Limited, Udayan Finstock Private Limited, Umesh Stockholdings Private Limited, Samir Stockholdings Private Limited and Kusum Finstock Private Limited, there should be an offer for sale of 48,83,840 equity shares held by the selling shareholders no later than June 30, 2006. For details of the SHA, please see the Other Material Agreements beginning on page 89 of this Draft Red Herring Prospectus. Accordingly, the Offer has been approved by each of the Selling Shareholders viz. Mr. Umesh Patel, Mr. Rashmikant Patel, Mr. Udayan Patel, Mr. Jai Patel, Mr. Navinchandra Patel, Mrs. Kusumben Patel, Mr. Vishal Patel, Ms. Hasumatiben Patel, Mr. Samir Patel, Mr. Bharat Patel, Navinchandra Patel- HUF, all vide their consent letters dated January 25, 2006 respectively and Rashmi Stockholdings Private Limited, Udayan Finstock Private Limited, Umesh Stockholdings Private Limited, Samir Stockholdings Private Limited, Kusum Finstock Private Limited vide their Board resolutions dated January 25, 2006 respectively.

(b) The Board of Directors have, pursuant to a resolution passed at its meeting held on January 28, 2006, authorised the Offer, subject to the approval of the shareholders of our Company of the Companies Act.

(c) Our shareholders have authorised the Offer by a special resolution adopted pursuant to of the Companies Act, passed at the Extraordinary General Meeting held on February 27, 2006.

We have also obtained all necessary contractual approvals required for the Offer. For further information, see "Government/Statutory and Business Approvals" beginning on page 170 of this Draft Red Herring Prospectus.

Prohibition by SEBI

Our Company, our Directors, our Promoters, the directors and persons in control of our Promoters, our Subsidiary, other companies promoted by our Promoters and companies with which our 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.

ELIGIBILITY FOR THIS OFFER

The Company is eligible for the Offer as per Clause 2.2.1 of the SEBI Guidelines as explained under:

Clause 2.2.1 of the SEBI Guidelines states as follows:

Our Company is eligible for the offer in accordance with Clause 2.2.1 of the SEBI DIP Guidelines as explained under, with the eligibility criteria calculated in accordance with Restated Financial Statements as per Indian GAAP:

Our Company has net tangible assets of at least Rs. 30 million in each of the preceding three full years of which not more than 50% is held in monetary assets and is compliant with Clause 2.2.1(a) of the SEBI DIP Guidelines;

Our Company has a track record of distributable profits in accordance with Section 205 of Companies Act, for at least three of the immediately preceding five years and is compliant with Clause 2.2.1(b) of the SEBI DIP Guidelines;

Our Company has a net worth of at least Rs. 10 million in each of the three preceding full years and is compliant with Clause 2.2.1(c) of the SEBI DIP Guidelines;

The aggregate of the proposed Issue size and all previous issues made in the same financial year in terms of size (i.e. offer through the offer document + firm allotment + promoter's contribution through the offer document) is not expected to exceed five times the pre-Issue net worth of our Company as per the audited balance sheet of the last financial year and is compliant with Clause 2.2.1(e) of the SEBI DIP Guidelines

There has been no change in the name of our Company in the last one year, except for conversion from a private limited company having the name "Voltamp Transformers Private Limited" to a public limited company having the name "Voltamp Transformers Limited". This change of name merely depicts a change of legal status of our Company, without suggesting any new line or additional line of business being undertaken or to be undertaken by our Company.

Further, the Company will comply with Clause 11.3.5(i)(a) and (b) of the SEBI Guidelines, and at least 15% and 35% of the Net Offer shall be available for allocation to Non-Institutional Bidders and Retail Individual Bidders, respectively.

Hence, the Company is eligible for the Offer under Clause 2.2.1 of the SEBI Guidelines.

The Company undertakes that the number of allottees in the Offer shall be at least 1,000. Otherwise, the entire application money shall be refunded forthwith. In case of delay, if any, in refund, the Company shall pay interest on the application money at the rate of 15% per annum for the period of delay. In case of delay, if any, in refund, the Company shall pay interest on the application money at the rate of 15% per annum for the period of delay.

DISCLAIMER CLAUSE

AS REQUIRED, A COPY OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED TO MEAN 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 THIS OFFER IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGER, ENAM FINANCIAL CONSULTANTS PRIVATE LIMITED, HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI GUIDELINES FOR DISCLOSURES AND INVESTOR PROTECTION AS FOR THE TIME BEING IN FORCE. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGER, ENAM FINANCIAL CONSULTANTS PRIVATE LIMITED, HAVE FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED APRIL 18, 2006 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992, WHICH READS AS FOLLOWS:

"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 DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID OFFER.

ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, IT'S DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THIS OFFER, 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 DRAFT RED HERRING PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THIS OFFER;**
- B) ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID OFFER AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
- C) THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED OFFER.**
- D) BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID.**
- E) WHEN UNDERWRITTEN, WE SHALL SATISFY OURSELVES ABOUT THE NET WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.”**

All legal requirements pertaining to this Offer will be complied with at the time of filing of the red herring prospectus with the Registrar of Companies, Gujarat at Ahmedabad, in terms of Section 56, Section 60 and Section 60b of the Companies Act.

The filing of the Draft Red Herring Prospectus does not, however, absolve the company from any liabilities under Section 63 and Section 68 of the Companies Act or from the requirement of obtaining such statutory and other clearances as may be required for the purpose of the proposed offer. SEBI further reserves the right to take up at any point of time, with the BRLM, any irregularities or lapses in the Draft Red Herring Prospectus.

Disclaimer from the Company and the BRLM

Investors that bid in the Offer will be required to confirm and will be deemed to have represented to the Company and the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares and will not offer, sell, pledge or transfer the Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares. The Company and the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares.

Our Company, our Directors and the BRLM accept no responsibility for statements made otherwise than in this Draft Red Herring 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 website, www.voltamptransformers.com, would be doing so at his or her own risk.

The BRLM accept no responsibility, save to the limited extent as provided in the Underwriting Agreement to be entered into between the Underwriters and the Company and the Memorandum of Understanding between the BRLM and the Company.

Our Company and the BRLM shall make all information available to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports or at bidding centers etc.

Neither the Company nor the Syndicate is liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

Disclaimer in Respect of Jurisdiction

This Offer 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 authorised 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), Trusts registered under the Societies Registration Act, 1860, as amended from time to time, or any other trust law and who are authorised under their constitution to hold and invest in shares). This Draft Red Herring Prospectus does not, however, constitute an invitation to subscribe to shares offered hereby in any other jurisdiction to any person to whom it is unlawful to make an Offer or invitation in such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform himself or her self about and to observe any such restrictions. Any dispute arising out of this Offer will be subject to the jurisdiction of appropriate court(s) in Mumbai only.

No action has been or will be taken to permit a public issuing in any jurisdiction where action would be required for that purpose, except that this Draft Red Herring Prospectus has been filed with SEBI for observations and SEBI has given its observations and this Draft Red Herring Prospectus has been filed with Registrar of Companies, Gujarat as per the provisions of the Companies Act. Accordingly, the Equity Shares, represented thereby may not be issued or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

Disclaimer Clause of the Bombay Stock Exchange Limited

The Bombay Stock Exchange Limited ("BSE") has given by its letter dated [●], permission to the Company to use BSE's name in this offer document as one of the stock exchanges on which the Company's securities are proposed to be listed. BSE has scrutinised this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the Company. BSE 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 BSE; 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 BSE. 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 BSE 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 for any other reason whatsoever.

Disclaimer Clause of the National Stock Exchange of India Limited

As required, a copy of the Draft Red Herring Prospectus has been submitted to the National Stock Exchange of India Limited ("NSE"). NSE has given vide its letter No. [●] dated [●] permission to the Company to use the NSE's name in this Red Herring Prospectus as one of the stock exchanges on which the Company's securities are proposed to be listed subject to, the Company fulfilling the various criteria for listing including the one related to paid up capital (i.e. the paid up capital shall not be less than Rs. 100 million and market capitalization shall not be less than Rs. 250 million at the time of the listing). NSE has scrutinised the Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the Company. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Red Herring Prospectus 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 Red Herring Prospectus; nor does it warrant that the Company's securities will be listed or will continue to be listed on NSE; nor does it take any responsibility for the financial or other soundness of the Company, its promoters, its management or any scheme or project of the Company.

Every person who desires to apply for or otherwise acquire any securities of the Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against NSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription or acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Filing

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, will be delivered to the Registrar of Companies, Gujarat at Ahmedabad. A copy of the Prospectus required to be filed under Section 60 of the Companies Act would be delivered for registration with Registrar of Companies, Gujarat. A copy of this Draft Red Herring 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 the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited for permission to deal in and for an official quotation of our Equity Shares. [●] shall be the Designated Stock Exchange.

If the permission to deal in and for an official quotation of our Equity Shares are not granted by any of the Stock Exchanges mentioned above, our Company will forthwith repay, without interest, all moneys received from the applicants in pursuance of this Draft Red Herring Prospectus. If such money is not repaid within eight days after our Company become liable to repay it from the date of refusal or within 70 days from the Bid/Offer Closing Date, whichever is earlier, then the Company, and every Director of the Company who is an officer in default shall, on and from such expiry of eight days, be liable to repay the money, with interest at the rate of 15% 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 listing and commencement of trading at the Stock Exchanges mentioned above are taken within seven working days of finalisation and adoption of the Basis of Allotment for this Offer.

Consents

Consents in writing of: (a) the Directors, the Company Secretary and Compliance Officer, the Auditors, Bankers to the Company and Bankers to this Offer; and (b) Book Running Lead Manager to this Offer and Syndicate Members, Escrow Collection Banks, Registrar to this Offer and legal advisors to the Company and Underwriters, to act in their respective capacities, have been obtained and filed along with a copy of the Draft Red Herring Prospectus with the Registrar of Companies, Gujarat at Ahmedabad as required under Sections 60 and 60B of the Companies Act and such consents have not been withdrawn up to the time of delivery of this Draft Red Herring Prospectus for registration with the Registrar of Companies, Gujarat.

M/s. Chandulal M Shah & Co., our statutory auditors have given their written consent to the inclusion of their report in the form and context in which it appears in this Draft Red Herring Prospectus and such consent and report has not been withdrawn up to the time of delivery of this Draft Red Herring Prospectus for registration with the Registrar of Companies, Gujarat.

M/s. Chandulal M Shah & Co., have given their written consent to the tax benefits accruing to our Company and its members in the form and context in which it appears in this Draft Red Herring Prospectus and has not withdrawn such consent up to the time of delivery of this Draft Red Herring Prospectus for registration with the Registrar of Companies, Gujarat .

Expert Opinion

Except as stated elsewhere in this Draft Red Herring Prospectus, we have not obtained any expert opinions.

Expenses of the Offer

The expenses of this Offer include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. The estimated Offer expenses are as follows:

(Rs. in million)	
Activity	Expenses
Lead management, underwriting and selling commission**	[•]
Advertisement and marketing expenses*	[•]
Printing, stationery including transportation of the same*	[•]
Others (Registrar's fees, legal fees, listing fees, etc.)*	[•]
Total Estimated Offer Expenses	[•]

** Will be incorporated on finalisation of Offer price.

* Will be incorporated at the time of filing Red Herring Prospectus with RoC.

Fees Payable to the Book Running Lead Manager

The total fees payable to the Book Running Lead Manager including brokerage and selling commission for the Offer will be as stated in the Engagement Letter executed between the Company and the BRLM dated January 10, 2006, copy of which is available for inspection at our Registered Office.

Fees Payable to the Registrar to this Offer

The fees payable to the Registrar to this Offer will be as per the memorandum of understanding dated February 3, 2006, a copy of which is available for inspection at our corporate office.

Adequate funds will be provided to the Registrar to the Offer to enable them to send refund orders or allotment advice by registered post/speed post/under certificate of posting.

Commission and Brokerage on Previous Offers/Issues

Since this is an Offer for Sale of the Equity Shares, no sum has been paid or is payable as commission or brokerage for subscribing to or procuring for, or agreeing to procure subscription for any of the Equity Shares of the Company since its inception.

Previous Rights and Public Issues/Offer

We have not made any previous rights and public issues/offers during the last five years.

Outstanding Debentures or Bonds

As on the date of filing of this Draft Red Herring Prospectus, the Company does not have any outstanding Debenture or Bond Issue.

Outstanding Preference Shares

As on the date of filing of this Draft Red Herring Prospectus, the Company does not have any outstanding preference shares.

Issues otherwise than for Cash

Except as stated in the section titled "Capital Structure" beginning on page 32 of this Draft Red Herring Prospectus, we have not issued any Equity Shares for consideration otherwise than for cash.

Companies Under the same Management

There are no companies under the management within the meaning of section 370(1B) of the Companies Act, 1956, other than our Subsidiary, Promoters and Promoter group companies details of which are provided in the sections titled "Our Promoter Group" beginning on page 103 of this Draft Red Herring Prospectus.

Option to Subscribe

Equity Shares being offered through this Draft Red Herring Prospectus can be applied for in dematerialized form only.

Stock Market Data for our Equity Shares

The Equity Shares of our Company are not listed on any stock exchange.

Particulars Regarding Public Issues/Offers during the Last Five Years

We have not made any public issues/Offers during the last five years.

Promise versus Performance – Previous Issues of Group Companies.

None of our Promoter Group companies have made any public issue in the past.

Mechanism for Redressal of Investor Grievances

The memorandum of understanding between the Registrar to this Offer and us will provide for retention of records with the Registrar to this Offer for a period of at least one year from the last date of dispatch of the letters of allotment, demat credit and refund orders to enable the investors to approach the Registrar to this Offer for redressal of their grievances.

All grievances relating to this Offer may be addressed to the Registrar to this Offer, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the bank branch or collection center where the application was submitted.

Disposal of Investor Grievances by the Company

We estimate that the average time required by us or the Registrar to this Offer for the redressal of routine investor grievances will be seven business days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

Our Company has appointed Mr. Vallabh N. Madhani as the Compliance Officer and may be contacted at Makarpura, Vadodara – 390 014, Gujarat, Tel: + 91 265 264 2011/2, Fax: + 91265 264 8454, Email: vnm_ipo@voltamptransformers.com. Investors may contact him in case of any Pre-Offer or Post-Offer problems.

Changes in Auditors during the last three financial years

There have been no changes of the auditors of our Company in the last three years except when M/s. Chandulal M Shah & Co., were reappointed after becoming a public company.

Capitalisation of Reserves or Profits

The Company has not capitalised its reserves or profits at any time since inception except the bonus issue as stated in the chapter titled "Capital Structure" on page 32 of this Draft Red Herring Prospectus.

Revaluation of Assets

The Company has not revalued its assets in the past five years.

Other Disclosures

The Promoter group, the directors of the Promoters, the Promoter group companies or the Directors have not purchased or sold any securities of the Company during a period of six months pending the date on which this Draft Red Herring Prospectus is filed with SEBI except as disclosed in the chapter titled "Capital Structure" on page 32 of this Draft Red Herring Prospectus.

Interest of Promoters and Directors

Except as stated in this Draft Red Herring Prospectus, the Promoters do not have any interest in the business of VTL, except to the extent of investments made by them in the Company and the returns earned thereon. We have entered into various agreements/ transactions with our Promoter, group companies and other companies on an arms length basis. For further details please refer to chapter titled "Related Party Transactions" on page 114 of this Draft Red Herring Prospectus.

The Directors of our 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. 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 our Company, or that may be subscribed for and allotted to them, out of the present Offer in terms of this Draft Red Herring Prospectus and also to the extent of any dividend payable to them and other distribution in respect of the said Equity Shares.

Payment or Benefit to Officers of the Company

Except as stated in this Draft Red Herring Prospectus, no amount or benefit has been paid or given or is intended to be paid or given during the preceding two years to any of its officers except for the normal remuneration paid to Directors, officers or employees since the incorporation of the Company. None of the beneficiaries of loans, advances and sundry debtors are related to the Company's Directors.

SECTION VIII – OFFER RELATED INFORMATION

TERMS OF THE OFFER

The Equity Shares being Offered are subject to the provisions of the Companies Act, the Memorandum and Articles of the Company, the terms of this Draft Red Herring Prospectus, Bid-cum-Application Form, the Revision Form, the CAN and other terms and conditions as may be incorporated in the allotment advice, and other documents/certificates that may be executed in respect of this Offer. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to this Offer of capital and listing and trading of securities issued from time to time by SEBI, Government of India, Reserve Bank of India, Stock Exchanges, Registrar of Companies and/or other authorities, as in force on the date of this Offer and to the extent applicable.

Ranking of Equity Shares

The Equity Shares being Offered shall be subject to the provisions of our Memorandum and Articles and shall rank *pari passu* in all respects with the other existing Equity Shares of the Company including rights in respect of dividend. The Allottees will be entitled to dividend or any other corporate benefits, if any, declared by the Company after the date of Allotment. See the section titled “Main Provisions of the Articles of Association of the Company” beginning on page 207 of this Draft Red Herring Prospectus for a description of the Articles of Association.

Mode of Payment of Dividend

We shall pay dividend to our shareholders as per the provisions of the Companies Act, 1956.

Face Value and Offer Price

The Equity Shares with a face value of Rs. 10 each are being Offered in terms of this Draft Red Herring Prospectus at a price of Rs. [●] per share. At any given point of time, there shall be only one denomination for the Equity Shares of the Company, subject to applicable laws.

Compliance with SEBI Guidelines

We shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholder

Subject to applicable laws, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act and Articles of Association of the Company.

For further details on the main provisions of the Company’s Articles of Association dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation/splitting, see “Main Provisions of the Articles of Association of the Company” beginning on page 207 of this Draft Red Herring Prospectus.

Market Lot

In terms of Section 68B of the Companies Act, the Equity Shares of the Company shall be allotted only in dematerialized form. In terms of existing SEBI Guidelines, the trading in the Equity Shares of the Company shall only be in dematerialized form for all investors.

