LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Letter of Offer (LOO) is sent to you as equity shareholder(s) of Eltex Super Castings Limited. If you require any clarifications about the action to be taken, you may consult your stock broker or investment consultant or Keynote Corporate Services Ltd. (Manager to the Offer) or Intime Spectrum Registry Limited (Registrar to the Offer). In case you have sold your shares in the Company, please hand over this LOO and the accompanying Form of Acceptance cum Acknowledgment and Transfer Deed to the Member of Stock Exchange through whom the said sale was effected.

CASH OFFER AT A PRICE OF RE 1.00 (RUPEE ONE ONLY) PER EQUITY SHARE

[Pursuant to the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto]

TO ACQUIRE

from existing equity shareholders upto 5,67,000 equity shares of Rs.10/- each forming 20% of the paid-up equity share capital of the company at a price of Re.1.00 per share of

ELTEX SUPER CASTINGS LIMITED

having its registered office at Perianaickenpalayam, Coimbatore - 641 020

Tel: (0422) 269 2981; Fax: (0422) 269 3741; Email: eltex@vsnl.com

By

KOVILPATTI LAKSHMI ROLLER FLOUR MILLS LTD

having its registered office at 75/8, Benares Cape Road, Gangaikondan - 627 352, Tirunelveli District

Tel: (0462) 248 6534, 248 6533; Fax: (0462) 248 6132; Email: klfgdn@vsnl.com

There are no approvals, statutory or otherwise, required under the Companies Act 1956, Monopolies and Restrictive Trade Practices Act, 1969, the Foreign Exchange Management Act, 1999 and /or any other applicable laws. The Board of Directors of Kovilpatti in their meeting held on 01/12/2005 have agreed and resolved to acquire substantial stake in Eltex through Share Purchase Agreement. Kovilpatti is enjoying credit facilities from some of the Banks/ Financial Institutions. As per the standard clause of loan agreement with these Banks/ Financial Institutions a No Objection Certificate from them is required for the said acquisition. Kovilpatti had approached them and has obtained their No Objection for the said acquisition.

The shareholder(s) shall have the option to withdraw acceptance tendered by him/them upto three working days prior to the date of closure of the offer i.e. upto 28/07/2006.

In case of any upward revision/withdrawal of the offer, the Public Announcement for the same would be made in the same newspapers where the original Public Announcement has appeared. The last date for such upward revision, if any, is 24/07/2006. Acquirer will pay the same price for all fully paid-up equity shares tendered during the offer period.

Equity Shareholders may note that if there is a competitive bid,

- **The public offers under all the subsisting bids shall close on the same date.**
- **As the offer price cannot be revised during 7 working days prior to the closing date of the offers / bids, it would, therefore, be in the interest of shareholders to wait till the commencement of that period to know the final offer price of each bid and tender their acceptance accordingly.**

A copy of the Public Announcement and Letter of Offer (including form of acceptance cum acknowledgement and form of withdrawal) is also available at the website of SEBI **www.sebi.gov.in**

MANAGER TO THE OFFER

KEYNOTE
CORPORATE SERVICES LTD

KEYNOTE CORPORATE SERVICES LTD.
307, Regent Chambers,
Nariman Point, Mumbai-400 021.
Tel: (022) 22025230 Fax: (022) 22835467
E-mail: mbd@keynoteindia.net
SEBI Regn: INM000003606
AMBI Regn No.: AMBI/040
Contact Person: Janardhan Wagle

REGISTRAR TO THE OFFER

INTIME SPECTRUM REGISTRY LIMITED
C-13, Pannalal Silk Mills Compound, LBS Road,
Bhandup West, Mumbai – 400 078
Tel.: (022) 5555 5491 Fax: (022) 5555 5499
E-mail: klrf@intimespectrum.com
Website:www.intimespectrum.com
SEBI Regn. No.: INR 00003761
Contact Person: Mr. Vishwas Attavar

Activity	Original		Revised	
	Date	Day	Date	Day
Public Announcement	03/12/2005	Saturday	03/12/2005	Saturday
Last date for a competitive bid	24/12/2005	Saturday	24/12/2005	Saturday
Specified Date	31/12/2005	Saturday	31/12/2005	Saturday
Date by which the Letter of Offer will be dispatched to shareholders	16/01/2006	Monday	10/07/2006	Monday
Date of opening the Offer	25/01/2006	Wednesday	15/07/2006	Saturday
Last date for revising the offer price/ number of shares	02/02/2006	Thursday	24/07/2006	Monday
Last date for withdrawal of acceptance by the shareholders	07/02/2006	Tuesday	28/07/2006	Friday
Date of closing the Offer	13/02/2006	Monday	03/08/2006	Thursday
Date of communication of rejection, if any and payment of consideration for applications accepted	27/02/2006	Monday	18/08/2006	Friday

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DEFINITIONS

Acquirer or Kovilpatti	:	Kovilpatti Lakshmi Roller Flour Mills Ltd.
BIFR	:	Board of Industrial and Financial Reconstruction
Date of Public Announcement	:	03/12/2005
IREDA	:	Indian Renewable Energy Development Agency
Letter of Offer/LOO	:	This Letter of Offer dated
Manager to the Offer/ Merchant Banker	:	Keynote Corporate Services Ltd.
Persons Eligible to participate in the Offer	:	Remaining equity shareholders of Eltex Super Castings Ltd. (Other than Acquirer, Sellers & other persons in the promoter group of the Target Company) whose names appear on the Register of the Shareholders of Eltex Super Castings Ltd. at the close of business hours on 31/12/2005 (the **"Specified Date"**) and also to those persons (Other than Acquirer, Sellers & other persons in the promoter group of the Target Company) who own the shares at any time prior to the closure of the offer, but are not the registered equity shareholder(s).
SEBI	:	Securities and Exchange Board of India
SICA	:	Sick Industrial Companies Act
Specified Date	:	31/12/2005
Target Company or Eltex	:	Eltex Super Castings Ltd.
The Regulations / SEBI (SAST) Regulations 1997	:	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations 1997 and subsequent amendments thereof.

RISK FACTORS

- **Relating to the Proposed Offer**

  If the aggregate of the valid responses to the offer exceeds offer size, then the Acquirer shall accept the valid applications received on a proportionate basis in accordance with Regulation 21 (6) of the Regulations. In such an event all the equity shares tendered by the applicant may not be accepted.

1. DISCLAIMER CLAUSE

IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF LETTER OF OFFER WITH SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THE LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISCLOSURE CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE EQUITY SHAREHOLDERS OF ELTEX SUPER CASTINGS LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRER OR THE COMPANY WHOSE SHARES/CONTROL IS PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ACQUIRER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURES OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT ACQUIRER DULY DISCHARGES ITS RESPONSIBILITY ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MERCHANT BANKER KEYNOTE CORPORATE SERVICES LIMITED HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED 16/12/2005 TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS 1997 AND SUBSEQUENT AMENDMENT(S) THEREOF. THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRER FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER.

