# LETTER OF OFFER

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

This Letter of Offer is sent to you as a Shareholder of Indo Tech Transformers Limited. If you require any clarifications about the action to be taken, you may consult your stockbroker or investment consultant or the Manager to the Offer / Registrar to the Offer. In case you have recently sold your Shares in Indo Tech Transformers Limited, please hand over this Letter of Offer and the accompanying Form of Acceptance cum Acknowledgement, Form of Withdrawal and Transfer Deed (applicable for Shareholders holding Shares in physical form) to the member of the stock exchange through whom the said sale was effected.

**PROLEC-GE INTERNACIONAL, S. DE R.L. DE C.V. ("Acquirer")**

Registered Office: Blvd. Presidente Carlos Salinas Km. 9.25, Apodaca, Nuevo Leon, Mexico

Tel : +52 (81) 8040 6615; Fax : +52 (81) 8040 6618

**MAKE A CASH OFFER AT RS. 406 PER SHARE TO ACQUIRE**

21,24,000 Shares representing 20% of the Equity Capital of

**Indo Tech Transformers** ("**Target Company**")

Registered office: DP: 36, SIDCO Industrial Estate, Thirumazhisai, Chennai, 602107, India

Tel: 91 44 3028 9830; Fax: +91 44 3028 9874

**Pursuant to Regulations 10 and 12 of**

**the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997**

Notes:

- This is not a competitive bid.
- This Offer is being made by the Acquirer to the Shareholders pursuant to, and in accordance with, the provisions of Regulations 10 and 12 of the SEBI (SAST) Regulations.
- The Offer is not subject to a minimum level of acceptance by the Shareholders.
- Approvals of the RBI for acquisition of the Sale Shares by way of a Block deal in terms of the SPA and the acquisition of Shares under this Offer have been received under the FEMA and the rules and regulations issued thereunder. However, as detailed in paragraph 1 (ii) herein, the Acquirer does not intend to acquire the Sale Shares by way of a Block Deal and will acquire the same by way of an "off-market" transaction.
- There are no other statutory approvals required to implement the Offer, other than those contemplated above.
- The Acquirer does not require any approvals from financial institutions or banks for the Offer.
- Shareholders who accept the Offer by tendering the requisite documents in terms of the Public Announcement / Letter of Offer can withdraw the same up to three (3) Working Days prior to the date of closure of the Offer (i.e. not later than April 20, 2009) in terms of Regulation 22(5A) of the SEBI (SAST) Regulations.
- The Acquirer can revise the Offer Price upwards up to seven (7) Working Days prior to the date of closure of the Offer (viz. April 13, 2009). If there is any upward revision in the Offer Price by the Acquirer or if the Offer is withdrawn in terms of Regulation 27 of the SEBI (SAST) Regulations, the same would be communicated by a public announcement in the same newspapers where the original Public Announcement appeared. The Acquirer would pay such revised price for all the Shares validly tendered any time during the Offer and accepted under the Offer.
- **Since the Offer Price cannot be revised during seven (7) Working Days prior to the closing date of the Offer, it would, therefore, be in the interest of Shareholders to wait until the commencement of that period to know the final offer price and tender their acceptance accordingly.**
- **There has been no competitive bid to this Offer.**
- Form of Acceptance cum Acknowledgement, Form of Withdrawal and Transfer Deed (applicable for Shareholders holding Shares in physical form) are also enclosed with this Letter of Offer.
- A copy of the Public Announcement and the Letter of Offer (including the Form of Acceptance cum Acknowledgment) will be available on SEBI's website (www.sebi.gov.in).

| MANAGER TO THE OFFER | REGISTRAR TO THE OFFER |
|---|---|
| **CITIGROUP GLOBAL MARKETS INDIA PRIVATE LIMITED**<br>12th Floor, Bakhtawar, Nariman Point,<br>Mumbai 400 021<br>Tel: +91 22 6631 9890<br>Fax: +91 22 6646 6671<br>E-mail: indt.openoffer@citi.com<br>Website: www.citibank.co.in<br>Contact Person: Mr. Abhinav Lamba | Karvy Computershare Private Limited<br>**KARVY COMPUTERSHARE PRIVATE LIMITED**<br>Unit: Indo Tech Transformers Limited – Open offer<br>Plot No 17-24, Vithalrao Nagar,<br>Madhapur, Hyderabad 500 081<br>Tel: +91 40 2343 0815-28<br>Fax: +91 40 2343 1551<br>E-mail: indt.openoffer@karvy.com<br>Website: www.karvy.com<br>Contact Person: Mr. Murali Krishna |

**The table below summarizes the schedule of activities in relation to the Offer**

| **Activity** | **Day and Date** |
|---|---|
| Public Announcement Date | Saturday, December 6, 2008 |
| Specified Date* | Friday, December 19, 2008 |
| Last date for a competitive bid | Saturday, December 27, 2008 |
| Date by which Letter of Offer will be dispatched to Shareholders | Tuesday, March 31, 2009 |
| Date for opening of the Offer | Saturday, April 04, 2009 |
| Last date for revising the Offer price / number of Shares | Monday, April 13, 2009 |
| Last date for withdrawing acceptance from the Offer | Monday, April 20, 2009 |
| Closure of the Offer | Thursday, April 23, 2009 |
| Last date of communicating rejection / acceptance and payment of consideration for applications accepted and for dispatch of share certificates for the rejected Shares or for credit of unaccepted demat Shares | Friday, May 08, 2009 |

** Specified Date is the date for determining the names of the Shareholders to whom the Letter of Offer would be sent, being all Shareholders whose names appear on the register of members of the Target Company and as regards the beneficial owners of the dematerialized Shares, whose names appear as beneficiaries on the records of the respective depositories, at the close of business on Friday, December 19, 2008*.

## RISK FACTORS

- Approvals of the RBI for acquisition of the Sale Shares by way of a Block deal in terms of the SPA and the acquisition of Shares under this Offer have been received under the FEMA and the rules and regulations issued thereunder. However, as detailed in paragraph 1 (ii) herein, the Acquirer does not intend to acquire the Sale Shares by way of a Block Deal and will acquire the same by way of an "off-market" transaction.
- The Acquirer will have the right not to proceed with the Offer in terms of Regulation 27 of the SEBI (SAST) Regulations in the event that any of the requisite statutory approval(s) are refused.
- In the event of regulatory approvals not being received in a timely manner or litigation leading to a stay on the Offer, or SEBI instructing that the Offer should not proceed, the Offer process may be delayed beyond the schedule indicated in this Letter of Offer. Consequently, the payment of consideration to the Shareholders whose Shares have been accepted in the Offer as well as the return of the Shares not accepted by the Acquirer may be delayed. In case of delay due to non-receipt of statutory approvals, as per Regulation 22(12) of the SEBI (SAST) Regulations, SEBI may, if satisfied that the non-receipt of approvals was not due to the willful default or negligence on the part of the Acquirer or failure of the Acquirer to diligently pursue the applications for such approvals, grant an extension for the purpose of the completion of the Offer, subject to the Acquirer agreeing to pay interest to the Shareholders for delay beyond fifteen days from the closure of the Offer (viz. April 23, 2009), as may be specified by SEBI from time to time.
- The Shares tendered in the Offer will be held in trust by the Registrar to the Offer until the completion of the Offer formalities, and the Shareholders will not be able to trade such Shares. During such period there may be fluctuations in the market price of the Shares. Accordingly, the Acquirer makes no assurance with respect to the market price of the Shares both during the Offer period and upon the completion of the Offer, and disclaims any responsibility with respect to any decision by any Shareholder on whether to participate or not to participate in the Offer.
- The acquisition of the Sale Shares is subject to satisfaction of certain conditions precedent as detailed in the SPA and in paragraph 2.10 of this Letter of Offer. There can be no assurance that these conditions and the other conditions to the Offer will be satisfied and the completion under the SPA be achieved.
- Certain contracts to which the Target Company is a party, may contain change of control clauses which could allow the counterparty to terminate the contracts or could lead to other adverse effects as a result of the acquisition of the Shares by the Acquirer.
- In the event of oversubscription in the Offer, the acceptance of the Shares tendered will be on a proportionate basis and will be contingent on the level of subscription.
- There is no assurance with respect to the continuation of the past trend in the financial performance of the Target Company.

The risk factors set forth above are not intended to cover a complete analysis of all risks as perceived in relation to the Offer or in association with the Acquirer, but are only indicative. They do not relate to the present or future business or operations of the Target Company or any other related matters, and are neither exhaustive nor intended to constitute a complete analysis of the risks involved in the participation by a Shareholder in the Offer. The Shareholders are advised to consult their stockbroker, investment consultant or tax advisor, if any, for further risks with respect to their participation in the Offer.

*Please refer to the section on 'Key Definitions' for the definition of the capitalized terms used above.*

## INDEX

| KEY DEFINITIONS | |
|---|---|
| Acquirer | PROLEC-GE INTERNACIONAL, S. DE R.L. DE C.V. |
| Appointed Date | Means, December 21, 2008, being the 21st day following the date of the Public Announcement |
| BSE | Bombay Stock Exchange Limited |
| Block Deal | Means sale and purchase of all or part of Block Deal Shares by way of a block deal on a recognized stock exchange |
| Block Deal Balance | Means the difference, if any, between the Purchase Price for the Block Deal Shares and the Block Deal Consideration |
| Block Deal Consideration | Means the total consideration to be paid for the Block Deal, which shall be in compliance with the law applicable to price for block deals |
| Block Deal Shares | Means the Sale Shares which are held in dematerialized form |
| CDSL | Central Depositary Services (India) Limited |
| Cash Deposit | An amount of Rs. 86,23,44,000 deposited in the Escrow Account by the Acquirer in terms of Regulation 28 of the SEBI (SAST) Regulations |
| DP | Depository Participant |
| ECS | Electronic Clearing Service |
| Equity Capital | Rs. 10,62,00,000 divided into 1,06,20,000 Shares being the total issued and the fully paid up capital of the Target Company on May 8, 2009, which is the date that is fifteen days from the closure of the Offer |
| Escrow Account | An escrow account under the name and title "Prolec-GE Open Offer Escrow" opened by the Acquirer with the Escrow Agent in terms of Regulation 28 of the SEBI (SAST) Regulations |
| Escrow Agent | Citibank N.A., Mumbai Branch located at Fort House, 4th Floor, DN Road, Mumbai |

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| Escrow Agreement | Shall mean an escrow agreement dated December 4, 2008 entered into between the Acquirer, the Escrow Agent and the Manager to the Offer |
| FEMA | Foreign Exchange Management Act, 1999 and shall include applicable rules and regulations issued there under |
| FII | Foreign Institutional Investor |
| Form of Acceptance cum Acknowledgement | Form of acceptance cum acknowledgement annexed to this Letter of Offer |
| Form of Withdrawal | Form of Withdrawal annexed to this Letter of Offer |
| GE | General Electric Company |
| Income Tax Act | Income Tax Act, 1961 |
| Information Credit Agreement | An agreement dated November 24, 2008 entered into between the Acquirer and BBVA BANCOMER, SOCIEDAD ANONIMA, INSTITUCION DE BANCA MULTIPLE, GRUPO FINANCIERO BBVA BANCOMER |
| Letter of Offer | This Letter of Offer dated March 27, 2009 |
| Manager/ Manager to the Offer | Citigroup Global Markets India Private Limited |
| Maximum Consideration | Rs. 86,23,44,000, being the total financial resources required under the Offer, assuming full acceptances |
| Mexican Peso | Official currency of Mexico |
| NEFT | National Electronic Fund Transfer |
| NRI | Non Resident Indian |
| NSDL | National Securities Depository Limited |
| NSE | The National Stock Exchange of India Limited |
| Non-Compete Agreement | A non-compete agreement dated December 4, 2008 entered into between the Acquirer and the Sellers |
| OCB | Overseas Corporate Body |

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| Observer | Means two persons, which the Acquirer is entitled to appoint as observers on the board of directors of the Target Company |
| Offer | This mandatory open offer by the Acquirer under Regulations 10 and 12 of the SEBI (SAST) Regulations to acquire 21,24,000 Shares |
| Offer Price | Rs. 406.00 per Share |
| Offer Size | 21,24,000 Shares representing 20% of the Equity Capital |
| Persons eligible to participate in the Offer | All Shareholders whose names appear in the register of Shareholders on the Specified Date and also persons who own Shares any time prior to the closure of the Offer, whether or not they are registered Shareholders (except the Acquirer and the Sellers being parties to the SPAs) |
| Public Announcement | Announcement of the Offer made by the Manager to the Offer on behalf of the Acquirer on December 6, 2008 |
| Purchase Price | Means an aggregate consideration of Rs. 234,32,79,750 to be paid in cash, towards acquisition of Sale Shares at a price of Rs. 406 per Sale Share |
| RBI | The Reserve Bank of India |
| Rs. | Indian rupee |
| Registrar/ Registrar to the Offer | Karvy Computershare Private Limited |
| SEBI | The Securities and Exchange Board of India |
| SEBI (SAST) Regulations | The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, and subsequent amendments thereto |
| SEBI Act | The Securities and Exchange Board of India Act, 1992 |
| SPA | Shall mean the share purchase agreement dated December 4, 2008 entered into by the Acquirer with the Sellers |
| Sale Shares | Shall mean 57,71,625 Shares |
| Sellers | Mr. P.E. Subramaniam, Mr. P.S. Jagdish, Mr. P.S. Shekar, Ms. |

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|---|---|
| | A.C Vijayalaksmy, Ms. Meera Jagdish, Ms. Prema Shekar and P.E Subramaniam HUF |
| Sellers' Account | The bank account of the Sellers opened with Citibank N.A., to be operated in accordance with the escrow agreement dated December 4, 2008 entered into between the Sellers, the Acquirer and Citibank N.A. |
| Share(s) | Fully paid-up equity share(s) of the Target Company, having a face value of Rs. 10 each |
| Shareholder(s) | All owners (registered or unregistered) of Shares |
| Specified Date | December 19, 2008 |
| Stock Exchanges | BSE and NSE where the Shares are listed |
| RTGS | Real Time Gross Settlement |
| Target Company | Indo Tech Transformers Limited |
| Tax Clearance Certificate | Certificate from the Income Tax authorities to be submitted by NRIs/ OCBs/ foreign Shareholders, indicating the amount of tax to be deducted by the Acquirer under the Income Tax Act, 1961 |
| Transfer Deed | Transfer Deed annexed to this Letter of Offer |
| Working Days | Working days of SEBI |
| Xignux | Xignux, S.A. de C.V. |

**CURRENCY OF PRESENTATION**

**Certain financial details quoted in Indian Rupee in this Letter of Offer are denominated in Mexican Pesos. The Indian Rupee equivalent quoted in each case is calculated in accordance with the exchange rate quoted on Bloomberg as on December 3, 2008, namely 1 Mexican Peso = Rs. 3.67. Please note that all financial data contained in this Letter of Offer has, where appropriate, been rounded off to the nearest lacs or millions except as stated otherwise.**

**DISCLAIMER CLAUSE**

IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF THE DRAFT 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 DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (SAST) REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF INDO TECH TRANSFORMERS 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 TARGET COMPANY WHOSE SHARES ARE 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 DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE MANAGER TO THE OFFER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ACQUIRER DULY DISCHARGES ITS RESPONSIBILITY ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, CITIGROUP GLOBAL MARKETS INDIA PRIVATE LIMITED, THE MANAGER TO THE OFFER, HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED DECEMBER 19, 2008 TO SEBI IN ACCORDANCE WITH THE SEBI (SAST) REGULATIONS AND SUBSEQUENT AMENDMENTS THERETO. THE FILING OF THE DRAFT 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.

**DETAILS OF THE OFFER**

**Background of the Offer**

1. This Offer is being made under Regulations 10 and 12 of the SEBI (SAST) Regulations for the purpose of a substantial acquisition of Shares and voting rights in the Target Company with change in control pursuant to the following:

   (i) On December 4, 2008, the Acquirer entered into the SPA with the Sellers, being (i) Mr. P.E. Subramaniam (holding 1,972,600 Shares representing 18.57% of the Equity Capital), (ii) Mr. P.S. Jagdish (holding 1,376,875 Shares representing 12.96% of the Equity Capital), (iii) Mr. P.S. Shekar (holding 1,336,500 Shares representing 12.58% of the Equity Capital), (iv) Ms. A.C Vijayalaksmy (holding 913,000 Shares representing 8.60% of the Equity Capital), (v) Ms. Meera Jagdish (holding 88,750 Shares representing 0.84% of the Equity Capital), (vi) Ms. Prema Shekar (holding 5,775 Shares representing 0.05% of the Equity Capital) and (vii) P.E Subramaniam HUF (holding 78,125 Shares representing 0.74% of the Equity Capital), who are the existing promoters of the Target

Company, to acquire 57,71,625 fully paid up equity shares of the face value of Rs. 10 each ("**Sale Shares**") representing approximately 54.35% of the Equity Capital of the Target Company at a price of Rs. 406 per Sale Share to be paid in cash, amounting to an aggregate consideration of Rs. 234,32,79,750 ("**Purchase Price**").

(ii) In terms of the SPA, the Sellers and the Acquirer have an option to complete the sale and purchase of all or part of such of the Sale Shares as are held in dematerialized form ("**Block Deal Shares**") by way of a block deal on a recognized stock exchange ("**Block Deal**") in accordance with the stock exchange rules governing such block deals and other applicable laws. The SPA provides that the total consideration to be paid for the Block Deal shall be in compliance with the law applicable to price for block deals ("**Block Deal Consideration**"). The SPA also provides that the difference, if any, between the Purchase Price for the Block Deal Shares and the Block Deal Consideration ("**Block Deal Balance**") will be settled and paid to the Sellers outside the recognized stock exchange as an additional consideration. The Acquirer has received approval of the RBI to complete the sale of the Sale Shares by way of a Block Deal. However, in terms of the SPA, the Acquirer does not intend to proceed with the Block Deal as set out above and to complete the purchase of all Sale Shares by way of an off market transaction only. The Acquirer has accordingly intimated the same to the RBI vide its letter dated March 26, 2009. The SPA contemplates consummation of the sale of such Sale Shares that are in physical form by way of an off the market transaction simultaneously with the sale of the Block Deal Shares. However, between the date of the Public Announcement and the date of this Letter of Offer, all Sale Shares held in physical form have been dematerialized.

2. The key terms of the transaction documents (being the SPA and the Non-Compete Agreement) are as follows:

2.1 The transfer of such of the Sale Shares as are held in dematerialized form can occur either by way of a Block Deal, subject to receipt of all requisite approvals, or by an off-market transfer. The Acquirer has received approval of the RBI to complete the sale of the Sale Shares by way of a Block Deal. The transfer of such of the Sale Shares as are held in physical form would occur by way of an off market transfer. However, between the date of the Public Announcement and the date of this Letter of Offer, all Sale Shares held in physical form have been dematerialized. The SPA contemplates that in the event that the Sale Shares are being transferred by way of a Block Deal, the consideration for the same shall stand revised to such price per Sale Share as shall be arrived at after deducting the value of the brokerage and the securities transaction tax per Sale Share that would be payable by the Acquirer from the Purchase Price per Sale Share and the amounts payable towards brokerage and the securities transaction tax shall be paid out of the Sellers' Account. However, the Acquirer does not intend to proceed with the Block Deal and to complete the sale and purchase of all Sale Shares by way of an off market transaction only.