Since trading of our Equity Shares will be in dematerialized mode, the tradable lot is one equity share.

Allocation and allotment of Equity Shares through this Offer will be done only in electronic form in multiples of one Equity Shares to the successful Bidders subject to a minimum Allotment of [●] Equity Shares. For details of allocation and allotment, see "Other Regulatory And Statutory Disclosures" on page 174 of this Draft Red Herring Prospectus.

Jurisdiction

The jurisdiction for the purpose of this Offer is with competent courts/authorities in Mumbai, India.

Nomination Facility to the Investor

In accordance with Section 109A of the Companies Act, the sole or first bidder, along with other joint bidder, may nominate any one person in whom, in the event of the death of sole bidder or in case of joint bidders, death of all the bidders, as the case may be, the Equity Shares transferred, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies 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/ transfer/ alienation of equity share(s) by the person nominating.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies 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 monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the allotment of Equity Shares in this Offer will be made only in dematerialized mode, there is no need to make a separate nomination with us. Nominations registered with respective depository participant of the applicant would prevail. If the investors require to change the nomination, they are requested to inform their respective depository participant.

Minimum Subscription

The requirement of minimum subscription shall not be applicable to this Offer for Sale as per clause 6.13.1.7.d of the SEBI DIP Guidelines.

Subscription by Non Residents/ NRIs/ FIIs/Foreign nationals/ Foreign Venture Capital Fund registered with SEBI /Multilateral and Bilateral Development Financial Institutions.

As per the current provisions of the Foreign Exchange Management (Transfer or Offer of Security by a Person Resident outside India) Regulations, 2000, there exist a general permission for the NRIs/ FIIs/ Foreign Venture Capital Fund registered with SEBI/ Multilateral and Bilateral Development Financial Institutions to invest in shares of an Indian company by way of subscription in the Offer for Sale. However, such investments would be subject to other investment restrictions under RBI and/or SEBI regulations as may be applicable to such investors. Based on the above provisions, it will not be necessary for the investors to seek separate permission from the FIPB/ RBI for this specific purpose. However, It is to be distinctly understood that there is no reservation for non-residents, NRIs, FIIs and Foreign Venture Capital Funds registered with SEBI and Multilateral and Bilateral Development Financial Institutions and all applicants will be treated on the same basis with other categories for the purpose of allocation.

The Equity Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. The Equity Shares are being offered and sold only outside the United States in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales occur.

OFFER PROCEDURE

Book Building Procedure

The Offer is being made through the 100% Book Building Process wherein up to least 50% of the Net Offer shall be allotted on a proportionate basis to QIBs, of which 5% shall be reserved for Mutual Funds. Further, not less than 35% of the Net Offer shall be available for allocation on a proportionate basis to Retail Individual Bidders and not less than 15% of the Net Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders, subject to valid Bids being received at or above the Offer Price.

Bidders are required to submit their Bids through the members of the Syndicate. We, in consultation with the BRLM reserve the right to reject any QIB Bid procured by any or all members of the Syndicate provided the rejection is at the time of receipt of such Bids and the reason for rejection of the Bid is communicated to the Bidder at the time of rejection of the Bid. In case of Non-Institutional Bidders and Retail Individual Bidders, the Company would have a right to reject the Bids only on technical grounds.

Investors should note that Equity Shares will be allotted to successful Bidders only in the dematerialized form.

Bid-cum-Application Form

Bidders shall only use the specified Bid-cum-Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of this Draft Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid-cum-Application Form and such options shall not be considered as multiple bids. Upon the allocation of Equity Shares, dispatch of the Confirmation of Allocation Note ("CAN"), and filing of the Prospectus with the Registrar of Companies, Gujarat, the Bid-cum-Application Form shall be considered as the Application Form. Upon completing and submitting the Bid-cum-Application Form to a member of the Syndicate, the Bidder is deemed to have authorised the Company to make the necessary changes in this Draft Red Herring Prospectus and the Bid-cum-Application Form as would be required for filing the Prospectus with the Registrar of Companies, Gujarat and as would be required by Registrar of Companies, Gujarat after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid-cum-Application Form for various categories is as follows:

Category	Colour of Bid-cum-Application Form
Indian public	White
Permanent Employees of the Company and its Subsidiary	Green

Who can Bid

1. Indian nationals resident in India who are majors, in single or joint names (not more than three);
2. Hindu Undivided Families or HUFs in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid-cum-Application Form as follows: "Name of sole or first Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bids by HUFs would be considered at par with those from individuals;
3. Companies and corporate bodies not having majority ownership and control of persons resident outside India and societies registered under the applicable laws in India and authorised to invest in the Equity Shares;
4. Indian Mutual Funds registered with SEBI;

5. Indian Financial Institutions, commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to RBI regulations, as applicable);
6. Venture Capital Funds registered with SEBI;
7. State Industrial Development Corporations;
8. Insurance companies registered with the Insurance Regulatory and Development Authority;
9. Provident funds with minimum corpus of Rs. 250 million and who are authorised under their constitution to hold and invest in Equity Shares;
10. Pension funds with minimum corpus of Rs. 250 million and who are authorised under their constitution to hold and invest in Equity Shares;
11. Trust/ society registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts/ society and who are authorised under their constitution to hold and invest in Equity Shares; and
12. Scientific and/ or industrial research organizations authorised to invest in Equity Shares.

Note: The BRLM and Syndicate Members shall not be entitled to subscribe to this Offer in any manner except towards fulfilling their underwriting obligation.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under the relevant regulations or statutory guidelines.

As per the current regulations, the following restrictions are applicable for investments by Mutual Funds:

No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No Mutual Fund under its scheme should own more than 10% of any company's paid-up capital carrying voting rights. Further, Bidders may bid as per the limits prescribed above.

As per the current regulations, the following restrictions are applicable for investments by SEBI registered Indian VCFs :

The SEBI (Venture Capital) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, the holding by any individual venture capital fund or foreign venture capital investor registered with SEBI should not exceed 33.33% of the corpus of the venture capital fund/ foreign venture capital investor.

The above information is given for the benefit of the Bidder. Our Company and the BRLM are not liable for any amendments or changes in applicable laws or regulations, which may happen after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares bid for do not exceed applicabilities under laws or regulations.

Maximum and Minimum Bid Size

- (a) **For Retail Individual Bidders:** The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter, subject to maximum Bid amount of Rs. 100,000. In case the maximum Bid amount is more than Rs. 100,000 then the same would be considered for allocation under the Non-Institutional Bidders category. The Cut-off option is given only to the Retail Individual Bidders indicating their agreement to bid and purchase at the final Offer Price as determined at the end of the Book Building Process.
- (b) **For Non-Institutional Bidders and QIBs Bidders:** The Bid must be for a minimum of such Equity Shares such that the Bid Amount exceeds Rs. 100,000 and in multiples of [●] Equity Shares thereafter. A Bid cannot be submitted for more than the size of the Offer. However, the maximum Bid by a QIB should not exceed the investment limits prescribed for them by the regulatory or statutory authorities governing them. Under existing SEBI guidelines, a QIB Bidder cannot withdraw its Bid after the Bid/Offer Closing Date.

In case of revision of bids, the Non Institutional Bidders who are individuals have to ensure that the Bid Amount is greater than Rs. 100,000. In case the Bid Amount reduces to Rs. 100,000 or less due to a revision in Bids, the same would be considered for allocation under the Retail portion. Non Institutional Bidders and QIB Bidders are not allowed to Bid at 'Cut-Off'.

- (c) **For Employees of the Company:** The Bid must be for a minimum of [●] Equity shares and in multiples of [●] thereafter, subject to a maximum Bid for [●] Equity Shares. Bidders in the Employee Reservation portion may bid at Cut-Off Price and allotment will be on a proportionate basis.

Information for Bidders

- (a) Our Company will file the Red Herring Prospectus with the Registrar of Companies, Gujarat.
- (b) The members of the Syndicate will circulate copies of the Red Herring Prospectus along with the Bid-cum-Application Form to potential investors.
- (c) Any investor (who is eligible to invest in our Equity Shares) who would like to obtain the Red Herring Prospectus and/ or the Bid-cum-Application Form can obtain the same from our Registered office or from any of the BRLM/Syndicate Members.
- (d) Investors who are interested in subscribing for our Company's Equity Shares should approach any of the BRLM or Syndicate Member or their authorised agent(s) to register their Bid.
- (e) The Bids should be submitted on the prescribed Bid-cum-Application Form only. Bid-cum-Application Forms should bear the stamp of the members of the Syndicate. Bid-cum-Application Forms, which do not bear the stamp of the members of the Syndicate, will be rejected.

Method and Process of Bidding

- a) Our Company and the BRLM shall declare the Bid/Offer Opening Date, Bid/Offer Closing Date and Price Band at the time of filing the Red Herring Prospectus with Registrar of Companies, Gujarat and also publish the same in one English national daily, and one Hindi national daily. This advertisement shall contain the disclosures as prescribed under SEBI Guidelines. The BRLM and Syndicate Members shall accept Bids from the Bidders during the Offer Period.
- b) The Bidding Period shall be a minimum of three working days and shall not exceed seven working days. In case the Price Band is revised, the revised Price Band and Bidding Period will be published in two national newspapers (one each in English and Hindi) by indicating on the websites of the BRLM and at the terminals of the members of the Syndicate. The Bidding Period may be extended, if required, by an additional three working days, subject to the total Bidding Period not exceeding 10 working days.
- c) Each Bid-cum-Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph entitled "Bids at Different Price Levels" below on page 188 of this Draft Red Herring Prospectus) and specify the demand (i.e. the number of Equity Shares bid for) in each option. The price and demand options submitted by the Bidder in the Bid-cum-Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Offer Price, the maximum number of Equity Shares bid for by a Bidder at or above the Offer Price will be considered for allocation and the rest of the Bid(s), irrespective of the Bid Price, will become automatically invalid.
- d) The Bidder cannot bid on another Bid-cum-Application Form after his or her Bids on one Bid-cum-Application Form have been submitted to any member of the Syndicate. Submission of a second Bid-cum-Application Form to either the same or to another member of the Syndicate will be treated as multiple bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or allotment of Equity Shares in this Offer. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph "Build up of the Book and Revision of Bids" on page of 191 this Draft Red Herring Prospectus.

- e) During the Bidding Period, Bidders may approach the members of the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients / investors who place orders through them and shall have the right to vet the Bids.
- f) Along with the Bid-cum-Application Form, all Bidders will make payment in the manner described under the paragraph "Terms of Payment" on page 189 of this Draft Red Herring Prospectus.
- g) The BRLM and Syndicate Member will enter each bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip, ("TRS"), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid-cum-Application Form. It is the responsibility of the Bidder to obtain the TRS from the members of the Syndicate.

Bids at Different Price Levels

- (a) The Price Band has been fixed at Rs. [●] to Rs. [●] per Equity Share of Rs. 10 each, Rs. [●] being the Floor Price and Rs. [●] being the Cap Price. The Bidders can bid at any price within the Price Band, in multiples of Re 1. In accordance with SEBI Guidelines, the Company in consultation with the BRLM can revise the Price Band by informing the Stock Exchanges, releasing a press release, disclosure on the website of the members of the Syndicate, if any and notification on the terminal of the members of the Syndicate. In case of a revision in the Price Band, the Offer will be kept open for a period of three working days after the revision of the Price Band, subject to the total Bidding Period not exceeding ten working days. The Company in consultation with BRLM can finalise the Offer Price within the Price Band in accordance with this clause, without the prior approval of, or intimation, to the Bidders.
- (b) The Bidders can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. **Retail Individual and Employee Bidders may bid at "Cut-off". However, bidding at "Cut-off" is prohibited for QIB or Non Institutional Bidders and such Bids from QIBs and Non-Institutional Bidders shall be rejected.**
- (c) Retail Individual Bidders, who bid at the Cut-Off agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding at Cut-Off shall deposit the Bid Amount based on the Cap Price in the Escrow Account. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders (i.e. the total number of Equity Shares allocated in the Offer multiplied by the Offer Price), Retail Individual Bidders shall receive the refund of the excess amounts from the Escrow Account.
- (d) The Price Band can be revised during the Bidding Period in which case the maximum revisions on either side of the Price Band shall not exceed 20% of the Cap Price and the Floor Price disclosed in the Red Herring Prospectus.
- (e) Any revision in the Price Band shall be widely disseminated including by informing the Stock Exchanges, issuing a press release and making available this information on the Bidding terminals.
- (f) In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain [●] Equity Shares irrespective of whether the Bid Amount payable on such minimum application is not in the range of Rs. 5,000 to Rs. 7,000.
- (g) In case of an upward revision in the Price Band announced as above, Retail Individual Bidders, who had bid at Cut Off Price could either (i) revise their Bid or (ii) make additional payment based on the cap of the revised Price Band, with the members of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e. original Bid Amount plus additional payment) exceeds Rs. 100,000, the Bid will be considered for allocation under the Non Institutional category in terms of this Draft Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Offer Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares bid for shall be adjusted for the purpose of

allocation, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut off

- (h) In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have bid at Cut Off price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Account

Escrow Mechanism

The Company and the members of the Syndicate shall open Escrow Accounts with one or more Escrow Collection Banks in whose favor the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the bid. Cheques or demand drafts received for the full Bid amount from Bidders in a certain category would be deposited in the Escrow Account. The Escrow Collection Banks will act in terms of this Draft Red Herring Prospectus and an Escrow Agreement to be entered into amongst the Company, the BRLM, Selling Shareholders, Escrow Bankers and Registrar to the Offer. The monies in the Escrow Account shall be maintained by the Escrow Collection Bank(s) for and on behalf of the Bidders. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the monies from the Escrow Account to the Offer for Sale Account with the Bankers to the Offer as per the terms of the Escrow Agreement. Payments of refunds to the Bidders shall also be made from the Escrow Account as per the terms of the Escrow Agreement and this Draft Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between the Escrow Collection Bank(s), our Company, the Registrar to the Offer, BRLM to facilitate collections from the Bidders.

Terms of Payment and Payment into the Escrow Account

In case of Non-institutional Bidders and Retail Individual Bidders, each Bidder shall, with the submission of the Bid-cum-Application Form draw a cheque or demand draft for the maximum amount of his/ her Bid in favor of the Escrow Account of the Escrow Collection Bank(s) (For further details, see "Offer Procedure - Payment Instructions" on page 197 of this Draft Red Herring Prospectus) and submit the same to the members of the Syndicate to whom the Bid is being submitted. In case of QIB Bidders, the Margin Amount has to be submitted along with the Bid to the members of the Syndicate. Bid-cum-Application Forms accompanied by cash and stock invests shall not be accepted. The maximum Bid price has to be paid at the time of submission of the Bid-cum-Application Form based on the highest bidding option of the Bidder.

The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold the monies for the benefit of the Bidders until such time as the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds from the Escrow Account, as per the terms of the Escrow Agreement, into the Offer for Sale Account with the Banker(s) to the Offer. The balance amount after transfer to the Public Offer Account shall be held for the benefit of the Bidders who are entitled to refunds on the Designated Date, and no later than 15 days from the Bid / Offer Closing Date, the Escrow Collection Bank(s) shall refund all monies to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for allotment to the Bidders.

Each category of Bidders i.e. QIBs, Non-Institutional Bidders, and Retail Individual Bidders would be required to pay their Margin Amount at the time of the submission of the Bid-cum-Application Form. The Margin Amount payable by each category of Bidders is mentioned under the heading "Offer Structure" on page 41 of this Draft Red Herring Prospectus and shall be uniform across all the bidders in the same category. Where the Margin Amount applicable to the Bidder is more than 10% and less than 100% of the Bid Amount, any difference between the

amount payable by the Bidder for Equity Shares allocated at the Offer Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in-Date, which shall be a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the Registrar to the Offer. If the payment is not made favoring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled. However, if the members of the Syndicate do not waive such payment, the full amount of payment has to be made at the time of submission of the Bid-Cum-Application Form.

Where the Bidder has been allocated lesser number of Equity Shares than he or she had bid for, the excess amount paid on bidding, if any, after adjustment for allocation, will be refunded to such Bidder within 15 days from the Bid/Offer Closing Date.

Electronic Registration of Bids

- (a) The members of the Syndicate will register the Bids using the on-line facilities of NSE and BSE. There will be at least one on-line connectivity to each city where the Bids are accepted.
- (b) NSE and BSE will offer a screen-based facility for registering Bids for the Offer. This facility will be available on the terminals of the Syndicate Member and their authorised agents during the Bidding Period. Syndicate members can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently download the off-line data file into the on-line facilities for book building on a regular basis. On the Bid/Offer Closing Date, the Syndicate members shall upload the Bids till such time as may be permitted by the Stock Exchanges.
- (c) BSE and NSE will aggregate demand and price for Bids registered on their electronic facilities on a regular basis and display graphically the consolidated demand at various price levels. This information can be accessed on BSE's website at "www.bseindia.com" or on NSE's website at "www.nseindia.com".
- (d) At the time of registering each Bid, the Syndicate members shall enter the following details of the investor in the on-line system:
 - Name of the investor
 - Investor Category such as Individual, Corporate or Mutual Fund, etc.
 - Number of Equity Shares bid for
 - Bid price
 - Bid-cum-Application Form number
 - Whether payment is made upon submission of Bid-cum-Application Form
 - Depository Participant Identification Number and Client Identification Number of the demat account of the Bidder
- (e) A system generated TRS will be given to the Bidder as a proof of the registration of each of the Bidding options. It is the Bidder's responsibility to request and obtain the TRS from the members of the Syndicate. The registration of the Bid by the Syndicate Member does not guarantee that the Equity Shares shall be allocated either by the Syndicate Member or the Company.
- (f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- (g) Consequently, all or any of the members of the Syndicate may reject QIB Bids provided the rejection is at the time of receipt of such Bids and the reason for rejection of the Bid is communicated to the Bidder at the time of such rejection. In case of Non-Institutional Bidders and Retail Individual Bidders, Bids would not be rejected except on the technical grounds listed on Page 199 in this Draft Red Herring Prospectus.
- (h) It is to be distinctly understood that the permission given by NSE and BSE to use their network and software of the Online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company, BRLM are cleared or approved by NSE and BSE;

nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, our Promoters, our management or any scheme or project of our Company.