2. DETAILS OF THE OFFER

2.1 Background of the offer

a) Kovilpatti Lakshmi Roller Flour Mills Ltd., having its registered office at 75/8, Benares Cape Road, Gangaikondan – 627 352, Tirunelveli District (hereinafter referred to as **"Kovilpatti"** or **"Acquirer"**) has agreed to acquire 18,28,677 equity shares of Rs.10/- each representing 64.50 % of the total paid up equity share capital of Eltex Super Castings Limited (hereinafter referred to as **"Eltex"** or **"Target Company"**) at a price of Re. 1.00 (Rupee One Only) per share payable in cash vide agreement dated 01/12/2005 (**"The Agreement"**) from persons in the promoter group of Eltex (**"Sellers"**) as detailed below :

Name of the Acquirer	Name of the Sellers	No. of Equity Shares agreed to be acquired	% of the paid up equity capital of Eltex
Kovilpatti Lakshmi Roller Flour Mills Ltd.	Mr. V. Jagannathan	18,28,377	64.49
	Mr. R. Srinivasan	300	0.01
Total		**18,28,677**	**64.50**

b) Pursuant to the aforesaid Agreement, provisions of Regulation 10 read with Regulation 12 of the Regulations have been attracted. The Acquirer announced an offer under the Regulations, to acquire by tender upto 5,67,000 fully paid-up equity shares of Rs.10/- each of Eltex representing 20% of its paid up equity share capital from the remaining shareholders of Eltex (Other than "Acquirer, Sellers & other persons in the promoter group of the Target Company") on the terms and subject to the conditions set out below, at a price of Re.1.00 (Rupee One Only) per equity share (the **"Offer Price"**) payable in cash (the **"Offer"**).

c) As per clause 5 of the said agreement the Acquirer has agreed that in case of the public share holding being reduced to a level below the limit specified in the Listing Agreement, pursuant to the Open Offer, the Acquirer will acquire only such number of shares under the agreement so as to maintain the minimum specified public shareholding in Eltex.

d) The offer is not subject to any minimum level of acceptance.

e) The Acquirer/Eltex/Persons in control of the company are not debarred from accessing the capital market under Section 11 B of the SEBI Act, 1992 or under any other Regulation.

2.2 Details of the Proposed Offer

a) The Acquirer has made a Public Announcement for the Offer to the existing equity shareholders of Eltex which was published on 03/12/2005 in compliance with Regulation 15 of the Regulations in all editions of "Financial Express" being English National Daily, "Jansatta" being Hindi Daily and "Makkal Kural" (Tamil Daily) being regional language daily of the place where the registered office of Eltex is located. A copy of the Public Announcement is also available on the SEBI website at www.sebi.gov.in.

b) The Acquirer has announced an open offer under Regulation 10 read with Regulation 12 of the Regulations, to acquire by tender offer upto 5,67,000 fully paid-up equity shares of Rs.10/- each of Eltex representing 20% of the paid-up equity share capital from the equity shareholders of Eltex (other than "Sellers & other persons in the promoter group, parties to the agreement") on the terms and subject to the conditions set out in this Letter of Offer, at a price of Re.1.00 (Rupee One Only) per fully paid-up equity share payable in cash.

c) The equity shares of Eltex are listed on The Madras Stock Exchange Ltd. (MSE) and Coimbatore Stock Exchange Ltd. (CoSE). The equity shares of the Company have not been traded on either of the stock exchanges for the past six months. Thus the equity shares of Eltex are infrequently traded on these exchanges in terms of Explanation (i) to Regulation 20(5) of the Regulations. The Offer Price of Re.1.00 per share, has been determined as per Regulation 20(5) of the Regulations

d) The equity shares of Eltex to be acquired, pursuant to the Offer, shall be free from all lien, charges and encumbrances and together with all rights attached thereto, including the rights to all dividends or other distributions hereinafter declared, made or paid.

e) As on date Acquirer does not hold any equity shares of Eltex other than those proposed to be acquired under the agreement dated 01/12/2005.

f) Eltex was declared as a Sick Industrial Company u/s 3 (1) (o) of Sick Industrial Companies (Special Provision) Act 1985. The **"Chronology Of Events"** pursuant to reference to BIFR and consequent developments is as follows:

- Eltex filed an application with BIFR on 12/11/1998 and was declared as a Sick Industrial Company u/s 3 (1) (o) of Sick Industrial Companies (Special Provision) Act 1985. Eltex was allowed to submit a rehabilitation proposal under the Provisions of the Act.
- BIFR passed an order on 25/11/2002, after having several hearings and summary proceedings appointing State Bank of Mysore as operating agency u/s 17 (3) of SICA to examine the draft rehabilitation scheme u/s 17(2) of the SICA.
- BIFR passed an order on 14/06/2004 for change in management of Eltex after conducting several hearings.
- Eltex obtained a stay order from the Madras High Court on 09/07/2004 against the BIFR order dated 14/06/2004.
- Eltex filed an affidavit on 27/12/2005 stating that Kovilpatti Lakshmi Roller Flour Mills Ltd ("Acquirer") proposed to acquire 18,28,677 equity shares of Eltex constituting 64.50% of the equity capital from the existing promoters and made a public announcement in terms of Regulations.
- Eltex informed BIFR on 07/03/2006 regarding the complete settlement of dues with secured creditors and also settlement of dues to labourers by entering into a settlement with labourers requesting the BIFR for their approval for the takeover of Eltex by Kovilpatti for further investments.
- BIFR made a summary record of proceedings of the hearing held on 27/03/2006 to record the proposed public offer of Kovilpatti for acquisition of equity shares of ELtex from the existing promoters for further investments. BIFR directed Eltex, to inform the Bench about the increase in the share capital to make the net worth positive consequent upon completion of the process of acquisition, so that the company could be discharged from the purview of the Act.
- Eltex approached the Hon'ble High Court of Madras for vacating the stay order dated 09/07/2004 obtained against the order dated 14/06/2004 of BIFR. The Hon'ble High Court of Madras quashed the said 'stay order' vide their order dated 20/06/2006 and accordingly dismissed the writ petition. There are no other pending disputes in this regard.

3. RATIONALE FOR THE OFFER

a) Kovilpatti has three divisions viz. Flour Mill, Spinning and Engineering Division. The milling and spinning capacities are sizable and the turnover of the company for the year ended 31/03/2006 is Rs.93.84 crores. The Engineering Division is relatively smaller and the management intends to focus on the same as future growth strategy. Kovilpatti wishes to acquire stake in Eltex which has manufacturing facilities located in Perianaickenpalayam, near Coimbatore with a capacity to produce 9000 tpa (tonnes per annum) of Grey Iron, SG Iron (Sporadic Graphite Iron) and Alloy Iron Castings. The acquisition will go a long way in strengthening the Engineering Division of the company and Kovilpatti will be able to establish itself into foundry business.

b) Kovilpatti proposes to invest in Eltex to revive the operations. The management of Kovilpatti is confident that with acquisition of foundry business, the Engineering Division of the company will emerge as a separate profit centre.

A detailed technical viability study was conducted by Mr. K. A. Neelakantan, M.Tech, M.B.A., Foundry Consultant and as per the report the unit of Eltex is technically feasible. As part of the viability report, a detailed study has been conducted with regard to the capacities available, condition of the Infrastructure, adequacy of the Infrastructure, investments required with regard to balancing equipment to commence operations, etc. Upon the technical feasibility certification, the management of Kovilpatti had approached Deloitte Haskins & Sells (DHS) to review the industry segment. According to the reports, the unit of Eltex was found technically feasible and financially viable. Based on the said study Kovilpatti has decided to acquire substantial stake in Eltex through this acquisition. The acquisition of 64.50% of the equity shares from present promoters has attracted provisions of Regulation 10 read with Regulation 12 of the Regulations.

c) The Acquirer does not have any plan to dispose off or otherwise encumber any of the assets of Eltex in the succeeding two years from the date of closure of the offer except in the ordinary course of business of Eltex. The Acquirer will not dispose off, sell or otherwise encumber any substantial assets of Eltex except with the prior approval of the shareholders.

