



## TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

(Our Company was incorporated as Triveni Electric Company Limited vide certificate of incorporation on July 11, 1994 bearing number 04-22460 of 1994 - 1995 under the Companies Act, 1956. The name of our Company was changed to Transformers and Rectifiers (India) Limited with effect from March 29, 1995. Our Company has been allocated CIN U33121GJ1994PLC022460). For details of changes in our Registered Office, please refer section titled "History And Certain Corporate Matters" beginning on page 145 of the Red Herring Prospectus.

**Corporate and Registered Office:** Survey No. 344-350, Opposite P.W.D Stores, Village: Changodar, Sarkhej Bavlva Highway, Taluka: Sanand  
District: Ahmedabad - 382210, Gujarat. Tel: +91-2717-661661 Fax: +91-2717-661716;

**Contact Person/Company Secretary/Compliance Officer:** Mr. Tushar Shah Tel: +91-2717-661661 Fax: +91-2717-661716  
E-mail: ipo@transformerindia.com; website: www.transformerindia.com

<b>PUBLIC ISSUE OF 2,995,000 EQUITY SHARES OF RS.10/- EACH FOR CASH AT A PRICE OF RS. [●] PER EQUITY SHARE INCLUDING A SHARE PREMIUM OF RS. [●] PER EQUITY SHARE AGGREGATING TO RS. [●] MILLION (THE "ISSUE"), INCLUDING A RESERVATION FOR ELIGIBLE EMPLOYEES OF 150,000 EQUITY SHARES (THE "EMPLOYEE RESERVATION PORTION") AND A NET ISSUE TO THE PUBLIC OF 2,845,000 EQUITY SHARES (THE "NET ISSUE") BY TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED ("COMPANY"/"ISSUER").</b>
<b>THE ISSUE WOULD CONSTITUTE 23.17% OF THE FULLY DILUTED POST ISSUE PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY. THE NET ISSUE WOULD CONSTITUTE 22.01% OF THE FULLY DILUTED POST ISSUE PAID-UP CAPITAL OF OUR COMPANY</b>
<b>PRICE BAND: Rs. 425 TO Rs. 465 PER EQUITY SHARE OF FACE VALUE Rs. 10/-</b>
<b>THE ISSUE PRICE IS 42.5 TIMES OF THE FACE VALUE AT THE LOWER END OF THE PRICE BAND AND 46.5 TIMES OF THE FACE VALUE AT THE HIGHER END OF THE PRICE BAND.</b>

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

Pursuant to Rule 19 (2)(b) of the Securities Contract Regulation Rules, 1957 ("SCRR"), this being an Issue for less than 25% of the post-Issue capital, the Issue is being made through the 100% Book Building Process wherein at least 60% of the Net Issue shall be allocated to Qualified Institutional Buyers ("QIBs") on a proportionate basis out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allotment on a proportionate basis to all QIBs including Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. If at least 60% of the Net Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, up to 10% of the Net Issue would be allocated to Non-Institutional Bidders and up to 30% of the Net Issue would be allocated to Retail Individual Bidders on a proportionate basis, subject to valid Bids being received from them at or above the Issue Price. Further, upto 150,000 Equity Shares shall be available for allocation on a proportionate basis to the Eligible Employees, subject to valid Bids being received at or above the Issue Price.

### RISK IN RELATION TO THE FIRST ISSUE

This being the first public issue of Equity Shares of the Company, there has been no formal market for the Equity Shares of the Company. The face value of the Equity Shares is Rs.10 per Equity Share and the Issue Price is [●] times of the face value. The Issue Price (as determined by the Company, in consultation with the Book Running Lead Manager, on the basis of assessment of market demand for the Equity Shares offered by way of book building) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares of the Company or regarding the price at which the Equity Shares will be traded after listing. This Issue has been graded by CARE Limited.

### GENERAL RISKS

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

### ISSUER'S ABSOLUTE RESPONSIBILITY

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

### LISTING ARRANGEMENT

The Equity Shares offered through the Red Herring Prospectus are proposed to be listed on the NSE and the BSE. We have received in-principle approval from NSE and BSE for the listing of our Equity Shares pursuant to letters dated October 18, 2007 and October 22, 2007, respectively. For purposes of this Issue, the Designated Stock Exchange is NSE.

### IPO GRADING

The Issue has been graded by Credit Analysis & Research Limited ("CARE Limited") and has been assigned the "CARE IPO Grade 4" indicating above average fundamentals, through its letter dated October 10, 2007 which is valid for a period of three months. The IPO Grading is assigned on a 5 point scale from 1 to 5 with a IPO Grade 5/5 indicating strong fundamentals and a IPO Grade 1/5 indicating poor fundamentals. For details, see the section titled "General Information" on page 12 of the Red Herring Prospectus.

BOOK RUNNING LEAD MANAGER	REGISTRAR TO THE ISSUE
 <b>ENAM SECURITIES PRIVATE LIMITED</b> 801/ 802, Dalamal Towers Nariman Point, Mumbai 400 021, India Tel: +91-22-6638-1800 Fax: +91-22-2284-6824 E-mail: trip@enam.com Website: www.enam.com Contact Person: Mr. Pranav Mahajani SEBI Registration No.: IMN000006856	 <b>INTIME SPECTRUM REGISTRY LIMITED</b> C-13, Pannalal Silk Mills Compound, LBS Road, Bhandup (West), Mumbai 400 078, India. Tel: +91 22 25960320 Fax: +91 22 25960329 Website: www.intimespectrum.com Email: tr.ipo@intimespectrum.com Contact Person: Mr. Vishwas Attawar SEBI Registration No.: INR000003761

### ISSUE PROGRAMME

<b>BID / ISSUE OPENS ON : DECEMBER 07, 2007</b>	<b>BID / ISSUE CLOSSES ON : DECEMBER 12, 2007</b>
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## SECTION I - GENERAL

### DEFINITIONS AND ABBREVIATIONS

In the Red Herring Prospectus, unless the context otherwise requires, the terms defined and abbreviations expanded herein below shall have the same meaning as stated in this Section.

#### DEFINITIONS

Term	Description
"TRIL" or "the Company" or "our Company"	Unless the context otherwise requires, refers to Transformers and Rectifiers (India) Limited, a public limited company incorporated under the Companies Act, 1956 having its registered office at Survey No. 344-350, Opp P.W.D Stores, Village : Changodar, Sarkhej Bavla Highway, Taluka: Sanand, District: Ahmedabad- 382210, Gujarat.
"we" or "us" and "our"	Refers to Transformers and Rectifiers (India) Limited.
Subsidiaries	Refers to Transweld Mechanical Engineering Works Limited and Transpares Limited.
Promoter Group	The Promoter Group Entities and the individuals forming a part of our Promoter Group, as set out under the paragraph titled "Our Promoter Group" beginning on page 112 of the Red Herring Prospectus.
Promoter Group Entities	Savas Engineering Company Private Limited, M.B Optics Private Limited, M/s Mafmtora Brothers, M/s Transpower, M/s Allied Electricals Industries, Jitendra U Mamtara HUF, TRISE Trust.
TRISE Trust	The Real Initiative in Skill Enhancement Trust

#### ISSUE RELATED TERMS

Term	Description
Allocation	Allocation of Equity Shares pursuant to this Issue.
Allotment	Unless the context otherwise requires, the issue of Equity Shares, pursuant to this Issue.
Allottee	The successful Bidder to whom the Equity Shares are/ have been allotted
Article/Articles of Association	Articles of Association of our Company.
Auditors	The statutory auditors of our Company, being M/s C.C Chokshi & Co,
Bankers to our Company	Banks who have provided working capital facilities to our Company, in this case being State Bank of India, Bank of Baroda, Andhra Bank, IndusInd Bank Limited, and Citibank. N.A
Banker(s) to the Issue	ICICI Bank Limited, Standard Chartered Bank, HDFC Bank Limited and Axis Bank Limited
Bid	An indication to make an offer during the Bidding Period by a prospective investor to subscribe to our Equity Shares at a price within the Price Band, including all revisions and modifications thereto.
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder on submission of the Bid in the Issue.
Bid/Issue Closing Date	The date after which the Syndicate will not accept any Bids for the Issue, which shall be notified in an English national newspaper and Hindi

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Term	Description
	national newspaper and a newspaper in the regional language with wide circulation.
Bid cum Application Form/ Bid-cum-Application Form	The form in terms of which the Bidder shall make an offer to subscribe to The Equity Shares of our Company which will be considered as the application for issue of the Equity Shares pursuant to the terms of the Red Herring Prospectus.
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form.
Bidding Period / Issue Period	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date/Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids.
Bid / Issue Opening Date	The date on which the Syndicate shall start accepting Bids for the Issue, which shall be the date notified in an English national newspaper and a Hindi national newspaper and a newspaper in the regional language with wide circulation.
Board of Directors/Board	The board of directors of our Company or a committee constituted thereof.
Book Building Process	Book building route as provided under Chapter XI of the SEBI DIP Guidelines, in terms of which the Issue is made.
BRLM/ Book Running Lead Manager	Book Running Lead Manager to the Issue, in this case being Enam Securities Private Limited having its office at 801/ 802, Dalamal Towers Nariman Point, Mumbai 400 021, India
BSE	The Bombay Stock Exchange Limited
CAN/ Confirmation of Allocation Note	Means the note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares after discovery of the Issue Price in accordance with the Book Building Process.
Cap Price	The higher end of the Price Band, above which the Issue Price will not be finalised and above which no Bids will be accepted.
CARE Limited	Credit Analysis & Research Limited, a company having its registered office at 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off. Eastern Express Highway, Sion (East), Mumbai - 400 022, being the IPO grading agency appointed pursuant to the provisions of the SEBI Guidelines
Companies Act	The Companies Act, 1956 as amended from time to time.
Cut-off Price	Any price within the Price Band finalised by us in consultation with the BRLM. A Bid submitted at the Cut-off Price by a Retail Individual Bidder and Eligible Employees under the Employee Reservation Portion is a valid Bid at all price levels within the Price Band.
Depository	A body corporate registered under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time.
Depositories Act	The Depositories Act, 1996, as amended from time to time.
Depository Participant	A depository participant as defined under the Depositories Act.
Designated Date	The date on which funds are transferred from the Escrow Account to the Issue Account after the Prospectus is filed with the RoC, following which the Allotment will be made to successful Bidders.

<b>Term</b>	<b>Description</b>
Designated Stock Exchange	NSE
Director(s)	Director(s) of Transformers and Rectifiers (India) Limited, unless otherwise specified.
Draft Red Herring Prospectus	Draft Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, which does not have complete particulars on the price at which the Equity Shares are offered and size of the Issue. It carries the same obligations as are applicable in case of a Prospectus and will be filed with RoC at least three days before the Bid/Issue Opening Date. It will become a Prospectus upon filing with RoC after the pricing of Equity Shares.
Eligible Employee/ Employees (in the Employee Reservation Portion)	A permanent employee of our Company as on one day prior to the Bid Issue Opening Date and based, working and present in India on the date of submission of the Bid cum Application Form.
	A Director of our Company, whether a whole time director (except any Promoters or members of the Promoter Group), part time director or otherwise as of one day prior to the Bid/Issue Opening Date, and based and present in India as on the date of submission of the Bid cum Application Form.
Employee Reservation Portion	The portion of this Issue being a maximum of 150,000 Equity Shares available for Allocation to Eligible Employees.
Equity Shares	Equity shares of our Company of Rs. 10/- each unless otherwise specified in the context thereof.
Escrow Account	Account opened with an Escrow Collection Bank(s) and in whose favour the Bidder will issue cheques or drafts in respect of the Bid Amount when submitting a Bid.
Escrow Agreement	Agreement entered into amongst our Company, the Registrar, the Escrow Collection Bank(s), the BRLM and the Syndicate Members for collection of the Bid Amounts and for remitting refunds, if any, of the amounts collected, to the Bidders.
Escrow Collection Bank(s)	The banks, which are clearing members and registered with SEBI as Banker to the Issue at which the Escrow Account will be opened in this case being ICICI Bank Limited, Standard Chartered Bank, HDFC Bank Limited and Axis Bank Limited.
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time, and the regulations framed thereunder.
FII	Foreign Institutional Investor (as defined under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000) registered with SEBI under applicable laws in India.
Financial Year /Fiscal / FY	Period of twelve months ended March 31 of that particular year, unless otherwise stated.
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form.
Floor Price	The lower end of the Price Band, below which the Issue Price will not be finalised and below which no Bids will be accepted.
Gol/Government	The Government of India.

