PUBLIC ANNOUNCEMENT TO THE EQUITY SHAREHOLDERS OF ELTEX SUPER CASTINGS LIMITED

Regd. Office: Periyanaickenpalayam, Coimbatore – 641 020

This Public Announcement is being issued by Keynote Corporate Services Limited (hereinafter referred to as the **"Manager to the Offer"**), on behalf of Kovilpatti Lakshmi Roller Flour Mills Ltd. (**"Acquirer"**) pursuant to Regulation 10 read with Regulation 12 of the Securities and Exchange Board of India (Substantial Acquisition of Shares & Takeovers) Regulations, 1997 [SEBI (SAST) Regulations, 1997] & subsequent amendments thereto (hereinafter referred to as the **"Regulations"**).

ACQUISITION OF EQUITY SHARES OF ELTEX SUPER CASTINGS LIMITED AND OFFER TO ITS SHAREHOLDERS

I. Background of the Offer

Kovilpatti Lakshmi Roller Flour Mills Ltd., having its registered office at 75/8, Benares Cape Road, Gangaikondan – 627 352 (hereinafter referred to as **"Kovilpatti"/"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 Seller	No. of Equity Shares agreed to be acquired	% of the paid up equity capital of the target company
Kovilpatti Lakshmi Roller Flour Mills Ltd.	Mr. V. Jaganathan	18,28,377	64.49
	Mr. R. Srinivasan	300	0.01
Total		**18,28,677**	**64.50**

II. The Offer

a) Pursuant to the aforesaid Agreement provisions of Regulation 10 read with Regulation 12 of the Regulations have been attracted. The Acquirer hereby announces 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 "Sellers & other persons in the promoter group, parties to the agreement") 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"**).

b) 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.

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

d) 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/- 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 audited accounts ended 31/03/2005	Based on provisional figures for six months ended 30/09/2005
	Return on Networth(%)	:	–	–
	Book Value(Rs.)	:	(43.10)	(44.08)
	Earning Per Share (EPS)(Rs.)	:	(3.66)	(0.84)

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

The equity shares were last traded on 31.03.1997 on the Madras Stock Exchange at a price of Rs.24/- per share. The offer price of Re.1.00 per share is more than the book value of the equity shares as on 30/09/2005 and is also equal to the price at which the Acquirer has agreed to acquire 64.50% of the paid-up capital of Eltex. Thus the offer price of Re. 1.00 per share is justified.

e) As on the date of the public announcement the Acquirer does not hold any equity shares of Eltex except those agreed to be acquired in terms of the Agreement disclosed under point (I).

f) The Acquirer/PAC and Eltex are not included in the list of persons / entities debarred from accessing the capital market under Section 11 B of the SEBI Act, 1992 or under any other Regulation.

III. Information on the Acquirer

a) Kovilpatti Lakshmi Roller Flour Mills Ltd. **(Kovilpatti)** was incorporated as on 16/12/1961 as a Private Ltd. 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 (who was also the promoter of Eltex) 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 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 equity shares of Kovilpatti are not traded on MSE & CoSE. The last traded price of the equity shares of Kovilpatti on BSE is Rs. 82.55 (as on 30/11/2005).

c) As per audited results for the year ended on 31/03/2005 the Company reported a profit of Rs. 181.80 lacs on a turnover of Rs. 9565.00 lacs. The Net Worth of Kovilpatti as on 31/03/2005 was Rs. 1158.66 lacs. The Book Value, EPS and Return on Networth are Rs. 55.37, Rs. 8.69 and 15.69% respectively. As per the unaudited financial results declared by Kovilpatti for half year ended 30/09/2005 the turnover was Rs. 4706.28 lacs & PAT was Rs. 162.59 lacs.

d) The Board of Directors of Kovilpatti comprises of Mr. K. Selvaraj, Mr. N.V. Srinivasan, Mr. S. Vardaraj, Mr. K. Gnanasekaran, Mrs. J. Chandrakanthi (Vice Chairman), Mr, Suresh Jagannthan (Managing Director), Mr. V. N. Jayaprakasam, Mr. S. Govindan and Dr. R. Sethumadhavan.

e) The Company has been complying with the provisions of the listing agreement entered into with the Stock Exchanges and is complying with the provisions of Chapter II of the SEBI (SAST) Regulations, 1997.

IV. Information on Eltex / Target Company

a) Eltex 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. Eltex was originally promoted by Mr. V. Jagannathan

b) Eltex was engaged in the manufacturing of Grey Iron, SG Iron and Alloy Iron Castings. The company had two units 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. The Company 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 has passed an order on 16/06/2004 for the change of management and Eltex has obtained a stay order from Madras High Court on 09/07/2004.

c) 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. The equity shares of Eltex are listed on MSE and CoSE. The equity shares are infrequently traded on these exchanges in terms of Explanation (i) to Regulation 20(5).

d) As per the audited financials for the year ended 31/03/2005, Eltex has reported a loss of Rs.103.66 lacs and reported a total income of Rs. 35.45 lacs. The said income is mainly on account of profit arising from sale of assets. The company has accumulated losses amounting to Rs. 1703.16 lacs. The company has a negative networth and Book Value as on 31/03/2005. As per the unaudited financials for the half year ended 30/09/2005 the company has reported a loss of Rs. 23.92 lacs.

e) 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 except that the Company has sold its Unit II for a consideration of Rs. 147 lacs since the same was lying idle for the past many years.

f) The Company has been complying with the provisions of the listing agreement entered into with the Stock Exchanges and is complying with the provisions of Chapter II of the SEBI (SAST) Regulations, 1997.

V. Rationale for the Acquisition and Offer

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 31/03/2005 is Rs.95.65 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 of Grey Iron, SG Iron and Alloy Iron Castings. The acquisition will go a long way in strengthening the Engineering Division of the company and Kovilpatti will establish itself into foundry business.