4. BACKGROUND OF THE ACQUIRER

Kovilpatti Lakshmi Roller Flour Mills Limited (Kovilpatti)

a) Kovilpatti Lakshmi Roller Flour Mills Ltd. (Kovilpatti) was incorporated on 16/12/1961 as a Private Limited Company and was subsequently converted into a Public Limited Company on 08/05/1982. The registered office of the company is situated at 75/8, Benares Cape Road, Gangaikondan 627 352, Tamil Nadu. The company was promoted by Mr. V. Jagannathan to manufacture wheat products, and it subsequently expanded its activities in the area of Textiles, Engineering and Power Generation from Wind Energy for captive consumption.

b) The details of the Board of Directors of Kovilpatti are as follows:-

Name, Designation and Address	Experience (Years)	Area of Experience	Qualification	Date of Appointment
Mrs. J. Chandrakanthi **Vice Chairman** Old No.162, New No.222 Race Course, Coimbatore – 641 018	30	Business Administration	Intermediate	01/12/1975
Mr. Suresh Jagannathan **Managing Director** Old No.162, New No.222 Race Course, Coimbatore – 641 018	24	Over all control and Administration	B.S. in Management Science	12/03/1981

Name, Designation and Address	Experience (Years)	Area of Experience	Qualification	Date of Appointment
Mr. V.N.Jayaprakasam **Executive Director** Flour Mill Quarters, Gangaikondan – 627 352 Tirunelveli District	45	Flour Milling Technologist	B.Sc, Milling Technology diploma from Swiss Milling School	01/07/1996
Mr. N.V.Srinivasan **Director** Nagampatti, Pasuvanthanai – Via Oottapidaram Taluk, Tuticorin District– 627 718	28	Agriculture and Industry	Intermediate	30/12/1977
Sudarsan Varadaraj **Director** "Rasasayang", 166, Tea Estates Compound, Coimbatore - 641 018	24	Engineering & Business Management	B.E., (Hons) M.S., (Stanford)	05/10/1990
Mr. S Govindan **Director** E-62, 9th Cross Street, Maharaja Nagar, Palayankottai, Tirunelveli – 627 011	23	Administration of Textiles	Licensed Textile Mechanics	01/08/2005
Dr. R Sethumadhavan **Nominee Director - IREDA** Rainbow Kasthuri Apartment, 3A, No.4 III Main Road, R.A.Puram, Chennai – 600 028	20	Energy Management	B.Tech (Chemical Engineering), Ph.D	20/09/2002
Mr. K. Gnanasekaran **Director** New No.162, Old No.121-B, Race Course, Coimbatore – 641 018	25	Accounts & Finance	B.Com., F.C.A	06/05/2004

c) Nature of Experience of the Board of Directors of Kovilpatti:

- **Mrs. J.Chandrakanthi,** aged seventy years is the Vice Chairman of the company. She has been associated with the company over three decades. She has wide experience in the administration of all the units of the company.

- **Mr. Suresh Jagannathan,** aged forty nine years is a Management Graduate from Renssellar Polytechnic Institute, New York., USA. He has more than two decades of experience in flour milling, textile and engineering industry. He was appointed as an Executive in the engineering division in 1979. On 12/03/1981, he was appointed as Executive Director responsible for the operation of the company. Subsequently he was appointed as Joint Managing Director on 1/12/1988 and become the Managing Director on 11/03/2001.

- **Mr. V.N.Jayaprakasam,** aged sixty eight years is the Executive Director of the company. He had graduated from Presidency College, Madras in the year 1959 and joined the company in the year 1962. He had his training with Buhler AG, Uzwil, graduated from Swiss Milling School, St.Galeen and gained working experience from V.O.L.G. Winterthur, Switzerland. He is with the company since inception. He is an experienced and a qualified flour milling technologist.

- **Mr. N.V.Srinivasan,** aged seventy six years is an Independent Director who has been the Director of the company for the last three decades. He is a noted landlord and educationist hailing from the Tuticorin district.

- **Mr. Sudarsan Varadaraj,** aged forty seven years, B.E. (Hons)., M.S.Stanford is a leading industrialist of Coimbatore. He is an Independent Director. He is the Managing Director of Elgitread (India) Ltd., Elgi Rubber Products Ltd.

- **Mr. S.Govindan,** aged sixty eight years, L.T.M. He is a Textile Technologist and contributed immensely for the growth of the Textile Division.

- **Dr. R.Sethumadhavan,** aged forty seven years, B.Tech., Chemical Engineering, Ph.D is an Independent Director. He is nominee Director of Indian Renewable Energy Development Agency Limited., New Delhi.

- **Mr. K.Gnanasekaran,** aged fifty two years, B.Com., F.C.A. He has in-depth knowledge in accounts, finance and taxation.

d) Shareholding Pattern of Kovilpatti Lakshmi Roller Flour Mills Ltd. as on 31/03/2006 is as follows:

Shareholder Category	No of shares	% of Shares held
Promoter	14,50,186	60.40
FII/MF/Banks	1,060	0.04
Others		
• Private Corporate Bodies	69,925	2.91
• Indian Public	8,79,015	36.61
• NRIs/OCBs	860	0.04
TOTAL	**24,01,046**	**100.00**

e) The present paid up equity share capital of Kovilpatti is Rs. 240.10 lacs comprising of 24,01,046 equity shares of Rs.10/- each. The equity shares of the Company are listed on the Bombay Stock Exchange Ltd (BSE), Madras Stock Exchange (MSE) and Coimbatore Stock Exchange (CoSE). The last traded price of the equity shares of Kovilpatti on BSE is Rs. 67.45 (as on 06/07/2006). The equity shares of Kovilpatti are not traded on MSE & CoSE. There has been no penal action taken by any of the Stock Exchanges where the equity shares of Kovilpatti are listed.

f) Kovilpatti has been complying with the applicable provisions of Chapter II of the SEBI (SAST) Regulations, 1997.

g) The brief audited financial details of Kovilpatti Lakshmi Roller Flour Mills Ltd. for the past three years are given below:-

(Rs. In Lacs)

PROFIT & LOSS STATEMENT	**31/03/2004**	**31/03/2005**	**31/03/2006**
Income from operations	9184.31	9638.57	9282.77
Other Income	22.98	29.70	24.46
Increase/(decrease) in finished stock	41.31	(103.26)	76.34
Total Income	9248.60	9565.01	9383.57
Total Expenditure	8519.62	8743.67	8356.68
Profit/(Loss) Before Extraordinary item, Depreciation, Interest and Tax	728.98	821.34	1026.89
Less: Terminal Benefits to VRS Employees written off	94.19	96.59	96.59
Depreciation	209.48	197.03	260.52
Interest	297.91	275.11	324.27
Profit/ (Loss) Before Tax	127.40	252.61	345.51
Provision for Tax – Current	9.79	19.81	29.07
– Deferred	25.20	51.00	1.64
– Fringe benefit	-	-	4.03
Profit/(Loss) After Tax	**92.41**	**181.80**	**310.77**

(Rs. In Lacs)

BALANCE SHEET STATEMENT	**31/03/2004**	**31/03/2005**	**31/03/2006**
Sources of funds			
Paid up share capital	209.26*	209.26*	240.10#
Reserves and Surplus (excluding revaluation reserves)	1021.81	1168.12	1482.75
Miscellaneous expenditure not written off	(303.31)	(218.72)	(122.12)
Networth	**927.76**	**1158.66**	**1600.73**
Secured Loans	1701.11	2311.12	3744.05
Unsecured Loans	578.29	526.42	1060.11
Deferred Tax Liabilities/ (Assets)	55.23	106.23	107.87
Total	**3262.39**	**4102.43**	**6512.76**
Uses of funds			
Net fixed assets	1303.61	1792.94	3143.71
Investments	9.92	6.28	1.50
Net Current Assets	1948.86	2303.21	3367.55
Total	**3262.39**	**4102.43**	**6512.76**

* Represent 6,16,950 partly paid up equity shares of Rs.5/- each.