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Term	Description
Indian GAAP	Generally accepted accounting principles in India.
I.T. Act/ IT Act	The Income Tax Act, 1961, as amended from time to time.
Issue	Public issue of 2,995,000 Equity Shares at the Issue Price pursuant to the Red Herring Prospectus.
Issue Price	The final price at which Equity Shares will be allotted in terms of the Red Herring Prospectus, as determined by us in consultation with the BRLM, on the Pricing Date.
Issue Account	Account opened with the Banker(s) to the Issue to receive monies from the Escrow Account for the Issue on the Designated Date.
Margin Amount	The amount paid by the Bidder at the time of submission of his/her Bid, being 10% or 100% of the Bid Amount, as applicable.
Memorandum / Memorandum of Association	The Memorandum of Association of our Company.
Mutual Fund Portion	5% of the QIB Portion of the Net Issue, being not less than 85,350 (assuming the QIB Portion is 60% of the Net Issue size) available for allocation to Mutual Funds only, out of the QIB Portion
Mutual Funds	Mutual Funds registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996.
NSE	The National Stock Exchange of India Limited.
Net Issue	The Issue other than the Employee Reservation Portion, in this case, being 2,845,000 Equity Shares.
Non-Institutional Bidders	All Bidders that are not Qualified Institutional Buyers or Retail Individual Bidders and who have bid for an amount more than Rs. 100,000/-.
Non-Institutional Portion	The portion of the Net Issue being upto 10% of Net Issue, upto 284,500 Equity Shares of Rs. 10/- each available for Allocation to Non-Institutional Bidders on a proportionate basis.
Non-Resident	A non-resident is a person resident outside India, as defined under FEMA and who is a citizen of India or a Person of Indian Origin under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000.
NRI / Non-Resident Indian	Non Resident Indian, is a person resident outside India, as defined under FEMA and the FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
OCB/Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended from time to time. Pursuant to the existing regulations, OCBs are not eligible to participate in this Issue.
Pay-in Date	Bid/Issue Closing Date or the last date specified in the CAN sent to Bidders, as applicable.
Pay-in-Period	(i) With respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid/Issue Opening Date and extending until the Bid/Issue Closing Date, and (ii) with respect to

Term	Description
	Bidders whose Margin Amount is less than 100% of the Bid Amount, the period commencing on the Bid/Issue Opening Date and extending until the closure of the Pay-in Date, as specified in the CAN.
Person/Persons	Any individual, sole proprietorship, unincorporated association, unincorporated organization, body corporate, corporation, company, partnership, limited liability company, joint venture, or trust or any other entity or organization validly constituted and/or incorporated in the jurisdiction in which it exists and operates, as the context requires.
Price Band	The price band with a minimum price (Floor Price) of Rs. 425 and the maximum price (Cap Price) of Rs 465 including revisions thereof.
Pricing Date	The date on which our Company in consultation with the BRLM finalises the Issue Price.
Prospectus	The Prospectus to be filed with the RoC in terms of Section 60 of the Companies Act, containing inter alia, the Issue Price that is determined at the end of the Book Building process, the size of the Issue and certain other information.
Qualified Institutional Buyers or QIBs	Public financial institutions as specified in Section 4A of the Companies Act, FIIs, scheduled commercial banks, mutual funds registered with SEBI, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 250million and pension funds with minimum corpus of Rs. 250 million.
QIB Margin Amount	An amount representing at least 10% of the Bid Amount.
QIB Portion	The portion of the Net Issue, being at least 60% of the Net Issue, at least 1,707,000 Equity Shares to be mandatorily allotted to QIBs
Registered Office	The registered office of our Company located at Survey No. 344-350, Opposite P.W.D Stores, Village: Changodar, Sarkhej Bavla Highway, Taluka: Sanand District: Ahmedabad-382210, Gujarat.
Registrar /Registrar to the Issue	Registrar to the Issue, in this case being Intime Spectrum Registry Limited having its office at C-13, Pannalal Silk Mills Compound, L.B.S Marg, Bhandup- (W), Mumbai-400 078.
Retail Individual Bidders	Individual Bidders (including HUFs and NRIs) who have bid for Equity Shares for an amount less than or equal to Rs. 100,000/-, in any of the bidding options in the Issue.
Retail Portion	The portion of the Net Issue, upto 30 % of the size of the Net Issue, being upto 853,500 Equity Shares of Rs. 10 each available for Allocation to Retail Individual Bidder(s).
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of their Bid cum Application Forms or any previous Revision Form(s).
RHP or Red Herring Prospectus	Means the document issued in accordance with Section 60B of the Companies Act, which does not have complete particulars on the price at which the Equity Shares are offered and the size of the Issue. The Red Herring Prospectus which will be filed with the RoC at least 3 days



## TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

Term	Description
	before the Bid/Issue Opening Date and will become a Prospectus after filing with the RoC after pricing and allocation.
RoC	Registrar of Companies, Gujarat, Ahmedabad
SCRA	Securities Contracts (Regulation) Act, 1956, as amended from time to time
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time.
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, 1992.
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time.
SEBI Guidelines	SEBI (Disclosure and Investor Protection) Guidelines, 2000 issued by SEBI on January 27, 2000, as amended, including instructions and clarifications issued by SEBI from time to time.
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997, as amended from time to time.
Stock Exchanges	BSE and NSE.
Syndicate	The BRLM and the Syndicate Members.
Syndicate Agreement	The agreement to be entered into among our Company and the members of the Syndicate, in relation to the collection of Bids in this Issue.
Syndicate Members	Enam Securities Private Limited
TRS or Transaction Registration Slip	The slip or document issued by the Syndicate Members to the Bidder as proof of registration of the Bid.
U.S. GAAP	Generally accepted accounting principles in the United States of America.
Underwriters	Enam Securities Private Limited
Underwriting Agreement	The Agreement among the members of the Syndicate to be entered

### INDUSTRY / COMPANY RELATED TERMS

Term	Description
Electricity Acts	Electricity (Supply) Act, 1948, Indian Electricity Act, 1910, Electricity Regulatory Commissions Act, 1998, Electricity Act, 2003
Energy loss	The difference of the electrical energy measured at the terminals of generator(s) and receiving end of the transmission lines
AC	Alternate Current
APDRP	Accelerated Power Development and Reforms Program
AT&C Loss	Aggregate Transmission & Commercial Loss
CC&A	Consolidated Consent and Authorisation
CERC	Central Electricity Regulatory Commission
CEA	Central Electricity Authority



<b>Term</b>	<b>Description</b>
CII	Confederation of Indian Industry
CPM	Critical Path Method
CRGO	Cold Rolled Grain Oriented
CTC	Continuous Transpose Conductor
EHVAC	Extra High Voltage Alternating Current
EPC	Engineering Procurement and Construction
FICCI	Federation of Indian Chambers of Commerce and Industry
HV	High Voltage
HVDC	High Voltage Direct Current
IEEMA	Indian Electrical And Electronics Manufacturers Association
KL	Kilo Litre
Kwh	Kilowatt-hour(s)
KW	Kilowatt(s)
KVA	Kilo Volt Ampere
LT Lines	Low Tension Lines
LV	Low Voltage
MT	Metric Tonne
MMT	Million Metric Tonne
MoP	Ministry of Power, Government of India
MVA	Mega volt Ampere
MVAR	Mega volt-amperes reactive
MU	Million Units
MW	Megawatt(s)
PLC	Programmable Logic Controller
PLF	Plant Load Factor
R.E.S.	Renewable Energy Sources.
R&M	Renovation And Maintenance
SBI	State Bank of India
SBI Consortium	Consortium consisting of State Bank of India, Andhra Bank and Bank of Baroda.
SEB	State Electricity Board
SERC	State Electricity Regulatory Commission
SSI	Small Scale Industry
T & D	Transmission and Distribution
TMEWL/Transweld	Transweld Mechanical Engineering Works Limited
TSL/Transpares	Transpares Limited

# TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

## CONVENTIONAL AND GENERAL TERMS/ABBREVIATIONS

Abbreviation	Full Form
A/c	Account
AGM	Annual General Meeting
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
AY	Assessmet Year
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
CIN	Company Identification Number
Depositories	NSDL and CDSL
DIPP	Department of Industrial Policy and Promotion
DP ID	Depository Participant's Identity
DP/Depository Participant	A depository participant as defined under the Depositories Act, 1996
DIN	Director Identification Number
EBIDTA	Earnings Before Interest, Tax, Depreciation and Amortisation
EGM	Extraordinary General Meeting
ENAM	Enam Securities Private Limited
EPS	Earnings per share
FCNR Account	Foreign Currency Non Resident Account
FEMA	Foreign Exchange Management Act, 1999
FDI	Foreign Direct Investment
FIPB	Foreign Investment Promotion Board
FVCI	Foreign Venture Capital Investor registered under the Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000
GDP	Gross Domestic Product
GIR Number	General Index Registry Number
GoI/Government	Government of India
HNI	High Networth Individual
HUF	Hindu Undivided Family
I.T. Act	The Income Tax Act, 1961, as amended from time to time
Indian GAAP	Generally Accepted Accounting Principles in India
IPO	Initial Public Offering
LC	Letters of credit
Mn / mn	Million
MOU	Memorandum of Understanding

<b>Abbreviation</b>	<b>Full Form</b>
NA	Not Applicable
NAV	Net Asset Value
NOC	No Objection Certificate
NR	Non-resident
NRE Account	Non Resident External Account
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited.
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
PAT	Profit after tax
PBDIT/ PBIDT/ EBIDTA	Profit before depreciation, amortisation and interest
PBT	Profit before tax
Plan/ Five Year Plan	Development Plans prepared by the Planning Commission covering a period of five years
PSU	Public Sector Undertaking
RBI	The Reserve Bank of India
RONW	Return on Net Worth
SIA	Secretariat for Industrial Assistance
Supreme Court	The Hon'ble Supreme Court of India
TIN	Tax payers Identification Number

Notwithstanding the foregoing, in the section titled "Main Provisions of the Articles of Association of our Company", "Statement of Tax Benefits", "Financial Statements" and "Disclaimer Clause of BSE and NSE" beginning on pages 285, 47, 124, and 245 respectively of the Red Herring Prospectus, defined terms have the meaning given to such terms in the Articles of Association of our Company, and otherwise in these respective sections/chapters/paragraphs.

# **TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED**

## **CERTAIN CONVENTIONS, PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA**

Unless stated otherwise, the financial data in the Red Herring Prospectus is derived from our restated unconsolidated financial statements prepared in accordance with Indian GAAP and included elsewhere in the Red Herring Prospectus. Unless stated otherwise, the operational data in the Red Herring Prospectus is presented on a consolidated basis and includes the operations of our Company and our subsidiaries. Our fiscal year commences on April 1 and ends on March 31 of each year, so all references to a particular fiscal year are to the twelve-month period ended March 31 of that year. In the Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding-off.

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

All references to "India" contained in the Red Herring Prospectus are to the Republic of India. All references to "Rupees" or "Rs." are to Indian Rupees, the official currency of the Republic of India. Rs. lakh means Rs. 1,00,000. All references to "US\$"; "U.S. Dollar" or "US Dollars" are to United States Dollars, the official currency of the United States of America.

For additional definitions, please see the section titled "Definitions and Abbreviations" on page i of this Red Herring Prospectus

In the Red Herring Prospectus, any discrepancies in any table between the totals and the sum of the amounts listed are due to rounding off.

Market and industry data used in the Red Herring Prospectus has generally been obtained or derived from industry publications and sources. These publications typically state that the information contained therein has been obtained from sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Accordingly, no investment decisions should be made based on such information. Although we believe that industry data used in the Red Herring Prospectus is reliable, it has not been verified. Similarly, we believe that the internal company reports are reliable however they have not been verified by any independent sources.

Unless stated otherwise, industry data used throughout the Red Herring Prospectus has been obtained from industry publications and publicly available Government documents. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Similarly while information contained in the publicly available Government documents that is relied upon for the purposes of the Red Herring Prospectus is believed to be complete and reliable, but there can be no assurance of the same.

## FORWARD-LOOKING STATEMENTS

The Red Herring Prospectus contains certain "forward-looking statements". These forward looking statements generally can be identified by words or phrases such as "aim", "anticipate", "believe", "expect", "estimate", "intend", "objective", "plan", "project", "shall", "will", "will continue", "will pursue" or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. All forward looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant statement.

Important factors that could cause our actual results to differ materially from our expectations include, but are not limited to, the following:

- Our ability to complete contracts in accordance with timelines and within budget despite changes in scope, schedule and irregular recoveries of payments from our clients.
- Our ability to maintain our profitability in the event of increases in the price or availability of raw materials, labour or other inputs.
- Our ability to manage our working capital requirements
- Our ability to anticipate and manage changes or shortages in the supply of skilled or unskilled labour or technology and continue to operate our business
- Natural calamities including earthquake, flood, fire and drought in India resulting in an impact on the economy.
- General economic and business conditions in India;
- Our ability to successfully implement our strategy;
- Changes in the value of the Rupee and other currency changes; and
- Changes in political conditions in India.