2.2 The Sellers and the Acquirer have also executed the Non-Compete Agreement in terms of which the Acquirer has agreed to pay to the Sellers a consideration of Rs. 45,01,86,750 in proportion to each Seller's shareholding in the Target Company towards fulfillment of their non-compete and non-solicitation obligations. The said consideration is equivalent to approximately 19.20% of the Offer Price, and in terms of Regulation 20(8) of the SEBI (SAST) Regulations, is not required to be added to the Offer Price on a per Sale Share basis. The Non-Compete Agreement is effective for a period of 3 years from the date of consummation of the sale of the Sale Shares to the Acquirer. During such time, the Sellers and their affiliates are prohibited from directly or indirectly, competing against the Target Company in the business of the manufacture, commercialization, maintenance, repair, service, design and trading of any kind of electrical transformers and other equipments capable of use for similar applications.

2.3 Each of the Sellers and the Acquirer has entered into an escrow agreement with Citibank N.A on December 4, 2008. In terms of the said agreement, the Acquirer has remitted the Purchase Price along with the consideration payable under the Non-Compete Agreement on December 4, 2008 to the Sellers' Account, which shall be operated in accordance with the terms of such escrow agreement.

2.4 The Acquirer shall, on the date of the consummation of the purchase of the Sale Shares, be entitled to ensure that an amount of Rs. 15,00,00,000 from the total Purchase Price is retained in the Sellers' Account, which shall be transferred to the Sellers in the following manner:

a. 50% of such retained amount along with interest if any that has accrued on the same, shall be transferred to the Sellers' Account within 2 business days after a period of 90 days from the date of the purchase of the Sale Shares less any adjustments on account of claims against the Sellers made in accordance with the provisions of the SPA; and

b. The balance of such retained amount along with interest if any that has accrued on the same, shall be transferred to the Sellers' Account within 2 business days after a period of 365 days from the date of the purchase of the Sale Shares or such other extended period as may be determined in terms of the Agreements, less any adjustments on account of claims against the Sellers, if any, which are made by the Acquirer under the SPA.

2.5 As on date of the Public Announcement, the board of directors of the Target Company comprises six directors. The Sellers and the Acquirer have agreed that on and from the 21st day following the date of the Public Announcement (the "**Appointed Date"**), and at the option of the Acquirer, the board of directors of the Target Company may be reconstituted to comprise nine (9) or more directors of which three (3) shall be nominated by the Sellers, three (3) shall be nominated by the Acquirer and three (3) or such higher number as may be required in terms of applicable law, shall be "independent directors" (as such term is defined in the Listing Agreement entered into between the Target Company and the BSE). Accordingly, in terms of Regulation 22(7) of the SEBI (SAST) Regulations, the Acquirer has deposited 100% of the consideration payable under this Offer (assuming full acceptance) in cash in escrow. As on the date of the Letter of Offer, the Acquirer has not appointed any director on the board of directors of the Target Company. On and from the Appointed Date, the board of directors of Target Company shall at the option of the Acquirer, also constitute an operating committee comprising four (4) persons, two (2) to be nominated by the Sellers and two (2) to be nominated by the Acquirer. It is clarified that the operating committee shall be acting as a consultative body to the CEO only and that its recommendation shall not be binding on the CEO. Further, the Acquirer can also appoint such representatives, who are notified to the Sellers at least five (5) business days prior to the Appointment Date, to be present at the Target Company's offices and operational facilities and observe the general functioning of the Target Company. As on the date of the Letter of Offer, no such operating committee has been constituted and therefore no representatives of the Acquirer have been appointed thereon.

2.6 The SPA provides that between the date of the SPA and the date of Closing under SPA, the Sellers shall undertake best efforts to cause the Target Company to validly sign, execute and register with the sub-registrar of assurances, a sale deed in connection with the site located at DP 36, SIDCO Industrial Estate, Thirumazhisai, Chennai 602107. The SPA further provides that the Sellers shall undertake to cooperate with the Acquirer to provide with all the necessary assistance including the execution of any documents as may be required by the Acquirer and/or the Target Company to effect the conveyance of any the Target Company's properties. The date of Closing under the SPA can be any date upto May 31, 2009. However, SEBI in its observation letter dated March 23, 2009 has directed that the SPA may be acted upon by the Acquirer and the Sellers within 15 days from the date when the consideration is dispatched to the Shareholders who have validly tendered their Shares in this Offer, failing which the provisions of SEBI (SAST) Regulations shall be applicable as and when the SPA is given effect to.

2.7 The SPA provides that between the date of signing of the SPA and the date of Closing, the Acquirer shall be entitled to appoint up to two (2) persons as observers ("**Observer**") on the board of directors of the Target Company. The Observers shall be entitled to attend all meetings of the board of directors of the Target Company or any of its committee in their capacity as observers and shall not be entitled to participate or vote at such meetings. The Acquirer's right to appoint such Observers shall terminate on the appointment of the Acquirer's directors as set out in paragraph 2.5 above. As on the date of this Letter of Offer, no Observer has been appointed by the Acquirer.

2.8 The SPA provides that the Sellers have a right to retain directors in the Target Company until the completion of the sale transaction is effected under the SPA. As soon as the promoter's shares are transferred (and Closing occurs under the SPA as per paragraph 4) the Sellers shall forthwith resign from the board of directors of the Target Company and will cease to have any representation on the board of directors of the Target Company or in the management of the Target Company.

2.9 Subject to the receipt of appropriate approvals of the shareholders of the Target Company as required by law, the board of directors of the Target Company has already authorized a sale of surplus assets at certain locations in terms of the resolution passed on November 27, 2008. The Shareholders have, in an extra ordinary general meeting held on January 12, 2009, approved the sale of the land situated at Old No.32 (New No.6) Sardar Patel Road, Guindy, Chennai 600032 and as such the sale is in compliance with Regulation 23 (1) of the SEBI (SAST) Regulations. The board of directors of the Target Company has, in the board meeting held on March 6, 2009, declared a dividend of Rs. 3.90/- per Share to the Shareholders of the Target Company on account of the receipt of sale proceeds from the sale of land as mentioned hereinabove. This dividend is subject to applicable law, taxes and receipt of all corporate authorisations for such sale and the declaration of dividends.

2.10 The Acquirer shall have the obligation to acquire the Sale Shares of the Sellers subject to the satisfaction of certain conditions precedent as detailed in the SPA including *inter alia*:

a. Completion by the Acquirer of its obligations under the Offer and submission by the Manager to the Offer of the final report to SEBI in terms of Regulation 24(7) of the SEBI (SAST) Regulations;

b. The Sellers having ensured that the Sellers and each of their affiliates cease using the name "Indo Tech";

c. Receipt of requisite statutory approvals as specified in the SPA;

d. The Sellers having caused the Target Company to make appropriate applications to SIDCO inter-alia for approval for transfer of its ownership/control to the Acquirer;

e. The Sellers being in compliance with the warranties given by them in relation to the Target Company.

2.11 In terms of the SPA, if any of the conditions precedent is not satisfied on or before May 31, 2009 or such other extended date as may be agreed between the Sellers and the Acquirer, the SPA would automatically terminate. SEBI in its observation letter has directed that the SPA may be acted upon by the Acquirer and the Sellers within 15 days from the date when the consideration is dispatched to the Shareholders, failing which the provisions of SEBI (SAST) Regulations shall be applicable as and when the SPA is given effect to.

3. Since the Sale Shares constitute more than 15% of the voting rights in the Target Company, being the threshold stipulated under Regulation 10 of the SEBI (SAST) Regulations, this Offer is being made in compliance with Regulation 10 of the SEBI (SAST) Regulations.

4. Further, upon acquisition of the Sale Shares, the Acquirer will be in control of the Target Company and accordingly, this Offer is also being made under Regulation 12 of the SEBI (SAST) Regulations.

5. All the Sellers, who are also the promoters of the Target Company, have stated that they have complied with their obligations under Chapter II of the SEBI (SAST) Regulations. The promoter of the Target Company apart from the Sellers being Ms. P.S. Jayashree has also complied with her obligations under Chapter II of the SEBI (SAST) Regulations. Except for Mr. P.E. Subramaniam, Mr. P.S. Jagdish and Mr. P.S. Shekar (who are also the Sellers), there are no other major shareholders, i.e. shareholders holding more than 5% of the Equity Capital of the Target Company.

6. The Acquirer, the Sellers, the Target Company and their respective directors have not been prohibited by SEBI from dealing in securities, in terms of directions issued under Section 11B or any other regulations made under the SEBI Act, 1992.

7. Subject to the terms and conditions of the SPA, the Acquirer intends to appoint three of its nominees to the Board of Directors of the Target Company after a period of not less than twenty one (21) days from the date of the Public Announcement in terms of the second proviso to Regulation 22 (7) of the SEBI (SAST) Regulations. The Acquirer has accordingly deposited one hundred percent (100%) of the Maximum Consideration in the Escrow Account.

**Details of the Offer**

8. The Public Announcement announcing the Offer was made in accordance with Regulation 15(1) of the SEBI (SAST) Regulations in the following newspapers on December 6, 2008:

| **Newspaper** | **Language** | **Editions** |
|---|---|---|
| The Economic Times | English | **All India** |
| Navbharat Times | Hindi | **Mumbai, New Delhi** |
| Dinamalar | Tamil | **Chennai** |

A copy of the Public Announcement is available on SEBI's website (http://www.sebi.gov.in).

9. Any decision for an upward revision in the Offer Price by the Acquirer before the last date of revision (i.e. April 13, 2009), or withdrawal of the Offer would be communicated by way of a public announcement in the same newspapers in which the Public Announcement had appeared. In

case of an upward revision in the Offer Price, the Acquirer would pay such revised price for all the Shares validly tendered any time during the Offer and accepted under the Offer. The acquisition of Shares, which are validly tendered, by the Acquirer under this Offer will take place on or before May 8, 2009, in accordance with the schedule of events set out in paragraph 96 of this Letter of Offer.

10. This Offer is being made to acquire 21,24,000 Shares at a price of Rs. 406.00 per Share payable in cash. As required under Regulation 21(5) of the SEBI (SAST) Regulations, the Offer Size represents 20% of the Equity Capital.
11. As on the date of the Public Announcement, there are no other outstanding instruments convertible or resulting into Shares.
12. There are no partly paid-up equity shares issued by the Target Company.
13. If there is a competitive bid:
    (i) The public offers under all the subsisting bids shall close on the same date.
    (ii) As the Offer Price cannot be revised during the seven (7) Working Days prior to the closure of the Offer / bids, it would, therefore, be in the interest of the Shareholders to wait until the commencement of that period to know the final offer price of each bid and tender their acceptances accordingly.
14. This is not a competitive bid and there have been no competitive bids as of the date of this Letter of Offer.
15. This Offer is being made to all Persons eligible to participate in the Offer.
16. Other than the Sale Shares to be acquired by the Acquirer pursuant to the SPA, the Acquirer does not hold any Shares in the Target Company as on the date of the Public Announcement. No Shares have been acquired by the Acquirer between the date of the Public Announcement and the date of this Letter of Offer
17. Shares that are subject to any charge, lien or encumbrance are liable to be rejected in the Offer. Applications in respect of Shares that are the subject matter of litigation wherein the Shareholders may be prohibited from transferring the Shares during the pendency of such litigation are liable to be rejected if the directions / orders permitting transfer of these Shares are not received together with the Shares tendered under the Offer.
18. The Offer is not a conditional offer and is not subject to a minimum level of acceptance by the Shareholders. Accordingly, the Acquirer will accept all Shares tendered by the Shareholders pursuant to the Offer at the Offer Price subject to the Offer Size not being exceeded. In case the number of Shares received in the Offer exceeds the Offer Size, the acceptance will be made on a proportionate basis and will be contingent on the level of subscription in accordance with Regulation 21 (6) of the SEBI (SAST) Regulations.

**Object of the Offer and future plans**

19. This Offer is being made to the Shareholders of Target Company pursuant to Regulations 10 and 12 of the SEBI (SAST) Regulations and other applicable provisions of the SEBI (SAST) Regulations as a result of substantial acquisition of shares and voting rights along with the change in control of the Target Company.

20. The Acquirer and the Target Company are in the same line of business. The Acquirer acknowledges the potential offered by the power and distribution transformer industry. The Acquirer believes that India is an important territory for the Acquirer and an acquisition of a majority stake in the Target Company will be in line with its strategy to make acquisitions in emerging markets. Given manufacturing operations proximity to two ports and an international airport, the Target Company will provide an excellent platform to establish presence in nearby emerging economies in Middle East and Asia.

21. The Acquirer's future plan is to change the Target Company's scope from being a regional player to becoming a leader across India by using its existing underutilized capacity and the Acquirer's technology and business practices. The Acquirer is also planning to use the Target Company's facilities and location as a manufacturing center to begin exporting to the neighboring countries where the Acquirer has a significant presence. The Acquirer's main goal is to grow the business significantly and for that purpose the Acquirer is considering to continue expanding the operation, investing in additional capacity to take advantage of the growing need for electrical infrastructure in the region.

22. To the extent required and to optimize the value to all Shareholders, the Acquirer may, subject to applicable Shareholders' consent, enter into any compromise or arrangement, reconstruction, restructuring, merger, rationalizing and/or streamlining of various operations, assets, liabilities, investments, businesses or otherwise of the Target Company. Notwithstanding, the foregoing, the board of directors of Target Company will take appropriate decisions in these matters in line with the requirements of the business and opportunities from time to time.

**Disclosure in terms of Regulation 16(ix) of the SEBI (SAST) Regulations**

23. The Acquirer does not have any intentions to dispose of or otherwise encumber any asset of the Target Company in the next two years except in the ordinary course of business of Target Company and except to the extent mentioned above and except for the sale of certain surplus land and assets which may be transferred subject to all applicable law, on an arms length basis and at such value as may be certified by an independent valuer. However, the Acquirer undertakes that it shall not sell, dispose off or otherwise encumber any substantial assets of Target Company, except with the prior approval of the Shareholders of Target Company, where required under applicable law. The Shareholders have, in an extra ordinary general meeting held on January 12, 2009, approved the sale of the land situated at Old No.32 (New No.6) Sardar Patel Road, Guindy, Chennai 600032 and as such the sale is in compliance with Regulation 23 (1) of the SEBI (SAST) Regulations.

**BACKGROUND OF THE ACQUIRER**

24. The Acquirer, being PROLEC-GE INTERNACIONAL, S. DE R.L. DE C.V., is incorporated as a limited liability company, on March 23, 1998, under the laws of Mexico, with its registered office located at Blvd. Presidente Carlos Salinas Km. 9.25, Apodaca, Nuevo Leon, Mexico.

25. The Acquirer is a company whose corporate purpose includes the following:

(i) The manufacture of: a) any kind of machinery, equipments and electric and mechanic devices; b) any kind of devices needed for the mounting of electrical systems, such as structures, posts, flying buttresses, metal fittings, crossheads, platforms, accessories, electric grade ceramic, surge arrestors, cutting blades, etc.; c) tanks, frameworks, structures, boxes and other metallic articles; d) all kinds of articles that are byproducts of the ones mentioned above or related to the same.

(ii) The performance of: a) assembly work and finishing of any kind of equipment, machinery, or electrical or mechanical devices of any origin; b) works, mountings and installations of any kind, whether they're Acquirer owned or from a third party, whether fixed price or by administration.

(iii) The sale and distribution of its products and others entrusted in commission or as agency of Mexican or foreign factories directly or indirectly related to the purpose of the Acquirer.

(iv) The hiring of projects and the performance of any kind of electrical, health or industrial installations whether by its own or by a third party, and the maintenance of such installations.

26. The Acquirer is a joint venture between Xignux and General Electric Company. Xignux is a Mexican corporation based in Monterrey, Mexico, which employs over 38,000 people in the electrical, automotive and food sectors and operates 45 plants and several of distribution centers in Mexico, the U.S.A., Nicaragua, El Salvador, Brazil, Colombia, Argentina and Uruguay.

27. The capital of the Acquirer is directly held by:

(i) Prolec, S.A. de C.V., which is a wholly owned subsidiary of Xignux;
(ii) Trust number F/869 opened with GE Money Bank, S.A. Institución de Banca Múltiple, GE Capital Grupo Financiero, the beneficiary of which is General Electric Company; and
(iii) Trust number F/868 opened with GE Money Bank, S.A. Institución de Banca Múltiple, GE Capital Grupo Financiero, the beneficiary of which is GE México, S.A. de C.V., a wholly owned subsidiary of General Electric Company.

28. As on the date of the Public Announcement, the stock capital of the Acquirer in Mexican Peso is 99,02,80,004.00, which is equivalent to Rs. 364,42,30,414.70.

29. The stock capital of the Acquirer is of two kinds, fixed and variable. The fixed capital is the minimum capital which is always fixed by law, and cannot be withdrawn from the Acquirer except following certain formalities, including an amendment to its by-laws and the absence of objections

from creditors, and is represented by Series ‘A’ and Series ‘B’. The variable capital may be unlimited and may be increased or decreased without amending the deed of incorporation and by-laws. This type of capital is used by investors to have the flexibility of increasing or decreasing the corporate capital without amending the deed of incorporation and by-laws and is represented by Series ‘AA’ and ‘BB’. According to the by-laws of the Acquirer, Series ‘A’ and ‘AA’ can only be acquired by Mexican investors and Series ‘B’ and ‘BB’ can be acquired by either Mexican or foreign investors. The stock capital as on the date of the Public Announcement is thus divided into 6 equity parts which have a value of:

| Partner | Type | Series | Amount in Mexican Peso |
|---|---|---|---|
| Prolec SA de CV | Fixed | A | 4,501 |
| Trust F/869 | Fixed | B | 2,999 |
| Trust F/868 | Fixed | B | 1,500 |
| Prolec SA de CV | Variable | AA | 49,51,35,503 |
| Trust F/869 | Variable | BB | 21,29,75,002 |
| Trust F/868 | Variable | BB | 28,21,60,499 |
| **Total** | | | **99,02,80,004** |

30. As on the date of the Public Announcement, the details of the board members of the Acquirer are as listed below:

a) Representatives of Series “A” and “AA”

| **REPRESENTATIVES** | | | |
|---|---|---|---|
| **Name** | **Residential Address** | **Date of Appointment** | **Qualifications and experience** |
| Eugenio Garza | Callejón de las Alondras 106, Colonia Carrizalejo, Garza García, Nuevo Leon, Mexico 66290 | June 3, 1995 | Mr. Eugenio Garza is a former student of the Instituto Tecnológico y de Estudios Superiores de Monterrey (ITESM) and has a masters in business administration from the University of Tulane.<br>He joined Xignux, thirty (30) years ago and is currently its chief executive officer and the chairman of its board of directors. |
| Jorge A. Lozano | Jericó 319, Colonia Jardines de San Agustín, Garza García, Nuevo Leon, | June 3, 1995 | Mr. Jorge A. Lozano is a former student of the Instituto Tecnológico y de Estudios Superiores de Monterrey |

| | | | |
|---|---|---|---|
| | Mexico 66274 | | (ITESM) and holds a masters in business administration from Instituto Panamericano de Alta Dirección de Empresa (IPADE).<br>He joined Prolec twenty six (26) years ago and is currently the president and the chief executive officer of the Acquirer and member of its Board of Directors. |
| Alejandro J. Garza | Callejón de los Arizpe No. 302. Garza García, Nuevo Leon, Mexico 66230 | June 22, 2001 | Mr. Alejandro Garza is a former student of the Instituto Tecnológico y de Estudios Superiores de Monterrey (ITESM) and holds a masters in business administration from the Carnegie Mellon University.<br>He worked for more than twelve (12) years in several areas of Prolec, S.A. de C.V. In 1994, he retired and now operates his own business. |
| **ALTERNATE REPRESENTATIVES** | | | |
| **Name** | **Residential Address** | **Date of Appointment** | **Qualifications and experience** |
| Emilio E. Gonzalez | Río Akumal 437, Colonia Hacienda Carrizalejo, Garza García, Nuevo Leon, Mexico 66254 | November 18, 1988 | Mr. Emilio Gonzalez is a mechanical administrative engineer from the Instituto Tecnológico y de Estudios Superiores de Monterrey (ITESM).<br>He joined Xignux twenty nine (29) years ago and is currently its Chief Financial Officer. |

b) Representatives of Series “B” and “BB”

| REPRESENTATIVES | | | |
|---|---|---|---|
| **Name** | **Residential Address** | **Date of Appointment** | **Qualifications and experience** |
| John Krenicki | 230 Lenox Road Richmond, MA 01254 | September 12, 2005 | John Krenicki holds a Bachelor of Science, Mechanical Engineering (BSME) from the University of Connecticut and also holds a Masters in Science degree in Management from Purdue University.<br>Has held a number of leadership positions at various GE businesses, including in the businesses of Lighting, Superabrasives, Plastics, Transportation Systems, the Silicones and Quartz businesses. |
| Dan Heintzelman | 5116 Sapphire Dr Marietta, Ga. 30068 | September 12, 2005 | Daniel C. Heintzelman earned a Bachelor of Science degree in industrial distribution from Clarkson University and is a member of the university's Board of Trustees.<br><br>He has had substantial experience through holding management positions in the businesses of Power Generation technology, services and management systems, Aircraft Engines services. |
| Robert Joseph Gilligan | 10295 Worthington Manor Suwanee, GA 30024 | February 19, 2004 | Robert Gilligan completed his MBA from the Wharton School, University of Pennsylvania and holds a |

| | | | |
|---|---|---|---|
| | | | bachelor's degree in Mechanical Engineering from Bucknell University.<br>He has experience in innovative transmission and distribution business, automation, technology and services business and in global product management. |
| **ALTERNATE REPRESENTATIVES** | | | |
| **Name** | **Residential Address** | **Date of Appointment** | **Qualifications and experience** |
| Lawrence K. Blystone | 2 Pennsylvania Court Rexford, NY 12148 | July 25 2001 | Lawrence Blystone holds a degree in Bachelors of Science in Industrial Engineering from the Georgia Institute of Technology. He also holds a Master of Engineering degree from the University of Cincinnati.<br>Has held a variety of management positions within the energy and aircraft engines businesses. |
| Kenneth Schweer | 3310 Perrington Pointe Marietta, GA 30066 | February 19, 2004 | Kenneth Schweer attended DePauw University and graduated with a degree in Bachelors of Arts in Economics in 1979.<br>He is presently the executive finance manager, GE Energy Transmission & Distribution. Has had experience for over a period of fourteen (14) years as a financial analyst, senior analyst and finance manager at the GE's businesses. |

31. As on the date of this Letter of Offer, none of the directors of the Acquirer are on the board of directors of the Target Company.