- (i) It is also to be distinctly understood that the approval given by NSE and BSE should not in any way be deemed or construed that this Draft Red Herring Prospectus has been cleared or approved by the NSE and BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the NSE and BSE.

Build Up of the Book and Revision of Bids

- (a) Bids registered by various Bidders through the members of the Syndicate shall be electronically transmitted to the NSE or BSE mainframe on a regular basis.
- (b) The book gets built up at various price levels. This information will be available with the BRLM on a regular basis.
- (c) During the Bidding Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the price band using the printed Revision Form, which is a part of the Bid-cum-Application Form.
- (d) Revisions can be made in both the desired number of Equity Shares and the bid price by using the Revision Form. Apart from mentioning the revised options in the revision form, the Bidder must also mention the details of all the options in his or her Bid-cum-Application Form or earlier Revision Form. For example, if a Bidder has bid for three options in the Bid-cum-Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being changed, in the Revision Form unchanged. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate.
- (e) The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) of the Bid, the Bidders will have to use the services of the same members of the Syndicate through whom he or he had placed the original Bid. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.
- (f) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of this Draft Red Herring Prospectus. In case of QIBs, the members of the Syndicate shall collect the payments in the form of cheque or demand draft for the incremental amount in the QIB Margin Amount, if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions by the QIB Bidders.
- (g) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the Syndicate Member. **It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.**
- (h) In case of discrepancy of data between NSE or BSE and the Syndicate Member, the decision of the BRLM based on physical records of Bid-cum-Application Forms shall be final and binding to all concerned.

Price Discovery and Allocation

- (a) After the Bid/Offer Closing Date, the BRLM will analyze the demand generated at various price levels and discuss pricing strategy with us.
- (b) The Company, BRLM shall finalise the "Offer Price" and the number of Equity Shares to be allotted.

- (c) The allocation for QIBs, up to 50% of the Net Offer, of which 5% shall be reserved for Mutual Funds would be proportionate. The allocation to Non-Institutional Bidders, and Retail Individual Bidders of not less than 15% and 35% of the Net Offer, respectively, would be on proportionate basis, in consultation with Designated Stock Exchange, subject to valid Bids being received at or above the Offer Price.
- (d) Under subscription, if any, in Non-Institutional and Retail categories would be allowed to be met with spill over from any of the other categories at the discretion of the Company and the BRLM. However, if the aggregate demand by Mutual Funds is less than [●] Equity Shares, the balance Equity Shares from the portion specifically available for allocation to Mutual Funds in the QIB Portion will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders in proportion to their Bids. Any under subscription in the Equity Shares reserved for allocation to Bidders in the Employee Reservation Portion would be treated as part of the Net Offer to the public and allocation in accordance with the Basis of Allocation described in the section "Other Regulatory And Statutory Disclosures" beginning on page 174 of this Draft Red Herring Prospectus.
- (e) The BRLM, in consultation with us, shall notify the Syndicate Member of the Offer Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.
- (f) The Company reserves the right to cancel the Offer any time after the Bid/Offer Opening Date but before allotment.
- (g) In terms of SEBI Guidelines, QIB Bidders shall not be allowed to withdraw their Bid after the closure of Bidding.
- (h) The allotment details shall be put on the website of the Registrar to the Offer.

Signing of Underwriting Agreement and Registrar of Companies, Gujarat Filing

- (a) The Company, the BRLM and the Syndicate Members shall enter into an Underwriting Agreement on finalisation of the Offer Price and allocation(s) to the Bidders.
- (b) After signing the Underwriting Agreement, we would update and file the updated Red Herring Prospectus with Registrar of Companies, Gujarat, which then would be termed 'Prospectus'. The Prospectus would have details of the Offer Price, Offer Size, underwriting arrangements and would be complete in all material respects.

Advertisement regarding Price band and Red Herring Prospectus

A statutory advertisement will be issued by the Company after the filing of the Red Herring Prospectus with the Registrar of Companies, Gujarat. This advertisement in addition to the information that has to be set out in the statutory advertisement shall indicate the Price band along with a table showing the number of Equity Shares and the amount payable by an investor. Any material updates between the date of Red Herring Prospectus and the Prospectus shall be included in the advertisement.

Issuance of Confirmation of Allocation Note

After the determination of Offer Price, the following steps would be taken

- (a) The BRLM or Registrar to the Offer shall send to the Syndicate Member a list of their Bidders who have been allocated Equity Shares in the Offer.
- (b) The BRLM or Syndicate Members would then send the CAN to their Bidders who have been allocated Equity Shares in the Offer. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Offer Price for all the Equity Shares allocated to such Bidder.

Those Bidders who have not paid into the Escrow Account at the time of bidding shall pay in full the amount payable into the Escrow Account by the Pay-in Date specified in the CAN.

- (c) Bidders who have been allocated Equity Shares and who have already paid into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrar to the Offer subject, however, to realization of their cheque or demand draft paid into the Escrow Account. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Offer Price for all the Equity Shares to be allotted to such Bidder.

Designated Date and Allotment of Equity Shares

- (a) After the funds are transferred from the Escrow Account to the Offer for Sale Account on the Designated Date, we would ensure allotment of the Equity Shares to the allottees within two days of the finalisation and adoption of the basis of allotment.
- (b) All allottees will receive credit for the Equity Shares directly in their depository account. **Equity Shares will be Offered only in the dematerialized form to the allottees.** Allottees will have the option to re-materialize the Equity Shares so allotted, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated to them pursuant to this Offer.

We would ensure the allotment of Equity Shares within 15 days of Bid/Offer Closing Date and also ensure that credit is given to the allottees' depository accounts within two working days from the date of allotment.

GENERAL INSTRUCTIONS

Do's:

- a) Check if you are eligible to apply;
- b) Complete the Bid-cum-Application Form after reading all the instructions carefully;
- c) Ensure that the details about Depository Participant and beneficiary account are correct as Equity Shares will be allotted in the dematerialized form only;
- d) Ensure that the Bids are submitted at the bidding centers only on forms bearing the stamp of a member of the Syndicate;
- e) Ensure that you have been given a TRS for all your Bid options;
- f) Submit Revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;
- g) Ensure that the bid is within price band;
- h) Investors must ensure that the name given in the Bid-cum-Application Form is exactly the same as the name in which the Depository Account is held. In case, the Bid-cum-Application Form is submitted in joint names, investors should ensure that the Depository Account is also held in the same sequence as they appear in the Bid-cum- Application Form;
- i) If your Bid is for Rs. 50,000 or more, ensure that you mention your PAN allotted under the I.T. Act and ensure that you have attached a copy of your PAN card with the Bid-cum-Application Form. In case the

PAN has not been allotted, mention “Not Allotted” in the appropriate place. (See section titled “Offer Procedure – PAN” on page 199 of this Draft Red Herring Prospectus)

Don'ts:

- a) Do not Bid for lower than the minimum Bid size;
- b) Do not Bid/ revise Bid price to less than the lower end of the price band or higher than the higher end of the price band;
- c) Do not Bid on another Bid-cum-Application Form after you have submitted a Bid to the member of the Syndicate;
- d) Do not pay the Bid amount in cash;
- e) Do not provide your GIR number instead of your PAN.
- f) Do not send Bid-cum-Application Forms by post; instead submit the same to members of the Syndicate only;
- g) Do not Bid at cut off price (for QIBs and non-institutional bidders);
- h) Do not fill up the Bid-cum-Application Form such that the Equity Shares bid for exceeds the Offer size and/ or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations; and
- i) Do not submit Bid accompanied with Stock invest.

Bids by Employees of the Company and its Subsidiary

- i. For the purpose of this reservation, Employee means permanent employees of our Company, a Director of our Company (whether a whole time Director, part-time Director or otherwise), or an employee as defined above of our Subsidiary as on the date of the submission of the Red Herring Prospectus.
- ii. Bids under Employee Reservation Portion by Permanent Employees shall be made only in the prescribed Bid-cum-Application Form or Revision Form (i.e. green colour form).
- iii. Employees, as defined above, should mention the following at the relevant place in the Bid-cum-Application Form:
- iv. Employee number
- v. The sole/ first bidder should be Permanent Employees as defined above.
- vi. Only Employees, as defined above, would be eligible to apply in this Offer under this Employee Reservation Portion.
- vii. Bids by Employees, as defined above, will have to bid like any other Bidder. Only those bids, which are received at or above the Offer Price, would be considered for allocation under this category.
- viii. Employees, as defined above, who apply or bid for Equity Shares of or for a value of not more than Rs. 100,000 in any of the Bidding options can apply at Cut-Off. This facility is not available to other Employees whose minimum Bid amount exceeds Rs. 100,000.
- ix. The maximum bid in this category can be for [●] Equity Shares.

- x. If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Offer Price, full allocation shall be made to the Employees, as defined above, to the extent of their demand.
- xi. Under subscription in this category would be added back to the Net Offer and the proportionate allocation of the same would be at the sole discretion of our Company in consultation with the BRLM.
- xii. If the aggregate demand in this category is greater than [●] Equity Shares at or above the Offer Price, the allocation shall be made on a proportionate basis. For the method of proportionate basis of allocation, refer to para "Basis of Allotment" on page 202 of this Draft Red Herring Prospectus.

Instructions for Completing the Bid-cum-Application Form

Bidders can obtain Bid-cum-Application Forms and / or Revision Forms from the BRLM or Syndicate Member.

Bids and Revisions of Bids

Bids and revisions of Bids must be:

- (a) Made only in the prescribed Bid-cum-Application Form or Revision Form, as applicable (white colour for resident Indians and green colour for Employees of the Company)
- (b) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid-cum-Application Form or in the Revision Form. Incomplete Bid-cum-Application Forms or Revision Forms are liable to be rejected.
- (c) The Bids from the Retail Individual Bidders must be for a minimum of [●] Equity Shares and in multiples of [●] thereafter subject to a maximum Bid amount of Rs. 100,000.
- (d) For Non-institutional and QIB Bidders, Bids must be for a minimum Bid Amount of Rs. 100,001 and in multiples of [●] Equity Shares thereafter. All individual Bidders whose maximum Bid amount exceeds Rs. 100,000 would be considered under this category. Bids cannot be made for more than the Offer size. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of Equity Shares that can be held by them under the applicable laws or regulations.
- (e) In single name or in joint names (not more than three).
- (f) Thumb impressions and signatures other than in the languages specified in the eighth schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Bidder's Bank Details

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the offer will obtain from the Depository the Bidders bank account details. These bank account details would be printed on the refund order, if any, to be sent to Bidders or used for sending the refund through Direct Credit or ECS. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in credit of refunds to Bidders at the Bidders sole risk and neither the BRLMs nor the Bank shall have any responsibility and undertake any liability for the same.

Bidder's Depository Account Details

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID-CUM-APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID-CUM-APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN, WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID-CUM-APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID-CUM-APPLICATION FORM.

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the offer will obtain from the Depository demographic details of the Bidders such as address, bank account details for printing on refund orders or giving credit through ECS or Direct Credit and occupation (hereinafter referred to as Demographic Details). Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application Form.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the refund orders/ECS credit for refunds/Direct credit of refund/CANs/Allocation Advice and printing of Bank particulars on the refund order and the Demographic Details given by Bidders in the Bid cum application Form would not be used for these purposes by the Registrar. Hence, Bidders are advised to update their Demographic Details as provided to their Depository Participants.

By signing the Bid-cum-Application Form, Bidder would have deemed to authorize the depositories to provide, upon request, to the Registrar to the Offer, the required demographic details as available on its records.

Refund orders/allocation advice/CANs would be mailed at the address of the Bidder as per the demographic details received from the Depositories. Bidders may note that delivery of refund orders/allocation advice/CANs may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid-cum-Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk and neither the Escrow Collection Bank nor the BRLM shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum and Articles of Association and/or Bye Laws must be lodged along with the Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In case of Bids made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In case of Bids made by provident funds with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged along with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

We, in our absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid-cum-Application form, subject to such terms that we may deem fit.

Bids and revision to Bids must be made:

On the Bid-cum-Application Form or the Revision Form, as applicable (blue in color), and completed in full in **BLOCK LETTERS in ENGLISH** in accordance with the instructions contained therein.

In a single name or joint names (not more than three).

For further details see section titled "Offer Procedure - Maximum and Minimum Bid Size" on page 186 of this Draft Red Herring Prospectus.

Payment Instructions

We, the BRLM shall open an Escrow Account with the Escrow Collection Bank(s) for the collection of the Bid Amounts payable upon submission of the Bid-cum-Application Form and for amounts payable pursuant to allocation in the Offer.

Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation as per the following terms:

Payment into Escrow Account:

- (a) The Bidders for whom the applicable margin is equal to 100% shall, with the submission of the Bid-cum-Application Form draw a payment instrument for the Bid Amount in favor of the Escrow Account and submit the same to the members of the Syndicate.
- (b) In case the above Margin Amount paid by the Bidders during the Bidding Period is less than the Offer Price multiplied by the Equity Shares allocated to the Bidder, the balance amount shall be paid by the Bidders into the Escrow Account within the period specified in the CAN which shall be subject to a minimum period of two days from the date of communication of the allocation list to the Syndicate Member by the BRLM.
- (c) The payment instruments for payment into the Escrow Account should be drawn in favor of:
 - (i) In case of Resident Bidders: **"Escrow Account- Voltamp Transformers Limited"**
 - (ii) In case of Employees of the Company **"Escrow Account- Voltamp Transformers Limited - Employees"**
- (d) Where a Bidder has been allocated a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on Bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Escrow Account.
- (e) The monies deposited in the Escrow Account will be held for the benefit of the Bidders until Designated Date.

- (f) On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account as per the terms of the Escrow Agreement into the Offer for Sale Account with the Bankers to the Offer.
- (g) On the Designated Date and no later than 15 days from the Bid/Offer Closing Date, the Escrow Collection Bank shall also refund all amounts payable to unsuccessful bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation to the Bidders.

Payments should be made by cheque, or demand draft drawn on any bank (including a Co-operative bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid-cum-Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/ stock invest/money orders/ postal orders will not be accepted.

Payment by Stock invest

In terms of Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the option to use the stock invest instrument in lieu of cheques or bank drafts for payment of bid money has been withdrawn.

Submission of Bid-cum-Application Form

All Bid-cum-Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the Syndicate Member at the time of submission of the Bid. Member of the Syndicate may at its sole discretion waive the requirement of payment at the time of submission of the Bid-cum-Application Form and Revision Form in the case of QIB Bidders, prescribed however, that for QIB Bidders the Syndicate member shall collect the QIB Margin and deposit the sum in a specified escrow account.

No separate receipts shall be issued for the money payable on the submission of Bid-cum-Application Form or Revision Form. However, the collection center of the Syndicate Member will acknowledge the receipt of the Bid-cum-Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid-cum-Application Form for the records of the Bidder.

OTHER INSTRUCTIONS

Joint Bids in the case of Individuals

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid-cum-Application Form or Revision Form ("First Bidder"). All communications will be addressed to the first Bidder and will be dispatched to his or her address.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or first Bidder is one and the same.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

Bidders in the Employees Reservation category can also bid in the "Net Offer to the Public" and such Bids shall not be treated as multiple Bids.

We reserve the right to reject, in our absolute discretion to accept or reject, all or any multiple Bids in any or all categories.

Permanent Account Number (PAN)

Where Bid(s) is/are for Rs. 50,000 or more, the Bidder or in the case of an Bid in joint names, each of the Bidders, 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 Bid-cum-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 Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.** In case the sole/first Bidder and joint Bidder(s) is/are not required to obtain PAN, each of the Bidder(s) shall mention "Not Applicable" and in the event that the sole Bidder and/or the joint Bidder(s) have applied for PAN which has not yet been allotted each of the Bidder(s) should mention "Applied for" in the Bid-cum-Application Form. Further, where the Bidder(s) has mentioned "Applied for" or "Not Applicable", the sole/first Bidder and each of the joint Bidder(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 Bidders are requested to furnish, where applicable, the revised Form 60 or 61 as the case may be.**

Unique Identification Number - MAPIN

With effect from July 1, 2005, SEBI has decided to suspend all fresh registrations for obtaining Unique Identification Number (UIN) and the requirement to contain/quote UIN under the MAPIN Regulations/ Circulars vide its circular MAPIN/Cir- 13/2005.

Our Right to Reject Bids

The BRLM may reject any QIB Bid procured by any or all members of the Syndicate provided the rejection is at the time of receipt of such Bid and the reason for rejection of the Bid is communicated to the Bidder at the time of rejection of the Bid. In case of Non Institutional Bidders, Retail Individual Bidders and Bidders in the Employee Reservation Portion, the Company will have the right to reject Bids only on technical grounds. Consequent refunds shall be made by cheque or pay order or draft and will be sent to the Bidder's address at the Bidder's risk.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected among others on the following technical grounds:

- 1) Amount paid doesn't tally with the highest number of Equity Shares bid for;
- 2) Age of first Bidder not given;
- 3) Bids by persons not competent to contract under the Indian Contract Act, 1872, including minors, insane persons;
- 4) PAN not given if Bid is for Rs. 50,000 or more and GIR number given instead of PAN number;
- 5) Bids for lower number of Equity Shares than specified for that category of investors;

- 6) Bids at a price less than lower end of the Price Band;
- 7) Bids at a price more than the higher end of the Price Band;
- 8) Bids at cut-off price by Non-Institutional and QIB Bidders;
- 9) Bids for number of Equity Shares which are not in multiples of [●];
- 10) Category not ticked;
- 11) Multiple bids as defined in this Draft Red Herring Prospectus;
- 12) In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
- 13) Bids accompanied by Stock Invest/ money order/postal order/cash;
- 14) Signature of sole and / or joint Bidders missing;
- 15) Bid-cum-Application Form does not have the stamp of the BRLM or Syndicate Member;
- 16) Bid-cum-Application Form does not have Bidder's depository account details;
- 17) In case no corresponding record is available with the Depository that matches three parameters: name of Bidder (including sequence of names of joint holders), Depository Participant identification number and beneficiary account number;
- 18) Bid-cum-Application Forms are not delivered by the Bidders within the time prescribed as per the Bid-cum-Application Form, Bid/Offer Opening Date advertisement and this Draft Red Herring Prospectus and as per the instructions in this Draft Red Herring Prospectus and the Bid-cum-Application Form;
- 19) Bids for amounts greater than the maximum permissible amounts prescribed by the regulations. See the details regarding the same at page 186 of this Draft Red Herring Prospectus;
- 20) Bids by OCBs; and

Equity Shares in Dematerialized Form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the Equity Shares in this Offer shall be allotted only in a dematerialized form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two agreements have been signed among us, the respective Depositories and the Registrar to the Offer:

- a) A tripartite agreement dated [●] with NSDL, us and Registrar to the Offer;
- b) A tripartite agreement dated [●] with CDSL, us and Registrar to the Offer.