For further discussion of factors that could cause our actual results to differ, see the sections titled "Risk Factors" and "Management Discussion and Analysis of Financial Condition and Results of Operations" on pages xii and 193 respectively. Neither our Company nor the Underwriter nor any of their respective affiliates has any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, our Company and the BRLM will update the Prospectus ensure that investors in India are informed of material developments until the time of the grant of listing and trading permission by the Stock Exchanges.

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## SECTION II - RISK FACTORS

*An investment in Equity Shares involves a high degree of risk. You should carefully consider all of the information in the Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our Company's Equity Shares. If any of the following risks occur, our business, financial condition and results of operations could suffer, the trading price of our Equity Shares could decline, and you may lose all or part of your investment.*

*The Red Herring Prospectus also contains forward looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in the Red Herring Prospectus.*

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

### INTERNAL RISK FACTORS

**1. *The Gujarat Pollution Control Board has rejected our application for No Objection Certificate in respect of our Changodar unit.***

Our application for No Objection Certificate approval for our Changodar unit, has been rejected by the Gujarat Pollution Control Board (the "Board") vide its letter dated October 30, 2007 alleging that the unit is operating without consent. The Board has further directed our Company not to commence any expansion activities in respect of the Changodar unit without its prior permission, and to obtain necessary approval for the existing production in respect of the unit. We have vide our letter dated November 28, 2007 informed the Board that we are in the process of applying for the CC&A for the unit. For further details on the same, please refer to the section titled "Government and other Statutory Approvals" beginning on page 223 of the Red Herring Prospectus.

**2. *There are proceedings against our Promoter, pending before the Assistant Commissioner of Income Tax, Ahmedabad***

Our Promoter and Chairman and Managing Director, Mr. Jitendra U. Mamtora, has certain income tax litigations pending against him, pertaining to assessment years 2003 - 2004, 2004 - 2005 and 2005 - 2006 respectively. The tax due on account of these proceedings is estimated at Rs. 1,757,083/-, although, in respect of one of the litigations, the amount of addition to income has been reduced from Rs. 815,022 to Rs. 770,022, and the revised demand notice for the same is awaited. . For further details, please refer to the section titled "Outstanding Litigation And Material Developments" beginning on page 211 of the Red Herring Prospectus.

**3. *Our Company is involved in a number of legal and other proceedings***

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

**Cases filed by our Company:**

Type of legal proceeding	Total number of pending cases / show cause notices / summons	Financial Implications (to the extent quantifiable) (Rs. in millions)
Income Tax	1	0.46
Excise	1	0.02
Criminal	1	2.14

**Cases filed against our Company:**

Type of legal proceeding	Total number of pending cases / show cause notices / summons	Remarks and amount involved (Rs. in million)
Income Tax	1	Amount disallowed at Rs. 0.46 million. Our Company has not received a revised demand notice in relation to the same.
Labour cases	11	Not quantifiable*
Excise disputes	10	12.07

\* - These cases are also pending against our Promoter Group entity, M/s. Allied Electrical Industries. In addition to these, there are two labour cases pending against M/s. Allied Electrical Industries, and thus there are 13 labour cases pending against M/s. Allied Electrical Industries, for which the amount involved is not quantifiable.

For more information regarding the aforesaid litigations, please refer to the section titled "Outstanding Litigation and Material Developments" beginning on page 211 of the Red Herring Prospectus.

**4. Our Subsidiaries and one of our Promoter Group entities have some litigations pending against them.**

Both our Subsidiaries, Transpares Limited and Transweld Mechanical Engineering Works Limited have received notices from the Gujarat Pollution Control Board under the Air (Prevention and Control of Pollution) Act, 1981 and the Water (Prevention and Control of Pollution) Act, 1974, to which they have replied. Further, there are 13 litigations pending against M/s. Allied Electrical Industries, details of which are mentioned hereinabove. For details regarding the same, please refer section titled "Outstanding Litigation and Material Developments" beginning on page 211 of the Red Herring Prospectus.

**5. Our Company has paid penalties to statutory authorities in the last five years**

The past cases in which penalties have been imposed on us in the last five years are as follows:

S. No.	Amount of penalty (in Rs.)	Brief particulars regarding penalty	Remarks (paid/payable)
1.	200	Penalty for late filing of sales tax returns under the Gujarat Sales Tax Act	Paid
2.	9,889.00	Penalty paid for clearing some repaired transformers without payment of duty on parts used in repairing of transformers.	Paid



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### 6. *Our Company is dependent on one line of business.*

Our entire sales revenue is derived from transformers. The transformer industry is witnessing rapid capacity build-up from several existing and new players. In case of any downturn in this industry, or if the demand does not keep pace with the capacity build-up in the industry, our business operations may be adversely affected. Further, if we are unable to maintain and upgrade our technical know-how with the new technological developments in our industry, it may adversely affect our sales revenue and impact our business.

### 7. *Our business is largely dependant upon the demand for power generation, transmission and distribution.*

The demand for transformers in India is largely dependant on the power industry. The demand for power in India is closely linked to economic growth in the country, and to Government policies in the power sector. As the economy grows, economic activities, such as industrial production and personal consumption, also tend to expand, which increases the demand for power. If the Indian economy does not continue to grow at the current rate, it would adversely impact the power sector and hence the demand for transformers, would have a material adverse effect on our business, financial condition and results of operations.

### 8. *We have Contingent Liabilities as on September 30, 2007.*

We have the following contingent liabilities as on September 30, 2007, based on our Restated standalone Financial Statements:

*(Rs. In Million)*

PARTICULARS	As at 30th Sept 2007	As at 31st March 2007
Contingent liability not provided for in respect of:		
Disputed demand of Central Excise Department	12.18	2.71
Guarantee given by bankers on behalf of company	584.57	487.11
Performance guarantee given by company	6.98	20.66
Import duty benefit towards duty free import of raw materials made in respect of which export obligations are yet to be discharged.	7.74	3.14
Claims against company not acknowledged as debts.	Not Ascertained	Not Ascertained
Disputed demand of Income Tax Department.	-	-
Bills Discounted with Banks	60.00	-
Capital commitments	94.88	6.41

### 9. *Our Promoters may be deemed as significantly interested in certain business acquisitions made by us in fiscal 2007.*

In fiscal 2007, we purchased the business of M/s. Transformers and Rectifiers (India), a proprietorship concern of our Promoter Mr. Jitendra U. Mamtara situated at Plot No 233, GVMSA Industrial Estate, Odhav, Ahmedabad, engaged in the business of manufacturing transformers. The consideration of Rs. 15,221,050 (including goodwill amounting to Rs. 11.91 million) was paid by allotting Equity Shares of our Company at a price of Rs. 130/- per Equity Share on August 2, 2006 to our Promoter and Chairman and Managing Director, Mr. Jitendra U. Mamtara.

Further, in fiscal 2007, we acquired 100% stake in Transweld Mechanical Engineering Works Limited for a consideration of Rs. 3.25 million and 51% in Transpares Limited for a consideration of Rs. 13.72 million. By virtue of these acquisitions both these companies became our Subsidiaries. These stakes were acquired from the existing shareholders, who comprised mainly of our Promoters/Promoter Group Individuals.

In relation to all the aforesaid acquisitions, the same have been made based on book value/our internal estimations, and we have not acquired or obtained any third party or independent valuation reports to substantiate the amounts paid towards these acquisitions.

For further details, kindly refer to the chapter titled "History and Certain Corporate Matters" beginning on page 83 of the Red Herring Prospectus.

**10. *We had not obtained any independent valuation for the acquisitions made by us of certain esrtwhile Promoter Group entities***

The acquisitions by our Company in fiscal 2007, of the business of M/s. Transformers and Rectifiers (India), a proprietary concern, and of 100% stake in Transweld Mechanical Engineering Works Limited and 51% stake in Transpares Limited, as stated in risk factor no. 9 above titled "Our Promoters may be deemed as significantly interested in certain business acquisitions made by us in fiscal 2007", have been made without obtaining any independent valuations for justifying the purchase price thereof. The valuation for acquiring the said acquisition of business/stakes has been done by our Company based on internal estimates for which we have not obtained any valuation report from an independent valuer. For more details, please refer to the chapter titled 'History and certain corporate matters' beginning on page 83 of the Red Herring Prospectus.

**11. *Our Company has negative cash flows***

Our net cash flows from operating activities were negative in FY 2006 and FY 2004 amounting to Rs. 11.53 million and Rs. 15.45 million respectively on account of deployment of operating funds towards meeting short term working capital requirements of our company. Our net cash flow from investment activities was negative in FY 2007, in FY 2006, in FY 2005, FY 2004 and FY 2003 amounting to Rs. 82.79 million, Rs. 41.62 million, Rs. 15.41 million, Rs. 3.93 million and Rs. 6.14 million reflecting investments in fixed assets during the said years. The net cash flow the financing activities were negative in the financial year 2005 amounting to Rs. 38.36 million reflecting higher repayment of the debt vis-à-vis fresh borrowings. Further, for the six months ended September 30, 2007, our net cash flow from operating activities and investment activities was negative at Rs. 76.58 million and Rs. 69.24 million respectively.

**12. *We have applied for trademark registration of our logo. We have limited protection of our trademark pending registration***

We have filed an application with the trademarks registry for registration of the our logo under class 9 of the Trade Marks Act, 1999 which is still pending as of the date of this Red Herring Prospectus. If we fail to successfully obtain or enforce our trademark on our logo, we may need to amend or change our logo. Any such change could require us to incur additional costs and could have a material adverse effect on our business, results of operations, financial condition and prospects. For further details refer to chapter titled "Government and other Statutory Approvals" beginning on page 223 of the Red Herring Prospectus.

**13. *The success of our manufacturing process is dependent on the timely supply of quality raw materials and components to our plants which are subject to various uncertainties and risks. We are dependent on third party suppliers and transport agencies, and our raw material prices are subject to fluctuations.***

We are dependent on third-party vendors for supply of raw materials and certain components and parts in the transformer manufacturing process. We do not have long-term contracts with any of our third party vendors for supply of raw materials. We typically order most raw materials after receiving the contract. We are significantly dependent on the timely and adequate availability of CRGO sheets, Copper and

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Transformer Oil as our primary raw materials which amounted to around 69.53%, 74.43%, 79.44% and 68.45% of our total raw material cost for the financial years ended March 31 2007, March 31 2006 and March 31 2005 and six months ended September 30, 2007 respectively. Any adverse factors including natural disasters, changes in legislation or any other force majeure events may adversely impact availability of these critical and other raw materials, components and parts which may adversely affect our continuity of business, ability to meet client commitments and consequently our sales and profitability. Copper, CRGO sheets and transformer oil have witnessed significant price fluctuations/upside in the past, and although we endeavour to have contractual protection against price fluctuations in raw materials from the quoted price vis-à-vis the price when the actual order is placed, we cannot assure that the contractual protection would be adequate to mitigate of impact of fluctuations in the intermittent period between the submission of bid/quotation and the date of actual order.

It is also critical for us that our suppliers/subcontractors (to whom we subcontract certain manufacturing processes) adhere to the quality standards and product specifications that have been furnished to them by us, and failure by them to adhere to the same would adversely affect the quality and/or timely delivery of our products. In the event we become subject to product liability or performance guarantees caused by defective components or raw materials obtained from an outside supplier or a subcontractor, it may adversely affect our reputation as a supplier, financial condition and results of operations, and we cannot assure that we would be able to enforce or successfully assert, wholly or in part, warranty claim(s) against the suppliers/subcontractors concerned.

Further, we depend on various forms of transport, such as air, seaborne freight, rail and road, to receive raw materials and components used in the manufacture of transformers, and to transport our transformers to the end-customers. Disruptions of transportation services because of weather-related problems, strikes, lock-outs, inadequacies in the road infrastructure and port facilities, or other events could adversely impair the ability of our suppliers to deliver raw materials and components, and adversely affect our ability to reach the transformers to our clients on time, which may have an adverse effect on our profitability.

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

Power utilities including State Electricity Boards are among our principal customers. We are dependent on the Utilities for supply of our transformers to them. They accounted for around 34%, 45%, 51% and 45% of our revenue for FY 2005, FY 2006, FY 2007 and six months ended September 30, 2007 respectively. Any material failure or inability, financial or otherwise, on their part to fulfill their obligations under the terms and conditions of the contracts/tenders would have a material adverse effect on the business and operations of our Company. Our revenues and profitability may be adversely affected if we are unable to recover our dues from the SEB's.