32. The financial year of the Acquirer under the laws of Mexico is January to December. Brief particulars of the audited financials of the Acquirer for the 12-month period ending December 31, 2005, 12-month period ending December 31, 2006, the 12-month period ending December 31, 2007 and the limited review of the financials for the nine (9) months period ended September 30, 2008 as certified by the statutory auditors of the Acquirer, KPMG, are summarized below:

The financial information is prepared in accordance with Mexican GAAP.

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | ***Mexican Pesos in thousands (unless otherwise stated)*** | | | | ***Indian Rupee in Lacs (unless otherwise stated)*** | | | |
| | **Standalone** | | | | **Standalone** | | | |
| | **9 Months Ended** | **Year Ended** | | | **9 Months Ended** | **Year Ended** | | |
| **Profit & Loss Statement** | **30-Sep-08** | **31-Dec-07** | **31-Dec-06** | **31-Dec-05** | **30-Sep-08** | **31-Dec-07** | **31-Dec-06** | **31-Dec-05** |
| Income from operations (1) | 62,42,768.00 | 82,28,492.00 | 59,26,939.00 | 42,80,495.00 | 2,29,109.59 | 3,01,985.66 | 217,518.66 | 157,094.17 |
| Other Income (2) | 21,726.00 | 16,206.00 | 2,407.00 | 1,356.00 | 797.34 | 594.76 | 88.34 | 49.77 |
| Total Income | 62,64,494.00 | 82,44,698.00 | 59,29,346.00 | 42,81,851.00 | 2,29,906.93 | 3,02,580.42 | 217,607.00 | 157,143.93 |
| Total Expenditure (3) | 53,00,679.00 | 68,90,108.00 | 55,40,179.00 | 40,78,862.00 | (34,068.68) | (31,994.66) | (52,074.62) | (92,439.78) |
| Profit Before Depreciation, Interest and Tax | 9,63,815.00 | 13,54,590.00 | 3,89,167.00 | 2,02,989.00 | 2,63,975.61 | 3,34,575.07 | 269,681.62 | 249,583.71 |
| Depreciation | 62,919.00 | 78,403.00 | 70,294.00 | 66,643.00 | 2,30,912.73 | 2,87,739.01 | 257,978.98 | 244,579.81 |
| Interest expenses | 62,081.00 | 6,488.00 | 66,491.00 | (80,002.00) | 2,278.37 | 238.11 | 2,440.22 | (2,936.07) |
| Profit Before Tax | 8,38,815.00 | 12,69,699.00 | 2,52,382.00 | 2,16,348.00 | 30,784.51 | 46,597.95 | 9,262.42 | 7,939.97 |
| Provision for Tax | 1,25,109.00 | 3,68,699.00 | 49,887.00 | 33,456.00 | 4,591.50 | 13,531.25 | 1,830.85 | 1,227.84 |
| Profit After Tax | 7,13,706.00 | 9,01,000.00 | 2,02,495.00 | 1,82,892.00 | 26,193.01 | 33,066.70 | 7,431.57 | 6,712.14 |

| | ***Mexican Pesos in thousands (unless otherwise stated)*** | | | | ***Indian Rupee in Lacs (unless otherwise stated)*** | | | |
|---|---|---|---|---|---|---|---|---|
| | **9 Months Ended** | **Year Ended** | | | **9 Months Ended** | **Year Ended** | | |
| **Balance Sheet Statement** | **30-Sep-08** | **31-Dec-07** | **31-Dec-06** | **31-Dec-05** | **30-Sep-08** | **31-Dec-07** | **31-Dec-06** | **31-Dec-05** |
| **Sources of funds** | | | | | | | | |
| Paid-up share capital (including share application money) (4) | 12,22,138.00 | 12,93,276.00 | 12,42,898.00 | 11,97,012.00 | 44,852.46 | 47,463.23 | 45,614.36 | 43,930.34 |
| Reserves and Surplus (excluding revaluation reserves) (5) | 7,62,936.00 | 3,89,114.00 | (2,72,495.00) | (3,42,176.00) | 27,999.75 | 14,280.48 | (10,000.57) | (12,557.86) |
| Net worth | 19,85,074.00 | 16,82,390.00 | 9,70,403.00 | 8,54,836.00 | 72,852.22 | 61,743.71 | 35,613.79 | 31,372.48 |
| Minority Interest | | | | | | | | |
| Secured loans | - | - | - | - | (19,51,278.30) | (5,12,992.89) | (13,11,221.64) | (7,53,804.38) |
| Unsecured loans | 5,37,054.00 | 1,41,192.00 | 3,60,890.00 | 2,07,471.00 | 19,70,988.18 | 5,18,174.64 | 13,24,466.30 | 7,61,418.57 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Deferred Tax Liabilities | - | - | 21,534.00 | 82,810.00 | - | - | 790.30 | 3,039.13 |
| Other Liabilities (6) | 18,773.00 | 18,274.00 | 17,545.00 | 22,803.00 | 688.97 | 670.66 | 643.90 | 836.87 |
| **Total** | **25,40,901.00** | **18,41,856.00** | **13,70,372.00** | **11,67,920.00** | **93,251.07** | **67,596.12** | **50,292.65** | **42,862.66** |
| | | | | | | | | |
| **Uses of funds** | | | | | | | | |
| Net fixed assets (incld. Capital WIP) | 10,39,793.00 | 7,50,120.00 | 6,80,956.00 | 6,94,628.00 | 38,160.40 | 27,529.40 | 24,991.09 | 25,492.85 |
| Investments (7) | 40,253.00 | 32,703.00 | 17,317.00 | 65,530.00 | 1,477.29 | 1,200.20 | 635.53 | 2,404.95 |
| Deferred Tax Asset | 1,49,347.00 | 15,413.00 | - | - | 5,481.03 | 565.66 | - | - |
| Net current assets | 13,11,508.00 | 10,43,620.00 | 6,72,099.00 | 4,07,762.00 | 48,132.34 | 38,300.85 | 24,666.03 | 14,964.87 |
| Misc. Expenditure not w/off | - | - | - | - | - | - | - | - |
| **Total** | **25,40,901.00** | **18,41,856.00** | **13,70,372.00** | **11,67,920.00** | **93,251.07** | **67,596.12** | **50,292.65** | **42,862.66** |

| | *Mexican Pesos in thousands (unless otherwise stated)* | | | | *Indian Rupee in Lacs (unless otherwise stated)* | | | |
|---|---|---|---|---|---|---|---|---|
| | **9 Months Ended** | **Year Ended** | | | **9 Months Ended** | **Year Ended** | | |
| **Other Financial Data** | **30-Sep-08** | **31-Dec-07** | **31-Dec-06** | **31-Dec-05** | **30-Sep-08** | **31-Dec-07** | **31-Dec-06** | **31-Dec-05** |
| Dividend (%) (8) | 38.54% | 18.61% | 13.15% | 0.00% | 38.54% | 18.61% | 13.15% | 0.00% |
| Return on net worth (%) (Annualised) (9) | 42.81% | 42.81% | 42.81% | 42.81% | 42.81% | 42.81% | 42.81% | 42.81% |
| Basic Earning Per Share (Rs.) (Annualised) (10) | - | - | - | - | - | - | - | - |
| Book Value Per Share (Rs.) (11) | - | - | - | - | - | - | - | - |

(1) Income from Operations = Net Sales
(2) Other Income includes income from sale of machinery and equipment and administrative service revenue and effect from subsidiary company
(3) Total Expenditure includes Cost of Goods Sold, Selling and Administrative Expenditure, Employee statutory profit sharing and extraordinary expenses but excludes any expense on account of depreciation and interest.

(4) Paid Up Share Capital Includes Capital Stock of the Company

(5) Reserves and Surplus includes retained earnings, cumulative deferred income tax and equity restatement

(6) Other Liabilities include Seniority premiums, pension plan and other retirement benefits

(7) Investments include financial instruments and investment in subsidiary company

(8) Dividend (%) = (Dividend paid for the year)/ (Paid-up Share Capital as at the end of the year)

(9) Return on networth = (Profit after Tax for the year)/ (Year-ending Net worth)

(10) The Acquirer does not have any shares and therefore the earnings per share cannot be calculated

(11) The Acquirer does not have any shares and therefore the book value per share cannot be calculated

33. The reasons for rise/fall in total income and profit after tax is as follows:

***Increase in revenue for the year ended December 31, 2007 compared to the year ended December 31, 2006***

Revenue for the years-ended December 31, 2006 and December 31, 2007 increased from Rs. 2,17,518.66 lacs to Rs. 3,01,985.66 lacs driven by increase in volume in wind, power and oil &

gas segments. However, the volume growth was partially offset by de-growth in housing segment on account of US housing slump. Material price inflation was also transferred to customers in the form of higher prices contributing to growth in sales realization.

***Increase in profit after tax for the year ended December 31, 2007 compared to the year ended December 31, 2006***

Profit after tax increased from Rs. 7,431.57 lacs for the year-ended December 31, 2006 to Rs. 33,066.70 lacs for December 31, 2007 on account of higher sales realization. Lower selling and administrative expenses through favorable product mix also supported increase in profit after tax.

***Increase in revenue for the year ended December 31, 2006 compared to the year ended December 31, 2005***

Revenue for the year-ended December 31, 2006 was Rs. 2,17,518.66 lacs compared to Rs. 1,57,094.17 lacs for the year-ended December 31, 2005. This increase was due to increase in volumes in wind, power, housing and oil and gas segments.

***Increase in profit after tax in the year ended March 31, 2006 compared to the year ended March 31, 2005***

Profit after tax for the years-ended December 31, 2006 and December 31, 2005 increased from Rs. 6,332.29 lacs to Rs. 7,431.57 lacs driven by higher gross profit through higher sales realization. However, this was partially offset by higher selling expenses due to higher transportation related expense.

34. The significant accounting policies of the Acquirer are as follows:

**a) Recognition of the effects of inflation**

The financial statements include the recognition of the effects of inflation on the financial information, and are expressed in Mexican pesos of constant purchasing power, based on the Mexican National Consumer Price Index (NCPI) published by Banco de Mexico (central bank).

The indices used in recognizing inflation are as follows:

| December 31, | NCPI | Inflation |
|---|---|---|
| 2007 | 125.6136 | 4.0533% |
| 2006 | 120.7204 | 3.8328% |
| 2005 | 116.2642 | 3.0950% |

**b) Cash equivalents**

Cash equivalents consist of checking accounts, foreign currency and temporary investments with original maturities of three months or less. As the date of the consolidated financial statements, interest income and foreign exchange gains and losses are included in the results of operations, under comprehensive financial results.

**c) Derivative financial instruments and hedging activities**

The Acquirer records the derivative instruments and hedging activities according to Bulletin C-10, "Derivative Financial Instruments and Hedging Activities", which requires that all the derivative instruments be recorded in the balance sheet at their respective, fair values.

The Acquirer conducts operations with derivative financial instruments in order to hedge the risks to which the balance sheet is exposed, meaning the foreign exchange rate, risk and rate risks. Bulletin C-10 allows recording these operations as hedging if certain requirements are met as effectiveness proof to prevent volatility from the variation in fair values of derivative financial instruments to be carried to the Statement of Income. The Acquirer records derivative financial instrument operations with hedging purposes in three classifications mainly, (i) fair value hedge, (ii) cash flow hedge and (iii) foreign currency hedge in foreign subsidiaries.

The above paragraph notwithstanding, the Acquirer has derivative instrument operations recorded under the for-trading-purposes classification, whose fair value is recorded directly in results, because these operations do not absolutely meet the requirements of the law in effect to be recorded in books as hedges, although they are highly-effective hedges.

**d) Inventories and cost of sales**

Inventories are stated at the lower of historical cost adjusted for inflation or market (replacement cost). Replacement cost is equal to the latest purchase price or latest production cost.

Cost of sales represents the replacement cost of inventories at the time of sale, increased, when applicable, by the reductions in the replacement cost or net realizable value of inventories during the period and expressed in constant pesos as of the most recent year-end.

The Acquirer records the necessary allowances for inventory impairment arising from damaged, obsolete, or slow-moving inventories and other causes that indicate whether the use or realization of the items that are part of the inventory will be less than the value recorded.

**e)** **Investment in shares of subsidiary company –**

Investments in the common stock of subsidiary company in which the Acquirer holds 100% of the issuer's capital stock are accounted for by the equity method. In addition, investment in shares where the Acquirer holds 100% of the issuer's capital stock are recorded at cost and adjusted for inflation using factors derived from the NCPI.

**f)** **Property, plant and equipment and depreciation**

Property, plant and equipment are recorded at acquisition cost. Property, plant and equipment of domestic origin are updated under the price adjustment method, using the NCPI published by Banco de Mexico. Imported machinery and equipment were updated using the Consumer Price Index of the country of origin and the result converted to pesos using the market exchange rate at the valuation date.

The comprehensive financial result corresponding to assets in construction or installation is capitalized as part of the value of the assets.

Depreciation is calculated on the straight-line method over the estimated useful lives of the corresponding assets, determined individually by independent experts.

The annual depreciation rates used are mentioned below:

| | Rates |
|---|---|
| Buildings | 3 – 5% |
| Machinery and equipment | 3 – 10% |

Repair and maintenance costs are expensed as incurred.

**g)** **Other assets**

Other assets include mainly licenses and production rights and deferred charges. The production rights are subject to periodic impairment evaluations. Deferred charges are amortized for the remaining effective periods.

Intangible assets and other deferred charges are presented at their adjusted value, based on NCPI.

**h)** **Impairment of long-lived assets, property, plant and equipment and other non-current assets**

The Acquirer evaluates periodically the adjusted values of property, plant and equipment and other non-current assets to determine whether there is an indication of potential impairment. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net revenues expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated net revenues, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of would be separately presented in the balance sheets and reported at the lower of the carrying amount or realizable value.

**i) Accruals**

Based on management's estimates, the Acquirer recognizes accruals for those present obligations in which the transfer of assets or the rendering of services is virtually assured and arises as a consequence of past events, mainly warranties and penalties on products sold.

**j) Pensions, seniority premiums and other post-retirement benefits**

Seniority premium benefits, other post-retirement benefits and severance compensation for reasons other than restructuring, to which employees are entitled, are charged to operations for the year based on actuarial calculations. Amortization of prior service costs is based on the estimated average service lives of existing personnel.

**k) Income Tax (IT), Asset Tax (AT), and employee statutory profit sharing (ESPS)**

IT and ESPS payable for the year are determined in conformity with tax regulations in force.
Deferred income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit (AT) carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Deferred ESPS is recognized only for timing differences arising from the reconciliation of book income to income for profit sharing purposes, on which it may be reasonably estimated that a future liability or benefit will arise and there is no indication that the liabilities or benefits will not materialize.

**l) Inflation adjustment of capital stock, other contributions and accumulated results**

This adjustment is determined by multiplying stockholder contributions and retained earnings by NCPI factors, which measure accumulated inflation from the dates of origin through the most recent year end. The resulting amounts represent the constant value of partners equity.

**m) Cumulative deferred income tax**

Represents the cumulative effect of the adoption of the deferred tax accounting principle.

**n) Equity adjustment for non-monetary assets**

Excess or deficit in equity restatements represents the difference between the specific price-level of non-monetary assets and the values determined using factors derived from the NCPI, increased or reduced by the related deferred tax effects, recorded directly in equity without affecting results.

**o) Comprehensive income**

Comprehensive income represents the results of the total performance of the Acquirer during the year, and includes net income, plus the effect on the excess or deficit in equity restatement and other equity accounts, which, in accordance with the Financial Information Standards (NIF), are reported directly in partners' equity.

**p) Comprehensive financial result (CFR)**

The CFR includes financial expenses and income, foreign exchange gains and losses, and monetary position gains and losses and the valuation effects of financial instruments.

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of execution or settlement. Foreign currency assets and liabilities are translated at the exchange rate in force at the balance sheet date. Exchange differences arising from assets and liabilities denominated in foreign currencies are reported in operations for the year.

Monetary position gains and losses are determined by multiplying the difference between monetary assets and liabilities at the beginning of each month, including deferred taxes, by inflation factors through year end. The aggregate of these results represents the monetary gain or loss for the year arising from inflation, which is reported in operations for the year.

**q) Revenue recognition**

Revenue from the sale of goods is recognized upon delivery of the products to the customers and the risks and benefits thereof are transferred. Service revenues are recognized as the services are rendered. The allowances for losses in recovery of accounts receivable, allowance for refunds and discounts and commissions on sales are recorded based on analysis and estimations of by management.

**r) Business and credit concentrations**

The Acquirer's products are sold to a large number of customers through GE-Prolec Trasformers Inc without significant concentration with anyone of them. The Acquirer provides an allowance for doubtful accounts based on analyses and estimates made by management. As of December 31, 2007 and 2006, the company only had one client HD Supply Utility LTD on whom it concentrated annual sales of over 5%.

s) **Contingencies**

Liabilities for loss contingencies are recorded when it is probable that a liability has been incurred and the amount thereof can be reasonably estimated. When a reasonable estimation cannot be made, qualitative disclosure is provided in the notes to the consolidated financial statements. Contingent revenues, earnings or assets are not recognized until their realization is virtually assured.