All Bidders can seek allotment only in dematerialized mode. Bids from any investor without relevant details of his or her Depository Account are liable to be rejected.

- a) A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Bid.
- b) The Bidder must necessarily fill in the details (including the beneficiary account number and Depository Participant's identification number) appearing in the Bid-cum-Application Form or Revision Form.
- c) Equity Shares allotted to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder
- d) Names in the Bid-cum-Application Form or Revision 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.
- e) Non-transferable allotment advice or refund orders will be directly sent to the Bidder by the Registrar to this Offer.
- f) If incomplete or incorrect details are given under the heading 'Request for Equity Shares in electronic form' in the Bid-cum-Application Form or Revision Form, it is liable to be rejected.
- g) The Bidder is responsible for the correctness of his or her demographic details given in the Bid-cum-Application Form vis-à-vis those with his or her Depository Participant.
- h) 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. All the Stock Exchanges where our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.
- i) The trading of the Equity Shares of the Company would be in dematerialized form only for all investors.

Communications

All future communications in connection with Bids made in this Offer should be addressed to the Registrar to the Offer quoting the full name of the sole or first Bidder, Bid-cum-Application Form number, number of Equity Shares applied for, date, bank and branch where the Bid was submitted and cheque, number and issuing bank thereof.

Letters of Allotment or Refund Orders

We shall give credit of Equity Share allotted to the beneficiary account with Depository Participants within 15 working days of the Bid Closing Date / offer Closing Date. Applicants residing at 15 centres where clearing houses are managed by the Reserve Bank of India (RBI) will get refunds through ECS only (subject to availability of all information for crediting the refund through ECS) except where applicant is otherwise disclosed as eligible to get refunds through direct credit and RTGS. In case of other applicants, the Bank shall ensure dispatch of refund orders, if any, of value up to Rs. 1,500 by "Under Certificate of Posting", and shall dispatch refund orders above Rs. 1,500, if any, by registered post or speed post, except for Bidders who have opted to receive refunds through the ECS facility. Applicants to whom refunds are made through Electronic transfer of funds will be send a letter through ordinary post intimating them about the mode of credit of refund within 15 working days of closure of offer.

We shall ensure dispatch of refund orders, if any, by "Under Certificate of Posting" or registered post or speed post or Electronic Clearing Service or Direct Credit or RTGS, as applicable, only at the sole or First Bidder's sole risk within 15 days of the Bid Closing Date/offer Closing Date, and adequate funds for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the offer by the offeror.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, 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.”

Basis of Allotment or Allocation

Basis of Allotment

A. For Retail Individual Bidders

- Bids received from the Retail Individual Bidders at or above the Offer Price shall be grouped together to determine the total demand under this category. The allocation to all the successful Retail Individual Bidders will be made at the Offer Price.
- The Offer less allocation to Non-Institutional and QIB Bidders shall be available for allocation to Retail Individual Bidders who have bid in the Offer at a price, which is equal to or greater than the Offer Price.
- If the aggregate demand in this category is less than or equal to Rs. [●] million at or above the Offer Price, full allocation shall be made to the Retail Individual Bidders to the extent of their demand.
- If the aggregate demand in this category is greater than Rs. [●] million at or above the Offer Price, the allocation shall be made on a proportionate basis up to a minimum of [●] Equity Shares. For the method of proportionate basis of allotment, refer below.

B. For Non-Institutional Bidders

- Bids received from Non Institutional Bidders at or above the Offer Price shall be grouped together to determine the total demand under this category. The allocation to all successful Non-Institutional Bidders will be made at the Offer Price.
- The Offer less allocation to QIBs and Retail Portion shall be available for allocation to Non-Institutional Bidders who have bid in the Offer at a price, which is equal to or greater than the Offer Price.
- If the aggregate demand in this category is less than or equal to Rs. [●] million at or above the Offer Price, full allocation shall be made to Non-Institutional Bidders to the extent of their demand.
- In case the aggregate demand in this category is greater than Rs. [●] million at or above the Offer Price, allocation shall be made on a proportionate basis up to a minimum of [●] Equity Shares. For the method of proportionate basis of allotment refer below.

C. For QIB Bidders

- Bids received from the QIB Bidders at or above the Offer Price shall be grouped together to determine the total demand under this portion. The allocation to all the QIB Bidders will be made at the Offer Price.
- The QIB Portion shall be available for allocation to QIB Bidders who have Bid in the Offer at a price that is equal to or greater than the Offer Price.
- Allotment shall be undertaken in the following manner:

- (a) In the first instance allocation to Mutual Funds for 5% of the QIB Portion shall be determined as follows;
 - (i) In the event that Mutual Fund Bids exceeds 5% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for 5% of the QIB Portion.
 - (ii) In the event that the aggregate demand for Mutual Funds is less than 5% of the QIB Portion then all Mutual Funds shall get full allotment to the extent of valid Bids received above the Offer Price.
 - (iii) Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available to all QIB Bidders as set out in (b) below;
- (b) In the second instance allocation to all QIBs shall be determined as follows:
 - (i) In the event that the oversubscription in the QIB Portion, all QIB Bidders who have submitted Bids above the Offer Price shall be allotted Equity Shares on a proportionate basis for up to 95% of the QIB Portion.
 - (ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.
 - (iii) Under-subscription below 5% of the QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.
- (c) The aggregate allocation to QIB Bidders shall not be less than 2,319,824 Equity Shares.

D. For Employee Reservation Portion

- Bids received from the Employees at or above the Offer Price shall be grouped together to determine the total demand under this category. The allocation to all the successful Employees will be made at the Offer Price.
- If the aggregate demand in this category is less than or equal to 100,000 Equity Shares at or above the Offer Price, full allocation shall be made to the Employees to the extent of their demand.
- If the aggregate demand in this category is greater than 100,000 Equity Shares at or above the Offer Price, the allocation shall be made on a proportionate basis up to a minimum of [●] Equity Shares and in multiple of [●] Equity Shares thereafter. For the method of proportionate basis of allocation, refer below.
- Only Employees may apply under the Employee Reservation Portion.

Under-subscription, if any, in the Non-Institutional and Retail Individual categories would be allowed to be met with spill over from any other category at the sole discretion of the Company and the BRLM.

Method of Proportionate Basis of Allotment

In the event the Offer is over-subscribed, the basis of allotment shall be finalised by the Company in consultation with the Designated Stock Exchange. The Executive Director or Managing Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLM and the Registrar to the Offer shall be responsible for ensuring that basis of allotment is finalised in a fair and proper manner. Allotment to Bidders shall be as per the basis of allocation as set out in this Prospectus under "Offer Structure".

- a) Bidders will be categorised according to the number of Equity Shares applied for.

- b) The total number of Equity Shares to be allotted to each category, as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of bidders in the category multiplied by number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.
- c) Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio in that category subject to minimum allotment of [●] Equity Shares. The minimum allotment lot shall be the same as the minimum application lot irrespective of any revisions to the Price Band.
- d) In case the proportionate allotment to any Bidders is in fractions, then the same would be rounded off to nearest integer.
- e) In all bids where the proportionate allotment is less than [●] per Bidder, the allotment shall be made as follows:
 - Each successful Bidder shall be allotted a minimum of [●] Equity Shares; and
 - The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above.
 - If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for allotment shall be first adjusted against any other category, where the allotted Equity Shares are not sufficient for proportionate allotment to the successful bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising of bidders applying for minimum number of Equity Shares.

Undertaking by the Company

We undertake as follows:

- that the complaints received in respect of this offer shall be attended to by us expeditiously and satisfactorily;
- that all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within seven working days of finalisation of the basis of Allotment;
- that funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the offer by us;
- that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 working days of closure of the offer, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund
- that the refund orders or allotment advice to the Non Residents shall be dispatched within specified time; and
- that no further offer of Equity Shares shall be made till the Equity Shares offered through this Draft Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.

Utilisation of Offer proceeds

The Board of Directors of our Company certifies that all monies received out of the Offer shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;

The Company and the selling shareholders shall not have recourse to the Offer Proceeds until the approval for listing and trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

Procedure and Time Schedule for Allotment of Equity Shares

We, the BRLM reserve the right to reject any Bid without assigning any reason thereof in case of QIBs. In case of Non-Institutional Bidders and Retail Individual Bidders we have a right to reject Bids based on technical grounds. In case a Bid is rejected in full, the whole of the Bid Amount will be refunded to the Bidder within 15 days of the Bid/Offer Closing Date. In case a Bid is rejected in part, the excess Bid Amount will be refunded to the Bidder within 15 days of the Bid/Offer Closing Date. We shall ensure allotment of the Equity Shares within 15 days from the Bid/Offer Closing Date, and we shall pay interest at the rate of 15% per annum (for any delay beyond the periods as mentioned above), if Equity Shares are not allotted, refund orders are not dispatched and/ or demat credits are not made to investors within two working days from the date of allotment.

Disposal of Applications and Applications Money

We shall ensure dispatch of allotment advice, transfer advice or refund orders and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the allotment to the Stock Exchanges within two working days of date of finalisation of allotment of Equity Shares. We shall dispatch refund above Rs. 1,500, if any, by registered post or speed post at the sole or first Bidder's sole risk, except for Bidders who have opted to receive refunds through the ECS facility or RTGS or Direct Credit. We shall use best efforts to ensure that all steps for completion of the necessary formalities for allotment and trading at all the Stock Exchanges where the Equity Shares are proposed to be listed, are taken within seven working days of finalisation of the basis of allotment. In accordance with the Companies Act, the requirements of the Stock Exchanges and SEBI Guidelines, we further undertake that:

- allot Equity Shares only in dematerialised form within 15 working days of the Bid/offer Closing Date;
- dispatch refund orders, except for Bidders who have opted to receive refunds through the ECS facility, within 15 working days of the Bid/offer Closing Date would be ensured; and
- **Interest in case of delay in dispatch of Allotment Letters/ Refund Orders in case of public offer** – we shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if allotment is not made and refund orders are not dispatched and/or demat credits are not made to investors within the 15 working day time prescribed above.

We will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the offer.

No separate receipts shall be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection centre of the Syndicate Member will acknowledge the receipt of the Bid-cum-Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder.

Interest on Refund of excess Bid Amount

The Company shall pay interest at the rate of 15% per annum on the excess Bid Amount received if refund orders are not dispatched within 15 days from the Bid/Offer Closing Date as per the Guidelines issued by the Gol,

Ministry of Finance pursuant to their letter No.F/8/S/79 dated July 31, 1983, as amended by their letter No. F/14/SE/85 dated September 27, 1985, addressed to the stock exchanges, and as further modified by SEBI's Clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.

Rectification of Register of Members

The Company, under Section 111A of the Companies Act will have the right to rectify the register of members to comply with the Companies Act.

SECTION IX - MAIN PROVISIONS OF ARTICLES OF ASSOCIATION OF THE COMPANY

MAIN PROVISIONS OF ARTICLES OF ASSOCIATION OF THE COMPANY

Pursuant to Schedule II of the Companies Act and the SEBI Guidelines, the important provisions of the Articles of Association of our Company relating to members, voting rights, lien on the Equity Shares and process for modification of such rights, forfeiture of Equity Shares, restrictions on transfer and transmission of Equity Shares and debentures and on their consolidation and splitting are detailed below.

Capitalised terms in this section have the meaning that has been given to such terms in the Articles of Association.

(i) PRELIMINARY

Title of Article	Article Number and contents
Table "A" not to apply but Company to be governed by these Articles	The regulations contained in Table "A" in the First Schedule to the Companies Act, 1956, shall not apply to this Company, but the regulations for the Management of the Company and for the observance of the members thereof and their representatives shall subject to any exercise of the Statutory powers of the Company with reference to the repeal or alteration of or addition to its regulations by Special Resolutions, as prescribed by the 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

VOTES OF MEMBERS

Title of Article	Article Number and contents
Restrictions on exercise of Rights of members who have not paid calls, etc.	125. (a) No members shall exercise any voting rights in respect of any shares registered in his name on which, any calls or other sums presently payable by him have not been paid or in regard to which the Company has and has exercised any right of lien. (b) Where the shares of the Company are held in trust, the voting power in respect of such shares shall be regulated by the provisions of Section 187B of the Act.
Restriction on Exercise of Voting Right in Other cases to be void	126. A member is not prohibited from exercising his voting right on the ground that he has not held his share or other interest in the Company for any specified period preceding the date on which the vote is taken, or on any other ground not being a ground referred to in Article 113.
Voting to be by way of show of Hands in First Instance	128. At any general meeting a resolution put to vote at the meeting shall unless a poll is demanded under Section 179 of the Act be decided on a show of hands. (a) Subject to the provisions of the Act, upon show of hands every members entitled to vote and present in person shall have one vote, and upon a poll every member entitled to vote and present in person or by proxy shall have one vote, for every share held by him. (b) No member not personally present shall be entitled to vote on a show of

	hands unless such member is a body corporate present by proxy or by a representative duly authorized under Sections 187 to 187 A of the Act, in which case such proxy or representative may vote on a show of hands as if he were a member of the Company.
Voting rights of members of unsound mind and minors	129. 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 poll vote by proxy; if any member be a minor the vote in respect of his share or shares shall be by his guardians or any one of his guardians, if more than one, to be selected in case of dispute by the Chairman of the meeting.
Votes in respect of Shares of Deceased or insolvent members, etc.	130. Subject to the provisions of the Act and other provisions of these Articles, any person entitled under the transmission clause to any shares may vote at any general meeting in respect thereof as if he was the registered holder of such shares, provided that at least 48 (forty eight) hours before the time of holding the meeting or adjourned meeting as the case may be at which he proposed to vote, he shall satisfy the Directors of his right to such shares unless the Directors shall have previously admitted his right to vote at such meeting in respect thereof.
Custody of instrument	131. If any such instrument of appointment be confirmed to the object of appointing proxy or substitute for voting at meeting of the Company, it shall remain permanently or for such time as the Directors may determine in the custody of the Company; if embracing other objects a copy thereof examined with the original, shall be delivered to the Company to remain in the custody of the Company.
Validity of votes given by proxy notwithstanding Death of members, etc.	132. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death of the principal or revocation of the proxy or of any power of attorney under which such proxy was signed or the transfer of the share in respect of which the vote is given, provided that no limitation in writing of the death, revocation or transfer shall have been received at the registered office of the Company before the meeting.
Time for objection for vote	133. No objection shall be made to the validity of any vote except at the meeting or poll at which such vote shall be tendered and every vote whether given personally or by an agent or proxy or representative not disallowed at such meeting or poll shall be deemed valid for all purposes or such meeting or poll whatsoever.
Chairman of any meeting to be the judge of any vote	134. The Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting. The Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll. The decision of the Chairman shall be final and conclusive.
Chairman's declaration	135.

of result of Voting by show of hands to be conclusive	A declaration by the Chairman in pursuance of Section 177 of the Act that on a show of hands, a resolution has or has not been carried, either unanimously or by a particular majority, and an entry to that effect in the books containing the minutes of the proceedings of the Company, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes cast in favour of or against such resolution.
Right of a member to use his Votes differently	139. On a poll taken at a meeting of the Company a member or other person entitled to vote for him as the case may be, need not, if he votes, use all his votes or cast in the same way all the votes he uses.
Time for objection to vote	143. No objection shall be made to the qualification of any vote or to the validity of a vote except at the meeting or adjourned meeting at which the vote objected to is given or tendered and every vote, whether given personally or by proxy, not disallowed at such meeting shall be valid for all purposes and such objection made in due time shall be referred to the Chairman of the meeting.
Representation of Body Corporate	144. A body corporate (whether a Company within the meaning of the Act or not) if it is a member or creditor (including a holder of debentures) of the Company may in accordance with the provisions of Section 187 of the Act authorize such person by a resolution of its Board of Directors as it thinks fit, to act as its representative at any meeting of the Company or of any class of members of the Company or at any meeting of creditors of the Company.
Proxies	123. (a) Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint any other person (whether a member or not) as his proxy to attend and vote instead of himself. A member (and in case of joint holder, all holders) shall not appoint more than one person as proxy. A proxy so appointed shall not have any right to speak at the meeting. (b) In every notice calling a meeting of the Company there shall appear with reasonable prominence a statement that a member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself, and that a proxy need not be a member. (c) The instrument appointing a proxy or any other document necessary to show the validity or otherwise relating to the appointment of a proxy shall be lodged with the Company not less than 48 (forty eight) hours before the meeting in order that the appointment may be effective thereat. (d) The instrument appointing a proxy shall be in writing, and be signed by a appointer or his attorney duly authorized in writing or, if the appointer is a body corporate, by under its seal or be signed by an officer or any attorney duly authorized by it. (e) Every instrument of proxy whether for a specified meeting or otherwise shall, as nearly as circumstances will admit, be in usual common form or in such other form as the Directors may approve from time to time.