**15. *A significant portion of our revenues are derived from Government and government-controlled entities, who follow the tendering process for determination of suppliers. We may be adversely affected if we do not succeed in all or a majority of the contracts that we tender for***

Most entities in the power sector are either Government or Government-controlled entities. Contracts awarded by Government and government controlled entities are on basis of the tender-based process. We compete with various other transformer companies while submitting bids to Government/Government-controlled entities. In case we do not qualify or are not amongst the lowest bidders, we stand to lose the business. We cannot assure that any of the bids we submit would be accepted/awarded to us; therefore our ability to procure the business by bidding at the lowest rates is crucial for our revenues.

**16. *Orders included in our order book may be delayed, cancelled or not fully paid for by our clients, which could materially harm our cash flow position, revenues and earnings***

Our order book does not necessarily indicate future earnings related to the performance of that work. Orders

in the order book represent business that is considered firm, but cancellations or scope or schedule adjustments have occurred in the past and may occur. We may also encounter problems executing the order as contracted, or executing it on a timely basis. Moreover, factors beyond our control or the control of our clients may postpone an order or cause its cancellation. Due to the possibility of cancellations or changes in order scope and schedule, as a result of exercise of our clients' discretion, problems we encounter in order execution, or reasons outside our control or the control of our clients, we cannot predict with certainty when, if or to what extent an order in the book will be performed. Delays in the completion of an order can lead to clients delaying or refusing to make payment to us of some or all of the amounts we expect to be paid in respect of the order, or may require us to pay late delivery charges. In fiscal 2007 and for six months ended September 30, 2007, we have paid penalties aggregating to Rs. 50.81 million and Rs. 35.75 million respectively as late delivery charges to our customers.

Even relatively short delays or surmountable difficulties in the execution of an order could result in our failure to receive, on a timely basis or at all, the final payments due to us on an order. These payments often represent an important portion of the margin we expect to earn on the order. In addition, even where an order proceeds as scheduled, it is possible that the contracting parties may default or otherwise fail to pay amounts owed. Any delay, reduction in scope, cancellation, execution difficulty, payment, postponement or payment default in regard to orders in the order book or any other uncompleted orders, or disputes with clients in respect of any of the foregoing, could materially harm our cash flow position, revenues and earnings.

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

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

**18. *The objects of the Issue for which funds are being raised have not been appraised by any bank or financial institution. The deployment of funds in the project is entirely at our discretion, based on the parameters as mention in the section titled "Objects of the Issue" and is not subject to monitoring by any independent agency.***

We cannot assure that the actual costs or schedule of implementation of the proposed greenfield manufacturing facility at Moraiya near Ahmedabad, Gujarat will not vary from the estimated costs or schedule of implementation, as contained in the section titled "Objects of the Issue" beginning on page 34 of the Red Herring Prospectus, and such variance may on account of one or more factors, some of which may be beyond our control.

**19. *We have not entered into any definitive agreement or placed orders for 85% of the machinery and equipments required for our proposed greenfield manufacturing facility at Moraiya.***

We have not yet entered into any definitive agreements or placed orders aggregating to Rs. 307 million aggregating to 85% of the machinery and equipments required for our proposed greenfield manufacturing facility at Moraiya near Ahmedabad, Gujarat. Any increase in total estimated project cost for setting up this project may impact our financial condition, results of operation and liquidity position adversely.

**20. *Our proposed greenfield manufacturing facility at Moraiya is intended to be utilized for manufacturing 220 kV class and above 220 kV class transformers. We do not have prior experience in manufacturing above 220 kV class transformers.***

Our proposed greenfield manufacturing facility at Moraiya, near Ahmedabad, Gujarat would have the

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capacity to manufacture transformers of above 66 kV class. However, we intend to initially manufacture transformers of 220 kV and 400 kV class at this new facility, and this facility would be capable of manufacturing transformers upto 765 kV class. We currently do not have prior experience in manufacture of transformers for above 220 kV class and we cannot assure that we would be successful in manufacturing above 220 kV class transformers, or that our products would gain commercial acceptance. If we are not successful in manufacturing above 220 kV class transformers, or if they do not gain requisite commercial acceptance, it may have a material adverse effect on our results of operations and financial condition.

**21. *We may be unable to derive the benefit of better margins in the initial periods in respect of our proposed strategy to manufacture higher category transformers.***

We are in the process of setting up our greenfield manufacturing facility at Moraiya which we intend to use for the manufacture of higher category transformers i.e. transformers of 400 kV Class and 765 kV Class, which generally command better margins. However as on date we are still to pre-qualify for the supply of the abovementioned categories of transformers, pending which we intend to utilise the greenfield facility for manufacturing transformers upto 220 kV Class. Further we do not have any prior experience in manufacturing of transformers of 400 kV class and 765 kV class. Therefore until we start supplying 400 kV Class and 765 kV Class transformers from our Moraiya facility, we would not be deriving the benefit of better margins from supply of 400 kV Class and or 765 kV Class transformers. For further details please refer to the sections titled "Objects of the Issue" and "Our Business" beginning on page nos 34 and 66 of the Red Herring Prospectus.

**22. *Almost 46% of the total cost to be incurred by us towards the objects of the Issue (after meeting Issue expenses) is in FY 2009, and the corresponding Issue proceeds are proposed to be deployed by us in FY 2009. We cannot assure that, pending utilisation, we shall be able to invest the Issue proceeds in a manner that would generate sufficient returns, or generate any returns at all***

We propose to utilise the Issue proceeds (after meeting Issue expenses) in FY 2008 and 2009 towards setting up a greenfield manufacturing facility and part-finance incremental working capital requirements. We propose to deploy Rs. 554 million of the proposed project cost of Rs. 1020.80 million in FY 2008, which constitutes 54.27 % of our estimated cost for the aforesaid objects, and the balance Rs. 466.80 million is proposed to be deployed in FY 2009, constituting 45.73% of our estimated cost for the aforesaid objects. Thus, almost 46% of the total cost to be incurred by us is in FY 2009, and the corresponding Issue proceeds are proposed to be deployed by us in FY 2009. We cannot assure that, pending utilisation, we shall be able to invest the Issue proceeds in a manner that would generate sufficient returns, or generate any returns at all. For details, please refer section titled "Objects of the Issue" beginning on page 34 of this Red Herring Prospectus.

**23. *We have certain export obligations that are yet to be fulfilled***

We have obtained several licenses under the Advance License Scheme. As per the licensing requirements under the said scheme, we are required to export goods of a defined amount within a specific time period, failing which, we have to make payment to the Government of India equivalent to the duty benefit enjoyed by us under the said scheme along with interest. As on October 15, 2007 our total duty liability and interest liability under all the advance licenses, in case of non-fulfilment of the obligations therein, aggregated to approximately Rs.12.67 million. The statement of export obligations as on October 15, 2007 is as below:

*In Million*

Advance License No & Date	Name of the material	Exports to be made		Exported		Obligation of Export		Export obligation to be fulfilled by
		Qty	Value Rs.	Qty	Value Rs.	Qty	Value Rs.	
1	2	3	4	5	6	7 (3-5)	8 (4-6)	
810061219 dated 23.11.06	Electric transformer	11	198.12	2	19.8	9	178.32	24 months from the date of the issue of authorization that is 23.11.06
0810062776 dated 06.02.2007	Electric transformer	1	14.66	0.00	0.00	1	14.66	24 months from the date of the issue of authorization that is 06.02.2007
0810062775 dated 06.02.2007	Electric transformer	1.00	10.23	0.00	0.00	1.00	10.23	24 months from the date of the issue of authorization that is 06.02.2007
0810062894 dated 12.02.2007	Electric transformer	1.00	2.55	0.00	0.00	1.00	2.55	24 months from the date of the issue of authorization that is 12.02.2007
0810065488 dated 19.06.2007	Electric transformer	7.00	60.38	0.00	0.00	7.00	60.38	24 months from the date of the issue of authorization that is 12.06.2007
		<b>21</b>	<b>285.94</b>	<b>2</b>	<b>19.8</b>	<b>19</b>	<b>266.14</b>	



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### 24. Some of our Promoter Group entities have incurred losses during any of the last three years

Two of our Promoter Group entities have incurred losses in last three years as set forth in the tables below.  
Savas Engineering Company Private Limited

*Rs. In million*

Particulars	FY 2006-07	FY 2005-06	FY 2004-05
Equity capital	0.10	0.10	0.10
Reserves	1.54	0.02	NIL
Sales	39.70	13.75	0.31
Profit/ (Loss) After Tax	1.52	0.09	-0.01
Earning per Share (Rs.)	149.13	8.60	-0.52
Net Asset Value (Rs.)	160.86	11.57	2.82

### M/s. Transpower

*Rs. In million*

Particulars	FY 2006-07	FY 2005-06	FY 2004-05
Partner Capital A/c	1.03	0.64	0.23
Sales	2.01	2.45	1.95
Profit After Tax	-0.16	0.19	0.08

### 25. *Our expansion plans require significant capital expenditure and if we are unable to obtain the necessary funds for expansion, our business may be adversely affected.*

We will need significant additional capital to finance our expansion plans as mentioned in the section titled "Objects of the Issue", which we intend financing wholly out of Issue proceeds. In the event that the Issue is delayed or does not go through, our expansion plans would be adversely impacted, and we may need to make alternative financing arrangements to fund the same. We cannot assure that we would be able to arrange for such alternative financing arrangements on terms and conditions acceptable to us, or at all.

### 26. *We operate in a competitive industry, which could limit our ability to grow.*

The market for transformers is competitive, with few organized players. Some of the key competitors in the industry are listed in the Red Herring Prospectus in the paragraph titled "Competition" on page 76 of the Red Herring Prospectus. Some of our competitors have longer industry experience and greater financial, technical, personnel, marketing and other resources which may enable them to react faster to trends and changes in customer demand. If our competitors consolidate through joint ventures or cooperative agreements with each other, or even otherwise, we may have difficulty competing with them. Growing competition may result in a decline in our market share or may force us to reduce the prices of our products and services, which may reduce our revenues and margins, any of which could have a material adverse effect on our business, financial condition and results of operations. We cannot be reasonably certain that we will be able to compete successfully against such competitors, or that we will not lose potential customers to such competitors. Additionally, our ability to compete also depends in part on factors outside our control, such as the price at which our competitors offer comparable products and services.



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

One of the main underlying factors expected to increase the demand for new transformers is increase in the power generation capacity with the commissioning of projects which are at various stages of implementation. The statutory and regulatory framework for the Indian power sector has changed significantly in recent years and the impact of these changes is not yet completely clear, and it is expected that there may be further changes in the next few years. Further, there could be additional changes in the areas of tariff policy, the unbundling of the SEBs, restructuring of companies in the power sector, open access and parallel distribution, and licensing requirements for, and tax incentives applicable to, companies in the power sector. Although these changes are not expected to directly affect us, they may have a material adverse impact on the power sector, which forms a significant chunk of our revenues and top customers, which may in turn have an adverse impact on the demand for transformers, which would have a material adverse impact upon us. We presently do not know what the nature or extent of the changes will be made, and cannot assure you that such changes will not have a material adverse impact on our financial condition and results of operations.

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

The success of our business will depend greatly on our ability to effectively implement our business and growth strategy. Our growth strategy may place significant demands on our management and other resources. Our growth strategies involve risks and difficulties, many of which are beyond our control and accordingly there can be no assurance that we will be able to complete our plans on schedule or without incurring additional expenditures or at all. There can be no assurance that we will be able to execute our strategy on time and within the estimated budget in the future. If we are unable to implement our business and growth strategy, this may have an adverse effect on our business, financial condition and results of operations.

**29. *All our existing and proposed manufacturing facilities are concentrated in a single geographical area. Any disruption affecting our manufacturing facilities could have a material adverse effect on our business, financial condition and results of operations.***

All of our manufacturing facilities (existing and proposed) are based in and around Ahmedabad in Gujarat. As a result, any localized social unrest, natural disaster or breakdown of services and utilities in and Ahmedabad could have material adverse effect on the business, financial position and results of operations of our Company. Further, continuous addition of industries in and around Ahmedabad without commensurate growth of its infrastructural facilities may put pressure on the existing infrastructure therein, which may affect our business. Further, spiraling cost of living in and around Ahmedabad may push our manpower costs in the upward direction, which may reduce our margin and cost competitiveness.

The manufacture of our transformers, as well as their key components, involves many significant hazards that could result in fires, explosions, spills, and other unexpected or dangerous conditions or accidents. Manufacturing facilities are subject to operating risks, such as the breakdown or failure of equipment, power supply or processes, performance below expected levels of output, efficiency, obsolescence, labour disputes, strikes, lock-outs, non-availability of services of our external contractors etc. In the event that we are forced to shut down any of our manufacturing facilities for a significant period of time, it would have a material adverse effect on our earnings, our other results of operations and our financial condition as a whole.