35. None of the directors of the Acquirer have acquired any Shares during the twelve (12) months preceding the date of the Public Announcement.

36. Other than the Sale Shares to be acquired by the Acquirer pursuant to the SPA, the Acquirer does not hold any Shares in the Target Company as on the date of the Public Announcement and has not acquired any Shares between the date of the Public Announcement and the date of this Letter of Offer. Accordingly the reporting requirements under Chapter II of the SEBI (SAST) Regulations do not apply.

37. The shares of the Acquirer are not listed on any stock exchanges.

38. In terms of Regulation 22 (16) of the SEBI (SAST) Regulations, the SPA contains a clause to the effect that in case of non compliance of the abovementioned regulation, the SPA shall not be acted upon by the Sellers and the Acquirer.

39. The Acquirer has promoted only one (1) company called Prolec GE Industrias S.A. De C.V., which is not a sick company, since its inception. The details are as given below:

    **Prolec GE Industrias S.A. De C.V.**

    Prolec GE Industrias S.A. De C.V. was incorporated on September 21, 2005 under the laws of Mexico to provide services to the Acquirer, including the supply of personnel. The financial year of this company is January 1 to December 31. Following are brief financials of Prolec GE Industrias S.A. De C.V. based on audited financials for the last three financial years:

| | FY2007 | | FY2006 | | FY2005 | |
|---|---|---|---|---|---|---|
| | (In Mexican Peso in thousands) | (Rs. in lacs) | (In Mexican Peso in thousands) | (Rs. in lacs) | (In Mexican Peso in thousands) | (Rs. in lacs) |
| Total income | 8,01,134.00 | 29,401.62 | 6,67,115.00 | 24,483.12 | 0.00 | - |
| Profit after tax | 11,048.00 | 405.46 | 14,114.00 | 517.98 | - | - |
| Equity capital | 50.00 | 1.84 | 50.00 | 1.84 | 50.00 | 1.84 |
| Retained earnings | 25,737.00 | 944.55 | 14,115.00 | 518.02 | 1.00 | 0.04 |
| Net asset value | 25,787.00 | 946.38 | 14,165.00 | 519.86 | 51.00 | 1.87 |
| Earnings per share (Mexican Peso per share/Rs. per share) | 2,209.60 | 8,109.23 | 2,822.80 | 10,359.68 | - | - |
| Book value per share (Mexican Peso per share/Rs. per share) | 5,157.40 | 18,927.66 | 2,833.00 | 10,397.11 | 10.20 | 37.43 |

**DISCLOSURE IN TERMS OF REGULATION 21(2) OF THE SEBI (SAST) REGULATIONS**

40. Pursuant to the listing norms applicable to the Target Company, the Target Company is required to maintain a minimum public shareholding of 25% of the Equity Capital. If the Offer results in the public shareholding in the Target Company being reduced to less than 25% of the Equity Capital, the Acquirer undertakes to comply with the requirements for continuous listing guidelines set out in the Listing Agreement executed between the Target Company and the BSE / NSE as required under Regulation 21(2) of the SEBI (SAST) Regulations. In the event that it is so required under applicable law, the Acquirer shall either sell-down its shareholding in the Target Company or cause the Target Company to make a fresh issue of Shares or in any other manner as the relevant stock exchanges may deem fit, so as to issue additional Shares to the public such that

the minimum public shareholding threshold of 25% is maintained within the timeline specified in the said Listing Agreements.

**BACKGROUND OF THE TARGET COMPANY**

41. The Target Company was incorporated on January, 16 1992, under the provisions of the Companies Act, 1956, with its registered office at DP: 36, SIDCO Industrial Estate, Thirumazhisai, Chennai, 602107, India. The telephone number of the Target Company is +91 44 3028 9830 and the fax number of the Target Company is +91 44 3028 9874.

42. The Target Company started its business as a partnership firm, formed under the name and style of M/s. Indo Tech Electric Company under an original partnership deed dated September 20, 1975, which was modified by the partnership deeds dated April 1, 1979, December 1, 1984, January 16, 1987, April 4, 1990, and April 23, 1992. Thereafter, on July 15, 1994 vide a deed of transfer / conversion all the assets and liabilities of the said partnership firm were transferred to the Target Company and further, vide an order dated September 30, 2005 the High Court of Madras sanctioned the scheme of merger of Indo Tech Electric Company Limited with the Target Company with effect from April 1, 2003.

43. The Target Company is engaged in the business of manufacture of power and distribution transformers. The Target Company has three manufacturing facilities, Thirumazhisai and Kancheepuram in Tamil Nadu and Palakkad in Kerala, with a total present capacity of 7,450 MVA. The Target Company provides transformers in India, Mid-East Asia and Africa. At present, all the Target Company's operations and functions are concentrated primarily at Thirumazhisai and Kancheepuram.

44. The Target Company has an authorized share capital of Rs 15,30,00,000 divided into 1,53,00,000 Shares. The fully paid up share capital of the Target Company as on the date of the Public Announcement is Rs. 10,62,00,000 divided into 1,06,20,000 Shares.

45. The Shares are listed on the BSE and the NSE. The Shares were listed on the BSE and the NSE on March 16, 2006.

46. The Target Company has no subsidiaries.

47. In terms of the resolution passed by the board of directors of the Target Company on November 27, 2008, the board of directors of the Target Company has declared a payment of an interim dividend of Rs. 8.50 per Share to its Shareholders. The board of directors of the Target Company in the same meeting also authorized / approved the proposed sale of surplus assets of the Target Company, subject to such approvals, as required stating that these assets are lying idle and would not, in any way, affect production or other operations of the Target Company.

48. The Share capital structure of the Target Company as of the date of the Public Announcement was as follows:

| Paid up equity Shares of the Target Company | No. of Shares | % of Shareholding |
|---|---|---|
| Fully paid up equity shares | 1,06,20,000 | 100.0% |
| Partly paid up equity shares | Nil | Nil |
| Total paid up equity shares | 1,06,20,000 | 100.0% |
| Total voting rights in the Target Company | 1,06,20,000 | 100.0% |

49. The capital build-up for the Target Company since inception is as given below:

| Date of allotment | No. of Shares | Issue price per Share (in Rs.) | % of post issue capital | Cumulative share capital of the Target Company (in Rs.) | Mode of allotment | Identity of the allottees | Status of compliance* |
|---|---|---|---|---|---|---|---|
| January 16, 1992 | 630 | 10 | 100% | 6,300 | Subscribers to Memorandum | P. E. Subramaniam, Lisamma Samuel, P. S. Jagdish, G. Balasubramanian, P. S. Shekar, A. C. Vijayalakshmy, Arvind Mehta | N.A. |
| March 28, 1994 | 1,02,000 | 10 | 99% | 10,26,300 | Preferential allotment | P. E. Subramaniam, P. S. Jagdish, P. S. Shekar, A. C. Vijayalakshmy, P. E. Subramaniam H.U.F., | Complied with |
| June 27, 1994 | 4,57,370 | 10 | 82% | 56,00,000 | Preferential allotment | P. E. Subramaniam, P. S. Jagdish, P. S. Shekar, A. C. Vijayalakshmy, G. Balasubramanian, Lisamma Samuel | Complied with |
| July14 1994 | 2,32,000 | 10 | 29% | 79,20,000 | Preferential allotment | P. E. Subramaniam, P. S. Jagdish, P. S. Shekar, A. C. Vijayalakshmy | Complied with |
| August 22, 1994 | 4,00,000 | 40 | 34% | 1,19,20,000 | Preferential allotment | P. E. Subramaniam, | Complied with |

| **Date of allotment** | **No. of Shares** | **Issue price per Share (in Rs.)** | **% of post issue capital** | **Cumulative share capital of the Target Company (in Rs.)** | **Mode of allotment** | **Identity of the allottees** | **Status of compliance*** |
|---|---|---|---|---|---|---|---|
| | | | | | | P. S. Shekar, P. S. Jagdish, Mrs. A. C. Vijayalakshmy | |
| August 22, 1994 | 4,39,340 | 40 | 27% | 1,63,13,400 | Preferential allotment | P. E. Subramaniam, P. S. Jagdish | Complied with |
| March 27, 1995 | 1,59,660 | 40 | 9% | 1,79,10,000 | Preferential allotment | P.S. Jagdish and others | Complied with |
| April 17,1995 | 80,000 | 40 | 4% | 1,87,10,000 | Preferential allotment | A. C. Vijayalakshmy, P. S. Shekar, P. S. Jayashree, P. E. Subramaniam , and others | Complied with |
| October 27, 1995 | 5,45,000 | 55 | 23% | 2,41,60,000 | Preferential allotment | 21st Century Management Services Limited | Complied with |
| June 29, 1996 | 4,00,900 | 55 | 14% | 2,81,69,000 | Preferential allotment | 21st Century Management Services Ltd and others | Complied with |
| October 7,2005 | 2,48,400 | 0 | 8% | 3,06,53,000 | Shares allotted pursuant to merger of Indo Tech Electric Company with the Target Company** | P.E. Subramaniam, A.C. Vijayalakshmy, P. S. Jagdish, P. S. Shekar, P. S. Jayashree, Prema Shekar | Complied with |
| October 10. 2005 | 45,97,950 | 0 | 60% | 7,66,32,500 | Bonus of three shares for every two shares held for the shareholders of the Target Company | P.E. Subramaniam, A.C. Vijayalakshmy, P. S. Jagdish, P. S. Shekar, P. S. Jayashree, Prema Shekar and others | Complied with |
| March 6, 2006 | 29,56,750 | 130 | 28% | 10,62,00,000 | Initial Public Offering of Primary Shares | Public | Complied with |

* The compliance mentioned above is filing of Form 2 with Registrar of Companies and getting the Shares listed with the respective Stock Exchanges. In some instances, there were minor delays in filing Form 2 with Registrar of Companies, which have been compounded.

** Vide a scheme or merger sanctioned by the High Court of Madras on September 30, 2005, Indo Tech Electric Company Limited was merged with the Target Company.

50. All Shares are listed. To date, none of the Stock Exchanges have ever suspended trading in the Shares.

51. The Target Company has complied with the provisions of the listing agreements. There is no punitive and/ or penal action taken by any of the Stock Exchanges against the Target Company.

52. As on the date of the Public Announcement, there were no other outstanding instruments convertible into Shares of the Target Company or partly paid-up Shares of the Target Company.

53. The Target Company and the promoters of the Target Company have complied with the provisions of Chapter II of the SEBI (SAST) Regulations. As on the date of the Letter of Offer, the Target Company does not have any major shareholders, i.e. shareholders holding more than 5% of the equity share capital of the Target Company apart from the promoters.

54. The Target Company has not received any directions from SEBI under Section 11B of the SEBI Act or under any of the regulations made under the SEBI Act, prohibiting it from dealing in securities.

55. As on the date of the Public Announcement, the details of the board of directors of the Target Company were as listed below:

| **Names of the directors** | **Residential addresses** | **Date of appointment to the board** | **Qualification** | **Experience** |
|---|---|---|---|---|
| Mr. P.E. Subramaniam<br><br>(Chairman and Managing Director) | No. 29, Thiruvengadam Street, West Mambalam, Chennai - 600033 | October 14, 2004 | Diploma in electrical engineering | Mr. Subramaniam is the promoter of the Target Company, has three decades of hands on experience in the transformers industry and was instrumental in developing the Target Company to this level by his business acumen, wide contacts and managerial skills. He is the chairman and managing director of the Target Company. He is also an ex-president of the Indian Transformers Manufacturers Association (ITMA) and Member of Confederation of Indian Industries (CII) and Member of Indian Electricals |

| | | | | |
|---|---|---|---|---|
| | | | | and Electronics Manufacturers Association (IEEMA). |
| Mr. P.S. Jagdish<br><br>(Executive Director) | No. 25 (14), North Mada Street, Srinagar Colony, Saidapet, Chennai – 600015 | July 15, 2004 | Degree in Industrial Production Engineering | Mr. Jagdish is currently heading the marketing, finance and administration functions of the Target Company and is also involved in all aspects of the Target Company's business. He has been a member of the executive council of ITMA, New Delhi for the past three years. He is also the president of Indian Transformers Manufacturers Association (ITMA), New Delhi and Thirumazhisai Industrial Estate Manufacturers Association (TIEMA). |
| Mr. P.S. Shekar<br><br>(Director (Operations)) | No. 29, Thiruvengadam Street, West Mambalam, Chennai – 600033 | July 1, 2006 | Bachelors in Commerce | Mr. Shekar is the director (Operation) of the Target Company and is in charge of the entire operations of the manufacturing facilities including production, planning and materials. He has a hands on experience of over a decade in all aspects of transformer manufacturing. |
| Mr. P. Velayudhan Pillai<br><br>(Independent Director) | Sarvasree, Pappanam Code, Trivandrum – 600018 | July 30, 2007 | Matriculate | Mr. Pillai is the chairman of M/s. United Agencies (TVM) Pvt. Ltd. He has had four decades of experience in the electrical industry and had wide contacts with various leading consultants and |

| | | | | |
|---|---|---|---|---|
| | | | | electrical utilities |
| Mr. Krishnamoorthy Kannan<br><br>(Independent Director) | 576-B, Mahesh, Matunga, Mumbai – 400019 | July 30, 2007 | Chartered cum Cost Account | Mr. Kannan is a former chairman and managing director of the Bank of Baroda. He was associated with various companies in the capacity of BIER Special Director, member of asset sale and audit committee. He is also a member of the takeover panel of the SEBI, Mumbai. In addition to the above, he is holding directorships in various reputed Companies. |
| Mr. A.P. Muthuswami<br><br>(Independent Director) | H-10, (Old No, 33) 5th Street, Annanagar East, Chennai - 600102 | July 30, 2008 | M.Sc. in Economics | Mr. Muthuswami is the former chief secretary to the government of Tamil Nadu. He was associated with the government of Tamil Nadu in various capacities during his career. He was appointed as a member of the National Forest Commission headed by Justice B.N. Kirpal, former chief justice of India and is presently continuing in the commission. |

As on the date of this Letter of Offer, the Acquirer does not have any nominees on the board of directors of the Target Company.

56. There has been no merger, demerger, or spin off during the last three years involving the Target Company.

57. Brief audited standalone financial details of the Target Company for the last three years and the limited review financials for the six (6) months period ended September 30, 2008 as certified by the statutory auditors of the Target Company, G. Balu and Associates, are summarised below.

(Amount Rs. in lacs except otherwise stated)

| | Standalone | | | |
|---|---|---|---|---|
| | | Year Ended | | |
| **Profit & Loss Statement** | **6 months ended September 30, 2008** | **Mar 31, 2008** | **Mar 31, 2007** | **Mar 31, 2006** |
| Income from operations[(1)] | 11,938.11 | 18,986.30 | 15,536.97 | 9,272.04 |
| Other Income[(2)] | 239.29 | 358.47 | 322.45 | 79.80 |
| Accretion/ (Decretion) to Stocks | 774.72 | 371.78 | (167.07) | (168.69) |
| Total Income | 12,952.11 | 19,716.55 | 15,692.35 | 9,183.16 |
| Total Expenditure | 8,936.25 | 13,710.69 | 11,598.32 | 7,447.36 |
| Profit Before Depreciation, Interest and Tax | 4,015.86 | 6,005.86 | 4,094.03 | 1,735.79 |
| Depreciation | 198.70 | 174.45 | 113.78 | 85.48 |
| Interest Expense | 72.13 | 19.79 | 16.26 | - |
| Profit Before Tax | 3,745.03 | 5,811.62 | 3,963.98 | 1,650.32 |
| Provision for Tax[(3)] | 1,281.74 | 1,909.79 | 1,342.74 | 544.16 |
| Profit After Tax | 2,463.29 | 3,901.83 | 2,621.24 | 1,106.16 |

| | Standalone | | | |
|---|---|---|---|---|
| | | Year Ended | | |
| **Balance Sheet Statement** | **6 months ended September 30, 2008** | **Mar 31, 2008** | **Mar 31, 2007** | **Mar 31, 2006** |
| **Sources of funds** | | | | |
| Paid-up share capital (including share application money) | 1,062.00 | 1,062.00 | 1,062.00 | 1,062.00 |
| Reserves and Surplus (excluding revaluation reserves) | 13,681.13 | 11,217.85 | 8,064.89 | 6,074.77 |
| Net worth | 14,743.13 | 12,279.85 | 9,126.89 | 7,136.77 |
| Minority Interest | | | | |
| Secured loans | 1,058.88 | 1,350.06 | 450.00 | - |
| Unsecured loans | 158.41 | 165.56 | 196.80 | 202.67 |
| Deferred Tax Liabilities | 466.24 | 359.41 | 197.26 | 161.73 |
| **Total** | **16,426.66** | **14,154.88** | **9,970.96** | **7,501.17** |
| | | | | |
| **Uses of funds** | | | | |
| Net fixed assets (incld. Capital WIP) | 8,678.84 | 8,312.60 | 3,826.08 | 1,344.09 |
| Investments | 3,485.87 | 3,049.27 | 2,201.93 | 1,134.70 |

| | | | | |
|---|---|---|---|---|
| Deferred Tax Asset | | | | |
| Net current assets | 4,261.95 | 2,793.01 | 3,942.95 | 5,022.38 |
| Miscellaneous Expenditure not w/off | - | - | - | |
| **Total** | **16,426.66** | **14,154.88** | **9,970.96** | **7,501.17** |

| | **Standalone** | | | |
|---|---|---|---|---|
| | | **Year Ended** | | |
| **Other Financial Data** | **6 months ended September 30, 2008** | **Mar 31, 2008** | **Mar 31, 2007** | **Mar 31, 2006** |
| Dividend (%) | NIL | 60.00% | 45.00% | 20.00% |
| Basic Earning Per Share (Rs.) (Annualised) (4) | 46.39 | 36.74 | 24.68 | 14.34 |
| Return on net worth (%) (Annualised) (5) | 28.63% | 31.77% | 28.72% | 15.50% |
| Book Value Per Share (Rs.) (6) | 138.82 | 115.63 | 85.94 | 67.20 |

(1) Income from Operations = Net Sales

(2) Other Income includes income from power generation, interest income, profit on sale of investments and dividend received from mutual funds and shares

(3) Provision for tax is the sum of Current Year tax, Deferred tax liability and Fringe benefit tax

(4) Basic earnings per share = (Profit after Tax for the year)/ (Weighted average number of shares outstanding)

(5) Return on networth = (Profit after Tax for the year)/ (Networth - Misc. Expenditure not written off)

(6) Book value per share = (Net worth - Misc. Expenditure not written off )/ (Number of shares outstanding at the year of the year)

58. The reasons for fall / rise in total standalone income and profit after tax of the Target Company in the relevant years are as follows:

***Increase in revenue for the year ended March 31, 2008 compared to the year ended March 31, 2007***

Revenue for the year ended March 31, 2008 increased on the basis of higher sales volume (2,780 mega volt ampere against 2,300 mega volt ampere) and higher sales realization per mega volt ampere (Rs. 6.83 lacs per mega volt ampere against Rs. 6.76 lacs per mega volt ampere)

***Increase in profit after tax in the year ended March 31, 2008 compared to the year ended March 31, 2007***

The increase in profit after tax from Rs 2,621.24 lacs to 3,901.83 lacs over year-ending March 31, 2007 to year-ending March 31, 2008 was on account of higher sales realization improved productivity and cost reduction initiatives.

***Increase in revenue for the year ended March 31, 2007 compared to the year ended March 31, 2006***

Revenue for the year ended March 31, 2007 increased on the basis of higher sales volume (2,300 mega volt ampere against 1,843 mega volt ampere) and higher sales realization per mega volt ampere (Rs. 6.76 lacs per mega volt ampere against Rs. 5.03 lacs per mega volt ampere).