	(f) An instrument appointing a proxy, of in any of the forms set out in Schedule IX to the Act shall not be questioned on the ground that it fails to comply with any special requirements specified for such instrument by these Articles. (g) Every member entitled to vote at a meeting of the Company, or on any resolution to be moved thereat, shall be entitled during the period beginning 24 (twenty four) hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, to inspect the proxies lodged at any time during the business hours of the Company, provided not less than 3 (three) days' notice in writing of the intention so to inspect is given to the Company.
Validity of votes given by proxy notwithstanding revocation of authority	124. A vote given in accordance with the terms of instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or of any Power of Attorney under which such proxy was signed or the transfer of the share in respect of which the vote is given, provided that no intimation in writing of the death, insanity, revocation or transfer shall have been received by the Company at the Registered Office before the commencement of the meeting or adjourned meeting at which the proxy is used, provided nevertheless that the Chairman of any meeting shall be entitled to require such evidence as he may in his discretion think fit of the due execution of an instrument of proxy and of the same not having been revoked.

DIVIDENDS AND CAPITALISATION OF RESERVES

Title of Article	Article Number and contents
Dividends out of Profits only	206. (i) No Dividend shall be declared or paid by the Company for any financial year except out of the profits of the Company for that year arrived at after providing for Depreciation in accordance with the provisions of the Act or out of the profits of the Company for any previous financial year or years arrived at after providing for depreciation in accordance with those provisions and remaining undistributed or out of both or out of moneys provided by the Central Government or State Government for the payment of dividend in pursuance of a Guarantee given by the Government and except after transfer to the reserves of the Company of such percentage out of the profits for that year as may be prescribed or voluntarily such higher percentage in accordance with the rules as may be made by the Central Government in that behalf. (ii) No dividend shall be payable except in cash, provided that nothing in this Article shall be deemed to prohibit the capitalization of the profits or reserves of the Company for the purpose of issuing fully paid up bonus shares or paying up any amount for the time being unpaid on any shares held by members of the Company. (iii) Nothing in this Article shall be deemed to affect in any manner the operation of Section 208 of the Act.
Interim Dividend	207. The Board of Directors may from time to time, pay to the members such interim dividends as in their judgment the position of the Company justifies.

Debts May Be Deducted	208. The Directors may retain any dividends on which the Company has a lien and may apply the same in or towards the satisfaction of the debts, liabilities or engagements in respect of which the lien exists.
Capital Paid Up in Advance and Interest Not to Earn Dividend	209. Where the capital is paid in advance of the calls upon the footing that the same shall carry interest, such capital shall not whilst carrying interest, confer a right to dividend or to participate in profits.
Dividends in Proportion to Amount paid-up	210. 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 in terms providing that it shall rank for dividends as from a particular date such share shall rank for dividend accordingly. 211. The Board of Directors at their discretion are authorized to issue shares which shall rank pari-passu in all the respects including dividend with the existing equity shares of the Company subject to the approval of the shareholders at the Annual General Meeting.
Right to Dividend, Right Shares and Bonus Shares be held in Abeyance Pending Registration of Transfer of shares	212. Where any instrument of transfer of shares has been delivered to any company for registration and the transfer of such shares has not been registered by the Company, it shall, notwithstanding anything contained in any other provision of this Act, shall- (a) transfer the dividend in relation to such shares to the special account referred to in Section 205-A unless the Company is authorized by the registered holder of such shares in writing to pay such dividend to the transferee such instrument of transfer; and (b) Keep in abeyance in relations to such shares any offer of rights Clause(a) of sub-section (1) of Section 81 and any issue of fully paid-up bonus shares in pursuance of sub-Section(3) of section 205. The Directors may retain the Dividends payable upon shares in respect of which any person is under the Transmission clause of these Articles entitled to become a member or which any person under that clause is entitled to transfer until such person shall become a member in respect of such shares or shall duly transfer the same.
Effect of Transfer of Shares	214. A transfer of shares does not pass the right to any dividend declared thereon before the registration of the transfer.
Dividends How Remitted	215. Unless otherwise directed, any dividend may be paid by cheque or warrant or demand draft sent through the post to the registered address or through the Electronic Clearing Service of the RBI on the basis of Bank Account details as provided to the company or in such other manner as may be permitted, to the Member or person entitled or in case of joint holders to that one of them first

	named in the Register in respect of the joint holding. Every such cheque or Warrant shall be made payable to the order of the person to whom it is sent. The Company shall not be liable or responsible for any cheque or Warrant lost in transit/transmission, or for any dividend loss to the member or person entitled thereto by the forged endorsement of any cheque or warrant or the fraudulent recovery of the dividend by any other means or for any non or wrong credit of dividend made by the member's banker.
Notice of Dividend	216. Notice of the declaration of any dividend whether interim or otherwise shall be given to the registered holder of share in the manner herein provided.
Unclaimed Dividend	217. (a) Where the Company has declared a dividend but which has not been claimed within the time prescribed in section 205 A of the Act from the date of declaration to any shareholder entitled to the payment of the dividend, the Company shall within 7 days from the date of expiry of the said period, open a special account and transfer to the said Account, the total amount of dividend which remains unpaid or in relation to which no dividend warrant has been posted. (b) Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of seven years from the date of such Transfer, shall be transferred by the Company to the Fund established under section 205 C of the Act. A claim to any money so transferred preferred to the Central Government by the shareholders to whom the money is due. 218. No unclaimed dividend shall be forfeited by the Board.
Dividend to be payable in cash	220. No dividend shall be payable except in cash. Provided that nothing in this Articles shall be deemed to prohibit the capitalization of profit or reserve of the Company for the purpose of issuing fully paid up bonus shares or paying up any amount for the time being unpaid on any shares held by the members of the Company.
Capitalisation	221 (a) Any general meeting may resolve that any amount standing to the credit of the Securities Premium Account or the Capital Redemption Reserve Account or any moneys, investments or other assets forming part of the undivided profits (including profits or surplus moneys arising from the realization and from the appreciation in value of any capital assets of the Company) standing to the credit of the General Reserve, Reserve or any Reserve Fund or any other fund of the Company or in the hands of the Company and available for dividend may be capitalized. Any such amount (excepting the amount standing to the credit of the Securities Premium Account and/or the Capital redemption Reserve Account) may be capitalized : (i) by the issue and distribution as fully paid shares, debentures, debenture-stock, bonds or obligations of the Company, or (ii) by crediting the shares of the Company which may have been

	issued and are not fully paid up, with the whole or any part of the sum remaining unpaid thereon. Provided that any amounts standing to the credit of the Premium Account may be applied in; (1) paying up un-issued shares of the Company to be issued to members of the Company as fully paid bonus shares; (2) in writing off the preliminary expenses of the Company; (3) in writing off the expenses of ,or the commission paid or discount allowed on any issue of shares or debentures of the Company; or (4) in providing for the premium payable on the redemption of any redeemable preference share or of any debenture of the Company, provided further that any amount standing to the credit of the Capital Redemption Reserve Account shall be applied only in paying of the Company as fully paid bonus shares. (b) Such issue and distribution under Sub-clause (a)(i) above and such payment to the credit of unpaid share capital under sub-clause (a)(ii) above shall be made to, among and in favour of the members of any class of them or any of them entitled thereto and in accordance with their respective rights and interests and in proportion to the amount of capital paid up on the shares held by them respectively in respect of which such distribution under sub-clause (a) (ii) above shall be made on the footing that such member become entitled thereto as capital. (c) The Directors shall give effect to any such resolution and apply portion of the profits, General Reserve Fund or any other fund or account as aforesaid as may be required for the purpose of making payment in full for the shares, debentures or debenture-stock, bonds or other obligations of the Company so distributed under sub-clause (a)(i) above or (as the case may be) for the purpose of paying, in whole or in part, the amount remaining unpaid on the shares which may have been issued and are not fully paid-up under sub-clause above provided that no such distribution or payment shall be made unless recommended by Directors and if so recommended such distribution and payment shall be accepted by such member as aforesaid in full satisfaction of their interest in the said capitalized sum. (d) For the purpose of giving effect to any such resolution the Directors may settle any difficulty which may arise in regard to the distribution or payment as aforesaid as they think expedient and in particular they may issue fractional certificates or coupons and fix the value for Distribution of any specific assets and may determine that such payments be made to any members on the footing of the value so fixed and may vest any such cash, shares, fractional certificates or coupons, debentures, debentures-stock, bonds or other obligations in trustees upon such trusts for the persons entitled thereto as may seem expedient to the Directors and generally may make such arrangement for the acceptance, allotment and sale of such shares, debenture, debenture-stock, bonds or other obligations and fractional certificates or Coupons or otherwise as they may think fit. (e) Subject to the Provisions of the Act and these Articles, in cases where
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	some of the shares of the Company are fully paid and others are partly paid only, such capitalization may be effected by the distribution of further shares in respect of the fully paid shares and by crediting the partly paid up shares with the whole or part of the unpaid liability thereon but so that as between the holders of fully paid up shares and the partly paid up shares, the sums so applied in the extinguishments or diminution of the liability on the partly paid shares shall be so applied pro-rata in proportion to the amount thereon already paid or credited as paid on the existing fully paid and partly paid shares respectively.
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LIEN

Title of Article	Article Number and contents
Company's Lien on Shares/ Debentures	49. The Company shall have a first and paramount lien upon all the shares and/ or debentures (not being fully paid up shares and/or debentures) registered in the name of each member and/or debenture holder (whether held singly or jointly with others) in respect of all moneys called or payable at a fixed time in respect of such shares whether the time for payment thereof shall have actually arrived or not and shall extend to all dividends, interest, rights and bonuses from time to time declared in respect of such shares and/or debentures. Unless otherwise agreed the registration of transfer of shares and/or debentures shall operate as a waiver of Company's lien, if any, on such shares and/or debentures. The Directors may at any time declare any share and/or debenture wholly or in part exempt from the provisions of this Article.
As to enforcing Lien by Sale	50. For the purpose of enforcing such lien, the Board may sell the shares/ debentures subject thereto in such manner as they shall think fit, and for that purpose may cause to be issued a duplicate certificate in respect of such shares and/ or debentures and may authorize one of their members or appoint any officer or agent to execute a transfer thereof on behalf of and in the name of such member/ debenture holder. No sale shall be made until such period, as may be stipulated by the Board from time to time, and until notice of at least 30 days in writing of the intention to sell shall have been served on such member and/ or debenture holder or his legal representatives and default shall have been made by him or them in payment, fulfillment, or discharge of such debts, liabilities or engagements for fourteen days after such notice.
Application of Proceeds of Sale	51. (a) The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue, if any, shall (subject to a like lien for sums not presently payable as existed upon the shares before the sale) be paid to the persons entitled to the shares and/ or debentures at the date of the sale. (b) The Company shall be entitled to treat the registered holder of any share or debenture as the absolute owner thereof and accordingly shall not (except as ordered by a court of competent jurisdiction or by statute required) be bound to recognize equitable or other claim to, or interest in, such shares or debentures on the part of any other person. The Company's lien shall prevail notwithstanding that it has received notice of any such claims.

FORFEITURE OF SHARES

Title of Article	Article Number and contents
If Call or Installment not paid notice must be given	52. (a) If any member or debenture holder fails to pay the whole or any part of any call or instalment or any money due in respect of any share or debentures either by way of principal or interest on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Directors may at any time thereafter, during such time as the call or any instalment or any part thereof or other moneys remain unpaid or a judgment or decree in respect thereof remains unsatisfied in whole or in part, serve a notice on such member or debenture holder or on the person (if any) entitled to the share by transmission requiring him to pay such call or Instalment or such part thereof or other moneys as remain unpaid together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non payment. (b) The notice shall name a day not being less than fourteen days from the date of the notice and a place or places, on and at which such call, or Instalment or such part or other moneys as aforesaid and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non payment of call amount with interest at or before the time and at the place appointed, the shares or debentures in respect of which the call was made or Instalment or such part or other moneys is or are payable will be liable to be forfeited.
In Default of Payment Shares or Debentures to be Forfeited	53. If the requirements of any such notice as aforesaid are not complied with any share/debenture in respect of which such notice has been given, may at any time thereafter before payment of all calls or Instalments, interest and expenses or other moneys due in respect thereof, be forfeited by a resolution of the Directors to that effect. Neither the receipt by the Company of a portion of any money which shall from time to time be due from any member of 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 herein provided. Such forfeiture shall include all dividends declared or interest paid or any other moneys payable in respect of the forfeited shares or debentures and not actually paid before the forfeiture.
Entry of Forfeiture in Register of Members/Debenture holders	54. When any shares/ debentures shall have been so forfeited, notice of the forfeiture shall be given to the member or debenture holder in whose name it stood immediately prior to the forfeiture and any entry of the forfeiture with the date thereof, shall forthwith be made in the Register of members or debenture holders but no forfeiture shall be invalidated by any omission or neglect or any failure to give such notice or make such entry as aforesaid.
Forfeited Share/Debenture to be Property of Company and may be sold	55. Any share or debenture so forfeited shall be deemed to be the property of the Company, and may be sold, re-allotted or otherwise disposed of either to the original holder or to any other person upon such terms and in such manner as the Directors shall think fit.
Power to Annul Forfeiture	56. The Directors may, at any time, before any shares or debentures so forfeited

	shall have been sold, re-allotted or otherwise disposed off, annul forfeiture thereof upon such conditions as they think fit.
Shareholders or Debenture holders Still Liable to pay Money Owing at Time of Forfeiture and Interest	57. Any member or debenture holder whose shares or debentures have been forfeited shall, notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company, all calls, Instalments, interest, expenses and other money owing upon or in respect of such shares or debentures at the time of the forfeiture together with interest thereon from the time of the forfeiture until payment at such rate as the Directors may determine, and the Directors may enforce the payment of the whole or a portion thereof, if they think fit, but shall not be under any obligation to do so.
Effect of Forfeiture	58. The forfeiture of a share or a debenture shall involve extinction at the time of forfeiture, of all interest in and all claims and demands against the Company, in respect of the share or debenture and all other rights incidental to the share or debenture, except only such of those rights as by these Articles are expressly saved.
Declaration of Forfeiture	59. A Declaration in writing under the hand of one Director and countersigned by the Secretary or any other Officer authorized by the Directors for the purpose, that the call in respect of a share or debenture was made and notice thereof given and that default in payment of the call was made that the forfeiture of the share or debenture was made by a resolution of Directors in accordance with this Articles to that effect shall be conclusive evidence of the facts stated therein as against all persons entitled to such share or debenture.
Validity of Sales	60. Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers here in above given, the Directors may, if necessary, appoint some person to execute an instrument of transfer of the shares or debentures sold and cause the purchaser's name to be entered in the Register of members or Register of debenture holders in respect of the shares or debentures sold, and the purchaser shall not be bound to see to the regularity of the proceedings, or to the application of the purchase money and after his name has been entered in the Register of members or debenture holders in respect of such shares or debenture the validity of the sale shall not be impeached by any person, and the remedy of any person aggrieved by the sale shall be for damages only and against the Company exclusively.
Cancellation of Share/Debenture Certificate in Respect of Forfeited Shares/Debentures	61. Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate/s originally issued in respect of the relative shares or debentures shall (unless the same shall on demand by the Company has been previously surrendered to it by the defaulting member or debenture holder) stand cancelled and become null and void and be of no effect, and the directors shall be entitled to issue a duplicate certificate/s in respect of the said share or debentures to the person/s entitled thereto, distinguishing it in such manner as they may deem fit from the certificates not so delivered to the Company.
Title of Purchaser and Allottee of Forfeited Shares/Debentures	62. The Company may receive the consideration, if any, given for the share or debenture on any sale, re-allotment or other disposition thereof, and the person to whom such share or debenture is sold, re-allotted or disposed of may be

	registered as the holder of the share or debenture and shall not be bound to see to the application of the consideration, if any, nor shall his title to the share or debenture be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale, re-allotment or other disposal of the share or debenture.
Surrender of Shares or Debenture	63. The Directors may, subject to the provisions of the Act, accept a surrender of any share or debenture from or by any member or debenture holder desirous of surrendering them on such terms as they think fit.

MODIFICATION OF RIGHTS

Title of Article	Article Number and contents
Modification of Rights	17. If at any time the share capital, by reason of the issue of Preference shares or otherwise, is divided into different classes of shares, all or any of the rights and privileges 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, whether or not the Company is being wound up, be varied, modified, commuted, affected or abrogated with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class. This Article shall not derogate from any power, which the Company would have if this Article were omitted. The provisions of these Articles relating to General Meetings shall mutatis mutandis apply to every such separate meeting but so that if at any adjourned meeting of such holders a quorum as defined in Article 116, is not present, those persons who are present shall be the quorum.