**30. *Our operations create environmental challenges, and changes in environmental laws and regulations may expose us to several liabilities and result in increased costs.***

The activities envisaged in setting up and operating our manufacturing facilities are subject to, among other

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laws, environmental laws and regulations promulgated by the Ministry of Environment and Forests, Government of India and the Gujarat State Pollution Control Board. These include laws and regulations that limit the discharge of pollutants into the air and water and establish standards for the treatment, storage and disposal of hazardous waste materials, and could become stricter in future. Some of these laws and regulations may be subject to varying and conflicting interpretations. Many of these laws and regulations provide for substantial fines and potential criminal liabilities for violations and require the installation of costly pollution control equipment or operational changes to limit pollution emissions and/or reduce the likelihood or impact of hazardous substance releases. Both our Subsidiaries have received notices from Gujarat Pollution Control Board for alleged non-compliance with pollution norms, details of which are contained in the section titled "Outstanding Litigation and Material Developments" beginning on page 211 of the Red Herring Prospectus. We cannot accurately predict future developments, such as increasingly strict environmental laws or regulations and enforcement policies resulting in higher compliance costs. This may have an adverse effect on our financial condition and results of operations.

**31. *Our Company is exposed to accidents at the manufacturing facilities***

Occurrence of accidents at any of our manufacturing facilities may expose our Company to pay compensation and penalty to our workmen and third parties for any losses or damage to human life/health or the environment.

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

As part of our growth strategy, we may enter into strategic alliances, make strategic investments, establish partnerships and/or make acquisitions relating to raw materials, components, complementary businesses, technologies, services or products. We may not be able to identify suitable investment opportunities, partners or acquisition candidates. If we do identify suitable investment opportunities, partners or acquisition candidates, we may have difficulty in accurately assessing the candidates, risks, placing an accurate valuation on it and we may be unable to negotiate terms commercially acceptable or favourable to us or complete those transactions at all. We cannot guarantee that we will be able to arrange financing on acceptable terms, if at all, to complete any such transaction. Investments, partnerships or acquisitions financed by the issuance of our Equity Shares would dilute the ownership interest of our shareholders and debt financing would increase our leverage and financial risks. As of the date of the Red Herring Prospectus, we have no definitive commitment or agreement for any material investment, partnership or acquisition.

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

Like many of our competitors, we possess extensive technical knowledge about our products. Our know-how is a significant independent asset, which has not been protected by intellectual property rights such as patents, but is protected only by keeping it secret. As a result, we cannot be certain that our know-how will remain confidential in the long run. In the event that confidential technical information or know-how about our products or our business becomes available to third parties or to the public, our competitive advantage over other companies in the transformer industry could be harmed, which could have a material adverse effect on our current business, future prospects, financial condition and results of operations.

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

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

**35. We may infringe on the intellectual property rights of others.**

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

**36. We are subject to restrictive covenants under various debt facilities provided to us by our lenders.**

We have availed of several loans and financial facilities from various banks and financial institutions from the following banks namely; Citibank NA., Bank of Baroda, State Bank of India, Andhra Bank and IndusInd Bank Limited ("our Lenders"). In respect of various agreements entered into by our Company with our Lenders and sanction letters issued by our Lenders to us, we are bound by certain restrictive covenants regarding capital structure and other restrictive covenants. For details of these restrictive covenants, please refer chapter titled "Capital Structure" beginning on page 22 of the Red Herring Prospectus. Pursuant to the aforesaid covenants we have obtained the prior written approvals from our lenders for this Issue.

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

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

We have applied for the following licenses which we are yet to receive:

Sr. No.	Name of the Application	Date of Application	Purpose	Granting Authority / Testing Agency
1.	Form TM – 1 filed for the registration of the Trade mark in class 9 of the Trade Marks Act, 1999	Dated August 13, 2007	Application for registration of the trademark in Class 9 of the Trade Marks Act, 1999, which has been in use since the past 9 years, that is since July 11, 1994 by the applicant, our Company	As per section 18(1), Rule 25(2) of the Trade Marks Act, 1999
2.	Letter from Transpares, to the Member Secretary, GPCB, Sec - 10A, Gandhinagar	Dated : April 11, 2007	Transpares clarified that all the processes undertaken by them were mechanical or electrical in nature and there was no involvement of any hazardous chemicals or treatment involved in the process. Hence they have asked for a no objection certificate from the Gujarat Pollution Control Board requesting that they be	M e m b e r S e c r e t a r y , Gujarat Pollution Control Board, under the Gujarat Pollution Control Board Rules

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Sr. No.	Name of the Application	Date of Application	Purpose	Granting Authority / Testing Agency
			exempt from obtaining licenses under the Water (prevention and Control of Pollution) Act, 1974, Air (Prevention and Control of Pollution) Act, 1981 and Hazardous Waste (Management and Handling) Rules, 1989 under the Gujarat Pollution Control Board Rules	
3.	Letter from Transweld, to the Member Secretary, GPCB, Sec - 10A, Gandhinagar	Dated : April 11, 2007	Transweld clarified that all the processes undertaken by them were mechanical or electrical in nature and there was no involvement of any hazardous chemicals or treatment involved in the process. Hence they have asked for a no objection certificate from the Gujarat Pollution Control Board requesting that they be exempt from obtaining licenses under the Water (prevention and Control of Pollution) Act, 1974, Air (Prevention and Control of Pollution) Act, 1981 and Hazardous Waste (Management and Handling) Rules, 1989 under the Gujarat Pollution Control Board Rules	M e m b e r S e c r e t a r y , Gujarat Pollution Control Board, under the Gujarat Pollution Control Board Rules
4.	Letter from Transformers and Rectifiers (India) Limited, for the unit located at Changodar, to the Member Secretary, GPCB, Sec - 10A, Gandhinagar	July 26, 2007	Our Company clarified that all the processes undertaken by them were mechanical or electrical in nature and there was no involvement of any hazardous chemicals or treatment involved in the process. Hence they have asked for a no objection certificate from the Gujarat Pollution Control Board requesting that they be exempt from obtaining licenses under the Water (prevention and Control of Pollution) Act, 1974, Air (Prevention and Control of Pollution) Act, 1981 and Hazardous Waste (Management and Handling) Rules, 1989 under the Gujarat Pollution Control Board Rules	M e m b e r S e c r e t a r y , Gujarat Pollution Control Board, under the Gujarat Pollution Control Board Rules
5.	Contract labour license by Dilipbhai Girdharibhai Bhatt for Transformers and Rectifiers (India) Limited for the unit located at Changodar	Dated : June 8, 2007	For employing ten contract labour at the factory located at Changodar	Contract Labour Act, 1970

Sr. No.	Name of the Application	Date of Application	Purpose	Granting Authority / Testing Agency
6.	Contract labour license by Shivaji Becharji Solanki for Transformers and Rectifiers (India) Limited for the unit located at Changodar	Dated : July 19, 2006	For employing 25 contract labourers at the factory located at Changodar	Contract Labour Act, 1970
7.	Contract labour license by Brahmani Construction for Transformers and Rectifiers (India) Limited for the unit located at Changodar	Dated : July 19, 2006	For employing 10 contract labourers at the factory located at Changodar	Contract Labour Act, 1970
8.	Letter to the member secretary, GPCB, Gandhinagar consent for the discharge of effluent granted to Transformers and Rectifiers (India) Limited granted to the plant located at Changodar	Dated July 26, 2007	Request for the no objection Certificate under the Gujarat Pollution Control Board Rules for the discharge of effluents from the industrial plant located at village Changodar under the Water (prevention and Control of Pollution) Act, 1974, Air (Prevention and Control of Pollution) Act, 1981 and Hazardous Waste (Management and Handling) Rules, 1989. The Gujarat Pollution Control Board vide its letter dated October 30, 2007 has refused grant of No Objection Certificate in respect of the unit alleging that the unit is operating without consent, and has directed the unit not to start any expansion activities without its prior permission. Gujarat Pollution Control Board has also directed our Changodar unit to make application for obtaining the CC& A for the existing production. We have vide our letter dated November 28, 2007 replied to the Gujarat Pollution Control Board, informing them that we are in the process of making the application for the CC& A in respect of the unit, and further requested them to re- consider our No Objection application.	Gujarat Pollution Control Board

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Sr. No.	Name of the Application	Date of Application	Purpose	Granting Authority / Testing Agency
9.	Letter to the member secretary, GPCB, Gandhinagar regarding the CC & A consent under GPCB Rules by Transpares	Dated April 11, 2007	Request for the CC&A under the Gujarat Pollution Control Board Rules for the discharge of effluents under the Water (prevention and Control of Pollution) Act, 1974, Air (Prevention and Control of Pollution) Act, 1981 and Hazardous Waste (Management and Handling) Rules, 1989. With reference to the same the Gujarat Pollution Control Board has vide its order dated August 31, 2007 refused the application of the company for CC& A approval. Further the Gujarat Pollution Control Board while approving the application for Authorisation, has refused approval of the CC& A unless compliance under the Air and Water Act is ensured, and has directed Transpares Limited to apply for authorization for all applicable waste within 15 days. Transpares Limited has made a fresh application to the Gujarat Pollution Control Board vide its letter dated November 28, 2007 requesting for grant of CC& A.	Gujarat Pollution Control Board
10.	Letter to the member secretary, GPCB, Gandhinagar regarding the CC & A consent under GPCB Rules by Transweld	Dated April 11, 2007	Request for the CC&A under the Gujarat Pollution Control Board Rules for the discharge of effluents under the Water (prevention and Control of Pollution) Act, 1974, Air (Prevention and Control of Pollution) Act, 1981 and Hazardous Waste (Management and Handling) Rules, 1989. With reference to the same the Gujarat Pollution Control Board vide its order dated September 17, 2007 has approved authorization but refused the application of the company for CC& A approval. The Gujarat Pollution Control Board while approving the application for Authorisation, has refused approval of the CC&A unless compliance under the Air and Water Act, is ensured. Transweld has made a fresh application to the Gujarat Pollution Control Board vide its letter dated November 28, 2007 requesting for grant of CC& A.	Gujarat Pollution Control Board



Sr. No.	Name of the Application	Date of Application	Purpose	Granting Authority / Testing Agency
11.	Letter to the Assistant Labour Commissioner, K h a n p u r , Ahmedabad by our Company regarding their registration as a principal employer	May 29, 2007	Application made for registration as the principal employer for the purpose of hiring 250 contract labourers for the unit named Transformers and Rectifiers India limited, Moraiya, Ahmedabad, commencing on April 1, 2007	Assistant Labour Commissioner, K h a n p u r , A h m e d a b a d under the Contract Labour (R & A) Act, 1970
12.	Letter from our Company to the deputy director of Industrial Health and Safety, regarding the application for factory plan, license and registration number for the Moraiya factory	Dated : August 24, 2007	Application made for approval of the factory plan, new factory license and registration number for the Moraiya factory.	Deputy Director of Industrial Health and Safety, under the Factories Act, 1948

Further, except as mentioned in the section titled "Government and other Statutory Approvals" beginning on page 223 of the Red Herring Prospectus, we have neither applied for, nor obtained any licenses in relation to the objects of our Issue.

For further details please refer to the section titled "Government and other Statutory Approvals" beginning on page 223 of the Red Herring Prospectus.

**38. *We may not be sufficiently protected or insured for certain losses that we may incur or claims that we may face against us.***

Although we attempt to limit and mitigate our liability for damages arising from negligent acts, errors or omissions through contractual provisions and/or insurance policies, the limitations of liability set forth in our contracts and/or our insurance policies may not be enforceable in all instances or may not protect us from liability for damages. A successful assertion of one or more large claims against us could adversely affect the results of our operations. We have not insured ourselves against exposure to certain risks and events such as workmen's compensation, loss of profit, etc. which may lead to financial liability/adverse consequences for us. Further, even where we have availed of insurance cover, we may not be able to successfully assert our claims for any liability or loss under the said insurance policies.

**39. *Upon completion of the Issue, our Promoters may continue to retain significant control in our Company, which will allow them to influence the outcome of matters submitted to shareholders for approval.***

Upon completion of this Issue, our Promoters and Promoter Group will continue to own 76.83% of our Equity Shares on a fully diluted basis. As a result, our Promoters will have the ability to exercise significant influence over all matters requiring shareholders' approval, including the election of directors and approval of significant corporate transactions. Our Promoters will also be in a position to influence any shareholder action or approval requiring a majority vote, except where it is required by applicable laws to abstain from voting. Such a concentration of ownership may also have the effect of delaying, preventing or deterring a change in control.