The company received call money on outstanding partly paid – up shares during the year ended 31/03/2006. Accordingly paid – up share capital of the company was increased.

- Networth = Paid up Share capital + Reserves and Surplus – Miscellaneous Expenditure (to the extent not written off).

OTHER FINANCIAL DATA	**31/03/2004**	**31/03/2005**	**31/03/2006**
Dividend (%)	10%	15%	20%
Earning Per Share (EPS) (Rs.)*	3.85	7.57	12.94
Return on Networth (RONW) (%)	9.96	15.69	19.41
Book Value Per Share (Rs.) (Face Value of Rs. 10/-)	38.64	48.26	66.67

* EPS has been calculated by taking total number of outstanding equity during the period.

h) P. Marimuthu, Chartered Accountants and statutory auditors of Kovilpatti, having their office at 174-E/19, Nellai Lodge, Tirunelveli – 1 (Membership No. 5770, Tel. No. (0462) 338576), have certified vide their certificate dated 03/07/2006 that the Networth of M/s. Kovilpatti Lakshmi Roller Mills Ltd. as on 31/03/2006 is Rs 1600.73 lacs.

i) Reasons for fall/rise in Profit After Tax of the Company:

- **2005-06**

  As per the Audited Financials for the financial year ended 31/03/2006, Kovilpatti made a profit of Rs. 310.77 lacs as compared to the profit of Rs. 181.80 lacs for the financial year ended 31/03/2005. The increase in the profit was on account of the decrease in the total expenditure in the financial year 2005-06 as compared to expenditure of financial year 2004-05, there was an increase in the EPS from Rs.7.57 in 31/03/2005 to Rs.12.94 in the year 31/03/2006.

- **2004-05**

  The profit as per the Audited Financials for the financial year ended 31/03/2005 increased, as compared to the financial years 31/03./2004 which was mainly on account of an increase in the total income. The EPS increased to Rs.7.57 for 31/03/2005 as compared to Rs. 3.85 for 31/03/2004.

j) There are no companies promoted by Kovilpatti

k) Disclosure in terms of Regulation 16 (ix):

- Kovilpatti was primarily engaged in the manufacturing of wheat products, and it subsequently expanded its activities in the area of Textiles, Engineering and Power Generation from Wind Energy for captive consumption. Kovilpatti proposes to invest in Eltex to revive the operations. The management of Kovilpatti is confident that with acquisition of foundry business, the Engineering Division of the company will emerge as a separate profit center.

- Acquirer does not have any plan to dispose off or otherwise encumber any of the assets of Eltex in the two years from the date of closure of the offer except in the ordinary course of business of Eltex Acquirer has undertaken not to sell, dispose of or otherwise encumber any substantial asset of Eltex except with prior approval of the shareholders.

l) Future plans/strategies of Kovilpatti with regard to Eltex

Kovilpatti is planning to infuse funds in Eltex which has manufacturing facilities located in Perianaickenpalayam, near Coimbatore. The management of Kovilpatti is confident that the acquisition will go a long way in strengthening the Engineering Division of the company and Kovilpatti will establish itself into foundry business.

5. BACKGROUND OF TARGET COMPANY

a) Eltex Super Castings Limited was incorporated as Public Ltd. Company on 31/10/1973 under Companies Act, 1956. The Registered Office of the company is situated at Periyanaickenpalayam, Coimbatore – 641 020, India [Tel: (0422) 269 2981; Fax: (0422) 269 3741; Email: eltex@vsnl.com]. The Corporate Office of the company is situated at 1054/21, II Floor, Avinashi Road, Coimbatore 641018, India. Phone:(422) 221 4981 Fax:(422) 221 2246. Eltex was originally promoted by Mr. V. Jagannathan.

Eltex was engaged in the manufacturing of Grey Iron, SG Iron and Alloy Iron Castings. Eltex has unit near Coimbatore. Eltex is certified for ISO 9002 by TUV. There has been a lockout declared in the manufacturing unit of the company since 07/08/2002 due to labour related problems and presently the company is not carrying out any manufacturing activities. The assets in this unit are being well maintained and can be put in operation at short notice. Eltex is a Sick Industrial Company within the meaning of clause (o) of sub section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985. BIFR passed an order on 25/11/2002, after having several hearings and summary proceedings appointing State Bank of Mysore as operating agency u/s 17 (3) of SICA to examine the draft rehabilitation scheme u/s 17(2) of the SICA. BIFR passed an order on 14/06/2004 for change in management of Eltex after conducting several hearings. Eltex obtained a stay order from the Madras

High Court on 09/07/2004 against the BIFR order dated 14/06/2004. Eltex filed an affidavit on 27/12/2005 stating that Kovilpatti Lakshmi Roller Flour Mills Ltd ("Acquirer") proposed to acquire 18,28,677 equity shares of Eltex constituting 64.50% of the equity capital from the existing promoters and made a public announcement in terms of Regulations. Eltex informed BIFR on 07/03/2006 regarding the complete settlement of dues with secured creditors and also settlement of dues to labourers by entering into a settlement with labourers requesting the BIFR for their approval for the takeover of the company by Kovilpatti for further investments. BIFR made a summary record of proceedings of the hearing held on 27/03/2006 to record the proposed public offer of Kovilpatti for acquisition of equity shares of Eltex from the existing promoters for further investments. BIFR directed Eltex, to inform the Bench about the increase in the share capital to make the net worth positive consequent upon completion of the process of acquisition, so that Eltex could be discharged from the purview of the Act. Eltex approached the Hon'ble High Court of Madras for vacating the stay order dated 09/07/2004 obtained against the order dated 14/06/2004 of BIFR. The Hon'ble High Court of Madras quashed the said 'stay order' vide their order dated 20/06/2006 and accordingly dismissed the writ petition. There are no other pending disputes in this regard.

b) The company came out with a public issue of Rs.19,77,000 comprising of 1,97,700 equity shares Rs. 10/- each at par per share to the Indian Public through prospectus dated 18/01/1974. The equity shares of the company are listed on the Madras Stock Exchange (MSE) since 12/08/1974 and Coimbatore Stock Exchange (CoSE) since 08/05/1993. There has been no penal action taken by any of the Stock Exchanges where the equity shares of Eltex are listed. The issued & paid up equity share capital of the company is Rs.283.50 lacs comprising of 28,35,000 equity shares of Rs. 10/- each. There are no partly paid up equity shares in the Company.

c) The details of the share capital structure of the company is as follows:

Paid-up Equity Shares	No. of shares/voting rights	% of paid up capital
Fully paid up equity shares	28,35,000	100.00
Partly paid up equity shares	-	-
Total paid up equity shares	28,35,000	100.00
Total voting rights in the company	**28,35,000**	**100.00**

d) Details of the share capital history of the company are as follows:

Date of Allotment	No. of shares issued	% of shares issued	Cumulative Paid up Equity Share Capital (No. of Shares)	Mode of Allotment	Identification of The Allottees	Status of Compliance
31/10/1973	2,300	0.08	2,300	Memorandum Subscription	Subscribers to Memorandum	Not Applicable
15/04/1974	1,97,700	6.97	2,00,000	Public Issue	Public	Not Applicable
09/03/1979	1,50,000	5.29	3,50,000	Rights Issue	Existing Shareholders	Not Applicable
18/10/1979	25,000	0.88	3,75,000	Rights Issue	Existing Shareholders	Not Applicable
22/02/1989	1,25,000	4.41	5,00,000	Rights Issue	Existing Shareholders	Not Applicable
04/07/1991	2,56,800	9.06	7,56,800	Rights Issue	2,50,000 equity shares to Existing Shareholders and 6,800 equity shares to Permanent Workers	Not Applicable
29/06/1994	1,92,400	6.79	9,49,200	Rights Issue	Existing Shareholders	Complied
14/11/1994	4,74,600	16.74	14,23,800	Bonus Issue	Existing Shareholders	Complied
14/02/2001	14,11,200	49.78	28,35,000	Preferential Allotment	Promoters & Directors	Complied
Total	**28,35,000**	**100.00**				

e) The equity shares of the company are listed on the Madras Stock Exchange (MSE) since 12/08/1974 and Coimbatore Stock Exchange (CoSE) since 08/05/1993. The equity shares are infrequently traded on these exchanges in terms of Explanation (i) to Regulation 20(5).

f) There are no outstanding instruments in the nature of warrants / fully convertible debentures / partly convertible debentures etc. which are convertible into equity at any later date. There are no shares under lock-in period. There has been no merger / de-merger or spin off in the Company during the past three years.

g) All the compliances in respect of Regulation 6(2), 6(4) & 8(3) uptill 30/04/2000 and for 30/04/2002 were complied and filed under SEBI Regularization Scheme on 25/03/2003. All the other compliances regarding provisions of Chapter II of the SEBI (SAST) Regulations were done on time. SEBI. The promoters of the Company and the Sellers have been regularly complying with the provisions of Chapter II of the SEBI (SAST) Regulations, 1997.

h) The details of the Board of Directors of Eltex are as follows:

Name, Designation and Address	**Experience (Years)**	**Area of Experience**	**Qualification**	**Date of Appointment**
Sri. V. Jagannathan **Managing Director** 162, Race Course, Coimbatore – 641 018	43	Flour Milling, Textiles, Sheet Metal Fabrication, Foundry	Diploma in Textiles	26/11/1973
Sri. R. Srinivasan **Director** 149, Raju Naidu Road, Coimbatore – 641 012	43	Insurance, Textiles Flour Milling and Foundry Industry	Graduate in Science	21/01/2000
Sri. R. Soundara Raju **Director** 46, Poombuhar nagar, Thudiyalur Post, Coimbatore – 641 034	29	Installation and Maintenance of Steam Boiler Diesel Engine Generator Sets, Manufacturing of Electronic Color Sorting machines, Sheet Metal Components, Machine Building Activities and Textiles	Diploma in Electrical Engineering and Diploma in Maintenance Management Education	26/03/2003

i) Brief audited financial details of Eltex for the last 3 financial years are as follows :

(Rs. in lacs)

PROFIT & LOSS STATEMENT	**31/03/2004**	**31/03/2005**	**31/03/2006**
Income from Sales (Excluding Excise Duty & Sales Tax)	9.31	0.00	0.30
Other Income	0.54	34.68	0.10
Increase/ (Decrease) in stock	(3.38)	0.00	(0.05)
Total Income	6.46	34.68	0.35
Total Expenditure	14.76	101.52	28.48
Profit/(Loss) Before Depreciation, Interest and Tax	(8.30)	(66.84)	(28.13)
Depreciation	20.55	12.90	6.20
Interest & Finance Charges	37.88	24.69	26.81
Profit/(Loss) After Depreciation, Interest and Tax	(66.73)	(104.43)	(61.14)
Extra Ordinary Items	2.96	0.77	154.74*
Profit Before Tax	(63.77)	(103.66)	93.60
Provision for – Deferred Tax Asset	0.00	0.00	221.89
- Fringe Benefit Tax	-	-	(0.08)
Profit After Tax	**(63.77)**	**(103.66)**	**315.41**

***** Consists of, waiver if interest on onetime settlement of dues with banks to the extent of Rs.45.73 lacs and provision no longer required written back amounting to Rs.109.01 lacs.

(Rs. in lacs)

BALANCE SHEET STATEMENT	31/03/2004	31/03/2005	31/03/2006
Sources of funds			
Paid up share capital	283.50	283.50	283.50
Reserves and Surplus (excluding revaluation reserves)	19.74	19.75	19.75
Revaluation reserves	184.17	178.04	171.93
Secured Loans	379.58	250.00	-
Unsecured Loans	230.37	223.28	617.14
Total	**1097.36**	**954.57**	**1092.32**
Uses of funds			
Net fixed assets	447.00	259.97	247.67
Capital work in progress	0.67	0.67	0.67
Investments	33.08	33.08	0.02
Net Current Assets	(982.89)	(1042.31)	(999.47)
Deferred Tax Asset			221.89
Miscellaneous Expenditure (Debit balance of Profit & Loss A/C)	1,599.50	1,703.16	1,621.55
Total	**1097.36**	**954.57**	**1,092.32**
Networth	**(1296.26)**	**(1399.91)**	**(1318.29)**

Other Financial Data	31/03/2004	31/03/2005	31/03/2006
Dividend (%)	-	-	-
Earning Per Share	(2.25)	(3.66)	11.13*
Return on Networth %	(4.92)	(7.40)	(23.93)
Book Value Per Share (Face Value of Rs. 10/-)	(45.72)	(49.38)	(46.50)

* is calculated on the profit after extraordinary item. The extraordinary items consists of waiver if interest on onetime settlement of dues with banks to the extent of Rs.45.73 lacs and provision no longer required written back amounting to Rs.109.01 lacs.

j) Reasons for fall/rise in PAT of the Company:

- **2005-06**

  As per the Audited Financials for the financial year ended 31/03/2006, Eltex made a Loss After Depreciation, Interest and Tax of Rs. 61.14 lacs. There were extraordinary items which consisted of Rs. 45.73 lacs for Waiver of interest on onetime settlement of dues with banks and Rs. 109.01 lacs for provisions no longer required which were written back, hence the company showed a positive EPS of Rs. 11.13 for the year ended 31/03/2006. However the Book value and Return on Networth of the company remained negative.

- **2004-05**

  The loss for the FY 2005 has increased as compared to the FY 2004 which was due to an increase in the total expenditure arising out of the inclusion of loss on sale of Assets and Bad debts written off. The company has accumulated losses amounting to Rs. 1703.16 lacs as per the financial year ended 31/03/2005. The company has a negative networth and Book Value as on 31/03/2005.

k) As the paid up capital of Eltex is below Rs.3.00 crores as on 30/03/2006, the Compliance with the requirements of Corporate Governance is not applicable. There is no dispute, pending litigation or violation under FERA or any other statutes in force as on date against Eltex.

l) Pre and Post- Offer equity shareholding pattern of the Target Company is as follows:

Shareholder's category	Shareholding & voting rights prior to the offer. (A)		Shares / voting rights agreed to be acquired which triggered off the Regulations. (B)		Shares/voting rights to be acquired in open offer (Assuming full acceptances) (C)		Share holding / voting rights after the acquisition and offer (D)	
	No.	**%**	**No.**	**%**	**No.**	**%**	**No.**	**%**
1. Promoter Group								
(a) Parties to agreement: (Sellers) Mr. V.Jagannathan Mr. R.Srinivasan	 18,28,377 300	 64.49 0.01	 - -	 - -	 - -	 - -	 - -	 - -
(b) Promoters other than (a) above	1,69,943	6.00*	-	-	-	-	-	-
Sub Total 1 (a+b)	**19,98,620**	**70.50**	**-**	**-**	**-**	**-**	**-**	**-**
2. a) Acquirer Kovilpatti Lakshmi Roller Flour Mills Ltd.	-	-	18,28,677	64.50#	5,67,000	20.00	21,26,250	75.00#
Sub Total 2	**-**	**-**	**18,28,677**	**64.50**	**5,67,000**	**20.00**	**21,26,250**	**75.00**
3. Parties to agreement other than (1) (a) & (2)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
4. Public (other than Acquirer, Parties to the Agreement and persons in promoter group)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	-
a) FIs/MFs/FIIs/ Banks, SFIs	2,250	0.08	-	-	-	-	7,08,750*	25.00
b) Others (no. of shareholders – 1137)	8,34,130	29.42	-	-	-	-		
Sub-total 4 (a + b)	**8,36,380**	**29.50**	**-**	**-**	**-**	**-**	**7,08,750**	**25.00#**
Total (1+2+3+4)	**28,35,000**	**100.00**	**18,28,677**	**64.50**	**5,67,000**	**20.00**	**28,35,000**	**100.00**

∗ The shareholding of remaining erstwhile entities forming part of promoters (6.00%) has been included in the public category after the proposed open offer. The Acquirer will hold 75.00% (assuming full acceptance) of the post Offer equity share capital of Eltex.