(iii) OTHER PROVISIONS OF THE ARTICLES OF ASSOCIATION

CAPITAL AND INCREASE AND REDUCTION OF CAPITAL

Title of Article	Article Number and contents
Share Capital	3. The Authorised Share Capital of the Company is as stated in the Clause V of the Memorandum of Association of the Company with power to increase or reduce such capital from time to time in accordance with the regulations of the Company and the legislative provisions for the time being in force in this behalf and with power to divide the shares into capital for the time being into Equity Share Capital or Preference Share Capital and to attach thereto respectively any preferential, qualified or special rights, privileges or conditions if and whenever a capital of the Company is divided into shares of different classes, the right of any such class may be varied, modified, effected, extended, abrogated or surrendered as provided in the Articles of Association of the Company and the legislative provisions for the time being in force.
Increase and Alteration of Capital	4. The Company may in the General Meeting, from time to time, increase its capital by creation of new Equity shares, such increase to be of such aggregate amount and to be divided into shares of such amounts as the resolution shall prescribe. Subject to the provisions of the Act, any shares of the original or increased capital shall be issued upon such terms and conditions and with such rights and privileges as the General Meeting resolving upon the creation thereof

	shall prescribe and, if no direction be given, as the Board shall determine, and, in particular, such shares may be issued with a preferential or qualified right to dividend and, in the distribution of the assets of the Company and with a right of voting at General meetings of the Company, in conformity with Section 81 and 85 to 90 of the Act.
Additional Capital to form part of existing Capital	5. Except so far as otherwise provided by the conditions of issue or by these presents any capital raised by the creation of new shares shall be considered as part of the original capital and shall be subject to the provisions herein contained with reference to the payment of calls, instalments, transfers, transmission, forfeiture, lien, surrender, voting and otherwise.
Further issue of shares	6. (1) Where at any time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further shares whether out of un issued share capital or out of increased share capital than; (a) Such Further shares shall be offered to the persons who at the date of the offer, are holders of the equity shares of the Company, in proportion, as nearly as circumstances admit, to the capital paid up on those shares at that date. (b) Such offer shall be made by a notice specifying the number of shares offered and limiting a time not being less than thirty days from the date of the offer and the offer if not accepted, will be deemed to have been declined. (c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to them in favour of any other person and the notice referred to in sub-clause (b) hereof shall contain a statement of this right. (d) After the expiry of the time, specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose off them in such manner and to such person(s) as they may think fit in a manner as they think most beneficial to the Company and, (e) The Directors may likewise dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot in the opinion of the Directors be conveniently offered. (2) Notwithstanding any thing contained in sub-clause (1) hereof, the further shares aforesaid may be offered to any persons (whether or not those person include the persons referred to in clause (a) sub-clause (1) hereof) in any manner whatsoever: (a) If a special resolution to that effect is passed by the Company in General Meeting or (b) Where no such special resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the

	proposal contained in the resolution moved in that general meeting (including the casting vote, if any, of the Chairman) by members who being entitled so to do, vote in persons or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the Company. (3) Nothing in sub-clause (c) of clause (I) hereof shall be deemed; (a) To extend the time within which the offer should be accepted; or (c) To authorize any person to exercise the rights of renunciation for a second time on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation. (4) Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the debenture issued or loan raised by the Company: (i) to convert such debentures or loans into shares in the Company; or (ii) to subscribe for shares in the Company (whether such option is conferred in these Articles or otherwise). PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such terms: (a) Either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with the Rules, if any, made by that Government and / or SEBI in this behalf; and (b) In the case of debentures or loans other than debentures issued to or loans obtained from Government or any institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the Company in General Meeting before the issue of the debentures or the raising of the loans. The right conferred upon the holders of the shares of any class issued with preferred or any other rights shall not, unless otherwise expressly provided by the terms of issue of that class, be deemed to be varied by the creation or issue of further shares ranking pari-passu therewith.
Unclassified Shares	7. Any unclassified shares (whether forming part of the original capital or of any increased capital of the Company) may subject to the provisions of the Act and these presents be issued either with the sanction of the Company in General Meeting or by the Directors and upon such terms and conditions and with such rights and privileges, annexed thereto, as by the General Meeting sanctioning the issue of such shares be directed and, if no such direction be given and in all other cases, as the Directors shall determine and in particular such shares may be issued with a preferential or qualified right to dividend and in distribution of the assets of the Company and any preference shares may be issued on the terms that they are or at the option of the Company are to be liable to be redeemed provided however that (1) no shares shall be issued pursuant to this Article without the sanction of the Company in General Meeting unless they shall subject to the provisions of

	Section 81 of the Act be offered to the persons who are holders of Equity shares of the Company in proportion, as nearly as circumstances admit to the capital paid up on those shares and (2) no unclassified shares shall without the sanction of the Company in General Meeting be issued as preference shares if the aggregate nominal amount of issued preference shares would thereby exceed the aggregate nominal amount of the issued equity shares of the Company.
Reduction of Capital	16. The Company may (subject to the provisions of Section 78, 80 and 100 to 105 inclusive of the Act), from time to time by special resolution, reduce its capital and any Capital Redemption Reserve Account or Securities Premium Account in any manner for the time being authorized by law, and in particular, Capital may be paid off on the footing that it may be called up again or otherwise.
Buy-Back of shares	8. The Company shall have power, subject to and in accordance with all applicable provisions of the Act and other applicable provision of the law and subject to such approvals, permissions and sanction as may be necessary, and guidelines/ regulations issued by SEBI, to purchase, acquire or hold any of its own fully paid up shares and make a payment out of its free reserves or out of security premium account or from such other sources as may be permitted by law on such terms and conditions and in such proportion and in such manner as may be prescribed by law from time to time, provided further that nothing therein contained shall be deemed to affect the provisions of Sec.100 to 104 and Sec.402 of the Act in so far as and to the extent they are applicable.
Sweat Equity Shares	9. Pursuant to provisions of Section 79A, the Company shall have power to issue sweat equity shares at a discount or for consideration other than cash for providing know-how or making available rights in the nature of intellectual propriety rights or value additions by whatever name called.
Employees Stock Option	10. (a) The Company Shall have power to grant option to the directors, officers or employees of the company or of the Group Company which give such directors, officers or employees, the benefits or the right to purchase or subscribe the securities at such prices and in accordance with the scheme / guidelines / rules framed by the Government or SEBI or under any other Statute from time to time. (b) Employees stock option shall include employees stock purchase scheme, employee compensation or employees stock ownership plan or such other scheme which are related to the grant of option to the directors, officers or employees of the company or group company.
Redeemable Preference Shares	11. Subject to provisions of Section 80 of the Act, Company shall have power to issue Redeemable Preference shares, which are or at the option of the Company are liable to be redeemed, and the resolution authorizing such issue shall prescribe the manner, terms and conditions of redemption.
Cumulative Convertible Preference Shares	13.

	Subject to the provisions of the Act and the guidelines issued by the SEBI or any other statutory authority from time to time under the provisions of the Act, the Company may issue Cumulative Convertible Preference Shares (CCP) in such manner as the Board of Directors of the Company may decide and specifically provide for : (i) the Quantum of issue; (ii) the terms of the issue with particular reference to the conversion of CCP into the equity shares of the Company; (iii) the rate of cumulative preferential dividend payable on CCP, the voting rights to be attached to CCP and any other terms and conditions which may be attached to the issue of CCP and as permissible in law.
Sub-Division, Consolidation and Cancellation of shares	15. Subject to provisions of Section 94 the Act, the Company may, in General Meeting, from time to time, sub-divide or consolidate its shares, or any of them, and the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of such shares shall have some preference (or special advantage) as regards dividend, capital or otherwise over or as compared with the other or others. Subject as aforesaid the Company in general meeting may also cancel shares which have not been taken or agreed to be taken by any person and diminish the amount of its Capital by the amount of shares so cancelled. The cancellation of shares in pursuance of this Article shall not be deemed to be reduction of the Capital.

SHARES, CERTIFICATES AND DEMATERIALISATION

Title of Article	Article Number and contents
Issue of shares for consideration other than Cash	14. Subject to these Articles and the provision of the Act, the Board may issue and allot shares in the capital of the Company on payment or Part payment for any property, goods or machinery supplied, sold or transferred and/ or for services rendered to the company in or about the formation or promotion of the company or in the conduct of its business or for any other consideration either cash or otherwise than on cash as the Board may deem fit and proper and any shares so allotted may be issued as fully paid up or partly paid up shares as the Board may decide.
Power also to Company in General Meeting to issue shares	18. In addition to and without derogating from these powers for that purpose conferred on the Board under these Articles, the Company in General Meeting may, subject to the provisions of Section 81 of the Act, by Special Resolution other than Bonus Share Issue, determine that any shares (whatever forming part of the original capital or of any increased capital of the Company) shall be offered to any person (Whether a Member or not) in such proportion and on such terms and conditions and either (subject to compliance with the provisions of Sections 78 and 79 of the Act) at a premium or at par or at a discount as such General Meeting shall determine and with full powers to give any person (whether a Member or not) the option to call for or be allotted shares of any class of the Company either (Subject to compliance with the provisions of Sections 78 and 79 of the Act) at a premium or at par or at a discount, such option being exercisable at such times and for such

	considerations as may be directed by such General Meeting of the Company and General Meeting may make any other provisions whatsoever for the issue, allotment or disposal of any shares,
Power to issue shares at discount	20. With the previous authority of Company in General Meeting and the sanction of the Central Government and upon otherwise complying with the provisions of the Act, it will be lawful for the Directors to issue at a discount shares of a class already issued.
Shares to be numbered progressively and no share to be subdivided	22. The Shares in the Capital of the Company shall be numbered progressively according to the several denominations and except in the manner herein before mentioned no share shall be subdivided. Every forfeited or surrendered share shall continue to bear the number by which the same was originally distinguished. The Board shall not sub divide the share certificates in any denomination lesser than the marketable lot. Provided that nothing contained in these Articles regarding provisions relating to progressive numbering of the securities issued by the Company shall apply to securities which have been dematerialized.
Shares at the Disposal of the Directors	23. Subject to the provisions of the Act and these Articles the shares in the Capital of the Company for the time being shall be under the control of the Directors who may allot or otherwise dispose off the same or any of them to such persons, in such proportions and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provisions of the Act) at a discount and at such times, as they may from time to time think fit and proper and with the sanction of the Company in the General Meeting to give to any person the call of any shares either at par or at a premium during such time and for such consideration as the Directors think fit, with full power to give to any person to give the option to call for or be allotted shares of any class issued by the Company, either at par or at a premium or subject as aforesaid at a discount, such option being exercisable at such times and for such considerations as Directors may think fit.
Issue of Further shares not to affect right of existing Shareholders	24. The rights or privileges conferred upon the holders of the shares of any class issued with Preference or other rights, shall not unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied or modified or affected by the creation or issue of further shares ranking pari passu therewith.
Acceptance of shares	27. An Application signed by or on behalf of an applicant for shares in the 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 of Members shall for the purpose of these Articles be a member. The Directors shall comply with the provisions of the Act in so far as they are applicable.
Company not bound to recognize any Interest in shares other than	29. Save as herein provided, the Company shall be entitled to treat the person

that of Registered holder	whose name appears on the Register of Members as the holder of any share as the absolute owner thereof, and accordingly shall not (except as ordered by a Court of competent jurisdiction or as required by law) be bound to recognize any benami, or partial or other claim or claims or right to or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof and the provisions of the Act shall apply. The Board shall be at liberty at their sole discretion to register any share in the joint names of any two or more persons or the survivor/s of them.
Declarations of Person not holding interest in shares	30. When any declaration is filed with the Company under the provisions of Section 187C of the Act by any holder of shares who does not hold beneficial interest in such shares specifying the particulars of the person holding beneficial interest in such shares or by a person who holds beneficial interest in any shares of the Company but is not the registered holder thereof, the Company shall make a note of such declaration in its Register of members and file, within 30 days from the date of receipt of the declaration by it, a return with the Registrar with regard to such declaration.
Option to Dematerialise Securities.	35. Notwithstanding anything contained in these Articles, the Company shall in accordance with the provisions of the Depositories Act, be entitled to dematerialised its securities and to offer the same for subscription in a dematerialised form and on the same being done, the Company shall maintain a Register of Members/Debenture holders holding shares/debentures both in material and dematerialised form in any media as permitted by law including any form of electronic media, either in respect of existing shares or any future issue. In case of allotment 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 on receipt of the information, the Depository shall enter in its record the name of the allottee as the beneficial owner of the security.
Option for Investors.	36. Every person subscribing to securities offered by the company shall have the option to receive security certificates or to hold the securities with a Depository. Such a person who is the beneficial owner of the securities can at any time opt out of depository, 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 Certificates of Securities.
Securities in Depositories to be in Fungible Form.	37. All securities held by a depository shall be dematerialised and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply to a Depository in respect of the securities held by it on behalf of the beneficial owners.

CALLS

Title of Article	Article Number and contents
Directors may make calls	39. The Directors may, from time to time and subject to Section 91 of the Act, and subject to the terms on which any shares/ debentures may have been issued

	and subject to the conditions of allotment, by a resolution passed at the meeting of the Board (and not by circular resolution) make such calls as they think fit, upon the members / debenture holders in respect of all moneys unpaid on the shares/ debentures held by them respectively (whether on account of nominal value of the shares or by way of premium) made payable at fixed times and each member / debenture holder shall pay the amount of every call so made on him to the persons and at the times and places appointed by the Directors. A call may be made payable in such Instalments as may be determined by Directors. A call may be postponed / revoked as the Board may determine.
Directors may Extend Time	42. The Directors may, from time to time at its discretion, extend the time fixed for the payment of any call, and may extend such time as to all or any of the Members or Debenture holders who on account of residence at a distance or other cause, the Directors may deem fairly entitled to such extension, but no Member or debenture holders shall be entitled to such extension, save as a matter of grace and favour.
Payment in Anticipation of Calls may carry Interest	48. (a) The Directors may, if they think fit, subject to the provision of Section 92 of the Act, agree to and receive from any member willing to advance the same, in whole or any part of the money due upon the shares held by him, beyond the sums actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate, to the member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividends. The Directors may at any time repay the amount so advance. (b) The member shall not however be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable. The provision of these articles shall mutatis mutandis apply to the calls on debentures of the Company.

TRANSFER AND TRANSMISSION OF SHARES

Title of Article	Article Number and contents
Directors may refuse to Register Transfer	67. (a) Subject to the provisions of Section 111 of the Act and provisions of Securities Contract (Regulations) Act, 1956 and the rules and regulations made thereunder, the Directors may, at their own absolute and uncontrolled discretion, decline by giving reasons to register or acknowledge any transfer of shares, whether fully paid up or not and the right of refusal, shall not be affected by the circumstances that the proposed transferee is already a member of the Company but in such cases Directors shall within one month from the date on which the instrument of transfer was lodged with the Company, send to the transferee and transferor notice of the refusal to register such transfer provided that registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except when the Company has a lien on shares.

	Nothing in Sections 108, 109 and 110 of the Act shall prejudice this power to refuse to register the transfer of, or the transmission by operation of law of the rights to, any shares or interest of a member in, or debentures of the Company
Transfer to Minors, etc.	71 Only fully paid shares or debentures shall be transferred to a minor acting through his/ her legal or natural guardian. Under no circumstances, shares or debenture be transferred to any insolvent or a person of unsound mind.
Title to Share of Deceased holder	72 In absence of a nomination recorded in accordance with Section 109A of the Act, read with Section 109B of the Act, which shall, in any event, have precedent, the executors or administrators of a deceased member (not being one or two or more joint holders) or the holder of a Succession Certificate or the legal representative of a deceased member (not being one or two or more joint holders) shall be the only persons whom the Company will be bound to recognize as having any title to the shares registered in the name of such member, and the Company shall not be bound to recognize such executors or administrators or the legal representatives unless they shall have first obtained probate or Letters of Administration or a Succession Certificate, as the case may be, from a duly constituted competent court in India, provided that in any case where the Directors in their absolute discretion think fit, the Directors may dispense with the production of probate or Letters of Administration or a Succession Certificate upon such terms as to indemnity or otherwise as the Directors in their absolute discretion may think necessary and under these Articles register the name of any person who claims to be absolutely entitled to the shares standing in the name of deceased member, as a member.
Persons Entitled may Receive Dividend without being Registered as Member	75. A person entitled to a share by transmission shall, subject to the rights of the Directors to retain such dividends, bonuses or moneys as hereinafter, provided be entitled to receive, and may give a discharge for any dividends, bonuses or other moneys payable in respect of the share/ debenture.
Refusal to Register Nominee	76. The Directors shall have the same right to refuse on legal grounds to register a person entitled by transmission to any shares or his nominee as if he were the transferee named in an ordinary transfer presented for registration.
Directors may require Evidence of Transmission	77. Every transmission of a share shall be verified in such manner as the Directors may require, and the Company may refuse to register any such transmission until the same be so verified or unless an indemnity be given to the company with regard to such registration which the Directors at their discretion may accept such indemnity.
The Company not liable for Disregard of a Notice Prohibiting Registration of transfer	79. The Company shall incur no liability or responsibility whatsoever, in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of members) to the prejudice or 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 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 whatsoever for refusing or neglecting to do so, though it may have been entered or referred to in some book of the Company, but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto if the Directors so think fit. 80. The provisions of these articles shall mutatis mutandis apply to the transfer or transmission by operation of law to shares and debentures of the Company.
Joint-holders	84 Where two or more persons are registered as the holders of any share/debentures, they shall be deemed (so far as the Company is concerned) to hold the same as joint tenants with benefits of survivorship, subject to the following and other provisions contained in these Articles.
No transfer to more than four persons as Joint holders	85. (a) The joint holders of any share/debenture shall be restricted to maximum of four persons as the holders of any share/debenture.

SHARE WARRANTS

Title of Article	Article Number and contents
Power to Issue Share Warrants	99. The Company may issue share warrants subject to and in accordance with the provisions of Sections 114 & 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 fees as the Board may, from time to time require for issue of a share warrant.
Issue of New Share Warrant or Coupon	102. The Board may, from time to time, make rules as the terms on which (if it shall think fit) a new share warrant of coupon, may be issued by way of renewal in case of defacement, loss or destruction.

CONVERSION OF SHARES INTO STOCK AND RECONVERSION

Title of Article	Article Number and contents
Shares may be converted into stock	103. The Company in general meeting may convert any paid up share into stock and when any share shall have been converted into stock the several holders of such stock may thenceforth transfer their respective interest therein or any part of such interests, in the same manner and subject to the same regulations as, and subject to which shares from which the stock arise might have been transferred, if no such conversion had taken place, or as near thereto as circumstances will admit. The Company may at any time reconvert any stock into paid up share of any denomination.