***Increase in profit after tax in the year ended March 31, 2007 compared to the year ended March 31, 2006***

The profit after tax margin increased by 4.94% from 11.93% to 16.87% on account of higher sales realization, improved productivity and cost control initiatives.

59. The contingent liabilities of the Target Company as of December 19, 2008 are as follows:

| **S. No.** | **Particulars** | **Rs. in lacs** |
|---|---|---|
| 1. | Bank Guarantees issued | 4,932.63 |
| 2. | Disputed sales tax against which appeal is pending with various authorities in different years | 12.95 |
| 3. | Disputed Interest & Penalty on excise duty against which appeal is pending with various authorities in different years | 170.91 |
| 4. | Disputed Demand of Service Tax, Interest & Penalty on GTA services against which appeal is pending with Appellate Authority | 1.59 |
| 5. | Disputed Customs Duty against which appeal is pending with various authorities in different years | 19.43 |
| 6. | Disputed Income Tax against which appeal is pending with various authorities | Nil* |
| 7. | Disputed demand in respect of non-compliance in time of export obligation for which Company's representation for waiver petition is pending before The Joint Director General of Foreign Trade (JDGFT) | 269.00 |
| 8. | Labour case pending in the court | 1.11** |

* Entire disputed tax amount is already provisioned for by the Target Company
** The Target Company has obtained a stay order from the Madras High Court against the award of the labour court allowing an incentive amount of Rs. 1,11,812 against demand by the labour union for Rs. 2,65,316

60. Pre and post Offer shareholding pattern of the Target Company as on March 20, 2009 is as follows:

| Shareholders' category | Shareholding and voting rights prior to the agreement / acquisition and Offer as of November 28, 2008 which is prior to the date of the SPA and Offer | | Shares / voting rights agreed to be acquired which triggered the SEBI (SAST) Regulations [a] | | Shares / voting rights to be acquired in the Offer (assuming full acceptances) [b] | | Shareholding / voting rights after the acquisition and Offer (assuming full acceptance of the Offer) | |
|---|---|---|---|---|---|---|---|---|
| | (A) | | (B) | | (C) | | (A)+(B)+(C)=(D) | |
| | **No.** | **%** | **No.** | **%** | **No.** | **%** | **No.** | **%** |
| **(1) Promoters and Promoter Group*** | | | | | | | | |
| a. Parties to agreement, if any | 57,71,625 | 54.35 | (57,71,625) | (54.35) | Nil | Nil | Nil | Nil |
| b. Parties other than (a) above | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Total 1(a+b) | 57,71,625 | 54.35 | (57,71,625) | (54.35) | Nil | Nil | Nil | Nil |
| **(2) Acquirer** | | | | | | | | |
| a. Main Acquirer | Nil | Nil | 57,71,625 | 54.35 | 21,24,000 | 20.00 | 78,95,625 | 74.35 |
| | | | | | | | | |
| **(3) Parties to agreement other than(1) (a) & (2)** | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| **(4) Public (other than parties to agreement, Acquirer)**** | | | | | | | | |
| a. Mutual Funds and UTI | 4,30,659 | 4.06% | N.A. | N.A. | This will depend on response from and within each category under (4) | | | |
| b. Banks, FIs, Insurance Co's, Central / State Govt. / Non-Govt. Institutions | 1,450 | 0.01% | Nil | Nil | | | | |
| c. FIIs | 9,93,251 | 9.35% | N.A. | N.A. | | | | |
| d. Private Corporate Bodies | 10,20,316 | 9.61% | N.A. | N.A. | | | | |
| e. Indian Public | 22,77,787 | 21.45% | N.A. | N.A. | | | | |
| f. NRIs / OCBs | 65,818 | 0.62% | N.A. | N.A. | | | | |
| g. Any Others | 59,094 | 0.56% | N.A, | N.A. | | | | |
| Total 4(a+b+c+d+e+f+g) | 48,48,375 | 45.65% | N.A. | N.A. | (2,124,000) | (20.00%) | 2,724,375 | 25.65% |
| **GRAND TOTAL (1+2+3+4)** | 1,06,20,000 | 100% | 57,71,625 | 54.35% | Nil | Nil | 1,06,20,000 | 100% |

*In terms of the SPA, the Shares held by the promoters have been deposited in the SPA escrow account.

** The shareholding is on March 20, 2009

61. Details of the change in the collective shareholding of the promoters of the Target Company as on the date of this Letter of Offer:

| **Date of acquisition/ sale** | **No. of Shares** | **Issue price per Share (in Rs.)** | **% holding post acquisition/ sale** | **Cumulative share capital of the Target Company (in Rs.)** | **Mode of acquisition/ Sale** | **Status of Compliance*** |
|---|---|---|---|---|---|---|
| January 16, 1992 | 360 | 10 | 57.14% | 6,300 | Subscribers to Memorandum | N.A. |
| March 28, 1994 | 1,02,000 | 10 | 99.74% | 10,26,300 | Preferential allotment | N.A. |
| June 27, 1994 | 4,57,350 | 10 | 99.95% | 56,00,000 | Preferential allotment | N.A. |
| July 12, 1994 | 90 | 10 | 99.96% | 56,00,000 | Transfer of shares | N.A. |
| July 14, 1994 | 2,32,000 | 10 | 99.97% | 79,20,000 | Preferential allotment | N.A. |
| August 22, 1994 | 4,00,000 | 40 | 100.00% | 1,63,13,400 | Preferential allotment | N.A. |
| August 22, 1994 | 4,39,340 | 40 | 99.99% | 1,63,13,400 | Preferential allotment | N.A. |
| March 27, 1995 | 310 | 40 | 91.09% | 56,00,000 | Preferential allotment | N.A. |
| April 17, 1995 | 25,000 | 40 | 88.53% | 1,87,10,000 | Preferential allotment | N.A. |
| April 17, 1995 | 1,500 | 40 | 88.61% | 1,87,10,000 | Transfer of shares | N.A. |
| July 5 1995 | 10,000 | 40 | 89.15% | 1,87,10,000 | Transfer of shares | N.A. |
| July 5 1995 | 1,500 | 10 | 89.23% | 1,87,10,000 | Transfer of shares | N.A. |
| May 28, 2001 | 50,000 | 10 | 61.04% | 2,81,69,000 | Transfer of shares | N.A. |
| November 22, 2003 | 500 | 40 | 61.06% | 2,81,69,000 | Transfer of shares | N.A. |
| February 23, 2004 | 25,000 | 8 | 61.95% | 2,81,69,000 | Transfer of shares | N.A. |
| March 25, 2005 | 2,88,300 | 40 | 72.18% | 2,81,69,000 | Transfer of shares | N.A. |
| April 27, 2005 | 25,000 | 95 | 73.07% | 2,81,69,000 | Transfer of shares | N.A. |
| April 27, 2005 | 2,000 | 40 | 73.14% | 2,81,69,000 | Transfer of shares | N.A. |
| October 7, | 2,48,400 | N.A. | 75.32% | 3,06,53,000 | Shares allotted pursuant to | N.A. |

| | | | | | | |
|---|---|---|---|---|---|---|
| 2005 | | | | | merger of Indo Tech Electric Company with the Target Company** | |
| October 10, 2005 | 34,62,975 | Nil | 75.32% | 7,66,32,500 | Bonus Share Allotment | N.A. |
| October 22, 2005 | 3,97,483 | 130 | 80.50% | 7,66,32,500 | Transfer of shares | N.A. |
| March 6, 2006 | (3,97,483) | 130 | 54.35% | 10,62,00,000 | Secondary sale of shares in the initial public offer | N.A. |

* The compliance mentioned above is filing of Form 2 with Registrar of Companies by the Target Company, getting the Shares listed with the respective Stock Exchanges and compliance with applicable provisions of the SEBI (SAST) Regulations by the Target Company.

** Vide a scheme or merger sanctioned by the High Court of Madras on September 30, 2005, Indo Tech Electric Company Limited was merged with the Target Company.

Note: The table above takes into account change in shareholding of Ms. P.S. Jayashree who was shown as “promoter” in the shareholding pattern for the quarter ended September 30, 2008. On November 27, 2008, Ms. P.S. Jayashree sold all her Shares being 83,125 Shares representing 0.78% of the Equity Capital of the Target Company to Mr. P.S. Shekar, who is also a promoter of the Target Company, at a price of Rs. 261.00/- per share by way of an inter-se transfer in compliance with the SEBI (SAST) Regulations.

62. The Target Company has complied with the applicable provisions of the SEBI (SAST) Regulations/other applicable Regulations under SEBI Act 1992 and other statutory requirements as applicable.

63. The Target Company has been complying with the corporate governance requirements as are prescribed in Clause 49 of the listing agreements as amended from time to time.

64. Except as disclosed in paragraph 59 of this Letter of Offer and as described below, the Target Company has no pending material litigation as on the date of the Public Announcement:

| Sr. No. | Name of the Party | Court / Authority | Particulars | Amount of Claim |
|---|---|---|---|---|
| 1. | Mrs. Devaki R. Mani, G. Radhakrishnan & Mrs. Amsavalli | Court of Commissioner, | Death of an employee in the course of duty. | The Target Company has so far paid Rs. 1.09 lacs. |
| 2. | Mr. R. Gopu | Additional Labour Court, Chennai | Reinstatement in service with back wages and continuity of service | Rs.1.50 lacs. |
| 3. | Chennai | Additional Labour | Ratings basis for providing | Rs. 1.70 lacs |

| Sr. No. | Name of the Party | Court / Authority | Particulars | Amount of Claim |
|---|---|---|---|---|
| | Perunagar Jananayaga Thozilalar Sangam | Court II Madras | incentives on transformers. | |
| 4. | Chennai Perunagar Jananayaga Thozilalar Sangam | Assistant Labour Commissioner, Chennai | Dispute regarding entitlement to pay hikes under settlement agreement executed with workmen under section 12(3) of the Industrial Disputes Act, 1947 | Nil |
| 5. | Thiru K. Ravichandran | Madras High Court | Resintatement in service with back wages and continuity of service. | Rs. 1.30 lacs |
| 6. | Workers of the Target Company | Madras High Court | Suit for dispute in calculation of production incentive. | Rs. 1.11 lacs |
| 7. | Nove Electro Magnetic Ltd. | Madras High Court | Recovery suit | Rs.10.63 lacs along with interest |
| 8. | Patheja Forgings & Auto Parts Manufacturers Ltd., | Madras High Court | Recovery suit | Rs.10.02 lacs along with interest |
| 9. | Mr. S. Devraj, Mr. P E Subramaniam | Madras High Court | Suit under the provisions of the Specific Relief Act regarding possession of the land | N.A. |
| 10. | Jalan Ispat Casting Ltd., | City Civil Court Chennai, XI Assistant Judge | Recovery suit | Nil |
| 11. | Mr. B Venkatesh Proprietor Gayathri Engineers | Vth Metropolitan Magistrate at Egmore, Chennai | Dishonour of cheque | Nil |

65. Mr. V. Balasubramanian is the compliance officer of the Target Company. Address: DP: 36, SIDCO Industrial Estate, Thirumazhisai, Chennai, 602107, India; Tel No.: +91 44 3028 9830, 3028 9833/36; Fax No.: +91 44 3028 9874; Email: bala@indo-tech.com.

## OFFER PRICE AND FINANCIAL ARRANGEMENTS

### Justification of the Offer Price

66. The Shares are listed on the BSE and the NSE. Based on information available, (*Source: www.bseindia.com, www.nseindia.com)* the Shares are frequently traded on both the BSE and the NSE within the meaning of Regulation 20(5) of the SEBI (SAST) Regulations. Moreover, for the purpose of Regulation 20(5) of the SEBI (SAST) Regulations, the Shares are most frequently traded on the NSE.

67. The details of trading volumes of the Target Company on the BSE and the NSE are as provided below:

| **Name of the Stock Exchanges** | **Total Shares traded during the six calendar months prior to the month in which the Public Announcement was made (six months ending October 31, 2008)** | **Weighted average outstanding listed Shares** | **Annualized trading turnover as a percentage of weighted average outstanding listed Shares** | **Trading status in terms of the SEBI (SAST) Regulations** |
|---|---|---|---|---|
| NSE | 20,24,705 | 1,06,20,000 | 38.13% | Frequently traded |
| BSE | 14,53,199 | 1,06,20,000 | 27.37% | Frequently traded |

*Sources: www.nseindia.com, www.bseindia.com*

68. The Offer Price is justified in terms of Regulation 20(4) of the SEBI (SAST) Regulations in view of the following:

    a) The negotiated price for the Sale Shares payable under the SPA is Rs. 406.00 per Share.

    b) Except for the proposed acquisition of the Sale Shares, the Acquirer has not acquired any Shares during the 26 weeks preceding the date of the Public Announcement.

    c) Based on the Share price data on the NSE, where the Shares are frequently traded, the average of the weekly high and low of the closing prices of the Shares during the 26 weeks preceding the date of the Public Announcement and the average of the daily high and low of the prices of the Shares during the 2 weeks preceding the date of the Public Announcement are as under:

| | |
|---|---|
| Average of the weekly high and low of the closing prices of the Shares during the 26 weeks preceding the date of the Public Announcement | Rs. 297.15 per Share |
| Average of the daily high and low of the Shares during the 2 weeks preceding the date of the Public Announcement | Rs. 251.69 per Share |

69. The Shares are most frequently traded on the NSE. The average of the weekly high and low of the closing prices of the Shares, during the 26-week period ended December 5, 2008 (being the last trading date before the Public Announcement) on NSE, are given below:

| Week No. | Week ending | High (Rs.) | Low (Rs.) | Average (Rs.) | Volume |
|---|---|---|---|---|---|
| 1 | 13-Jun-08 | 374.65 | 343.85 | 359.25 | 62,323 |
| 2 | 20-Jun-08 | 401.55 | 357.95 | 379.75 | 104,070 |
| 3 | 27-Jun-08 | 349.40 | 333.60 | 341.50 | 29,475 |
| 4 | 4-Jul-08 | 322.45 | 298.60 | 310.53 | 27,413 |
| 5 | 11-Jul-08 | 360.80 | 336.25 | 348.53 | 13,686 |
| 6 | 18-Jul-08 | 328.30 | 294.80 | 311.55 | 12,560 |
| 7 | 25-Jul-08 | 325.75 | 302.50 | 314.13 | 37,346 |
| 8 | 1-Aug-08 | 333.55 | 299.40 | 316.48 | 75,185 |
| 9 | 8-Aug-08 | 367.60 | 339.40 | 353.50 | 45,672 |
| 10 | 15-Aug-08 | 407.35 | 365.60 | 386.48 | 167,786 |
| 11 | 22-Aug-08 | 370.15 | 353.45 | 361.80 | 23,509 |
| 12 | 29-Aug-08 | 360.15 | 350.25 | 355.20 | 14,286 |
| 13 | 5-Sep-08 | 392.10 | 351.95 | 372.03 | 55,037 |
| 14 | 12-Sep-08 | 400.40 | 357.35 | 378.88 | 46,110 |
| 15 | 19-Sep-08 | 343.90 | 333.80 | 338.85 | 31,108 |
| 16 | 26-Sep-08 | 338.15 | 305.50 | 321.83 | 22,835 |
| 17 | 3-Oct-08 | 298.95 | 279.40 | 289.18 | 54,768 |
| 18 | 10-Oct-08 | 255.15 | 198.55 | 226.85 | 30,998 |
| 19 | 17-Oct-08 | 221.30 | 196.95 | 209.13 | 79,036 |
| 20 | 24-Oct-08 | 204.75 | 170.05 | 187.40 | 29,871 |
| 21 | 31-Oct-08 | 186.55 | 170.00 | 178.28 | 102,008 |
| 22 | 7-Nov-08 | 211.60 | 199.70 | 205.65 | 24,303 |
| 23 | 14-Nov-08 | 208.00 | 179.30 | 193.65 | 17,292 |
| 24 | 21-Nov-08 | 194.00 | 175.50 | 184.75 | 102,402 |
| 25 | 28-Nov-08 | 249.35 | 220.20 | 234.78 | 742,201 |
| 26 | 5-Dec-08 | 281.90 | 250.30 | 266.10 | 890,106 |
| | | **26 Weeks Average** | | **297.15** | |

*Source: www.nseindia.com.*

70. The average of the daily high and low prices of the Shares during the last 2 weeks of trading on the NSE, where Shares are frequently traded, (as on the December 5, 2008) are given below:

| Day No. | Dates | High (Rs.) | Low (Rs.) | Average (Rs.) | Volume |
|---|---|---|---|---|---|
| 1 | 24-Nov-08 | 232.80 | 195.00 | 213.90 | 100,980 |
| 2 | 25-Nov-08 | 261.00 | 222.00 | 241.50 | 304,708 |
| 3 | 26-Nov-08 | 261.00 | 229.00 | 245.00 | 255,981 |
| 4 | 28-Nov-08 | 255.00 | 228.00 | 241.50 | 80,532 |
| 5 | 1-Dec-08 | 262.30 | 229.15 | 245.73 | 150,759 |
| 6 | 2-Dec-08 | 273.45 | 243.00 | 258.23 | 105,082 |
| 7 | 3-Dec-08 | 275.35 | 251.40 | 263.38 | 358,202 |
| 8 | 4-Dec-08 | 286.00 | 262.00 | 274.00 | 222,727 |
| 9 | 5-Dec-08 | 289.90 | 274.00 | 281.95 | 53,336 |
| **2 Weeks Average** | | | | **251.69** | |

*Source: www.nseindia.com.*

On the basis of the above, the minimum Offer Price in terms of Regulation 20(11) of the SEBI (SAST) Regulations is the negotiated price under the SPA, i.e. Rs. 406.00 per Share.

71. During the Offer period, the Acquirer may purchase additional Shares other than the Shares acquired pursuant to the transactions contemplated under the SPA. In the event that the Acquirer purchases any additional Shares during the Offer Period, in accordance with Regulation 20(7) of the SEBI (SAST) Regulations, such purchase shall be disclosed to the Stock Exchanges and to the Manager to the Offer in accordance with Regulation 22(17) of the SEBI (SAST) Regulations. Provided that in terms of Regulation 20(7) of the SEBI (SAST) Regulations, no such acquisitions shall be made during the last seven (7) Working Days prior to the closure of the Offer.

72. As per the SEBI (SAST) Regulations, the Acquirer can revise the Offer Price / Offer Size up to seven (7) Working Days prior to the closure of this Offer, and the revision, if any, would be announced in the same newspapers in which the Public Announcement appeared and the revised price will be paid for all Shares acquired pursuant to this Offer. Such revised price shall not be less than the highest price paid by the Acquirer for any acquisition of Shares.

**Financial Arrangements**

73. The total financial resources required under the Offer, assuming full acceptance, will be Rs. 86,23,44,000 (the "**Maximum Consideration**").

74. The Acquirer has the requisite resources to fund this Offer including resources available through credit lines availed by the Acquirer by way of an unsecured term loan under the Information Credit Agreement with Bancomer for an amount of upto 115,00,00,000.00 Mexican Peso (equivalent to Rs. 422,05,00,000.00), which has been made available for the purpose of financing the acquisition of a company in India which manufactures and commercializes electrical transformers. The said credit line is valid for a period of 12 months beginning November 26, 2008. The Information Credit Agreement contains certain affirmative and negative covenants and events of defaults which are customary for a transaction of this nature.

75. By way of security for performance of its obligations under the SEBI (SAST) Regulations, the Acquirer has deposited the Cash Deposit in the Escrow Account. The Cash Deposit represents 100% of the Maximum Consideration.