Kovilpatti proposes to invest in Eltex to revive the operations. The management of the Kovilpatti is confident that with acquisition of foundry business, the Engineering Division of the company will emerge as a separate profit centre. A viability study is conducted with regard to the capacities available, conditions of the infrastructure, adequacy of the infrastructure and investments required with regard to balancing equipment to commence operations. 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 through present promoters has attracted provisions of Regulation 10 read with Regulation 12 of the Regulations.

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.

VI. Statutory Approvals and Conditions of the Acquisition and the Offer

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 will approach them for obtaining their no objection for the said acquisition.

VII. Delisting option to Eltex

Pursuant to this offer the provisions of Regulation 21(3) of the SEBI (SAST) Regulations 1997 are not attracted.

VIII. Financial Arrangements

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(7).

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) 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.

IX. Other Terms of the Offer

a) 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 & other persons in the promoter group, parties to the agreement) whose names appears on the Register of Members of Eltex, at the close of business hours on 31/12/2005 (hereinafter referred to as "the Specified Date".)

b) Shareholders who wish to tender their Equity Shares will be required to send the Form of Acceptance cum Acknowledgement, original Share Certificate(s) and transfer deed(s), duly signed, to the Registrar to the Offer, Intime Spectrum Registry Ltd., (the **"Registrar to the Offer"**) on or before the date of Closure of the Offer, i.e. 13/02/2006, in accordance with the instructions to be specified in the Letter of Offer and in the Form of Acceptance cum Acknowledgement at the address mentioned below:

INTIME SPECTRUM REGISTRY LIMITED
C-13, Pannalal Silk mills compound, L.B.S Marg, Bhandup (W),
Mumbai – 400 078 Tel.: (022) 5555 5454 Fax: (022) 5555 5353
Email : klrf@intimespectrum.com
Contact Person : Mr. Vishwas Attavar

The documents can be sent either by registered post or hand delivery to the Registrar to the offer at the address mentioned above during business hours on all week days (other than Sundays and Public Holidays) so as to reach the Registrar to the offer on or before 13/02/2006.

c) All shareholders who own the equity shares of Eltex anytime before the closure of the offer are eligible to participate in the offer. Unregistered owners can send their application in writing to the Registrar to the Offer, on a plain paper stating the Name, Address, No. of Shares held, No. of Shares offered, Distinctive Nos., Folio No., together with the original Share Certificate(s), valid transfer deeds and the original contract note issued by the broker through whom they acquired their Shares. No indemnity is required from the unregistered owners.

d) In case of non-receipt of the Letter of Offer, the eligible persons may send their application to the Registrar to the Offer, on a plain paper stating the Name, Address, No. of Shares held, Distinctive Nos., Folio No., No. of Shares offered, bank account no. along with documents as mentioned above, so as to reach the Registrar to the Offer on or before the Closure of the Offer. Such shareholders may also obtain a copy of the 'Letter of Offer' from the Registrar to the Offer on providing suitable documentary evidence to that effect or download the Form of Acceptance cum Acknowledgement from the website of SEBI at www.sebi.gov.in.

e) Subject to the conditions governing the Offer as mentioned in the Letter of Offer, the acceptance of this Offer by 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.

f) The Registrar to the Offer will hold in trust the Share Certificates, Form of Acceptance cum Acknowledgement, if any, and the transfer form/s on behalf of the shareholders of Eltex who have accepted the Offer, till the drafts / pay orders for the consideration and/ or the unaccepted share certificates are dispatched/ returned. Equity Shares not accepted under the offer will be sent to the shareholders/applicants at their own risk by registered post.

g) Payment to those shareholders whose share certificates and / or other documents are found valid and in order will be made by way of crossed account payee demand draft/pay order. Unaccepted Share Certificates, transfer forms and other documents, if any, will be returned by Registered Post at the shareholders'/unregistered owners' sole risk to the sole / first shareholder.

h) A tentative schedule of activities in respect of the Offer is given below:

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

X. Withdrawal Option

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 07/02/2006. The withdrawal option can be exercised by submitting the 'Form of Withdrawal' (separately enclosed with Letter of Offer) to the Registrar to the Offer, so as to reach them on or before 07/02/2006.

In case of non-receipt of 'Form of withdrawal', the withdrawal option can be exercised by making an application on plain paper along with the details such as name, address, distinctive numbers, folio numbers, number of shares tendered, date of tender.

XI. General

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

b) **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 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) The equity shares of Eltex are not available in dematerialised mode.

d) 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. The equity shares of Eltex are being traded in physical mode and the market lot of the shares is 50 (Fifty).

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 27/02/2006 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) Pursuant to the Regulation 13, the Acquirer has appointed Keynote Corporate Services Ltd. as the Manager to the Offer.

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

h) For any queries regarding the Offer the shareholders / applicants may contact the Registrar to the Offer at the address mentioned in IX b) of this Public Announcement.

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

The Public announcement will become available on SEBI website www.sebi.gov.in. Eligible persons to the Offer may also download a copy of Letter of Offer, Form of Acceptance cum Acknowledgement and Form of Withdrawal which will also be available on SEBI's website from the offer opening date i.e. 25/01/2006 and apply in the same.

Issued by Manager to the Offer on behalf of the Acquirer :

KEYNOTE
CORPORATE SERVICES LIMITED

307, Regent Chambers, Nariman Point, Mumbai - 400 021.Tel.: (022) 2202 5230
Fax : (022) 2283 5467E-mail : mbd@keynoteindia.net
SEBI Regn.: INM000003606AMBI Regn. No.AMBI/040
Name of the contact person : Janardhan Wagle

Place : Gangaikondan
Date : 02/12/2005