As per clause 5 of the acquisition agreement dated 01/12/2005 it has been agreed that in case of the public share holding being reduced to a level below the limit specified in the Listing Agreement, pursuant to the Open Offer, the Acquirer will acquire only such number of shares under the agreement so as to maintain the minimum specified public shareholding in Eltex.

m) Eltex has designated Sri. R.Srinivasan as the Compliance Officer, the details of which are given below:

Sri. R. Srinivasan
Director
Eltex Super Castings Ltd.
Perianaickenpalayam,
Coimbatore - 641 020

6. OFFER PRICE

Justification of Offer Price:

a) The equity shares of Eltex are listed on The Madras Stock Exchange Ltd. (MSE) and Coimbatore Stock Exchange Ltd. (CoSE). The equity shares of the Company have not been traded on either of the stock exchanges for the past six months. The equity shares were last traded on 31/03/1997 on the Madras Stock Exchange at a price of Rs.24/- per share.

Name of stock exchange	Total Shares traded during the 6 calendar months prior to the month in which the public announcement was made	Total no. of listed Shares	Annualized Trading turnover (in terms of % to total listed shares)
MSE	Not Traded	28,35,000	-
CoSE	Not Traded	28,35,000	-

b) The equity shares of Eltex are therefore infrequently traded on MSE and CoSE in terms of Explanation (i) to Regulation 20(5) of the Regulations. The offer price of Re.1.00 per share, has been determined as per Regulation 20(5) of the Regulations taking into account the following factors:

a.	Negotiated price under the agreement	:	Re.1/-
b.	Highest price paid by the Acquirer for acquisitions including by way of allotment in a public or rights issue, if any, during the twenty-six weeks period prior to the date of Public Announcement.	:	Not Applicable
c.	Other Parameters	:	Based on certified figures for six months ended 31/03/2006
	Return on Networth (RONW) (%)	:	(23.93)
	Book Value(Rs.)	:	(46.50)
	Earning Per Share (EPS)(Rs.)	:	11.13*

Note: Figures in the bracket indicate negative figures. Since the profit after tax is negative PE ratio is not relevant.

∗ is calculated on the profit after extraordinary item. The extraordinary items consists of waiver if interest on onetime settlement of dues with banks to the extent of Rs.45.73 lacs and provision no longer required written back amounting to Rs.109.01 lacs

c) Based on the audited accounts ended 31/03/2006, the company has reported a negative RONW and Book Value (BV). The offer price of Re.1.00 per share is more than the book value of the equity shares as on 31/03/2006. Further the Offer Price is same as the price at which the Acquirer has agreed to acquire 64.50% of the paid-up equity share capital of Eltex.

Taking into account all the above factors an offer price of Re.1/- per equity share is justified. The offer price shall not be less than the highest price paid by the Acquirer for any acquisition of shares of Eltex from the date of Public Announcement upto 7 working days prior to the closure of the offer.

7. FINANCIAL ARRANGEMENT

a) Assuming full acceptance, the total monetary value of the offer would be Rs. 5.67 lacs. The Acquirer has opened an Escrow Account in the form of a fixed deposit with UTI Bank, Nariman Point Branch, Mumbai, in favour of the Manager to the Offer for an amount of Rs. 5.67 lacs being 100% of the total monetary value of the offer. Acquirer has empowered the Manager to the Offer to realize the value of the aforesaid Escrow Account in terms of the Regulation 28(5).

b) The financial obligation under the offer is being fulfilled through internal resources of the Acquirer and will not be through any bank/financial institution.

c) As per the certificate dated 14/12/2005 issued by P. Marimuthu, Chartered Accountants, having their office at 174-E/19, Nellai Lodge, Tirunelveli – 1 (Membership No. 5770, Tel. No. (0462) 338576), Kovilpatti has sufficient means to fulfill all the obligations under SEBI (Substaintial Acquisition of Shares and Takeover) Regulations, 1997 in respect of acquisition of shares of Eltex.

d) In view of this, the Manager to the Offer is satisfied about the ability of the Acquirer to implement the offer as firm financial arrangement through verifiable means are in place to fulfill the offer obligation.

8. TERMS AND CONDITIONS OF THE OFFER

a) There are no equity shares of Eltex under lock-in.

b) The equity shares of Eltex are available only in physical form, the market lot of the shares is 50 (Fifty) and the equity shares are not in dematerialized form.

c) **Eligibility for accepting the Offer:** The Letter of Offer specifying the detailed terms and conditions of this offer together with Form of Acceptance cum Acknowledgement and Form of Withdrawal will be mailed to the equity shareholders of Eltex (other than Sellers and Acquirer) whose names appear on the Register of Members of Eltex, at the close of business hours on 31/12/2005 (referred to as “the Specified Date”). The parties to agreement are not eligible along with sellers and acquirer to participate in the offer.

d) **Statutory Approvals:** There are no approvals, statutory or otherwise, required under the Companies Act 1956, Monopolies and Restrictive Trade Practices Act, 1969, the Foreign Exchange Management Act, 1999 and /or any other applicable laws. The Board of Directors of Kovilpatti in their meeting held on 01/12/2005 have agreed and resolved to acquire substantial stake in Eltex through an agreement. Kovilpatti is an existing profit making company enjoying credit facilities from some of the Banks/ Financial Institutions. As per the standard clause of loan agreement with these Banks/ Financial Institutions a No Objection from them is required for acquisition. Kovilpatti had approached them and has obtained their No Objection for the said acquisition.

e) Subject to the conditions governing this Offer as mentioned herein, the acceptance of this offer by the equity shareholders of Eltex must be absolute and unqualified. Any acceptance to this offer which is conditional and incomplete in any respect will be rejected without assigning any reason whatsoever.

9. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT.

9.1 Procedure for accepting the offer by eligible persons

The equity shareholders of Eltex who qualify and who wish to avail of this Offer (hereinafter referred to as “Acceptor”) will have to deliver the relevant documents as mentioned at point (a) or (b) below as applicable to the Registrar to the Offer, Intime Spectrum Registry Limited at the address mentioned below:

Details of the Registrar	Timings	Mode of Delivery
INTIME SPECTRUM REGISTRY LTD C-13, Pannalal Silk mills compound, L.B.S Marg, Bhandup (W), Mumbai – 400 078 Tel.: (022) 5555 5491 Fax: (022) 5555 5499 Email : klrf@intimespectrum.com	All working days i.e; other than Sundays and public holidays. between 10.30 am to 4.30 pm	Hand delivery or through Registered Post

a) Registered equity shareholders should enclose:

i. Form of acceptance cum acknowledgement duly completed and signed in accordance with the instructions contained therein, by all equity shareholders whose name appears on the share certificates.
ii. Original share certificate(s).
iii. Valid share transfer form(s) duly signed as transferors by all registered equity shareholders (in case of joint holdings), in the same order and as per the specimen signatures registered with Eltex and duly witnessed at the appropriate place.

b) Unregistered owners of equity shares should enclose:

i. Form of acceptance cum acknowledgement duly completed and signed in accordance with the instructions contained therein.
ii. Original share certificate(s).

iii. Original broker contract note of a registered broker of a recognized stock exchange.

iv. Valid share transfer form(s) as received from the market. The details of the buyer should be left blank. If the details of the buyer are filled in, the tender will not be valid under the offer. Acquirer's name will be subsequently filled in upon verifying the validity of the share transfer form.

v. No indemnity is needed from unregistered equity shareholders.