BORROWING POWERS

Title of Article	Article Number and contents
Powers to Borrow	86. Subject to the provisions of the Act and of these Articles and subject to any restriction imposed by Reserve Bank of India., SEBI, the Board of Directors, may from time to time at its discretion, by a resolution passed at a meeting of the Board, accept deposits from members either in advance of calls or otherwise, and generally accept deposits, raise loans or borrow or secure the payment of any sum or sums of money for the purpose of the Company. Provided however, where the moneys to be borrowed together with the moneys already borrowed including acceptance of deposits apart from temporary loans obtained from the Company's Bankers in the ordinary course of business, exceed the aggregate of the paid-up capital of the Company and its free reserves (not being reserves set apart for any specific purpose) the Board of Directors shall not borrow such moneys without the sanction of the Company in General Meeting. No debt incurred by the Company in excess of the limit imposed by this Article shall be paid or effectual unless the lender proves that he advanced the loan in good faith and without knowledge that the limit imposed by this Article had been exceeded.
Conditions on which money may be borrowed	87. The Directors may raise or secure the payment of such sum or sums in such manner and upon such terms and conditions in all respects as they think fit, in particular, by the issue of bonds, perpetual or redeemable debentures or debenture stock, or any mortgage charge or other security on the undertaking or the whole or any part of the property of the Company (both present and future) including its uncalled capital for the time being. The Directors shall exercise such power only by means of resolutions passed at their meetings and not by circular resolutions.
The payment or repayment of money borrowed	88. 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 of Directors may think fit and in particular in pursuance of a resolution passed at a meeting of the Board (and not by circular Resolution) by the issue of bonds, debentures or debenture-stock of the Company, charged upon all or any part of the property of the Company, (both present and future), including its uncalled capital for the time being and the debentures and the debenture-stock and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.

MEETING OF MEMBERS

Title of Article	Article Number and contents
Casting Vote	142. In case of an equality of votes, whether on show of hands or on poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a casting vote or votes to which he may be entitled as member

DIRECTORS

Title of Article	Article Number and contents
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Number of Directors	153. (a) Until otherwise determined by the Company in general meeting, the number of Directors shall not be less than three and not more than twelve. The appointment of the Directors exceeding 12 will be subject to the provisions of Section 259 of the Act. (b) Subject to the provisions of Sections 252, 255 and 259 of the Act, the company in general meeting may, by ordinary resolution, increase or reduce the number of Directors within the limits fixed in that behalf by these Articles.
First Directors	154. The First Directors of the Company were : 1. Lalit Kumar Haribhai Patel 2. Navinchandra Ranchodbhai Patel 3. Babubhai Haribhai Patel 4. Kum. Hasumati Ranchodbhai Patel 155. Subject to the Act and SEBI Guidelines, the Board of Directors of the company shall comprise of maximum of 12 (twelve) Directors. Of which, the company shall have such number of independent directors as may be required by Statute and / or SEBI / Stock Exchange from time to time.
Debenture Directors	156. If it is provided by any trust deed, security or otherwise, in connection with any issue of debentures of the Company, that any Persons or Persons shall have power to nominate a person as a director, than, in the case of any and every such issue of debentures, the Person having such power may exercise such power from time to time and appoint a Director or Directors accordingly. The Person may remove any Debenture Director from office at any time 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 bound to hold any qualification shares. A Debenture Director shall not if so agreed by the Company be liable to retire by rotation but shall automatically cease to hold office as a Director once the debentures are fully discharged.
Nominee Director	157. (a) So long as any moneys remain owing by the Company to the Industrial Development Bank of India, Industrial Finance Corporation of India, the Industrial Credit and Investment Corporation of India Limited, the Industrial Reconstruction Corporation of India, National Insurance Company Limited, the Oriental Fire & General Insurance Company Limited, the New India Assurance Company Limited, United India Insurance Company Limited, Life Insurance Corporation or any State Financial Corporation or any financial institution owned or controlled by the central government or any state government or the Reserve Bank of India or by two or more of them or by the central government themselves (each of the above and Unit Trust of India are hereinafter referred to as the Corporation) out of any loans, debentures or assistance granted by them to the Company or so long as the Corporation holds or continues to hold debentures/shares in the Company as a result of any guarantee furnished by the Corporation on behalf of the Company and remaining outstanding, the Corporation shall have a right to appoint from time to time any Person as

	Director, whole time or non-whole time (which Director or Directors is/are herein after referred to as 'Nominee directors') on the Board of the Company and to remove from such office any person or persons so appointed and to appoint any Person in his or their places. The Board shall have no power to remove from office the Nominee Directors. At the option of the Corporation such Nominee Directors shall not be liable to retirement by rotation. Subject as aforesaid, Nominee Directors shall be entitled to the same rights and privileges and be subject to the same obligations as any other Director of the Company. (b) The Nominee directors so appointed shall hold the said office only so long as any moneys remain owing by the Company to the corporation or so long as the Corporation holds or continues to hold debentures/shares in the Company as a result of underwriting or by direct subscription or private placement or the liability of the Company arising out of any guarantee is outstanding, and the Nominee Directors so appointed in exercise of the said powers shall ipso facto vacate such office immediately upon the moneys owing by the Company to the Corporation being paid off or on the Corporation ceasing to hold debentures/shares in the Company or on the satisfaction of liability of the Company arising out of any guarantee furnished by the Corporation.
Special Director	158. (a) In connection with any collaboration arrangement with any company or corporation or firm or person for supply of technical know-how and/or machinery or technical advice, the Directors may authorise such Company, Corporation, firm or person (hereinafter in this clause referred to as "Collaborator") to appoint from time to time, any person or persons as Director or Directors of the Company (hereinafter referred to as "Special Directors") and may agree that such Special Director shall not be liable to retire by rotation and need not possess any qualification shares to qualify him for the office of such Director, so however, that such Special Director shall hold office so long as such collaboration arrangement remains in force unless otherwise agreed upon between the Company and such Collaborator under the collaboration arrangements or any time thereafter. (b) The Collaborator may at any time and from time to time remove any such Special Director appointed by it and may at the time of such removal and also in the case of death or resignation of the person so appointed at any time, appoint any other person as a Special Director in his place and such appointment or removal shall be made in writing signed by such company or corporation or any partner or such person and shall be delivered to the Company at its registered office. (c) It is clarified that every collaborator entitled to appoint a Director under this Article may appoint one or more such person or persons as a Director(s) and so that if more than one Collaborator is so entitled there may at any time be as many Special Directors as the Collaborators eligible to make the appointment.
Appointment of Managing Director/Whole-time Director	159. (a) Subject to the provision of the Act, and of these Articles, the Company in General Meeting or the Board may from time to time appoint one or more of their body to be Managing Director or Managing Directors (in which expression shall be included Joint or Deputy Managing Director) or whole-time Director or whole time Directors of the Company, for such term not exceeding five years at a time and upon such terms and conditions as they may think fit, from time to

	time (subject to the provisions of any contract between him or them and the Company) remove or dismiss him or them from office and appoint another or others in his or their place or places, (b) Subject to the provisions of the Act, and of these Articles, a Managing Director or a whole-time Director shall not, while he continues to hold that office, be subject to retirement by rotation. However, they shall be counted in determining the number of retiring directors. He shall subject to the provisions of any contract between him and the Company, be subject to the same provisions to the resignation and removal of the other Directors of the Company, and he shall ipso facto and immediately cease to be a Managing Director or whole-time Director if he ceases to hold the office of Director from any cause, provided that if at any time the number of Directors (including Managing Director or whole-time Director) as are not subject to retirement by rotation shall exceed one third of the total number of Directors for the time being, then such Managing Director or Managing Directors or whole-time Director or whole-time Directors, as the Directors shall from time to time select shall be liable to retirement by rotation in accordance with these Articles with an intent that the Directors not liable to retirement by rotation shall not exceed one-third of the total number of Directors for the time being. (c) Subject to the provisions of the Act, and of these Articles and of the contract between him and the Company the remuneration of the Managing Director or whole-time Director shall from time to time be fixed by the Directors, subject to the approval of the Company in General Meeting, and may be by way of fixed monthly payment or commission on profits of the Company or by participation in such profits or by any or all of these mode or any other mode not expressly prohibited by the Act, a Managing Director or whole time Director shall in addition to the above remuneration be entitled to the fee for attending meetings of Board or Committee of Directors. (d) Subject to the provision of the Act, and of these Articles, the Company or the Board may from time to time entrust to and confer upon a Managing Director or Managing Directors or whole-time Director or Whole-time Directors for the time being, such of the power exercisable under these Articles or otherwise by the Directors as they may think fit, and may confer such powers for such time and to be exercised for such objects and purposes and upon such terms, and they may subject to the provisions of the Act and of these Articles confer such powers either collaterally with, or to the exclusion of or in substitution for all, or any of the powers of the Directors in that behalf, and may from time to time revoke, withdraw, alter or vary all or any of such powers. (e) Subject to the superintendence, direction, control of the Board, the Managing Director shall have the Management of the affairs of the Company. The remuneration of the Managing Director shall be such as may be determined by the Board from time to time and may be by way of monthly payment, fee for each meeting or participation in profits or by any or all these modes or any other mode not expressly prohibited by the act. (f) Power of Hari Steel Private Limited to appoint Chairman and Managing Director HARI STEEL PRIVATE LIMITED shall as long as it holds not less than 10% of the total paid up share capital of the Company for the time being, be entitled, by a notice in writing addressed to the Company, by the Chairman, Vice Chairman, Director or Secretary of HARI STEEL PRIVATE LIMITED to appoint
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	any Director as Chairman of the Board of Directors of the Company and to cancel such appointment and on a vacancy being caused in such office from any cause whatsoever, whether by such cancellation or by resignation, retirement, death, removal or otherwise, of any such person so appointed, to appoint any Director to fill such vacancy. An appointment or cancellation of the Director under this Articles shall become effective forthwith upon receipt by the Company of the writing aforesaid. HARI STEEL PRIVATE LIMITED shall as long as it holds not less than 10% of the total paid share capital of the Company for the time being, be entitled, by a notice in writing addressed to the Company, by the Chairman, Vice Chairman, Director or Secretary of HARI STEEL PRIVATE LIMITED to appoint any Director appointed by it pursuant to the Articles of Association as the Managing Director of the Company and to remove such person from office and on a vacancy being caused in such office from any cause whatsoever whether by such by resignation, retirement, death, removal or otherwise, of any such person so appointed, to appoint another to fill such vacancy. An appointment or removal of the Director under this Articles shall become effective forthwith upon receipt by the Company of the writing aforesaid.
Qualification of Director	165. A Director need not hold any shares in the Company to qualify him for the office of a Director of the Company.
Directors may Contract with Company	171. Subject to the restrictions imposed by these Articles and any other applicable provisions of the Act, no Director, managing Director, or other officer or employee of the Company shall be disqualified from holding his office by contracting with the Company either as vendor, purchaser, agent, broker or otherwise, nor shall any such contract or arrangement entered into by or on behalf of the Company in which any director, managing Director, Joint Managing Director, Executive Director other officer or employee shall be in any way interested, be avoided, nor shall the Director, Managing Director or any officer or employee so contracting or being so interested be liable to account to the Company for any profit realized by any such contract or arrangement by reason only of such Director, officer or employee holding that office or of the fiduciary relation thereby established, but the nature of his or their interest must be disclosed by him or them in accordance with the provisions of Section 299 of the Act where that section be applicable.
Disclosures to the Members of Directors' Interest in Contract in Appointing Manager or Managing Director	172. If the Company – (a) enters into a contract for the appointment of a Manager or Managing Director of the Company in which contract any Director of the Company is in any way directly or indirectly concerned or interested; or (b) varies any such contract already in existence and in which a Director is concerned or interested as aforesaid, the provision of Section 302 of the Act shall be complied with.
Holding of office of Profit by Directors etc.	173. No director or other person referred to section 314 of the Act shall hold an office or place of profit save as permitted by that section.
Loans to Director etc.	174. The Company shall not without obtaining the previous approval of the Central

	Government in that behalf but subject to any guidelines issued by the Central Government, directly or indirectly make any loan to or give guarantee or provide any security in connection with loan made by any other person to, or any other person by any Director or any other person referred to in Sec. 295 of the Act.
Ascertainment of Directors Retiring by Rotation and Filling up Vacancy	176. (a) At every annual general meeting one-third of such directors for the time being as are liable to retire by rotation, or if their number is not three or multiple of three, then the number nearer to one-third, shall retire from office. The Debenture Directors, Nominee Directors, Special Directors, and subject to Article on "Removal of Directors", Chairman, Managing Director or whole time Director if any, shall not be subject to retirement under this Article and shall not be taken into account in determining the number of Directors to retire by rotation. In these Articles a "Retiring Director" means a Director retiring by rotation. (b) The Directors to retire by rotation at every annual general meeting shall be those who have been longest in office since their last appointment, but as between persons who became Directors on the same day, those who are to retire shall, in default of and subject to any agreement amongst themselves, be determined by lot. A Retiring Director shall be eligible for re-election. (c) At the annual general meeting at which a Director retires as aforesaid, the Company may fill up the vacancy by appointing the retiring Director or some other person thereto. (d) (i) If the place of the retiring Director is not so filled up and that meeting had not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the next week, at the same time and place or if that day is a public holiday, till the next succeeding day which is not a public holiday, at the same time and place. (ii) If at the adjourned meeting also, the place of the retiring Director is not filled up and that the meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been re-appointed at the adjourned meeting, unless : (1) at that meeting or at the previous meeting a resolution for the re-appointment of such Director has been put to the meeting and lost; (2) the retiring Director has, by a notice in writing addressed to the Company or its Board of Directors, expressed his Unwillingness to be so re-appointed; (3) he is not qualified or is disqualified for appointment; (4) a resolution, whether special or ordinary, is required for his appointment or re-appointment by virtue of any provisions of the Act; or (e) The provision to sub-section (2) of section 263 of the Act is applicable to the case.

POWERS OF THE BOARD

Title of Article	Article Number and contents
Certain Powers to be Exercised by the Board	199.

	Without derogating from the powers vested in the Board of Directors under these Articles, the Board shall exercise the following powers on behalf of the Company and they shall do so only by means of resolutions passed at meeting of the Board – (i) The power to make calls on shareholders in respect of money unpaid on their shares; (ii) The power to issue debenture; (iii) The power to borrow moneys otherwise than on debentures; (iv) The power to invest the funds of the Company, and (v) The power to make loans. (vi) The power to authorize the buy-back of shares under Section 77A of the Act. Provided that the Board may by resolution passed at the meeting, delegate to any Committee of Directors, the Managing Director, the Manager or any other principal officer of the Company or in the case of a branch office of the Company, a principal officer of the branch office, the powers specified in sub-clauses (iii), (iv) and (v) to the extent specified in sub-sections (2), (3) and (4) respectively of section 292 of the Act on such conditions as the Board may prescribe. In respect of dealings between the company and its bankers, the exercise by the company of the powers specified in clause (iii) shall mean the arrangement made by the company with its bankers of money by way of overdraft or cash credit or otherwise and not the actual day to day operation on overdraft, cash credit or other accounts by means of which the arrangement so made is actually availed of.
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Restriction on Powers of Board	200. Subject to the provisions of the Act, the Board of Directors of the Company shall not except with the consent of the Company in general meeting: i. Sell, lease or otherwise dispose of the whole, or substantially the whole, of the undertaking of the Company, or where the Company owns more than one undertaking of the whole or substantially the whole of any such undertaking. ii. Remit , or give time for the repayment of any debt, due by a Director. iii. Invest, otherwise than in trust securities, the amount of compensation received by the Company in respect of the compulsory acquisition of any such undertaking as is referred to in sub-clause (i) above, or of any premises or properties used for any such undertaking and without which it cannot be carried on or can be carried on only with difficulty or only after a considerable time; iv. Borrow moneys, where the money to be borrowed, together with the moneys already borrowed by the Company (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid-up Capital of the Company and its free reserves that is to say, reserves not set apart for any specific purposes; or v. Contribute to charitable and other funds not directly relating to the business of the Company or the welfare of its employees any amount, the aggregate of which in any financial year, exceed fifty thousand rupees or five percent of its average net profits as determined in accordance with the provisions of Section 349 and 350 of the Act during the three financial years, immediately preceding, whichever is greater.
General Powers of the Company Vested in Directors	201. Subject to the provisions of the Act, the management of the business of the Company shall be vested in the Directors and the Directors may exercise all such powers and do all such acts and things as the Company is by the Memorandum of Association, these Articles or otherwise authorised to exercise and do and not hereby or by the statue or otherwise directed or required to be exercised or done by the Company in General Meeting, but subject nevertheless to the provisions of the Act and other act and of the Memorandum of Association and these articles and to any regulations, not being inconsistent with the Memorandum of Association and these articles or the Act, from time to time made by the Company in general meeting provided that no such regulation shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made.
Specific Powers Given to Directors	202. Without prejudice to the general powers conferred by Article 201 and the other powers conferred by these present Articles and so as not in any way to limit or restrict any or all of these powers but subject to the restrictions contained in Article 200, it is hereby expressly declared that the Directors shall have the following powers: To pay Registration expenses (i) To pay the costs, charges and expenses preliminary and incidental to the promotion, formation, establishment and registration of the Company;

(ii) To pay and charge to the capital account of the Company any interest lawfully payable thereon under the provisions of Section 76 and 208 of the Act;

To Acquire Property

(iii) Subject to the provisions of the Act and these Articles to purchase or otherwise acquire any property, lands, buildings, machinery, premises, hereditaments, property effects, assets, rights, privileges, credits, royalties, bounties and goodwill of any person, firm which the Company is authorized to acquire or Company carrying on the business which this company is authorised to carry on , at or for such price or consideration and generally on such terms and conditions as they may think fit; and in any such purchase or acquisition to accept such title as the Board may believe or may be advised to be reasonably satisfied;

To purchase Lands, Buildings, Etc.

(iv) Subject to the provisions of the Act, to purchase, or take on lease for any term or terms of years, or otherwise acquire any mills or factories or any land or lands, with or without buildings and outhouses thereon, situated in any part of India, at such price or rent and under and subject to such terms and conditions as the Directors may think fit; and in any such purchases, lease or other acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfied;

To Construct Buildings

(v) Subject to the provisions of the Act, to effect, construct, enlarge, improve, alter, maintain , pull down rebuild or reconstruct any buildings, factories, offices, workshops or other structures, necessary or convenient for the purposes of the Company and to acquire lands for the purposes of the Company.