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**40. *We have allotted Equity Shares in the last twelve months, and the price at which these Equity Shares are issued may be lower than the Issue price.***

Our Company has issued 157,260 Equity Shares to our Promoter and Managing Director, Mr. Jitendra U. Mamtora on a preferential basis on October 16, 2006 at a price of Rs. 130/- per Equity Share (inclusive of a premium of Rs. 120/- per Equity Share), which may be less than the Issue Price. Subsequent to that, there was a bonus issue of two Equity Shares for every five Equity Shares on September 17, 2007. The price at which the Equity Shares are being issued in the last twelve months is not indicative of the price which may be offered in this Issue. Further our Company's reserves stand reduced to the extent of the capitalization of reserves for the bonus issue.

**41. *Any future issuance of Equity Shares by us or sale of our Equity Shares by our Promoters may impact the market price of our Equity Shares.***

Any further issuance of substantial amounts of our Equity Shares by us or sale of our Equity Shares by our Promoters may affect the market price of our Equity Shares and could impact our ability to raise capital through an offering of our securities. In addition any perception by investors that such issuances or sales might occur could also affect the market price of our Equity Shares.

### EXTERNAL RISKS

**1. *There may be changes in the regulatory framework that could adversely affect us.***

The statutory and regulatory framework for the Indian transformer industry may see changes in the next few years. We presently do not know what the nature or extent of the changes will be and cannot assure you that such changes will not have an adverse impact on our financial condition and results of operations.

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

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

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

We derive virtually all of our revenues from India. Our operations and financial results and the market price and liquidity of our equity shares may be affected by changes in Indian Government policy or taxation or social, ethnic, political, economic or other developments in or affecting India. Since achieving independence in 1947, India has had a mixed economy with a large public sector and an extensively regulated private sector. Since 1991, the Government has significantly relaxed most of these restrictions. India has also witnessed civil disturbances in recent years. While these civil disturbances did not directly affect our operations, it is possible that future civil unrest as well as other adverse social, economic and political events in India could have an adverse impact on us.

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

The prices of our Equity Shares may fluctuate after this Issue due to a wide variety of factors, including:

- volatility in the Indian and global securities markets;
- our operational performance, financial results and capacity expansion;
- developments in India's economic liberalization and deregulation policies, particularly in the construction equipment, defence-related equipment and railway products sectors; and
- Changes in India's laws and regulations impacting our business.

We cannot assure you that an active trading market for our Equity Shares will be developed or sustained after this Issue.

#### Notes to Risk Factors:

- Issue of 2,995,000 Equity Shares of Rs. 10/- each at a price of Rs. [●] for cash aggregating Rs. [●] million; including employee reservation of 150,000 Equity Shares of face value of Rs. 10/- each at a price of Rs. [●] for cash aggregating Rs. [●] million. The Issue would constitute 23.17% of the fully diluted post Issue paid-up capital of our Company. The Net Issue would constitute 22.01% of the fully diluted post-Issue paid-up capital of our Company.
- Pre-Issue net worth of our Company was Rs. 526.65 million as of September 30, 2007 as per our restated unconsolidated financial statements included in the Red Herring Prospectus. Pre-Issue net worth of our Company and its Subsidiaries was Rs.542.02 Million as of September 30, 2007 as per our restated consolidated financial statements included in the Red Herring Prospectus.
- The net asset value per Equity Share of Rs. 10 each was Rs. 53.04 as of September 30, 2007 as per our restated unconsolidated financial statements included in the Red Herring Prospectus. The net asset value per Equity Share of Rs. 10 each was Rs. 54.60 as of September 30, 2007 as per our restated consolidated financial statements included in the Red Herring Prospectus.
- The average cost of acquisition per Equity Share for the Promoters is as follows:

*(In Rupees)*

Name of Promoter	Cost per Equity Share Rs.
Mr. Jitendra U. Mamtora	9.71
Mrs. Karuna J Mamtora	5.10
Mr. Satyen J. Mamtora	29.87

- For details on Related Party Transactions and Loans and Advances made to any company in which our Directors are interested please refer to the section titled "Related Party Transactions" appearing in section titled "Auditors' Report to the Restated Unconsolidated and Consolidated Financial Statements" beginning on page 119 of the Red Herring Prospectus.
- Since inception, our Company has issued 4,747,466 Equity Shares by way of bonus by capitalisation of free reserves, as under:

Date of Allotment	Number of Equity Shares	Ratio
February 8, 2006	1,910,720	2:5
September 17, 2007	2,836,746	2:5

- We have not revalued our assets in the last five years.
- This Issue is being made through a 100% Book Building Process wherein at least 60% of the Net Issue will be allotted on a proportionate basis to QIBs, of which 5% shall be reserved for Mutual Funds. If at least 60% of the Issue cannot be allotted to QIBs, then the entire application money in this Issue shall be refunded herewith. Further, upto 10% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and upto 30% of the Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price. Further, 150,000 Equity Shares shall be available for allocation on a proportionate basis to Eligible Employees subject to valid bids being received at or above the Issue Price.

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- Under subscription, if any, in the Non-Institutional Portion, Retail Individual Portion and the Employee Reservation Portion would be met with spill over from other categories at the sole discretion of our Company in consultation with the BRLM. If at least 60% of the Net Issue cannot be allotted to QIB Bidders, then the entire application money will be refunded. However, if the aggregate demand by Mutual Funds is less than 85,350 Equity Shares, the balance Equity Shares available in the Mutual Funds Portion will be added to the QIB Portion and be allocated proportionately to the QIB Bidders.
- Investors may please note that in the event of over-subscription, allotment shall be made on a proportionate basis in consultation with the Designated Stock Exchange. For details, refer to the section titled "Issue Procedure" beginning on page 256 of the Red Herring Prospectus.
- Trading in Equity Shares of our Company for all investors shall be in dematerialised form only.
- The BRLM and our Company shall make all information available to the public and investors at large and no selective or additional information would be available only to a section of the investors in any manner whatsoever.
- Investors are advised to go through Basis of Allotment in the section titled "Issue Procedure" beginning on page 256 of the Red Herring Prospectus.
- For details of Equity Shares allotted in the last twelve months, please refer section titled "Capital Structure" beginning on page 22 of the Red Herring Prospectus.
- For details of interest of our Promoters, Directors and key managerial personnel, please refer sections titled "Financial Statements", "Our Management", "Our Promoters and their Background" and "Our Promoter Group" beginning on pages 124, 92, 110 and 112 respectively of the Red Herring Prospectus.
- Investors are advised to refer to the section titled on "Basis for Issue Price" beginning on page 45 of the Red Herring Prospectus before making an investment in this Issue.
- The investors may contact the BRLM or the Compliance officer for any complaint/ clarification/information pertaining to the Issue. For contact details of the BRLM and the Compliance Officer, please refer section titled "General Information" beginning on page 12 of the Red Herring Prospectus.
- There are no contingent liabilities as on March 31, 2007, except as mentioned in the section titled "Financial Statements" beginning on page 124 of the Red Herring Prospectus. .
- The notes on significant accounting policies have been included in the report of our Auditor in section titled "Financial Statements" beginning on page 124 of the Red Herring Prospectus.

## SECTION III - INTRODUCTION

### SUMMARY OF INDUSTRY AND OUR BUSINESS

*You should read the following summary with the Risk Factors beginning on page xi of the Red Herring Prospectus and the more detailed information about us and our financial statements included elsewhere in the Red Herring Prospectus.*

#### **Industry**

##### **Background**

Power is a critical component of infrastructure on which the socio-economic development of the country depends. At the time of independence, India had a power generation capacity of only 1,362 MW (Source: <http://powermin.nic.in/>). Recognizing that electricity is one of the key drivers for rapid economic growth and poverty alleviation, after independence, the Indian government decided to bring all new power generation, transmission and distribution in rural and urban centres (which were not served by private utilities) under the purview of State and Central government agencies. Accordingly, State Electricity Boards (SEBs) were formed in all the States. The Central Government has been giving priority to this sector while fixing plan outlays. Commencing with the Fifth Plan (1974-1979), the Government increased its direct role in the generation and bulk transmission of power to supplement the efforts of the states. This was done by establishing large power projects, as part of public sector units (PSUs) to develop the coal and hydroelectric resources in the country. Today, the PSUs and SEBs have been responsible for establishing networks covering the entire length and breadth of the country. The installed generation capacity has increased from 1,358 MW in 1947, at the time of Independence, to 1,32,330 MW in March, 2007 which is excluding more than 20,000 MW of capacity added by Industries as captive power plants and electrification of more than 500,000 villages has taken place. However, it is a matter of concern that the annual per capita consumption of India, at about 350 kWh is among the lowest in the world. The Ministry of Power, Government of India has envisaged a capacity addition of 78,577 MW and 86,500 MW in the 11th and 12th Plan period respectively. A corresponding plan for new investment and R&M is also conceived for the Transmission and Distribution segments in line with the National Electricity Plan and the Integrated Energy Policy. The Government of India has thus launched the "Power for all by 2012" program which targets adding about 1,00,000 MW of power generation capacity by 2012.

##### **Markets**

Geographically, India's electricity market is divided into five regions and 31 states. A regional electricity board serves each region. The size of each regional power market correlates with the size of the economy of each region. The west of the country accounts for 28 percent of India's GDP and 30 percent of its capacity, while north & south of the country each account for 27 percent of GDP and 26 percent of its capacity respectively.

The end users of power can be broadly classified into residential (consuming approximately 20 percent of power generated), industrial (consuming approximately 30 percent of power generated), commercial (consuming approximately 5 percent of power generated) and agricultural consumers (consuming approximately 30 percent of power generated). The balance is largely due to T&D losses. There is a significant variation in the consumption pattern among the various states depending upon industrial investments, extent of rural electrification and income levels etc.

##### **Power Sector Structure**

The power sector value chain comprises of three elements - Generation, Transmission & Distribution. In India, SEBs are the major constituents of the power sector and most of them are vertically integrated i.e. their footprint covers the entire value chain of Generation, Transmission & Distribution. The Power Generation business is currently carried out by PSUs such as NTPC, NHPC, etc. as well as some private power generation companies. Apart from these, a number of industries have set up captive power plants to meet their internal requirements, and in some cases, these captive power plants sell surplus power to the SEBs. Transmission and Distribution (T&D) system comprises of transmission lines, transformers, substations, switching stations and distribution lines. In India, the T&D system is a three-tier structure comprising distribution networks, state grids, and regional grids. In India, SEBs is vertically integrated as intra-state distribution network and the grids are owned and operated by SEBs or state governments through SEBs. The transmission and sub-transmission systems supply power to the distribution system, which in turn supplies power to

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end-consumers. Distribution of power to end consumers is largely controlled by SEBs and licensees in the private sector. Most of the inter-state transmission links are owned and operated by Power Grid Corporation of India Limited.

### **Transformer industry**

A transformer is a voltage changer used for stepping up or stepping down the voltage depending upon the application. It is a device used to transfer electric power from one circuit to another. The transformers can broadly be divided into Distribution transformers, Power transformers & other types of special transformers for welding, traction, furnace etc. The power transformers are used to transform power voltage from the generation point to the transmission point. A distribution transformer is used to transform power voltage from transmission point to distribution of power to the end user. The health of the transformer industry is closely related to the power generation sector. The major customers for transformers are the SEB's, utilities and industries.

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

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

### **Business**

We believe that we are one of the major players in the Indian markets manufacturing a wide range of transformers ranging from power generation, transmission and distribution transformers, industrial transformers and a wide range of speciality transformers, focusing on quality, timely delivery and customization. We have developed our products based on our in-house design and engineering capabilities, and we believe that we are perhaps one of the few players to have developed this wide range without any third party technical collaboration or assistance.

We manufacture transformers upto 220 kV Class, having an installed capacity of 7,200 MVA transformers per annum. Our Promoter, Mr. Jitendra U. Mamtora who is also our Chairman and Managing Director is a technocrat who has experience of over 38 years in the transformer industry.

We currently operate through two manufacturing units, located at Changodar, near Ahmedabad and Odhav, in Ahmedabad, both in Gujarat. Our Changodar facility is ISO 9001:2000 compliant. In fiscal 2007, we took over the business of M/s. Transformers and Rectifiers (India), a proprietorship concern promoted by Mr. Jitendra U. Mamtora engaged in the business of transformer manufacturing. To further integrate our operations we have acquired stakes in Transweld Mechanical Engineering Works Limited and Transpares Limited, which were Promoter Group companies so as to make them our subsidiaries. Transweld Mechanical Engineering Works Limited is engaged in the business of manufacturing of transformer tanks and core channels mainly for our own projects and also to a range of third party public and private sector clients, while Transpares Limited is engaged in the business of pressed steel radiators, which is one of the components involved in transformer manufacturing. We have developed a strong domestic marketing network, and have our marketing personnel in Chennai, Delhi, Kolkata, Pune and Mumbai.