76. The Acquirer has confirmed that the funds lying in the Escrow Account will be utilized exclusively for the purpose of the Offer. The Acquirer has authorized the Manager to the Offer to operate the Escrow Account in compliance with Regulation 28 of the SEBI (SAST) Regulations.

77. Vijay Savla (Membership Number 042916), Partner, M/s Vijay Savla & Co., an independent Chartered Accountant having its address at G-02, D'souza Mansion, J.S. Road, Dahisar (West), Mumbai 400068, has certified vide his letter dated December 5, 2008, that the Acquirer has adequate resources to meet the financial requirements of the Offer. The Acquirer has also confirmed to the Manager to the Offer that the Acquirer has adequate resources to meet its financial obligations relating to the Offer.

78. In view of the above the Manager to the Offer is satisfied that firm arrangements have been put in

place by the Acquirer to fulfill the Acquirer's obligations through verifiable means in relation to the Offer in accordance with the SEBI (SAST) Regulations.

**TERMS AND CONDITIONS OF THE OFFER**

79. All Shares tendered and accepted under the Offer up to 21,24,000 Shares will be acquired by the Acquirer, subject to terms and conditions set out herein. All necessary requirements for the valid transfer of the Shares will be the pre-conditions for valid acceptance. The Target Company does not have any outstanding Shares that are subject to lock-in save and except the following:

| | **Name of the Shareholders** | **No. of Shares** | **Expiry date of lock in** |
|---|---|---|---|
| 1 | P.E. Subramaniam | 7,08,000 | March 8, 2009 |
| 2. | P.S. Jagdish | 708,000 | March 8, 2009 |
| 3. | P.S. Shekar | 708,000 | March 8, 2009 |
| | **Total** | **21,24,000** | |

As on the date of the Letter of Offer, the Target Company does not have any outstanding Shares that are subject to lock-in.

80. The Manager to the Offer shall ensure that there is no discrimination in the acceptance of locked-in and non locked-in Shares. The locked-in Shares shall be transferred to the Acquirer and the Acquirer being a new promoter pursuant to acquisition of such Shares, shall in terms of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000, ensure continuance of the said lock-in for the applicable remaining period in terms thereof.

81. The Letter of Offer relating to the Offer together with the Form of Acceptance cum Acknowledgement, Form of Withdrawal and Transfer Deed (applicable for Shareholders holding Shares in physical form) will be mailed to all the Shareholders (except the parties to the SPA) whose names appear on the Register of Shareholders and to the beneficial owners of Shares in dematerialized form whose names appear on the beneficial records of the respective depositories, in either case, at the close of business on the Specified Date i.e. December 19, 2008.

82. All Shareholders whose names appear in the register of Shareholders on the Specified Date and also persons who own Shares any time prior to the closure of the Offer, whether or not they are registered Shareholders, are eligible to participate in the Offer anytime before the closure of the Offer.

83. The acceptance of the Offer is entirely at the discretion of the Shareholders and each Shareholder to whom the Offer is being made, is free to offer his shareholding in the Target Company, in whole or in part while accepting the Offer. The Acquirer will not be responsible in

any manner for any loss of equity share certificate(s) and offer acceptance documents during transit and the Shareholders are advised to adequately safeguard their interest in this regard.

84. Shares that are subject to any charge, lien or encumbrance are liable to be rejected. Applications in respect of Shares that are the subject matter of litigation wherein the Shareholders may be prohibited from transferring the Shares during the pendency of the said litigation are liable to be rejected if the directions / orders permitting transfer of these Shares are not received together with the Shares tendered under the Offer. The Letter of Offer in some of these cases, wherever possible, will be forwarded to the concerned statutory authorities for further action by such authorities.

85. The acquisition of the Shares under this Offer is subject to receipt of the approval of the RBI under the Master Circular on Foreign Investment in India dated July 1, 2008 issued by the RBI. This approval of RBI has been received.

86. There are no other statutory approvals required to implement the Offer, other than those contemplated above. If any other statutory approvals become applicable, the Offer would be subject to such statutory approvals. The Acquirer will have the right not to proceed with the Offer and withdraw the same in terms of Regulation 27 of the SEBI (SAST) Regulations in the event that any of the statutory approval(s) contemplated above are refused.

87. In case of a delay in receipt of any statutory approval(s), SEBI has the power to grant an extension of time to the Acquirer for payment of consideration to the tendering Shareholders, subject to the Acquirer agreeing to pay interest for the delayed period as directed by SEBI in terms of Regulation 22(12) of the SEBI (SAST) Regulations. Further, if the delay occurs on account of willful default or neglect or inaction or non-action by the Acquirer in obtaining the requisite approvals, Regulation 22(13) of the SEBI (SAST) Regulations will also become applicable.

88. The Acquirer does not require any approvals from financial institutions or banks for the Offer.

89. The acquisition of the Sale Shares are subject to receipt of the approval of the RBI by way of a Block Deal in terms of the SPA and approval from the Stock Exchanges and SEBI that may be required for the Block Deal. As on the date of the Letter of Offer, the approval from RBI for acquisition of Sale Shares by way of a Block Deal has been received. However, all the Shares are being acquired by way of an off market transfer.

90. Accidental omission to dispatch this Letter of Offer or any further communication to any person to whom this Letter of Offer is or should be made or the non-receipt of this Letter of Offer by any such person shall not invalidate the Offer in any way.

91. The instructions, authorizations and provisions contained in the Form of Acceptance cum Acknowledgement, Form of Withdrawal and Transfer Deed (applicable for Shareholders holding Shares in physical form) constitute an integral part of the terms of the Offer.

92. Barring unforeseen circumstances and factors beyond their control, the Acquirer intends to complete all formalities pertaining to the purchase of the Shares, including despatch payment of consideration to the Shareholders who have accepted the Offer, by May 8, 2009.

93. The Acquirer is permitted to revise the Offer Price upward any time up to seven (7) Working Days prior to the date of the closure of the Offer. If there is any upward revision in the Offer Price before the last date of revision (i.e. April 13, 2009) or withdrawal of the Offer, the same would be informed by way of a public announcement in the same newspapers where the original Public Announcement appeared. Such revised Offer Price would be payable by the Acquirer to all Shareholders who tender their Shares at any time during the Offer and which are accepted under the Offer.

94. Shareholders who have sent their Shares for dematerialization need to ensure that the process of getting Shares dematerialized is completed well in time so that the credit in the Registrar's special depository account should be received on or before the date of closure of the offer, i.e. April 23, 2009, else the application would be rejected.

95. The securities transaction tax will not be applicable to the Shares accepted in the Offer.

96. A schedule of the activities pertaining to the Offer is given below:

| **Activity** | **Day and date** |
|---|---|
| Public Announcement | Saturday, December 6, 2008 |
| Specified Date* | Friday, December 19, 2008 |
| Last date for a competitive bid | Saturday, December 27, 2008 |
| Date by which Letter of Offer to be dispatched to Shareholders | Tuesday, March 31, 2009 |
| Date of opening of offer | Saturday, April 04, 2009 |
| Last date for upward revision of the Offer Price | Monday, April 13, 2009 |
| Last Date for withdrawing acceptance of the Offer | Monday, April 20, 2009 |
| Date of closing of the Offer | Thursday, April 23, 2009 |
| Last date of communicating rejection/acceptance and payment of consideration for accepted tenders and/or the un accepted Shares/Share certificates will be dispatched/credited | Friday, May 08, 2009 |

** Specified Date is the date for determining the names of the Shareholders to whom the Letter of Offer would be sent, being all Shareholders whose names appear on the register of members of the Target Company and as regards the beneficial owners of the dematerialized Shares, whose names appear as beneficiaries on the records of the respective depositories, at the close of business on December 19, 2008.*

**PROCEDURE FOR ACCEPTANCE AND SETTLEMENT OF THE OFFER**

97. The Acquirer made the Public Announcement on December 6, 2008 for the Offer. This Offer is made to all Persons eligible to participate in the Offer.

98. Holders of Shares in physical form who wish to tender their 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 – Karvy Computershare Private Limited, Tel: +91 40 2342 0815-28, Fax No.: +91 40 2343 1551, Address: Unit **:** Indo Tech Transformers Limited – Open offer, Plot No 17-24, Vitthal Rao Nagar, Madhapur Hyderabad 500 081, either by hand delivery on weekdays, or by registered post, on or before the closure of the Offer (i.e. no later than April 23, 2009), in accordance with the instructions to be specified in the Letter of Offer and in the Form of Acceptance cum Acknowledgement. Holders of Shares in physical form should also send the following documents along with the Form of Acceptance cum Acknowledgment:

- Registered Shareholders should enclose:

  (i) Form of Acceptance cum Acknowledgement duly completed and signed in accordance with the instructions contained therein, by sole/joint Shareholders whose name(s) appear in the Register of Shareholders and as per the specimen signature lodged with the Target Company;

  (ii) Original Share certificate(s);

  (iii) Valid Transfer Deed(s) duly signed as transferor(s) by the sole/joint Shareholders(s) in the same order as per specimen signatures lodged with the Target Company and duly witnessed at the appropriate place. The Transfer Deed should be left blank, except for the signatures as mentioned above. Attestation, where required (thumb impressions, signature differences, etc) should be done by a Magistrate, Notary Public or Special Executive Magistrate or a similar authority holding a public office and authorized to use the seal of his office or a member of a recognized stock exchange under their seal of office and membership number or manager of the transferor's bank.

  In case of registered Shareholders, the Offer shall be deemed to be accepted upon receipt of the Share certificates and the duly completed Transfer Deed despite non receipt of the aforesaid documents. Notwithstanding that the signature(s) of the transferor(s) has/have been attested as aforesaid, if the signature(s) of the transferor(s) differs from the specimen signature(s) recorded with the Target Company or are not in the same order, such Shares are liable to be rejected under this Offer even if the Offer has been accepted by a bona fide owner of such Shares.

- Unregistered owners of 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;

  (iv) Valid Share transfer deed(s) as received from the market. The details of buyer should be left blank failing which the same will be considered invalid under the Offer. All other requirements for valid transfer (including matching of signature(s)) will be preconditions for acceptance;

  (v) The acknowledgement received, if any, from the Target Company in case the Shares have been lodged with the Target Company.

99. A special depository account has been opened by the Registrar on behalf of the Acquirer with Citibank N.A. at the NSDL called, "**Karvy INDT- Escrow Demat A/c**". The DPID is IN 300054 and Client ID is 10029303. Shareholders who have their beneficiary account with the Central Depositary Services India Limited must use the inter-depository delivery instruction slip for the purpose of crediting their Shares in favour of the special depository account with NSDL.

100. Beneficial owners (holders of Shares in dematerialized form) who wish to tender their Shares will be required to send their Form of Acceptance cum Acknowledgement along with a photocopy of the delivery instruction in "Off-market" mode, or counterfoil of the delivery instructions in "Off-market" mode, duly acknowledged by the DP, in favour of the special depository account to the Registrar to the Offer – Karvy Computershare Private Limited, Tel: +91 40 2342 0815-28, Fax number: +91 40 2343 1551, Address: Unit : Indo Tech Transformers Limited – Open offer, Plot No 17-24, Vitthal Rao Nagar, Madhapur Hyderabad 500 081, either by hand delivery on weekdays or by registered post, on or before the closure of the Offer (i.e. no later than April 23, 2009), in accordance with the instructions to be specified in the Letter of Offer and in the Form of Acceptance cum Acknowledgement. The credit for the delivered Shares should be received in the special depository account on or before closure of the Offer (i.e. no later than April 23, 2009). Holders of Shares in dematerialized form should also enclose the following documents:

    (i) Form of Acceptance cum Acknowledgement duly completed and signed in accordance with the instructions contained therein, by sole/joint Shareholders whose names appear in the beneficiary account and in the same order therein. The Form of Acceptance cum Acknowledgement has to be tendered by the beneficial holder of Shares only.

    In case of non-receipt of the aforesaid documents, but receipt of the Shares in the special depository account, the Offer shall be deemed to have been accepted.

(ii) A photocopy or counterfoil of the Delivery Instruction Slip in “off market” mode, duly acknowledged by the beneficial owners depository participant and filled as per the details of the special depository account given in paragraph 99 of this Letter of Offer.

(iii) In addition to the above-mentioned address, the Shareholders who wish to avail of and accept the Offer can also deliver the Form of Acceptance cum Acknowledgement along with all the relevant documents at any of the collection centres below in accordance with the procedure as set out in the Letter of Offer.

| | **Collection centre** | **Address of collection centres** | **Contact person** | **Phone No.** | **Fax** | **Mode of delivery** |
|---|---|---|---|---|---|---|
| 1. | Mumbai | Karvy Computershare. Pvt Ltd.<br>26-30, Fort Foundation Building<br>Maharashtra Chamber. of Commerce. Lane, Opp. MSC Bank, Fort<br>Mumbai – 400 023 | Ms. Varija Salian | 022-66382666 | 022-66331135 | Hand Delivery |
| 2. | New Delhi | Karvy Computershare. Pvt Ltd.<br>105-108, Arunachal Bldg.,<br>19, Barakhamba Road, New Delhi - 110 001 | Mr. Rakesh Kr Jamwal / Vinod Singh Negi | 011-43509200 | 011 41036370 | Hand Delivery |
| 3. | Ahmedabad | Karvy Computershare. Pvt Ltd.<br>201-203, Shail,<br>Opp: Madhusudhan House<br>Behind Girish Cold Drinks<br>Off C G Road Ahmedabad - 380 006 | Mr.Aditya Gupta/ Robert Joeboy | 079-26400528 | 079-26565551 | Hand Delivery |
| 4. | Chennai | Karvy Computershare. Pvt Ltd.<br>No. 33/1, Venkatraman Street,<br>T.Nagar, Chennai - 600017. | Mr. Gunashekhar | 044 – 28151793/ 1794/ 4781 | 044-28153181 | Hand Delivery |
| 5. | Hyderabad | Karvy Computershare. Pvt Ltd.<br>Plot No 17-24, Vithalrao Nagar,<br>Madhapur, Hyderabad 500 081 | Ms. Rinki Sareen | 040-23420818 - 23420823 | 040-23431551 | Hand Delivery/ Regd Post |
| 6. | Kolkata | Karvy Computershare. Pvt Ltd.<br>49, Jatin Das Road, Nr.Deshpriya Park, Kolkatta 700 029 | Mr. Sujit Kundu/Mr. Debnath | 033-24644891 | 033-24644866 | Hand Delivery |
| 7. | Bangalore | Karvy Computershare. Pvt Ltd.<br>No.59, Skanda, Putana Road, Basavanagudi<br>Bangalore 560 004 | Mr. Kumara Swamy | 080-26621192 | 080-26621169 | Hand Delivery |

*The documents can be tendered at the above centres between 10 am to 3 pm from Monday to Friday and between 10 am to 1 pm on Saturday. The centres will be closed on Sundays and Public Holidays.*

Acceptance cum Acknowledgement Form along with all the relevant documents including original Share(s) certificates (in case of Shareholders holding Shares in physical form) should be sent to the Registrar to the Offer only and not to the Acquirer or the Target Company.

101. Persons eligible to participate in the Offer who own Shares at any time before the closure of the Offer, are eligible to participate in the Offer anytime and can transfer the Shares even if they are subject to lock-in. Unregistered owners can send their application in writing to the Registrar to the Offer, on a plain paper stating their name, address, number of Shares held, number of Shares

offered, distinctive numbers, folio number, together with the original Share certificate(s), valid transfer deeds and the original contract notes issued by the broker through whom they acquired their Shares. No indemnity is required from unregistered owners. Unregistered owners, if they so desire, may also apply in the Form of Acceptance cum Acknowledgement downloadable from SEBI's website (www.sebi.gov.in). If the signature of the transferor(s) differs from the specimen signature(s) recorded with the Target Company or are not in the same order, Shares tendered by such unregistered owners are liable to be rejected under the Offer even if the Offer has been accepted by a bona fide owner of such Shares.

102. In case of non-receipt of the Letter of Offer, Persons eligible to participate in Offer may send their application to the Registrar to the Offer, on a plain paper stating their name, address, number of Shares held, distinctive numbers, folio number and number of Shares offered along with documents as mentioned above so as to reach the Registrar to the Offer on or before the closure of the Offer (i.e. no later than April 23, 2009), or in case of beneficial owners, they may send the application in writing to the Registrar to the Offer, on a plain paper stating their name, address, number of Shares held, number of Shares offered, DP name, DP ID, beneficiary account number, and a photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the DP, in favour of the special depository account, so as to reach the Registrar to the Offer, on or before the closure of the Offer (i.e. no later than April 23, 2009). Shareholders holding Shares in physical form should also send original Share certificate(s) and valid transfer deeds. Shareholders holding Shares in physical form who have lodged their Shares for transfer with the Target Company must also send the acknowledgement received, if any, from the Target Company towards such lodging of Shares.

103. The Shareholders participating in the Offer should also provide all relevant documents, which are necessary to ensure transferability of the Shares in respect of which the application is being sent. Such documents may include, but are not limited to:

- duly attested death certificate and succession certificate/ probate/ letter of administration (in case of single shareholder) if the original shareholder is deceased;
- duly attested Power of Attorney if any person apart from the Shareholder has signed the application form and/or Transfer Deed(s) (applicable for Shareholders holding Shares in physical form);
- no objection certificates from the chargeholder/ lender, if the Shares in respect of which the application is sent, are under any charge, lien or encumbrance;
- in case of companies, the necessary corporate authorization (including Board Resolutions);
- any other relevant documentation.

104. The payment to the Shareholders would be done through various modes as follows:

- Electronic Clearing System ('**ECS**') – Payment would be done through ECS for Shareholders having an account at any of the following 68 centers: Ahmedabad, Bangalore, Bhubaneshwar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna, Thiruvananthapuram (managed by RBI); Baroda, Dehradun, Nashik, Panaji, Surat, Trichy, Trichur, Jodhpur, Gwalior, Jabalpur, Raipur, Calicut, Siliguri (Non-MICR), Pondicherry, Hubli, Shimla (Non-MICR), Tirupur, Burdwan (Non-MICR), Durgapur (Non-MICR), Sholapur, Ranchi, Tirupati (Non-MICR), Dhanbad (Non-MICR), Nellore (Non-MICR) and Kakinada (Non-MICR) (managed by State Bank of India); Agra, Allahabad, Jalandhar, Lucknow, Ludhiana, Varanasi, Kolhapur, Aurangabad, Mysore, Erode, Udaipur, Gorakpur and Jammu (managed by Punjab National Bank); Indore (managed by State Bank of Indore); Pune, Salem and Jamshedpur (managed by Union Bank of India); Visakhapatnam (managed by Andhra Bank); Mangalore (managed by Corporation Bank); Coimbatore and Rajkot (managed by Bank of Baroda); Kochi/Ernakulum (managed by State Bank of Travancore); Bhopal (managed by Central Bank of India); Madurai (managed by Canara Bank); Amritsar (managed by Oriental Bank of Commerce); Haldia (Non-MICR) (managed by United Bank of India); Vijaywada (managed by State Bank of Hyderabad); and Bhilwara (managed by State Bank of Bikaner and Jaipur). This mode of payment would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the depositories. Shareholders holding Shares in dematerialized form may opt for payment by RTGS / NEFT (please see below) failing which payment to such Shareholders will be made through ECS. In the event that payment to such Shareholders cannot be made by ECS on account of incorrect details or any other reason, payment to such Shareholders will be made by demand drafts / cheques. Shareholders holding Shares in physical form may opt for payment by RTGS / NEFT (please see below) failing which payment to such Shareholders shall be made by cheques / demand drafts as per bank details provided by such Shareholders in the Form of Acceptance cum Acknowledgment.
- Direct Credit – Shareholders having bank accounts with the Escrow Agent, as mentioned in the Form of Acceptance cum Acknowledgement, shall be eligible to receive payments through direct credit. Charges, if any, levied by the Escrow Agent for the same would be borne by the Acquirer.
- Real Time Gross Settlement ('**RTGS**') – Shareholders having a bank account at any of the abovementioned 68 centres and whose amount exceeds Rs. 1 lacs, have the option to receive the payment through RTGS. Such eligible Shareholders who indicate their preference to receive payment through RTGS are required to provide the IFSC code in the Form of Acceptance cum Acknowledgement. In the event the same is not provided, payment shall be made

through ECS in case of Shareholders holding Shares in demat form and through demand drafts / cheques in case of Shareholders holding Shares in physical form. Charges, if any, levied by the Escrow Agent for the same would be borne by the Acquirer. Charges, if any, levied by the Shareholder's bank receiving the credit would be borne by the Shareholder.