NO DOCUMENT SHOULD BE SENT TO THE MANAGER TO THE OFFER, ACQUIRER OR TO THE TARGET COMPANY

9.2 OFFER PERIOD

a) Offer period is the period between the date of Public announcement and the date of completion of offer formalities relating to the offer.

b) This Offer will remain open on all working days (i.e. excluding Sunday and Public Holidays) between 15/07/2006 to 03/08/2006 (both days inclusive). The equity shareholders of Eltex who wish to avail of this offer shall be required to send their acceptance in the manner stated above so as to reach the Registrar to the Offer on or before 03/08/2006.

c) The form of acceptance along with the Share Certificate(s) and other documents delivered shall become acceptance on the part of the shareholder, but will become a fully valid and binding contract between shareholder and Acquirer only upon the fulfillment of all conditions mentioned herein.

d) On fulfillment of the conditions herein mentioned, the Acquirer will pay the Offer price by crossed Account Payee Pay Orders/ Demand Drafts which will be sent by Registered Post to the equity shareholders of Eltex, whose acceptance to the offer are accepted by the Acquirer, at the address registered with the Company. The Pay Orders/ Demand Drafts will be drawn in the name of first named shareholder in case of joint shareholding. In case of unregistered owners of the shares, payment will be made as per mandate given by such owner. The unregistered owner may give a mandate for drawing the pay order / demand draft in the name of the person whose bank details may be furnished by him in the Form of Acceptance for incorporating in the Pay Order / Demand Draft.

e) In case the aggregate of the valid responses to the offer exceeds offer size, then the Acquirer shall accept the valid applications received on a proportionate basis in accordance with Regulation 21 (6) of the Regulations.

9.3 WITHDRAWAL OPTION

a) The equity shareholders, who are desirous of withdrawing their acceptances tendered in the offer, can do so upto three working days prior to the date of the closure of the offer i.e. on or before 28/07/2006. The withdrawal option can be exercised by submitting the 'Form of Withdrawal' (separately enclosed with Letter of Offer) to the Registrar to the Offer, Intime Spectrum Registry Limited so as to reach them on or before 28/07/2006.

b) In case of non-receipt of 'Form of withdrawal', the withdrawal option can be exercised by making an application on plain paper mentioning Name, Address, distinctive numbers, folio nos., number of shares tendered/withdrawn.

c) The form of Withdrawal can also be downloaded from SEBI's website www.sebi.gov.in or obtained from the Manager/ Registrar to the Offer.

9.4 Procedure for acceptance of the offer by the equity shareholders who do not receive the Letter of Offer and procedure for settlement

In case of non-receipt of the Letter of Offer, the equity shareholders or unregistered equity shareholders who wish to accept the offer should communicate their acceptance in writing on a plain paper stating the name, address, no. of shares held, distinctive numbers, folio number, no. of shares offered to the Registrar to the Offer together with relevant share certificate(s), the transfer deed(s) and the original contract note issued by share broker of a recognized stock exchange through whom they acquired the equity shares before the closure of the Offer, i.e.03/08/2006. Such equity shareholders may also download a copy of the form of acceptance cum acknowledgement from SEBI's website at www.sebi.gov.in and use the same.

9.5 GENERAL

a) Acquirer can revise the price upwards upto seven working days prior to closure of the offer i.e; upto 24/07/2006 and revision if any in the offer price would appear in the same newspapers where the Public Announcement has appeared. The same price would be paid to all shareholders who tender their shares in the offer.

b) Shareholders may note that if there is a competitive bid, the public offers under all the subsisting bids shall close on the same date. As the offer price can not be revised during 7 working days prior to the closing date of the offers / bids, it would, therefore, be in the interest of shareholders to wait till the commencement of that period to know the final offer price of each bid and tender their acceptance accordingly.

c) For any queries regarding the Offer the shareholders / applicants may contact the Registrar to the Offer at the address mentioned on the cover page of this Letter of Offer.

d) The share certificates will be held in trust by the Registrar to the Offer till the Acquirer completes the offer obligations in terms of the Regulations.

e) Acquirer shall acquire the equity shares from the shareholders of the Company who have validly tendered the equity shares under the Offer (i.e. equity shares and other documents are in order in accordance with the terms of the Offer) and remit the consideration in respect thereof on or before 18/08//2006 in cash by Account Payee Pay Order / Demand Draft. Any delay will attract interest in terms of Regulation 22(12) of SEBI (SAST) Regulations 1997. The information as to whether the equity shares tendered by them have been accepted (in full or in part) or rejected and consideration payable would be sent by Registered Post.

f) The unaccepted shares/documents will be returned to the shareholders by Registered Post.

g) Pursuant to the Regulation 13, the Acquirer has appointed Keynote Corporate Services Ltd. as the Manager to the Offer.

h) Keynote Corporate Services Limited, the Manager to the Offer, does not hold any equity shares of Eltex. Manager to the offer has undertaken not to deal in the equity shares of Eltex upto a period of fifteen days after closure of the offer.

i) Acquirer accepts full responsibility for the information contained in this Letter of Offer and also for the obligations of Acquirer as laid down in the Regulations.

10. DOCUMENTS FOR INSPECTION

The following documents are regarded as material documents and are available for inspection at the Registered office of the Acquirer i.e. being Kovilpatti Lakshmi Roller Flour Mills Limited to the Offer from 11.00 a.m. to 3.00 p.m. on any working day until the Offer closes.

1. Copy of Agreement dated 01/12/2005 between Acquirer and the Sellers in respect of the proposed acquisition.
2. Copy of Memorandum of Understanding dated 02/12/2005 between Keynote Corporate Services Ltd., Manager to the Offer and Acquirer.
3. Copy of Memorandum of Understanding dated 02/12/2005 between Intime Spectrum Registry Ltd., Registrar to the Offer and Acquirer.
4. Memorandum and Articles of Association of Eltex.
5. Copies of Annual Report of Eltex for the financial years 2003-04, 2004-05 and certified financials for the Financial Year 2005-06.
6. Copy of shareholding pattern of Eltex
7. Copy of resolution dated 01/12/2005 passed at the board meeting of Kovilpatti regarding acquisition of equity shares of Eltex.
8. Memorandum and Articles of Association of Kovilpatti
9. Copy of shareholding pattern of Kovilpatti

10. Details of Board of Directors of Kovilpatti
11. Copies of Annual Report of Kovilpatti for the financial years 2003-04, 2004-05 and 2005-06.
12. Copy of Networth certificate dated 03/07/2006 issued by P Marimuthu, Chartered Accountant and Statutory auditor of Kovilpatti
13. Copies of undertaking from Acquirer & Target Company.
14. Copy of Public Announcement as published in the newspaper on 03/12/2005.
15. Copy of Fixed Deposit Receipt for Rs.5.67 lacs issued by the UTI bank, Nariman Point Branch, Mumbai in terms of the Escrow requirements.
16. Report on the technical feasibility study of Eltex Super Castings Ltd. prepared by Mr. K. A. Neelakantan, M.Tech, M.B.A.,Foundry Consultant
17. Report on the industry segment by Deloitte Haskins & Sells.
18. BIFR Order dated 14/06/2004, 27/03/2006 and other related correspondence in the matter of Eltex.
19. Stay Order dated 09/07/2004 from the Hon'ble High Court of Madras against the BIFR Order.
20. Order from the Hon'ble High Court of Madras dated 20/06/2006 vacating the Stay Order dated 14/06/2004.
21. Copy of letter No. CFD/DCR/NM/TO/70595/06 dated 30/06/2006 received from Securities and Exchange Board of India in terms of provisions of Regulation 18(2) of the Regulations.