To Mortgage, Charge Property

(vi) To let, mortgage, charge, sell or otherwise dispose off subject to the provisions of Section 293 of the Act, any property of the Company either absolutely or conditionally and in such manner and upon such terms and conditions in all respects as they think fit and to accept payment or satisfaction for the same in cash or otherwise, as they may think fit;

To Pay for Property Etc.

(vii) At their discretion to pay for any property, rights or privileges acquired by or services rendered to the Company, either wholly or partially, in cash or in shares, bonds, debentures, debenture-stock or other securities of the Company, and any such shares stock of other securities of the Company , and any such shares may be issued either as fully paid up or with such amount credited as paid up thereon as may be agreed upon; and any such bonds, debentures, debenture stock or other securities may be either specified charged upon all or any part of the property of the Company and its uncalled capital or not so charged.

To Insure

(viii) To insure and keep insured against loss or damage by fire or otherwise, for such period and to such extent as they may think proper, all or any part of the building, machinery, goods, stores, produce and other moveable property of the Company either separately or co-jointly; also to insure all or any portion of the goods, produce machinery and other articles imported or exported by the Company and to sell, assign, surrender or

	discontinue any policies of assurance effected in pursuance of this power. To Open Accounts (ix) Subject to Section 393 of the Act, to open accounts with any bank or bankers or with any Company, firm or individual and to pay money into and draw money from any account from time to time as the Directors may think fit. To Secure Contracts (x) To secure the fulfillment of any contracts of engagements entered into by the Company by mortgage or charge of all or any of the properties of the Company and its unpaid capital for the time being or in such other manner as they may think fit. To Attach to shares such Conditions (xi) To attach to any shares to be issued as the consideration for any contract with or property acquired by the Company, or in payment for services rendered to the Company, such conditions, subject to the provisions of the Act, as to the transfer thereof as they may think fit; To Accept, Surrender, of Shares (xii) To accept from any member on such terms and conditions as shall be agreed, to a surrender of his shares or stock or any part thereof subject to the provisions of the Act; To Appoint Attorney (xiii) To appoint any person or persons (whether incorporated or not), to accept and hold in trust for the company any property belonging to the Company or in which it is interested for any other purposes and to execute and do all such deeds and things as may be requisite in relation to any such trusts and to provide for the remuneration of such trustee or trustees; To Bring and Defend Actions (xiv) To institute, conduct, defend, compound or abandon any legal proceedings by or against the company or its Officers or otherwise concerning the affairs of the Company and also subject to the provisions of Section 293 of the Act to compound and allow time for payment or satisfaction of any debts due, or of any claims or demands by or against the Company; To Refer to Arbitration (xv) To refer, subject to the provisions of section 293 of the Act, any claims or demands by or against the Company to arbitration and observe and perform the awards; To Act on Insolvency Matters (xvi) To act on behalf of the Company in all matters relating to bankruptcy & insolvency; To Give Receipts (xvii) To make and give receipts, releases and other discharges for moneys payable to the Company and for the claims and demands of the Company subject to the provisions of section 293 of the Act; To Authorise Acceptances (xviii) To Determine from time to time as to who shall be entitled to sign bills, notes, receipts, acceptances, endorsements, cheques, dividend/interest warrants, release, Contracts and documents on behalf of the company and
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	give necessary authority for such purpose; To Invest Moneys (xix) Subject to the provisions of the Act, to invest and deal with any of the moneys of the Company, not immediately required for the purpose thereof, upon such shares, securities, or investments (not being shares in this Company) and in such manner as they may think fit, and from time to time to vary or realize such investments. To Provide for Personal Liabilities (xx) To execute in the name and on behalf of the Company in favour of any Director or other persons who may incur or be about to incur any personal liability for the benefit of the Company such mortgages of the Company's property (present and future) as they may think fit and such mortgage may contain a power of sale and such other powers, covenants and provisions as shall be agreed on; To Give to Directors Etc. An Interest in Business (xxi) Subject to such sanction as may be necessary under the Act or the articles, to give to any Director, Officer or other person employed by the Company an interest in any particular business or transaction either by way of commission on the gross expenditure thereon or otherwise or a share in the general profits of the Company and such interest commission or share of profits shall be treated as part of the working expenses of the Company. To Provide for Welfare of Employees and Directors (xxii) To provide for the welfare of employees or ex-employees, Directors of the Company and their wives, widows, families, dependents or connections of such persons by building or contributing to the building of houses, dwelling or chawls or by grants of money, pensions, allowances, gratuities, bonus or payments by creating and from time to time subscribing or contributing towards provident and other associations, institution funds or trusts & places of instruction and recreation hospitals and dispensaries, medical and other attendances and other assistance as the Directors shall think fit; To Subscribe to Charitable and Other Funds (xxiii) To subscribe or contribute or otherwise to assist or to guarantee to any charitable, benevolent, religious, scientific, national, public or any other useful institutions, object which shall have any moral or claim to support or aid by Company or purposes for any exhibition by reason of locality of operation or public or general utility or otherwise; To Maintain Pension Funds (xxiv) To establish and maintain or procure the establishment and maintenance of any contributory or non-contributory pension or super annuation funds for the benefit of and give or procure the giving of donations, gratitude, pensions, allowances or emoluments, to any persons who are or were at any time in the employment or services of the Company, or of any Company which is a subsidiary of the Company or is allied to or associated with the Company or with any such Subsidiary Company, or who are or were at any time Directors or Officers of the Company or of any such other Company as aforesaid, and the wives, widows, families and dependants of any such persons and, also to establish and subsidize and subscribe to any institutions, associations, clubs or funds collected to be for the benefit of or to advance the interests and make payments to or towards the insurance of any such person as aforesaid and do any of the matters aforesaid, either alone or
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	in conjunction with any such other Company as aforesaid (xxv) To decide and allocate the expenditure on capital and revenue account either for the year or period or spread over the years. To Create Reserve Fund (xxvi) Before recommending any dividend, to set aside out of profits of the Company such sums as they may think proper for depreciation or to Depreciation Fund or Reserve fund or Sinking Fund or any other special fund to meet contingencies or to repay redeemable preference shares, debentures, or debenture stock or for special Dividends or for equalizing dividends or for repairing ,improving extending and maintaining any part of the property of the Company, and for such other purposes as the Directors may, in their absolute discretion, think conducive to the interests of the Company and to invest the several sums so set aside or so much thereof as required to be invested upon such investments(subject to the restrictions imposed by Section 292 and 293 and other provisions of the Act) as the directors may think fit, and from time to time, to deal with and vary such investments and dispose off and apply and expend all or any part thereof for the benefit of the Company in such manner and for such purposes as the Directors (subject to such restrictions as aforesaid) in their absolute discretion think conducive to the interests of the Company notwithstanding that the matters to which the Directors apply or upon which the Capital moneys of the Company might rightly be applied or expended; and to divide the Reserve Fund into such special funds as the Directors think fit, and to employ the assets constituting all or any of the above funds, including the Depreciation Fund, in the business of the Company or in repayment or redemption Of redeemable preference shares, debentures or debenture-stock and that without being bound to keep the same separate from other assets or to pay interest on the same, with power however to the Directors at their discretion, to pay or allow to the credit of such fund interest at such rate as the Directors may think proper. To Appoint Officers Etc. (xxvii) The Board shall have specific power to appoint general manager, managers, secretaries, assistants, supervisors, agents, officers, clerks and servants for permanent or temporary or special services as the Board may from time to time think fit and to determine their powers and duties and to fix their salaries and emoluments and to require securities in such instances and of such amounts as the Board may think fit and to remove or suspend any such officers, clerks and servants provided that the appointment of a person on a post carrying a salary of such an amount as may be fixed under the provisions of Section 217 of the Companies Act,1956 and Rules made there under from time to time or above or on a pay scale the maximum of which is such an amount as may be fixed under the provisions of Section 217 of the Companies Act,1956 and rules made there under from time to time or above shall be made only by means of resolution passed at a Board Meeting. To appoint any person to accept and hold in trust for the Company any property belonging to the Company, in which it is interested or for any other purpose and to execute and to do all such deeds and things as may be required in relation to any trust, and to provide for the remuneration of such trustee(s). To distribute by way of bonus amongst the staff of the Company a share or shares in the profits of the Company and to give to any office or other person employed by the Company a commission on the profits of any particular
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	business or transaction, and to charge such bonus or commission as part of the working expenses of the Company To Authorise by Power of Attorney (xxviii) At any time and from time to time by power of attorney to appoint any person or persons to be the Attorney or Attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under these present articles and subject to provisions of the Act) and for such period and subject to such conditions as the Directors may from time to time think fit and any such appointment (if the Directors may think fit) be made in favour of any Company or the members, directors, nominees, or managers of any Company or firm or otherwise in favour of any fluctuating body or person whether nominated, directly or indirectly by the Directors and any such power of attorney may contain any such powers for the protection or convenience of persons dealing with such Attorneys as the Directors may think fit; and may contain powers enabling any such delegates or Attorneys as aforesaid to sub-delegate all or any of the powers, authorities and discretions for the time being vested in them. To Authorise, Delegate (xxix) Subject to the provisions of the Act, generally and from time to time and at any time to authorize empower or delegate to (with or without powers of sub-delegation) any Director, Officer or Officers or Employee for the time being of the Company and/or any other person, firm or Company all or any of the powers authorities and discretions for the time being vested in the Directors as they may think proper. To Negotiate (xxx) To enter into all such negotiations, contracts and rescind and/or vary all such Contracts and to execute and do all such acts, deeds and things in the name and on Behalf of the Company as they may consider expedient for or in relation to any of the matters aforesaid or otherwise for the purposes of the Company. From time to time make vary any legal bye-laws for the regulations of the business of the Company, its officers and servants.
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PROCEEDINGS OF THE BOARD OF DIRECTORS

Title of Article	Article Number and contents
Quorum competent to exercise power	197. A meeting of the Directors for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions by or under the regulations or the Articles of the company for the time being vested in or exercisable by the Directors generally.
Acts of Board or Committee Valid Notwithstanding Defect of Appointment	196. All acts done by any meeting of the Directors or by a Committee of Directors, or by any person acting as a Director, shall notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of such Director or persons acting as aforesaid, or they or any of them were or was disqualified or had vacated office that their or his appointment had terminated by virtue of any provisions contained in the Articles or the Act, be as valid as if every such person has been duly appointed and was qualified to be a Director.

	Provided that nothing in this Article shall deemed to give validity to acts done by a Director after his appointment has been shown to the Company to be invalid or terminated.
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ACCOUNTS

Title of Article	Article Number and contents
Accounts	222. The provisions of Sections 209 to 222 of the Act shall be complied with in so far as the same be applicable to the Company. The company may decide to maintain the accounts in accordance with US GAAP or IAS or IFRS or restate the accounts prepared in accordance with the provisions of the Act as per US GAAP or IAS or IFRS.
Accounts to be audited	223. Every Balance Sheet and Profit and Loss Account shall be audited by one or more Auditors to be appointed. The Board of Directors shall provide the company's previous financial year's audited financial statements to all shareholders within the time prescribed under the Act before AGM is held to approve and adopt the audited financial statements in accordance with the provisions of the Act.
Statement of Accounts to be furnished to General Meeting	225. The Board of Directors shall lay before each annual general meeting a profit and loss Account for the financial year of the Company and a Balance Sheet made up as at the end of the financial year which shall be a date, which shall not precede the day of the meeting by more than six months or such extended period as shall have been granted by the Registrar of Companies under the provisions of the Act.

DOCUMENTS AND NOTICES

Title of Article	Article Number and contents
Authentication of Documents and Proceedings	231. Save as otherwise expressly provided in the Act or these Articles, a document or proceeding requiring authentication by the Company may be signed by a Director or an authorized officer of the Company and need not be under its Seal.
Service of Documents on Members By the Company	232. (i) A Document or notice may be served by the Company on any member thereof either personally or by sending it by post to him at his registered address or if he has no registered address in India, to the address if any, within India, supplied by him to the Company for serving documents or notices to him.

SECTION X – OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by the Company or contracts entered into more than two years before the date of filing of this Draft Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by the Company. These contracts, copies of which have been attached to the copy of this Draft Red Herring Prospectus have been delivered to the Registrar of Companies, Gujarat for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company located at Makarpura, Vadodara - 390 014, Gujarat, from 10.00 a.m. to 4.00 p.m. on working days from the date of filing of this Draft Red Herring Prospectus until the Bid Closing Date / Offer Closing Date of this Offer.

Material Contracts for Inspection

1. Letter of Engagement dated January 10, 2006 from ENAM offering their services to act as BRLM and Company's acceptance thereto.
2. Memorandum of Understanding dated April 6, 2006 between the Company, the BRLM to this Offer.
3. Memorandum of Understanding dated February 3, 2006 between the Company as Registrars.
4. Escrow Agreement dated [●] between the Company, the BRLM, Escrow Collection Bank and the Registrar to this Offer.
5. Underwriting Agreement dated [●] between the Company, BRLM and the Syndicate Member.
6. Syndicate Agreement dated [●] between the Company, BRLM and the Syndicate Member.
7. Agreement dated December 2, 2005 and supplementary agreement dated April 11, 2006 between Lalitkumar H. Patel and Kunjal L. Patel ("LHP Branch") and Navinchandra R. Patel and Bharat N. Patel ("NRP Branch") and Rashmikant B. Patel and Udayan B. Patel ("BHP Branch").

Material Documents for Inspection

1. Certified true copies of the Memorandum and Articles of Association of the Company, as amended from time to time.
2. Certificate of Incorporation no. 1437 of 1967 dated March 2, 1967 issued by the Registrar of Companies, Ahmedabad, Gujarat.
3. Certificate of change of company to deemed public company under section 43A of the Companies Act, 1956 dated July 11, 1989 issued by the Registrar of Companies Ahmedabad, Gujarat.
4. Certificate of change of company to private company under section 43A (2A) of the Companies Act, 1956 dated May 8, 2001 issued by the Registrar of Companies Ahmedabad, Gujarat.
5. Certificate of change of company to public company under section 43A (2A) of the Companies Act, 1956 dated February 22, 2006 issued by the Registrar of Companies Ahmedabad, Gujarat.
6. Extraordinary General Meeting resolution dated February 27, 2006 and the resolution of the Board dated January 28, 2006 authorizing this Offer.
7. Copies of the Annual Reports of the Company for the years ended March 31, 2002; March 31, 2003; March 31, 2004 and March 31, 2005.

8. Copy of the Statement of Tax Benefits report dated Offerd by M/s. Chandulal M Shah & Co., Chartered Accountants.
9. Report of the statutory Auditors dated [•] March, 2006for nine months ended December 31, 2005.
10. Application Letter to RBI dated March 30, 2006 and RBI's reply dated April 5, 2006.
11. Consents of Auditors, Bankers to the Company, BRLM, Syndicate Members, financial advisors to the Company, legal advisors to this Offer, Directors, Company Secretary, Registrar to this Offer, Bankers to this Offer, Compliance Officer as referred to, in their respective capacities.
12. Listing application dated [•] and [•] filed with the NSE and the BSE, respectively.
13. In-principle listing approvals dated [•] and [•] from BSE and NSE, respectively.
14. Tripartite agreement between the NSDL, our Company and the Registrar dated [•].
15. Tripartite agreement between the CDSL, our Company and the Registrar dated [•].
16. Due diligence Certificate dated [•] to SEBI from Enam.
17. SEBI observation letter no. [•] dated [•]
18. letters of consent from the Selling Shareholders for the Offer for Sale

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of the Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

We, the Directors of VOLTAMP TRANSFORMERS LIMITED, hereby declare that, all the relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the guidelines issued by the Securities and Exchange Board of India, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made there under or guidelines issued, as the case may be. We further certify that all the disclosures and statements made in this Draft Red Herring Prospectus are true and correct.

Signed by all the Directors

Mr. Lalitkumar H. Patel - Chairman & Managing Director

Mr. Kunjal L. Patel - Vice Chairman & Joint Managing Director

Mr. Kanubhai S. Patel - Joint Managing Director & C.E.O.

Mr. Vasantlal L. Patel – Independent Director

Mr. Kewalkrishna G. Tuli - Independent Director

Mr. Jagannath S. Aiyar - Independent Director

Mr. Arvindbhai N. Shelat - Independent Director

(Signed by Mr. Kanubhai S. Patel – Through constituted Power of Attorney)

Signed by the Selling Shareholders

Mr. Umeshkumar B. Patel

(Signed by Mr. Udayanbhai B. Patel – Through constituted Power of Attorney)

Mr. Rashmikant B. Patel

Mr. Udayan B. Patel

Mr. Jay R. Patel

Mr. Vishal U. Patel

(Signed by Mr. Udayanbhai B. Patel – Through constituted Power of Attorney)

Rashmi Stockholdings Private Limited

(Signed by Mr. Rashmikant B. Patel – Through constituted Power of Attorney)

Udayan Finstock Private Limited

(Signed by Mr. Udayanbhai B. Patel – Through constituted Power of Attorney)

Umesh Stockholdings Private Limited

(Signed by Mr. Udayanbhai B. Patel – Through constituted Power of Attorney)

Mr. Navinchandra R. Patel

Miss Hasumatiben R. Patel

Mrs. Kusumben N. Patel

Mr. Samir N. Patel

Mr. Bharat N. Patel

Mr. Navinchandra R. Patel – HUF
(Signed by Mr. Navinchandra R. Patel – Karta)

Samir Stockholdings Private Limited
(Signed by Mr. Bharat N. Patel – Through constituted Power of Attorney)

Kusum Finstock Private Limited
(Signed by Mr. Bharat N. Patel – Through constituted Power of Attorney)

Signed by the Managing Director

Mr. Lalitkumar H. Patel

Signed by the Chief Financial Officer

Mr. Kanubhai S. Patel

Place: VADODARA

Date: April 10, 2006