- National Electronic Fund Transfer ('**NEFT**') – Payment shall be undertaken through NEFT wherever the Shareholder's bank has been assigned the IFSC, which can be linked to a MICR, if any, available to that particular bank branch. IFSC will be obtained from the website of RBI as on a date immediately prior to the date of payment, duly mapped with MICR numbers. Wherever the Shareholders have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC of that particular bank branch and the payment will be made to the Shareholder through this method. The process flow in respect of payments by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency. In the event that NEFT is not operationally feasible, the payment would be made through any one of the other modes as discussed above.
- For all Shareholders, including physical Shareholders, to whom payments cannot be made by ECS / RTGS or NEFT, the payments will be dispatched under certificate of posting for value upto Rs. 1,500 and through speed post/ registered post for payments of Rs. 1,500 and above. Such payments will be made by cheques, pay orders or demand drafts drawn on the Escrow Agent and payable at par at places where acceptance forms are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Shareholders.

105. In terms of Regulation 22(5A) of the SEBI (SAST) Regulations, Persons eligible to participate in Offer desirous of withdrawing the Shares tendered by them in the Offer may do so up to three (3) Working Days prior to the date of closure of the Offer (i.e. no later than April 20, 2009). The withdrawal option can be exercised by submitting the documents as per the instructions below, so as to reach the Registrar to the Offer at any of the collection centres mentioned above as per the mode of delivery indicated therein on or before April 20, 2009.

106. The withdrawal option can be exercised by submitting the Form of Withdrawal, enclosed with the Letter of Offer. Shareholders should enclose the following:

a. For Shares held in demat form:

(i) Duly signed and completed Form of Withdrawal. The signature(s) should be attested by the DP.

(ii) Acknowledged slip in original/copy of the submitted Form of Acceptance cum Acknowledgement submitted by registered post.

(iii) Photocopy of the delivery instruction in “Off-market” mode or counterfoil of the delivery instruction in “Off-market” mode, duly acknowledged by the DP.

b. For Shares held in physical form:

- Registered Shareholders should enclose:

  (i) Duly signed and completed Form of Withdrawal.

  (ii) Acknowledged slip in original/copy of the submitted Form of Acceptance cum Acknowledgement submitted by registered post.

  (iii) In case of partial withdrawal, valid Share transfer form(s) duly signed as transferors by all registered Shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with the Target Company and duly witnessed at the appropriate place.

- Unregistered owners should enclose:

  (i) Duly signed and completed Form of Withdrawal.

  (ii) Acknowledged slip in original/copy of the submitted Form of Acceptance cum Acknowledgement submitted by registered post.

107. In case of non-receipt of Form of Withdrawal, the withdrawal option can be exercised by making a plain paper application to the Registrar to the Offer along with the following details:

- In case of physical Shares: name, address, distinctive numbers, folio number, and number of Shares tendered; and
- In case of dematerialized Shares: name, address, number of Shares offered, DP name, DP ID, beneficiary account number and a photocopy of the delivery instruction in “Off-market” mode or counterfoil of the delivery instruction in “Off-market” mode, duly acknowledged by the DP, in favour of the special depository account.

108. The withdrawal of Shares will be available only for the Shares/Share certificates that have been received by the Registrar to the Offer. The Shares returned to the Shareholders will be at the address as per the records of the Target Company /depository as the case may be. The Form of Withdrawal should be sent only to the Registrars to the Offer. In case of partial withdrawal of Shares tendered in physical form by the registered Shareholder, if the original Share certificates are required to be split, the same will be returned on receipt of Share certificates from the Target Company. Partial withdrawal of tendered shares can be done only by the registered Shareholders/beneficial owners. In case of partial withdrawal, the earlier Form of Acceptance cum Acknowledgement will stand revised to that effect. Shareholders holding Shares in dematerialized form are requested to issue the necessary standing instruction for receipt of the credit in their DP account.

109. The Registrar to the Offer will hold in trust the Shares / Share certificates, Shares lying to the credit of the special depository account, Form of Acceptance cum Acknowledgement, if any, and the transfer form(s) on behalf of Persons eligible to participate in Offer who have accepted the Offer, until the cheques / drafts for the consideration and / or the unaccepted Shares / Share certificates are dispatched / returned, as applicable.

110. If the aggregate of the valid responses to the Offer exceeds the Offer Size, then the Acquirer shall accept the valid applications received on a proportionate basis in accordance with Regulation 21(6) of the SEBI (SAST) Regulations. Since the Shares are compulsorily traded in dematerialized form, minimum acceptance will be one Share.

111. 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 / unregistered owners. Unaccepted Shares held in dematerialized form will be credited back to the beneficial owners' depository account with the respective depository participant, as per the details furnished by the beneficial owner in the Form of Acceptance cum Acknowledgement.

112. While tendering the Shares under the Offer, NRIs / OCBs / foreign shareholders will be required to submit the previous RBI approvals (specific or general) that they would have obtained for acquiring the Shares. In case previous RBI approvals are not submitted, the Acquirer reserves the right to reject such Shares.

113. While tendering Shares under the Offer, NRIs / OCBs / foreign shareholders will be required to submit a Tax Clearance Certificate from the income tax authorities, indicating the amount of tax to be deducted by the Acquirer under the Income Tax Act. In case the aforesaid Tax Clearance Certificate is not submitted, the Acquirer will arrange for tax to be deducted at the maximum marginal rate as may be applicable to the category of the Shareholder under the Income Tax Act, on the entire consideration amount payable to such NRIs /OCBs /foreign Shareholders.

114. As per the provisions of Section 196D(2) of the Income Tax Act, no deduction of tax at source shall be made from any income by way of capital gains arising from the transfer of securities referred to in section 115AD of the Income Tax Act payable to a FII as defined in section 115AD of the Income Tax Act. FIIs should certify ("**FII Declaration**") certain details including the nature of its income under the Income Tax Act (capital gain or otherwise) arising from sale of shares in the Target Company. In the absence of the FII Declaration that the Shares are held on investment/capital account or where income from the sale of shares is not capital gain, the Acquirer shall deduct tax at the maximum marginal rate as may be applicable to the category of the Shareholder under the Income Tax Act, on the entire consideration amount payable. FIIs may also submit a Tax Clearance Certificate from the income tax authorities while tendering the shares, indicating the amount of tax to be deducted by the Acquirer under the Income Tax Act. Where such Tax Clearance Certificate is provided the Acquirer shall deduct tax in accordance to the same.

115. If there is any interest payable due to a delay in payment of consideration, the Acquirer will arrange to deduct tax on the interest component, at the rate as may be applicable to the category of Shareholder under the Income Tax Act.

**Shareholders are advised to consult their tax advisors for their taxability or any other procedural aspects including the treatment that may be given by their respective Assessing Officers in their case, and the appropriate course of action that they should take. The Acquirer and the Manager to the Offer do not accept any responsibility for the accuracy or otherwise of such advice.**

**DOCUMENTS FOR INSPECTION**

The following documents will be available for inspection by the Shareholders at the registered office of the Target Company, whose address is given on the cover page of this document, between 10 am and 5 pm on all Working Days (except Saturdays and Sundays) until the Offer closing date:

a. Certificate of Incorporation and Constitution of the Acquirer.

b. Copy of the SPA.

c. Copy of the Escrow Agreement

d. Copy of the escrow agreement dated December 4, 2008 entered into between the Acquirer, the Sellers and Citibank N.A.

e. Certificate dated December 5, 2008 Vijay Savla, Partner, M/s Vijay Savla & Co., an independent Chartered Accountant having its address at G-02, D'souza Mansion, J.S. Road, Dahisar (West), Mumbai 400068, regarding the adequacy of financial resources with the Acquirer to fulfill the Offer obligation.

f. Annual Reports of the Target Company for the financial year ended March 31, 2006, March 31, 2007 and March 31, 2008.

g. Annual Accounts of the Acquirer for the financial year ended December 31, 2005, December 31, 2006 and December 31, 2007.

h. Copy of a certificate from Citibank, NA, Mumbai confirming the amount placed in the Escrow Account, towards the proposed Offer, with a lien in favour of the Manager to the Offer.

i. Copy of the agreement with the Depository Participant for opening a special depositary account for the purpose of the Offer.

j. Published copy of Public Announcement made on December 6, 2008 by the Acquirer for acquiring up to 21,24,000 issued equity Shares of the Target Company.

k. A copy of the Non-Compete Agreement.

l. A copy of the Information Credit Agreement in original along with a duly translated copy in English.

m. Copy of letter received from SEBI, Ref. Nos. CFD/DCR/TO/HB/158162/2009 dated March 23, 2009, in terms of proviso to Regulation 18(2) of the SEBI (SAST) Regulations.

**DECLARATION BY THE ACQUIRER**

116. The Acquirer and its directors accept responsibility for the information contained in the Public Announcement and also for the obligations of the Acquirer laid down in the SEBI (SAST) Regulations.

117. The Acquirer shall be responsible for ensuring fulfillment of their obligations under with the SEBI (SAST) Regulations.

118. All information contained in this document is as on the date of the Public Announcement, unless stated otherwise.

119. As on the date of the Public Announcement and this Letter of Offer, in terms of Regulation 16(via) of the SEBI (SAST) Regulations, the Manager to the Offer does not hold any Shares. As required under Regulation 24(5A) of the SEBI (SAST) Regulations, the Manager to the Offer shall not deal in the Shares during the period commencing from the date of its appointment in terms of Regulation 13 of the SEBI (SAST) Regulations until the expiry of fifteen days from the date of closure of the Offer.

**For and on behalf of the Acquirer**

Sd/-

Signature

Place:

Date: March 27, 2009

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**
**(Please send this Form with enclosures to the Registrar to the Offer ONLY at their collection centers as mentioned herein)**

## FORM OF ACCEPTANCE-CUM-ACKNOWLEDGEMENT

**(All terms and expressions used herein shall have the same meaning as ascribed thereto in the Letter of Offer)**

| OFFER | | | | |
|---|---|---|---|---|
| Opens On | : | Saturday, | April | 04, 2009 |
| Closes On | : | Thursday, | April | 23, 2009 |
| Last Date of Withdrawal | : | Monday, | April | 20, 2009 |

From :
Name :
Address :

Tel No. :
Fax No. : E-mail ID:

To,

**Karvy Computershare Private Limited**
Plot No. 17-24, Vithalrao Nagar Madhapur, Hyderabad 500 081

Dear Sir,

**Sub: Open Offer to acquire 21,24,000 equity shares of Rs. 10/- each of the issued and paid-up equity share capital of Indo Tech Transformers Limited ("Target Company") by PROLEC-GE INTERNACIONAL, S. DE R.L. DE C.V. (the "Acquirer") through a mandatory open offer (the "Offer") pursuant to the provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (as amended) (the "Takeover Regulations")**

I/We refer to the Letter of Offer dated March 27, 2009 for acquiring the Shares.

I/We, the undersigned, have read the Letter of Offer, and accept unconditionally its contents including the terms and conditions and procedures as mentioned therein.

### FOR SHARES HELD IN PHYSICAL FORM

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. | LEDGER FOLIO NO. | CERTIFICATE NO. | DISTINCTIVE NOS. | | NO. OF SHARES |
|---|---|---|---|---|---|
| | | | FROM | TO | |
| | | | | | |
| | | | | | |
| | | | | | |
| Total No. of Certificates | | | | Total No. of Equity Shares | |

Please attach an additional sheet of paper if the above space is insufficient.

### FOR SHARES HELD IN DEMATERIALISED FORM

I/We accept the Offer and enclose photocopy/counterfoil of the delivery instructions duly acknowledged by my/our DP in respect of my/our Shares as detailed below:

| DP NAME | DP ID | CLIENT ID | NAME OF BENEFICIARY | TOTAL NO. OF SHARES |
|---|---|---|---|---|
| | | | | |

I/we have done an off market transaction for crediting the Shares to the special depository account with NSDL named as **"Karvy INDT- Escrow Demat A/c"**, whose particulars are:

| | | | |
|---|---|---|---|
| DP ID Number : IN 300054 | DP Name : Citibank N.A. | Client ID Number : 10029303 | Depository : National Securities Depository Limited |

— — — — — — — — — — — — — — — — — — **Tear along this line** — — — — — — — — — — — — — — — — — —

**Karvy Computershare Private Limited**
**(Unit : Indo Tech Transformers Limited - Open Offer)**
Plot No. 17-24, Vithalrao Nagar Madhapur, Hyderabad 500 081

Folio No. / DP ID / Client ID : _______________ Sr. No.: _______________

Received from Mr./Ms. ________________________________________________
Form of Acceptance cum Acknowledgement# along with (Please put tick (✓) mark in the box, whichever is applicable)

☐ Physical Form : Certificate for ___________ Shares along with Transfer Deed.

☐ Electronic Form : ☐ Copy of DP Delivery Instruction Slip

☐ Copy of Inter-Depository Delivery Slip (for beneficiary holders maintaining an account with CDSL).

| Signature of Official and Date of Receipt | Stamp of Collection Centre |
|---|---|
| | |

# Delete whatsoever is not applicable

**Note:** All future correspondence, if any, should be addressed to Registrar to the Offer : **Karvy Computershare Private Limited, (Unit : Indo Tech Transformers Limited - Open Offer)**, Plot No. 17-24, Vithalrao Nagar Madhapur, Hyderabad 500 081.

Shareholders, having their beneficiary account with Central Depository Services (India) Ltd., ("CDSL"), have to use inter-depository delivery instruction slip for the purpose of crediting their Shares in favour of the special depository account with NSDL.

I/We have enclosed the following documents:

Enclosures (Please tick as appropriate) (Refer paragraph 103 of the Letter of Offer):

- ☐ No objection certificate/Tax Clearance Certificate under Income Tax Act, for non-resident shareholders as applicable
- ☐ RBI permission obtained by non-resident Shareholders for holding Shares hereby tendered in the Offer
- ☐ Power of attorney
- ☐ Corporate authorization in case of company
- ☐ Death certificate/succession certificate
- ☐ Others (please specify): ________

I/We confirm that the Shares which are being tendered herewith by me/us under the Offer are free from lien, charges and encumbrances of any kind whatsoever. I/we are not debarred from dealing in Shares.

I/We note and understand that the Shares/ Share certificate(s) and valid Transfer Deed(s) 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, net of applicable withholding taxes, if any.

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 further authorise the Acquirer to return to me/us, Share certificate(s) in respect of which the Offer is not found valid/not accepted, specifying the reasons thereof.

I/We authorise the Acquirer to accept the Shares so offered or such lesser number of Shares that they may decide to accept in terms of the Letter of Offer and I/we further authorise the Acquirer to split/consolidate the Share certificates comprising the Shares that are not acquired to be returned to me/us and for the aforesaid purpose the Acquirer is hereby authorised to do all such things and execute such documents as may be found necessary and expedient for the purpose.

I/We authorise the Acquirer to send by registered post/speed post/UCP the draft/cheque, in settlement of the amount to the sole/first holder at the address mentioned above.

The Permanent Account No. (PAN/GIR No.) allotted under the Income Tax Act is as under:

| | **1st Shareholder** | **2nd Shareholder** | **3rd Shareholder** | **4th Shareholder** |
|---|---|---|---|---|
| **PAN / GIR No.** | | | | |

Yours faithfully,

Signed and Delivered

| | **Full Name(s) of the Shareholder(s)** | **Signature(s)** |
|---|---|---|
| First/Sole Shareholder | | |
| Second Shareholder | | |
| Third Shareholder | | |
| Fourth Shareholder | | |

Note: In case of joint holdings, all holders must sign. A corporation must affix its rubber stamp and necessary Board Resolution must be attached.

Tel No. ________________________; Fax No. ________________________; Email:________________________________________________

Place : _______________________ Date : _________________

— — — — — — — — — — — — — — — — — **Tear along this line** — — — — — — — — — — — — — — — —

Note : All future correspondence, if any, should be addressed to Registrar to the Offer:

**Karvy Computershare Private Limited**

Plot No. 17-24, Vithalrao Nagar Madhapur, Hyderabad 500 081

Tel: 040-23420818-825 Fax 040-23431551

Email: indt.openoffer@karvy.com

Contact Person: Mr. M. Muralikrishna

**BANK DETAILS**

So as to avoid fraudulent encashment in transit, Shareholder(s) holding Shares in physical form should provide details of bank account of the first/sole shareholder as follows and the consideration cheque or demand draft will be drawn accordingly:

| | | |
|---|---|---|
| Name of the Bank : | | Indicate changes, if any |
| Bank Branch: | | |
| Bank A/c. Type: | Bank A/c. No.: | |
| 9 Digit MICR Code | IFSC Code: | |

**DETAILS FOR RTGS / NEFT**

In addition to above Bank Details, Shareholders opting for the RTGS/ NEFT option should provide the following details:

Payment through RTGS (Yes/No): ____________________

Payment through NEFT (Yes/No): ____________________

IFSC Code of the Branch where account is maintained: ____________________

## INSTRUCTIONS

1. Please read the enclosed Letter of Offer carefully before filling this Form of Acceptance cum Acknowledgement.
2. The acceptance of the Offer made by the Acquirer is entirely at the discretion of the Shareholders. Each Shareholder to whom this Offer is being made is free to offer his Shares in whole or in part while accepting the Offer.
3. Shareholders should enclose the following:

   **Procedure for Shares held in Physical Form**
   - Registered Shareholders should enclose:
   - Form of Acceptance cum Acknowledgement duly completed and signed in accordance with the instructions contained therein, by sole/joint shareholders whose name(s) appears on the Share certificate(s) and in the same order in which their name(s) appear in the register of Shareholders and as per the specimen signature lodged with the Target Company;
   - Original Share certificate(s);
   - Valid Transfer Deed(s) duly signed as transferor(s) by the sole/joint Shareholder(s) in the same order and as per specimen signatures lodged with the Target Company and duly witnessed at the appropriate place. The Transfer Deed should be left blank, except for the signatures as mentioned above. A blank share transfer form is enclosed along with this Letter of Offer.
   - Unregistered owners of Shares should enclose:
   - Form of Acceptance cum Acknowledgement duly completed and signed in accordance with the instructions contained therein;
   - Original Share certificate(s);
   - Original broker contract note;
   - Valid Transfer Deed(s) as received from the market. The details of buyer should be left blank failing which the same will be considered invalid under the Offer. All other requirements for valid transfer (including matching of signatures) will be preconditions for acceptance.
   - The acknowledgement received, if any, from the Target Company in case the Shares have been lodged with the Target Company.

   **Procedure for Shares held in Demat Form**
   - Beneficial owners should enclose:
   - Form of Acceptance cum Acknowledgement duly completed and signed in accordance with the instructions contained therein, by sole/joint Shareholders whose names appear in the beneficiary account and in the same order therein;
   - A photocopy or counterfoil of the delivery instructions in "off market" mode, duly acknowledged by the beneficial owners' DP and completed as per the details of the special depository account given below.