12. DECLARATION BY THE ACQUIRER

The Board of Directors of the Acquirer accept full responsibility for the information contained in the Public Announcement and Letter of Offer and will be responsible for ensuring compliance with the obligations of Acquirer as laid down in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto.

For and on behalf of Kovilpatti Lakshmi Roller Flour Mills Limited
Sd/-
Managing Director

Place: Gangaikondan
Date: 06/07/2006

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

(Please send this form with enclosures to the Registrars to the Offer at their address given overleaf)

FORM OF ACCEPTANCE - CUM – ACKNOWLEDGEMENT

OFFER
OPENS ON: SATURDAY, JULY 15, 2006
CLOSES ON : THURSDAY, AUGUST 03, 2006

From:

Tel No. Fax No.: E-mail:

To,
Intime Spectrum Registry Limited
C-13, Pannalal Silk mills compound,
L.B.S Marg,
Bhandup (W),
Mumbai – 400 078

Sub : Open offer to acquire upto 5,67,000 equity shares of Re. 1/- each representing 20% of the paid up capital of Eltex Super Castings Limited (Eltex) by Kovilpatti Lakshmi Roller Flour Mills Ltd. ('Acquirer') in terms of SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 1997.

Dear Sir,
I/We refer to the Letter of Offer dated 06/07/2006 for acquiring the equity shares held by me/us in Eltex Super Castings Limited (Eltex).
I/We, the undersigned, have read the Letter of Offer and understood its contents including the terms and conditions as mentioned therein.
I/We accept the Offer and enclose the original share certificate(s) and duly signed transfer deed(s) in respect of my/our shares as detailed below:

Sr. No.	**Certificate No.**	**Distinctive No(s)**		**No. of Shares**
		From	**To**	
(In case the space provided is inadequate, please attach a separate sheet with the details)			**Total number of equity shares**	

I/We note and understand that the original share certificate(s) and valid share transfer deed will be held in trust for me/us by the Registrar to the offer until the time the Acquirer pays the purchase consideration as mentioned in the Letter of Offer. I/We also note and understand that the Acquirer will pay the purchase consideration only after verification of the documents and signatures.
I/We authorise the Acquirer to accept the shares so offered which it may decide to accept in consultation with the Manager to the Offer and in terms of the Letter of Offer and
I/We authorise the Acquirer or the Manager to the Offer to send by registered post the draft/cheque, in settlement of the amount to the sole/first holder at the address mentioned below.

Address of First/Sole Shareholder

____

____

Note: Incase of joint holdings, all holders must sign. A corporation must affix its common seal.
So as to avoid fraudulent encashment in transit, the shareholder(s) may provide details of bank account of the first/sole shareholder and the consideration cheque or demand draft will be drawn accordingly.

Name of the Bank____Branch____
Account Number _____________________________ Savings/Current/Others (please specify) ____

Yours faithfully,

	FULL NAME(S)	**SIGNATURE(S)**
First/Sole Shareholder		
Second Shareholder		
Third Shareholder		

Signed and Delivered:
Place: Date:

--**TEAR HERE**--

Folio No.: Sr. No.: **(Acknowledgement Slip)**

Intime Spectrum Registry Limited
Unit : Eltex Super Castings Limited
C-13, Pannalal Silk mills compound, L.B.S Marg, Bhandup (W), Mumbai – 400 078

Received from Mr./Ms. ____

Address ____

Form of acceptance cum acknowledgement, # ___________________ Number of Share Certificates for _________________ shares/# Copy of Delivery Instruction Slip to (DP) for __________shares.

Delete whichever is not applicable.

Signature of Official and Date of Receipt	Stamp of collection centre

PLEASE USE THIS FORM ONLY IF YOU HAVE TENDERED THE SHARES AND WISH TO WITHDRAW YOUR APPLICATION

FORM OF WITHDRAWAL

You have an 'OPTION TO WITHDRAW' the acceptance tendered in response to the offer any time upto three working days prior to the date of closure of offer i.e. on or before Friday, 28/07/2006. In case you wish to withdraw your acceptance please use this form.

OFFER
OPENS ON: SATURDAY, JULY 15, 2006
CLOSES ON : THURSDAY, AUGUST 03, 2006
LAST DATE OF WITHDRAWAL : FRIDAY JULY 28, 2006

From:

Tel No. Fax No.: E-mail:

To,
Intime Spectrum Registry Limited
C-13, Pannalal Silk mills compound,
L.B.S Marg,
Bhandup (W),
Mumbai – 400 078

Sub : Open offer to acquire upto 5,67,000 equity shares of Re. 1/- each representing 20% of the paid up capital of Eltex Super Castings Limited (Eltex) by Kovilpatti Lakshmi Roller Flour Mills Ltd. ('Acquirer') in terms of SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 1997.

Dear Sir,

I/We refer to the Letter of Offer dated 06/07/2006 for acquiring the equity shares held by me/us in Eltex Super Castings Limited (Eltex).
I/We, the undersigned, have read the Letter of Offer and understood its contents including the terms and conditions as mentioned therein.
I/We wish to withdraw our acceptance tendered in response to the said offer. We had deposited/sent our 'Form of Acceptance' to you on __________ alongwith original share certificate(s) and duly signed transfer deed(s) in respect of my/our shares as detailed below: **(Please enclose the Xerox copy of Acknowledgement received for 'Form of Acceptance')**

Sr. No.	**Certificate No.**	**Distinctive No(s)**		No. of Shares
		From	**To**	
(In case the space provided is inadequate, please attach a separate sheet with the details)			**Total number of equity shares**	

I/We note and understand the terms of withdrawal of acceptance and request you to return the original share certificate(s) and valid share transfer deed and **authorize you not to remit** the consideration as mentioned in the Letter of Offer.

I/We authorise the Acquirer to reject the shares so offered which it may decide in consultation with Manager to the Offer and in terms of the Letter of Offer and,
I/We authorise the Acquirer or the Registrar to the Offer to send by registered post the original share certificate(s), transfer deed(s) and other documents tendered by me/us to the sole/first holder at the address mentioned below:

Address of First/Sole Shareholder

____

____

Yours faithfully,

	FULL NAME(S)	**SIGNATURE(S)**
First/Sole Shareholder		
Second Shareholder		
Third Shareholder		

Signed:

Place: Date:

Note: Incase of joint holdings, all holders must sign. A corporation must affix its common seal.

---**TEAR HERE**---

Folio No.: Sr. No.: **(Acknowledgement Slip)**

Intime Spectrum Registry Limited
Unit : Eltex Super Castings Limited
C-13, Pannalal Silk mills compound, L.B.S Marg, Bhandup (W), Mumbai – 400 078

Received from Mr./Ms. ______________________________

Address ______________________________

Form of withdrawal in respect of __________ Number of Share Certificates representing _________ number of shares.

Signature of Official and Date of Receipt	Stamp of Registrar to the Offer