   The Registrar to the Offer has for the purpose of this Offer, opened a special depository account with NSDL "Karvy INDT- Escrow Demat A/c", whose particulars are:

   **DP ID Number: IN 300054; DP Name: Citibank N.A.; Client ID Number: 10029303; Depository: National Securities Depository Limited**

   Shareholders, having their beneficiary account with CDSL, have to use inter-depository delivery instruction slip for the purpose of crediting their Shares in favour of the special depository account with NSDL. Since the Shares are compulsory in demat mode, the minimum marketable lot for such shares is one.

   The beneficial owners who hold Shares in dematerialised form are required to execute a trade by tendering the delivery instructions for debiting their beneficial account with the beneficial owners' DP and crediting the above mentioned special depository account. The credit in the special depository account should be received on or before April 23, 2009. In order to ensure this, beneficial owners should tender the delivery instructions at least two Working Days prior to date of closing of the Offer.

   The delivery instructions to be given to the DP should be in "For Off Market Trade" mode only. For each delivery instruction the beneficial owner should submit separate Form of Acceptance cum Acknowledgement.
4. Where the number of Shares offered for sale by the Shareholders are more than the Shares agreed to be acquired by the Acquirer under this Offer, the Acquirer shall accept the offers received from the shareholders on a proportional basis, in consultation with the Manager to the Offer, taking care to ensure that the basis of acceptance is decided in a fair and equitable manner and does not result in non-marketable lots. Provided that acquisition of Shares from a Shareholder shall not be less than the minimum marketable lot or the entire holding, if it is under the marketable lot.
5. In case of joint holdings, all the holders whose names appears on the Share certificate or in the beneficiary account must sign this Form of Acceptance cum Acknowledgement in the same order in which these names appears on the register of members/ beneficial account and as per the specimen signature(s) lodged with the Target Company or the beneficial owners' DP.
6. In case of physical Shares, the enclosed transfer deed should be duly signed as transferors by all shareholders in the same order and as per specimen signatures lodged with the Target Company and should be duly witnessed at the appropriate place. The Transfer Deed should be left blank, excepting the signatures as mentioned above. Attestation, where required (thumb impressions, signature difference, etc.) should be done by a magistrate, notary public or special executive magistrate or a similar authority holding a public office and authorised to use the seal of his office or a member of a recognized stock exchange under their seal of office and membership number or manager of the transferor's bank. PLEASE DO NOT FILL UP ANY DETAILS ON THE TRANSFER DEED. Relevant Share certificates must be annexed.
7. The Shareholders who have sent their Share certificates for dematerialization should submit their Form of Acceptance cum Acknowledgement and other documents, as applicable, along with a copy of the dematerialisation request form duly acknowledged by their DP. Shareholders who have sent their Shares for transfer should enclose, Form of Acceptance cum Acknowledgement duly completed and signed, copy of the letter sent to the Target Company (for transfer of shares) and valid Share transfer form(s).
8. In case of bodies corporate, proper corporate authorization should be enclosed.
9. Shareholders must note that on the basis of name of the Shareholders, DP's name, DP ID, beneficiary account number provided by them in the Form of Acceptance-cum-Acknowledgement, the Registrar to the Offer will obtain, from the depositories, the Shareholders' demographic details including address, bank account details, the nine digit MICR code as appearing on a cheque leaf and occupation. These bank account details will be used to make payment to Shareholders holding Shares in dematerialized form. Hence Shareholders are advised to immediately update their bank account details as appearing on the records of the DP. Please note that failure to do so could result in delays in dispatch of payment or electronic transfer of funds, as applicable, and any such delay shall be at the Shareholders' sole risk and neither the Acquirer, the Manager to the Offer, Registrar to the Offer nor the Escrow Agent shall be liable to compensate the Shareholders for any losses caused to the Shareholder due to any such delay or liable to pay any interest for such delay. Shareholders holding shares in physical form are requested to fill in the required bank details in the Form of Acceptance cum Acknowledgment. Unless Shareholders holding shares in physical form opt for payment by RTGS / NEFT option or where relevant details for payment by RTGS / NEFT option provided by such Shareholders are incorrect, payments shall be made to Shareholders holding Shares in physical form by demand drafts / cheques as per bank details provided by such Shareholders in the Form of Acceptance cum Acknowledgment.
10. All Persons eligible to participate in the Offer, registered or unregistered, who own the Shares, at any time prior to the closing of the Offer, are eligible to participate in the Offer. Unregistered owners can send their application in writing to the Registrar to the Offer, Karvy Computershare Private Limited, at

the collection centers mentioned hereunder in paragraph 12, on or before the closing of the Offer, i.e. April 23, 2009 on plain paper stating Name, Address, No. of Shares held, No. of Shares offered, Distinctive Nos., Folio No., together with the original Share certificate(s), valid Transfer Deeds in case of Shares held in physical form or photocopy or counterfoil of the delivery instructions in "Off-market" mode in case of Shares held in dematerialised form and the original contract note issued by the broker through whom they acquired their Shares. No indemnity is required from the unregistered owners.

11. While tendering the Shares under the Offer, NRIs / OCBs / foreign Shareholders will be required to submit the previous RBI approvals (specific or general) that they would have obtained for acquiring the Shares. In case previous RBI approvals are not submitted, the Acquirer reserves the right to reject such Shares.

    While tendering Shares under the Offer, NRIs / OCBs / foreign Shareholders will be required to submit a Tax Clearance Certificate from the income tax authorities, indicating the amount of tax to be deducted by the Acquirer under the Income Tax Act. In case the aforesaid Tax Clearance Certificate is not submitted, the Acquirer will arrange for tax to be deducted at the maximum marginal rate as may be applicable to the category of the Shareholder under the Income Tax Act, on the entire consideration amount payable to such NRIs / OCBs / foreign Shareholders.

    As per the provisions of Section 196D(2) of the Income Tax Act, no deduction of tax at source shall be made from any income by way of capital gains arising from the transfer of securities referred to in section 115AD of the Income Tax Act payable to FII as defined in section 115AD of the Income Tax Act. FII should certify ("FII Declaration") certain details including the nature of its income under the Income Tax Act (capital gain or otherwise) arising from sale of Shares. In the absence of the FII Declaration that the Shares are held on investment/ capital account or where income from the sale of Shares is not a capital gain, the Acquirer shall deduct tax at the maximum marginal rate as may be applicable to the category of the Shareholder under the Income Tax Act, on the entire consideration amount payable. FII may also submit a Tax Clearance Certificate from the income tax authorities while tendering the Shares, indicating the amount of tax to be deducted by the Acquirer under the Income Tax Act. Where such Tax Clearance Certificate is provided the Acquirer shall deduct tax in accordance to the same.

    If there is any interest payable due to a delay in payment of consideration, the Acquirer will arrange to deduct tax on the interest component, at the rate as may be applicable to the category of Shareholder under the Income Tax Act. **Shareholders are advised to consult their tax advisors for their taxability or any other procedural aspects including the treatment that may be given by their respective assessing officers in their case, and the appropriate course of action that they should take. The Acquirer / PAC and the Manager to the Offer do not accept any responsibility for the accuracy or otherwise of such advice.**

12. All Persons eligible to participate in the Offer who wish to avail this Offer should forward the above mentioned documents, by hand delivery on days and during the business hours mentioned below, at any of the collection centres listed below, or by registered post to the Registrars to the Offer, Karvy Computershare Private Limited, Plot No. 17-24, Vithalrao Nagar Madhapur, Hyderabad 500 081 Phone 040-23420818- 825 Fax 040-23431551 Email: indt.openoffer@karvy.com Contact Person: Mr M. Muralikrishna, so as to reach the Registrars on or before April 23, 2009 (i.e. the date of Closing of the Offer).

| | **Collection centre** | **Address of collection centres** | **Contact person** | **Phone No.** | **Fax** | **Mode of delivery** |
|---|---|---|---|---|---|---|
| 1. | Mumbai | Karvy Computershare Pvt Ltd.<br>26-30, Fort Foundation Building<br>Maharashtra Chamber. of Commerce Lane<br>Opp. MSC Bank, Fort, Mumbai - 400 023 | Ms. Varija Salian | 022-66382666 | 022-66331135 | Hand Delivery |
| 2. | New Delhi | Karvy Computershare Pvt Ltd.<br>105-108, Arunachal Bldg.<br>19, Barakhamba Road, New Delhi - 110 001 | Mr. Rakesh Kr Jamwal /<br>Vinod Singh Negi | 011-43509200 | 011 41036370 | Hand Delivery |
| 3. | Ahmedabad | Karvy Computershare Pvt Ltd.<br>201-203, Shail, Opp: Madhusudhan House<br>Behind Girish Cold Drinks<br>Off C G Road Ahmedabad - 380 006 | Mr.Aditya Gupta/<br>Robert Joeboy | 079-26400528 | 079-26565551 | Hand Delivery |
| 4. | Chennai | Karvy Computershare Pvt Ltd.<br>No. 33/1, Venkatraman Street<br>T. Nagar, Chennai - 600017. | Mr. Gunashekhar | 044 - 28151793/<br>1794/ 4781 | 044-28153181 | Hand Delivery |
| 5. | Hyderabad | Karvy Computershare Pvt Ltd.<br>Plot No 17-24, Vithalrao Nagar<br>Madhapur, Hyderabad 500 081 | Ms. Rinki Sareen | 040-23420818<br>to<br>23420823 | 040-23431551 | Hand Delivery/<br>Regd Post |
| 6. | Kolkata | Karvy Computershare Pvt Ltd.<br>49, Jatin Das Road, Nr.Deshpriya Park<br>Kolkatta 700 029 | Mr. Sujit Kundu /<br>Mr. Debnath | 033-24644891 | 033-24644866 | Hand Delivery |
| 7. | Bangalore | Karvy Computershare Pvt Ltd.<br>No.59, Skanda, Putana Road<br>Basavanagudi, Bangalore 560 004 | Mr. Kumara Swamy | 080-26621192 | 080-26621169 | Hand Delivery |

The Shares can be tendered at the above centres between Monday to Friday from 10.00 am to 3.00 pm and on Saturdays from 10.00 am to 1.00 pm. The centres will be closed on Sundays and any public holidays.

**No document should be sent to the Acquirer / PAC or the Manager to the Offer.**

**Tear along this line**

Note : All future correspondence, if any, should be addressed to Registrar to the Offer:

**Karvy Computershare Private Limited**

Plot No. 17-24, Vithalrao Nagar Madhapur, Hyderabad 500 081

Tel: 040-23420818-825 Fax 040-23431551

Email: indt.openoffer@karvy.com

Contact Person: Mr. M. Muralikrishna

(Please read paragraphs 105-108 of the Letter of Offer before filing this form)

**FORM OF WITHDRAWAL**

(All terms and expressions used herein shall have the same meaning as ascribed thereto in the Letter of Offer)

| OFFER | | | | |
|---|---|---|---|---|
| Opens On | : | Saturday, | April | 04, 2009 |
| Closes On | : | Thursday, | April | 23, 2009 |
| Last Date of Withdrawal | : | Monday, | April | 20, 2009 |

From :

Name :

Address :

Tel No. :

Fax No. : E-mail ID:

To,

**Karvy Computershare Private Limited**
Plot No. 17-24, Vithalrao Nagar Madhapur, Hyderabad 500 081

Dear Sir,

**Sub: Open Offer to acquire 21,24,000 equity shares of Rs. 10/- each of the issued and paid-up equity share capital of Indo Tech Transformers Limited ("Target Company") by PROLEC-GE INTERNACIONAL, S. DE R.L. DE C.V. (the "Acquirer") through a mandatory open offer (the "Offer") pursuant to the provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (as amended) (the "Takeover Regulations")**

I/We refer to the Letter of Offer dated March 27, 2009 for acquiring the Shares held by me/us in the Target Company.

I/We, the undersigned, have read the Letter of Offer and accept unconditionally its contents including the terms and conditions and procedures as mentioned therein.

I/We have read the procedure for withdrawal of Shares tendered by me/us in the Offer as mentioned in paragraph 105 of the Letter of Offer and unconditionally agree to the terms & condition mentioned therein.

I/We hereby consent unconditionally and irrevocably to withdraw my/our Shares from the Offer and I/we further authorize the Acquirer to return to me/us, the tendered Share certificate(s)/Share(s) at my/our sole risk.

I/We note that upon withdrawal of my/our Shares from the Offer, no claim or liability shall lie against the Acquirer / Manager to the Offer/ Registrar to the Offer.

I/We note that this Form of Withdrawal should reach the Registrar to the Offer at any of the collection centres mentioned in the Letter of Offer as per the mode of delivery indicated therein on or before the last date of withdrawal (i.e. April 20, 2009).

I/We note that the Acquirer/ Manager to the Offer/Registrar to the Offer shall not be liable for any postal delay/loss in transit of the Shares held in physical form and also for the non receipt of Shares held in the dematerialized form in the DP account due to inaccurate/incomplete particulars/instructions.

I/We also note and understand that the Acquirer will return original Share certificate(s), Transfer Deed(s) and Shares only on completion of verification of the documents, signatures and beneficiary position data as available from the depository from time to time, respectively.

**SHARES IN PHYSICAL FORM**

The particulars of withdrawal of original Shares certificates and duly signed Transfer Deed(s) are detailed below:

| SR. NO. | LEDGER FOLIO NO. | CERTIFICATE NOS. | DISTINCTIVE NOS. | | NO. OF SHARES |
|---|---|---|---|---|---|
| | | Tendered | FROM | TO | |
| | | | | | |
| | | | | | |
| | | Withdrawn | | | |
| | | | | | |
| | | | | | |
| Total No. of Certificates | | | | Total No. of Shares | |

Please attach an additional sheet of paper if the above space is insufficient.

— — — — — — — — — — — — — — — — — — Tear along this line — — — — — — — — — — — — — — — — — —

**Karvy Computershare Private Limited**
**(Unit : Indo Tech Transformers Limited - Open Offer)**
Plot No. 17-24, Vithalrao Nagar Madhapur, Hyderabad 500 081

Folio No. / DP ID / Client ID : _______________ Sr. No.: _______________

Received from Mr./Ms. ______________________________________________________________

Form of Withdrawal alongwith Acknowledgement / Delivery Instructions / Copy of Form of Acceptance

☐ For Physical Form

**Physical Shares**

No. of Shares tendered _______ / Withdrawal request for _______ shares

Fresh Transfer Form for __________shares (in case of partial withdrawal)

☐ Demat Form

**Demat Shares**

No. of Shares tendered _______ / Withdrawal request for _______ shares

| Signature of Official and Date of Receipt | Stamp of Collection Centre |
|---|---|
| | |

## SHARES IN DEMAT FORM

I/We hold the following Shares in dematerialized form and have tendered the Shares in the Offer and have done an off-market transaction for crediting the Shares to the **"Karvy INDT- Escrow Demat A/c"**, whose particulars are:

**DP ID is IN 300054; DP Name: Citibank N.A.; Client ID is 10029303; Depository: National Securities Depository Limited**. Please find enclosed a photocopy of the depository delivery Instruction(s) duly acknowledged by DP.

The particulars of the account from which my/our Shares have been tendered are as detailed below:

| DP NAME | DP ID | CLIENT ID | NAME OF BENEFICIARY | NO. OF SHARES WITHDRAWN |
|---|---|---|---|---|
| | | | | |

Address of First/Sole Shareholder: ____________________________________________

____________________________________________

Tel. No.: ______________________ Fax No.:______________________ E-mail : ______________________

I/We note that the Shares will be credited back only to that depository account, from which the Shares have been tendered and necessary standing instructions have been issued in this regard.

I/We confirm that the particulars given above are true and correct.

In case of dematerialized Shares, I/we confirm that the signatures of the beneficiary holders have been verified by the DP as per the records maintained at their end and the same have also been duly attested by them under their seal.

Yours faithfully,

Signed and delivered

| | FULL NAME(S) OF THE SHAREHOLDERS | SIGNATURE(S) | VERIFIED AND ATTESTED BY US. PLEASE AFFIX THE STAMP OF DP (IN CASE OF DEMAT SHARES) / BANK (IN CASE OF PHYSICAL SHARES) |
|---|---|---|---|
| First/Sole Shareholder | | | |
| Second Shareholder | | | |
| Third Shareholder | | | |
| Fourth Shareholder | | | |

Note: In case of joint holders all must sign. In case of body corporate, stamp of the company should be affixed and necessary Board resolution should be attached.

Place : ____________________

Date : ____________________

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Note : All future correspondence, if any, should be addressed to Registrar to the Offer:

**Karvy Computershare Private Limited**

Plot No. 17-24, Vithalrao Nagar Madhapur, Hyderabad 500 081

Tel: 040-23420818-825 Fax 040-23431551

Email: indt.openoffer@karvy.com

Contact Person: Mr. M. Muralikrishna

## INSTRUCTIONS

1. Shareholders are advised to ensure that the Form of Withdrawal should reach the Registrar to the Offer at any of the collection centers mentioned in the Letter of Offer as per the mode of delivery indicated therein on or before the last date of withdrawal i.e. April 20, 2009.

2. Shareholders should enclose the following:

   **i. For Shares held in demat form:**

   Beneficial owners should enclose:

   - Duly signed and completed Form of Withdrawal. The signature(s) should be attested by the DP.
   - Acknowledged slip in original/copy of the submitted Form of Acceptance cum Acknowledgement in case delivered by Registered A.D.
   - Photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the DP.

   **ii. For Shares held in physical form:**

   Registered Shareholders should enclose:

   - Duly signed and completed Form of Withdrawal.
   - Acknowledged slip in original/copy of the submitted Form of Acceptance cum Acknowledgement in case delivered by Registered A.D.
   - In case of partial withdrawal, valid Share transfer form(s) duly signed as transferors by all registered Shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with the Target Company and duly witnessed at the appropriate place.

   **Unregistered owners of Shares should enclose:**

   - Duly signed and completed Form of Withdrawal.
   - Acknowledged slip in original/copy of the submitted Form of Acceptance cum Acknowledgement in case delivered by Registered A.D.

3. The withdrawal of Shares will be available only for the Share certificates/the Shares that have been received by the Registrar to the Offer/ special depository account.

4. The intimation of Shares which are returned to the Shareholders pursuant to the withdrawal will be at the address as per the records of the Target Company/ depository as the case may be.

5. The Form of Withdrawal should be sent only to the Registrar to the Offer.

6. In case of partial withdrawal of Shares tendered in physical form, if the original Share certificates are required to be split, the same will be returned on receipt of Share certificates from the Target Company. **The facility of partial withdrawal is available only to registered Shareholders**.

7. Shareholders holding Shares in dematerialized form are requested to issue the necessary standing instruction for receipt of the credit in their DP account.

8. The Form of Withdrawal and other related documents should be submitted at any of the collection centers of Karvy Computershare Private Limited stated in Paragraph 100 of the Letter of Offer.

9. Applicants who cannot hand deliver their documents at the collection centers, may send their documents only by registered post, at their own risk, to the Registrar to the Offer, Karvy Computershare Private Limited, Unit: Indo Tech Transformers Limited - open offer, Telephone number: 91 40 23420815-24, Fax number: 91 40 23431551, Address: Plot No. 17-24, Vithalrao Nagar Madhapur, Hyderabad 500 081 so as to reach the Registrar to the Offer.

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Note : All future correspondence, if any, should be addressed to Registrar to the Offer:


**Karvy Computershare Private Limited**

Plot No. 17-24, Vithalrao Nagar Madhapur, Hyderabad 500 081

Tel: 040-23420818-825 Fax 040-23431551

Email: indt.openoffer@karvy.com

Contact Person: Mr. M. Muralikrishna

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