We have catered to a wide spectrum of transformer users in various industries such as petrochemicals, oil refining, cement, paper and pulp, pharmaceuticals, automobiles, steel, alloy plant, power plant, railway applications, mining, minerals, among others. Our customer base is also well-diversified both geographically and by end-user markets.

Our key customers include utilities and power transmission companies. We have exported transformers to countries such as the England, Canada, United Arab Emirates, South Africa, Saudi Arabia and Indonesia. We supply to a wide range of customers which include both, utilities and other industries.

Our core competencies are our in-house technical and design expertise, skilled workforce and well equipped manufacturing facilities which enables us to manufacture a wide range of transformers, to meet diverse client requirements.

### ***Our Competitive Strengths***

We believe that we are well positioned to sustain and strengthen our position in the markets in which we compete as well as to exploit significant growth opportunities that exist. We believe the following, among others, are our principal strengths:

#### ***Expertise in Designing and Product variety***

Designing and engineering forms a critical element of the transformer making process. Transformers are custom built to suit the requirements of each customer. We have a design department comprising of nineteen expert designers, headed by our Promoter and Chairman and Managing Director, Mr. Jitendra U. Mamtara. Our designs are structured so as to minimize the losses occurring within the transformer thereby making them more efficient and profitable. We are continuously striving to improve and enhance our designing capabilities. In addition to being one of the few manufacturers having the entire range of transformers, we have the unique distinction of being approved by utilities for power transformers upto 245 kV class without any external technological support.

Further, because of the strong thrust on Research & Development, we have been successful in developing expertise in the design and manufacture of certain special type of transformers, to meet individual client specifications. These include designing and manufacturing of (a) Transformers with 40-secondary for plasma research to the Plasma Research Institute; (b) Specialized Testing transformer, which has been supplied to a multinational transformer manufacturer, with secondary voltage ranging from 2 kV to 90 kV in steps of 2 kV; (c) Series reactors which have been supplied to U.K. with fault current of 105 kV.

We have also been successful in developing mobile sub-station transformers, which is a product requiring strong design capabilities.

#### ***Wide product portfolio and ability to cater to diverse market requirements***

We believe that we are one of the few manufacturers in the country manufacturing the entire range of transformers namely power generation, transmission and distribution transformers, industrial transformers such as furnace transformers, and special transformers such as mobile substation, rectifiers, testing transformers etc. We have developed a wide portfolio of products, including certain speciality transformers, which have helped us to cater to diverse market requirements. With integrated manufacturing facilities, backed by in-house technology, we are able to commit timely delivery of quality products.

#### ***Wide customer base and long-term customer relationships.***

We believe that we are a preferred supplier to many utilities and industrial companies in India. This is primarily because of our ability and track record to provide transformers to these customers on a continuous and uninterrupted basis. We have maintained relationships with our customers, based on our ability to customise and tailor make transformers as per the design specifications of our clients, and requisite on-site and after-sales service support. We have received repeat orders from power generation, transmission and distribution entities and certain industrial clients, many of whom form a part of our top ten customers over the last three years.

#### ***Niche position in the Industry as one of the largest manufacturer of Furnace Transformers***

We hold a niche position in the transformer manufacturing industry as one of the largest manufacturer of furnace transformers in India. Our revenues from furnace transformers have risen from Rs. 205 million during fiscal 2005 to Rs. 288 million during fiscal 2007. These include Arc Furnace Transformers, Submerged Arc Furnace Transformers, Ladle Furnace Transformers, Induction Furnace Transformers and DC Arc Furnace Transformers.

#### ***Cost Advantage***

We believe that we enjoy a significant cost advantage on several fronts. Our design and engineering capabilities have been developed indigenously and in-house, without third party collaboration or assistance. Further, we enjoy the benefit of a lean management structure, with significant direct involvement of our Promoters, who are also our whole-time Directors. Acquisition of stakes in two companies, thereby becoming our Subsidiaries in fiscal 2007, has led to backward integration, giving us timely and cost-effective access to critical raw material components in transformer manufacturing being transformer tanks, core channels and pressed steel radiators, and has helped us to manage inventory better. Further, the installation of the new oven in 2007 utilising the "autoclave with Vapour Phase Drying process" has helped us to reduce cycle time of the process of drying active parts from approximately nine days to three days, which has resulted in cutting down on the cycle time to manufacture transformers.



## TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

### *Experienced Board and Executive Management team*

Our Board consists of eight members. Our Chairman and Managing Director, and both our Joint Managing Directors have vast experience in the field of manufacturing transformers. Our CMD, Mr. Jitendra U. Mamtara is a technocrat with experience of more than 38 years in the transformer industry. Our Joint Managing Director, Mr. Bhaskar Sen has an experience of more than 43 years in the areas of overall business management of industries like switchgear, transformers, motors projects, REC equipments etc. Our Joint Managing Director, Mr. Satyen Mamtara, has an experience of more than 10 years in transformer manufacturing and marketing functions. Other members of our Board have vast industrial and management experience.

### ***Our Business Strategy***

Our strategy is based on available opportunities, trend of market demands and the projected growth of the transformer industry. The important elements of our business strategy going forward are stated hereunder:

#### *Expanding product range to focus on higher kV category transformers and to optimally utilise manufacturing facilities.*

Higher kV category transformers typically command better margins as opposed to lower kV transformers. We have significantly refurbished our Odhav plant in FY 2007. We propose to utilise our Odhav plant for manufacture of transformers upto 66 kV class, and use our Changodar plant to produce higher kV class transformers upto 220 kV. We believe that this will help us in optimising the available plant capacities. We intend to initially manufacture transformers of 220 kV and 400 kV class at our proposed greenfield manufacturing facility at Moraiya, which is intended to be capable of manufacturing transformers upto 765 kV Class.

#### *Maintain a judicious balance between power generation, transmission and distribution transformers and industrial transformers.*

We have developed a significant presence in, power generation, transmission and distribution transformers, and industrial transformers. We intend to maintain a judicious balance between both categories, so that the high-volume power transformers segment can be serviced along with the higher-margin industrial transformers, with specific focus on furnace and rectifier transformers.

#### *Further developing the niche business segments*

We intend to further develop the niche business segment, which typically command better margins among all categories of transformers, comprising of furnace transformers, and special transformers such as traction transformers, mobile sub-station transformers etc. so as to capitalise on the available opportunities.

#### *Exploring opportunities in turnkey projects*

With the increasing investment in the power sector and dire need to quickly ramp up the transmission and distribution capacities, there is an emerging trend of outsourcing a part of transmission and distribution networks on turnkey basis. Leveraging on established relationships and credibility with the power transmission and distribution companies, we propose to take up turnkey projects for setting up of sub-stations, that form a part of the power transmission and distribution networks, where we have developed in-house engineering capabilities.

#### *Increasing our international market presence*

We have exported transformers to countries such as the England, Canada, United Arab Emirates, South Africa, Saudi Arabia and Indonesia. We are looking to increase our exports, both in terms of quantum and markets, to enhance our international presence and reduce dependence on domestic market. We are also in the process of creating a systematic marketing organization for catering to the export demand once we have adequate capacity available subsequent to the implementation of the proposed greenfield manufacturing facility at Moraiya.



## SUMMARY OF FINANCIAL INFORMATION

The following tables set forth summary financial information derived from our restated unconsolidated financial statements as of and for the years ended March 31, 2007, 2006, 2005, 2004 and 2003 and for the six months ended September 30, 2007, and our restated consolidated financial statements for the year ended March 31, 2007 and for the six months ended September 30, 2007. These financial statements have been prepared in accordance with Indian GAAP, the Companies Act and the SEBI Guidelines and are presented in the section titled "Financial Statements" beginning on page 124 of the Red Herring Prospectus. The summary financial information presented below should be read in conjunction with our restated consolidated and unconsolidated financial statements, the notes thereto and the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 193.

### SUMMARY STATEMENT OF ASSETS AND LIABILITIES AS RESTATED ON STANDALONE BASIS

(Rs. In Million)

PARTICULARS	As at 30th Sept 2007	As at 31st March 2007	As at 31st March 2006	As at 31st March 2005	As at 31st March 2004	As at 31st March 2003
<b>A Fixed Assets</b>						
Gross Block	221.83	195.90	149.91	108.52	103.27	99.96
Less: Depreciation	-59.98	-52.53	-40.76	-33.00	-29.25	-24.76
Net Block	161.85	143.37	109.15	75.52	74.02	75.20
Capital Work in Progress	99.67	50.31	9.82	9.62	-	-
Total	261.52	193.68	118.97	85.14	74.02	75.20
<b>Intangible Assets</b>						
Gross Block	14.57	14.57	2.64	0.56	-	-
Less: Amortisation	-5.22	-3.69	-0.65	-0.26	-	-
Total	9.35	10.88	1.99	0.30	-	-
<b>Net Block</b>	<b>270.87</b>	<b>204.56</b>	<b>120.96</b>	<b>85.44</b>	<b>74.02</b>	<b>75.20</b>
<b>B Investments</b>	16.97	17.97	-	-	-	-
<b>C Current Assets, Loans &amp; Advances</b>						
Inventories	496.40	393.65	310.06	174.68	143.25	154.58
Sundry Debtors	821.34	689.66	518.12	220.26	212.21	75.79
Cash and Bank balances	120.53	142.69	65.26	40.40	13.75	11.62
Loans and Advances	92.90	55.65	36.06	47.05	24.61	12.77
Other Current Assets	6.12	1.10	1.23	0.89	-	-
Total	1537.29	1,282.75	930.73	483.28	393.82	254.76
<b>D Liabilities and Provisions</b>						
Secured Loans	302.27	229.10	154.30	91.86	89.32	74.29
Unsecured Loans	160.79	48.74	19.77	18.80	45.64	48.89
Current Liabilities and Provisions	819.12	811.38	648.83	313.63	215.77	107.74
Deferred Tax Liability (Net)	16.30	13.40	14.77	15.76	15.19	14.70
Total	1298.48	1,102.62	837.67	440.05	365.92	245.62
<b>Net Worth (A+B+C-D)</b>	<b>526.65</b>	<b>402.66</b>	<b>214.02</b>	<b>128.67</b>	<b>101.92</b>	<b>84.34</b>
<b>Net Worth Represented by</b>						
<b>E Share Capital</b>	99.29	70.92	68.18	47.77	47.77	47.77
<b>F Reserves &amp; Surplus</b>	427.48	331.89	146.37	81.56	55.18	37.97
<b>G Miscellaneous Expenditure (to the extent not written off)</b>	-0.12	-0.15	-0.53	-0.66	-1.03	-1.40
<b>Net Worth (E+F-G)</b>	<b>526.65</b>	<b>402.66</b>	<b>214.02</b>	<b>128.67</b>	<b>101.92</b>	<b>84.34</b>

Note:

The above statement should be read with the Statement on Adjustments to Audited Financial Statements, appearing in Annexure 4; Significant Accounting Policies, appearing in Annexure 5; Notes to Restated Financial Information, appearing in Annexure 6 and Notes to Statement on Adjustments to Audited Financial Statements, as restated, appearing in Annexure 7.

# TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

## SUMMARY STATEMENT OF PROFITS AND LOSSES AS RESTATED ON STANDALONE BASIS

(Rs. In Million)

PARTICULARS		For Six Months Period Ended 30th Sept 2007	Year Ended 31st March 2007	Year Ended 31st March 2006	Year Ended 31st March 2005	Year Ended 31st March 2004	Year Ended 31st March 2003
A	<b>INCOME</b>						
	Gross Sales of manufactured goods	1451.67	2,505.66	1,485.89	870.83	577.73	323.59
	Less : Cenvat Duty recovered on sales	-198.87	-336.19	-203.23	-124.54	-74.25	-41.11
	<b>Net Sales</b>	<b>1252.80</b>	<b>2,169.47</b>	<b>1,282.66</b>	<b>746.29</b>	<b>503.48</b>	<b>282.48</b>
	Trading Sales	1.19	12.72	-	-	-	-
	Service Income	10.40	9.30	12.89	11.83	2.08	2.82
	Other Income	9.74	8.63	6.66	10.17	8.17	3.91
	Increase / (Decrease) in Stock	102.07	105.49	87.78	-16.52	-34.77	27.45
	<b>Total Income</b>	<b>1375.01</b>	<b>2,294.08</b>	<b>1,402.71</b>	<b>751.77</b>	<b>478.96</b>	<b>316.66</b>
	<b>EXPENDITURE</b>						
B	Raw Material Consumed	981.72	1,692.04	1,103.09	595.95	371.89	234.40
	Trading Purchases	-	1.72	18.65	-	-	-
	Employee Cost	25.60	35.76	24.62	15.96	10.88	9.16
	Manufacturing Cost	23.91	35.79	26.37	20.86	19.57	16.92
	Selling, Distribution Expenses and Administration Expenses	94.95	183.64	80.71	42.78	30.16	23.27
	<b>Total Expenditure</b>	<b>1126.18</b>	<b>1948.95</b>	<b>1253.44</b>	<b>675.55</b>	<b>432.50</b>	<b>283.75</b>
	Profit before Interest, Depreciation, Extraordinary item and Tax (A-B)	248.83	345.13	149.27	76.22	46.46	32.91
	Interest (Finance Expenses)	40.29	52.52	21.18	13.53	16.14	12.69
	Depreciation and Amortisation	9.12	15.85	8.37	5.35	5.00	4.65
	<b>Total</b>	<b>49.41</b>	<b>68.37</b>	<b>29.55</b>	<b>18.88</b>	<b>21.14</b>	<b>17.34</b>
	Profit Before Tax and Extra Ordinary Items	199.42	276.76	119.72	57.34	25.32	15.57
	Extra Ordinary Item	-	-	-	-	-	-
	Loss on account of flood	-	18.15	-	-	-	-
	<b>Profit Before Tax</b>	<b>199.42</b>	<b>258.61</b>	<b>119.72</b>	<b>57.34</b>	<b>25.32</b>	<b>15.57</b>
	<b>Provision for Taxation</b>						
	Current Tax (Incl. Wealth Tax)	67.50	91.50	40.50	21.46	6.91	0.75
	Deferred Tax	3.47	-1.36	-0.99	0.57	0.49	0.91
	Fringe Benefit Tax.	0.63	1.75	1.60	-	-	-
	Taxation of Earlier Periods	3.15	0.16	2.08	-	-	-
	<b>Total</b>	<b>74.75</b>	<b>92.05</b>	<b>43.19</b>	<b>22.03</b>	<b>7.40</b>	<b>1.66</b>
	<b>Profit After Tax and Before Adjustments</b>	<b>124.67</b>	<b>166.56</b>	<b>76.53</b>	<b>35.31</b>	<b>17.92</b>	<b>13.91</b>
	Adjustments (Refer Annexure 4)	0.40	0.60	4.74	-3.49	-0.16	-2.08
	<b>Profit After Tax, As Restated</b>	<b>125.07</b>	<b>167.16</b>	<b>81.27</b>	<b>31.82</b>	<b>17.76</b>	<b>11.83</b>
	Add : Balance brought forward from previous year	249.67	122.07	65.66	39.28	22.07	24.99
	Less: Deferred tax liability (transitional period)	-	-	-	-	-	-13.79
	Less: Capitalised by issue of Bonus Shares	-	-	-3.21	-	-	-
	<b>Amount available for appropriation</b>	<b>374.74</b>	<b>289.23</b>	<b>143.72</b>	<b>71.10</b>	<b>39.83</b>	<b>23.03</b>
	<b>Appropriations</b>						
	Proposed Dividend	-	-	10.23	4.78	0.48	0.40
	Interim Dividend Paid	-	12.77	-	-	-	-
	Tax on Dividend Paid	-	1.79	1.42	0.66	0.07	0.06
	Transferred To General Reserve	-	25.00	10.00	-	-	0.50
	Balance Carried To Balance Sheet	374.74	249.67	122.07	65.66	39.28	22.07
	<b>Total</b>	<b>374.74</b>	<b>289.23</b>	<b>143.72</b>	<b>71.10</b>	<b>39.83</b>	<b>23.03</b>

Note: The above statement should be read with the Statement on Adjustments to Audited Financial Statements, appearing in Annexure 4; Significant Accounting Policies, appearing in Annexure 5; Notes to Restated Financial Information, appearing in Annexure 6 and Notes to Statement on Adjustments to Audited Financial Statements, as restated, appearing in Annexure 7.

**SUMMARY STATEMENT OF CASHFLOWS - RESTATED (STANDALONE)**

(Rs. In Million)

PARTICULARS		For Six Months Period Ended 30th Sept 2007	Year Ended 31st March 2007	Year Ended 31st March 2006	Year Ended 31st March 2005	Year Ended 31st March 2004	Year Ended 31st March 2003
<b>A</b>	<b>CASH FROM OPERATING ACTIVITIES</b>						
	Profit Before Tax, As Restated	195.25	262.74	125.38	51.72	25.32	15.57
	<b>Adjustments for</b>						
	Depreciation and Amortisation	9.12	15.85	8.37	5.35	5.00	4.65
	Deferred Expenses Written Off	0.02	0.38	0.38	0.37	0.36	0.02
	Unrealised Foreign Exchange Gain	0.88	0.61	-0.02	-	-	-
	Interest Income	-5.23	-5.12	-3.09	-1.27	-	-
	Dividend Income	-	-1.10	-	-	-	-
	Interest Expense	40.28	52.52	21.18	13.53	16.14	12.69
	(Profit) / Loss on sale of Investment	-0.22	-	-	-	-	-
	(Profit) / Loss on sale of asset	0.25	0.79	0.01	-0.09	0.11	-
	Fixed assets Written Off	-	-	0.22	-	-	-
	Provision for doubtful advance	2.15	0.32	-	-	-	-
	Provision for Onerous contracts	-	0.44	-	-	-	-
	<b>Operating profit before working capital changes</b>	<b>242.50</b>	<b>327.11</b>	<b>152.75</b>	<b>69.61</b>	<b>46.93</b>	<b>32.93</b>
	Changes in working capital						
	Trade & Other Receivables	-155.69	-240.60	-312.73	-57.47	-152.33	5.71
	Inventories	-102.74	-78.53	-140.22	-31.43	11.33	-37.61
	Trade Payables	-15.65	87.17	333.85	87.84	84.58	-7.50
	<b>Cash generation from operations</b>	<b>-31.58</b>	<b>95.15</b>	<b>33.65</b>	<b>68.55</b>	<b>-9.49</b>	<b>-6.47</b>
	Less: Income tax paid	-45.00	-48.98	-45.18	-14.61	-5.96	-1.40
	<b>Net cash from Operations</b>	<b>-76.58</b>	<b>46.17</b>	<b>-11.53</b>	<b>53.94</b>	<b>-15.45</b>	<b>-7.87</b>
<b>B</b>	<b>CASH FROM INVESTING ACTIVITIES</b>						
	Purchase of Fixed assets	-75.82	-73.43	-44.14	-17.28	-4.11	-4.81
	Proceeds from sale of assets	0.13	0.02	0.02	0.60	0.18	-
	Long Term Investment In Subsidiaries	-	-16.97	-	-	-	-
	Purchase of Business	1.24	-	-	-	-	-
	Interest Income	5.23	5.25	2.74	1.27	-	-
	Dividend Income	-	1.10	-	-	-	-
	Proceeds from sale of Investment	1.22	-	-	-	-	-
	Deferred Revenue Expenses	-	-	-0.24	-	-	-1.33
	<b>Net cash from Investing Activities</b>	<b>-69.24</b>	<b>-82.79</b>	<b>-41.62</b>	<b>-15.41</b>	<b>-3.93</b>	<b>-6.14</b>
<b>C</b>	<b>CASH FROM FINANCING ACTIVITIES</b>						
	Increase in borrowings	243.51	234.74	79.86	40.68	35.41	13.00
	Repayment of Loans	-58.28	-133.21	-16.75	-64.97	-	-
	Interest Paid	-40.29	-52.44	-20.33	-13.51	-16.12	-12.69
	Dividend Paid (Including Tax).	-	-26.22	-5.45	-0.54	-0.45	-
	Increase in Share Capital	-	1.57	1.30	-	-	0.60
	Increase in Share Premium	-	18.87	14.30	-	-	9.40
	<b>Net cash from Financing Activities</b>	<b>144.94</b>	<b>43.31</b>	<b>52.93</b>	<b>-38.34</b>	<b>18.84</b>	<b>10.31</b>
	Net Increase / (Decrease) in cash & cash equivalents (A+B+C)	-0.88	6.69	-0.22	0.19	-0.54	-3.70
	Cash and Cash Equivalents at beginning of the year	6.87	0.18	0.40	0.21	0.75	4.45
	<b>Cash and Cash Equivalents at the end of the year</b>	<b>5.99</b>	<b>6.87</b>	<b>0.18</b>	<b>0.40</b>	<b>0.21</b>	<b>0.75</b>

Note: The above statement should be read with the Statement on Adjustments to Audited Financial Statements, appearing in Annexure 4; Significant Accounting Policies, appearing in Annexure 5; Notes to Restated Financial Information, appearing in Annexure 6 and Notes to Statement on Adjustments to Audited Financial Statements, as restated, appearing in Annexure 7.

## TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

### SUMMARY STATEMENT OF ASSETS AND LIABILITIES AS RESTATED ON A CONSOLIDATED BASIS

(Rs. In Million)

PARTICULARS		As at 30th Sept 2007	As at 31st March 2007
A	Fixed Assets		
	Gross Block	264.62	237.02
	Less: Depreciation	-66.13	-57.73
	Net Block	198.49	179.29
	Capital Work In Progress	103.86	51.31
	<b>Total</b>	<b>302.35</b>	<b>230.60</b>
	Intangible Assets		
	Gross Block	14.59	14.59
	Less: Amortisation	-5.22	-3.70
	<b>Total</b>	<b>9.37</b>	<b>10.89</b>
	<b>Net Block</b>	<b>311.72</b>	<b>241.49</b>
B	Investments	1.13	2.13
C	Current Assets, Loans & Advances		
	Inventories	520.85	411.64
	Sundry Debtors	835.47	717.28
	Cash and Bank balances	122.33	147.04
	Loans and Advances	95.64	57.63
	Other Current assets	6.11	1.11
	<b>Total</b>	<b>1580.40</b>	<b>1,334.70</b>
D	Liabilities and Provisions		
	Secured Loans	337.54	268.58
	Unsecured Loans	160.79	48.74
	Current Liabilities and Provisions	814.77	811.69
	Deferred Tax Liability (Net)	18.38	15.31
	Minority Interest	19.75	18.48
	<b>Total</b>	<b>1351.23</b>	<b>1,162.80</b>
	Net Worth (A+B+C-D)	542.02	415.52
	Net Worth Represented by		
E	Share Capital	99.28	70.92
F	Reserves & Surplus	442.95	344.85
G	Miscellaneous Expenditure (to the extent not written off)	-0.21	-0.25
	<b>Net Worth (E+F-G)</b>	<b>542.02</b>	<b>415.52</b>

Note:

The above statement should be read with the Statement on Adjustments to Audited Financial Statements read with notes thereon, appearing in Annexure 4; Significant Accounting Policies, appearing in Annexure 5; Notes to Restated Consolidated Financial Information, appearing in Annexure 6, as restated.

**SUMMARY STATEMENT OF CONSOLIDATED PROFIT AND LOSS AS RESTATED ON CONSOLIDATED BASIS**

(Rs. In Million)

<b>PARTICULARS</b>		<b>For Six Months Period Ended 30th Sept 2007</b>	<b>Year Ended 31st March 2007</b>
<b>A</b>	<b>INCOME</b>		
	Gross Sales of manufactured goods	1462.87	2,538.98
	Less: Cenvat Duty recovered on sales	-200.44	-337.46
	Net Sales	1262.43	2,201.52
	Trading Sales	-	1.19
	Service Income	13.32	9.30
	Other Income	10.51	7.63
	Increase in Stock	109.20	105.10
	<b>Total Income</b>	<b>1395.46</b>	<b>2,324.74</b>
<b>B</b>	<b>EXPENDITURE</b>		
	Raw Material Consumed	979.35	1,679.26
	Trading Purchases	-	1.72
	Employee Cost	26.61	36.58
	Manufacturing Cost	34.89	49.84
	Selling, Distribution Expenses and Administration Expenses	96.96	186.80
	<b>Total Expenditure</b>	<b>1137.81</b>	<b>1954.20</b>
	<b>Profit before Interest, Depreciation, Extraordinary item and Tax (A-B)</b>	<b>257.65</b>	<b>370.54</b>
	Interest (Finance Expenses)	43.09	54.96
	Depreciation and Amortisation	10.07	16.85
	<b>Total</b>	<b>53.16</b>	<b>71.81</b>
	<b>Profit Before Tax and Extra Ordinary Item</b>	<b>204.49</b>	<b>298.73</b>
	Extra Ordinary Item	-	18.15
	Loss on account of flood	-	18.15
	<b>Profit Before Tax</b>	<b>204.49</b>	<b>280.58</b>
	Provision for Taxation	-	-
	Current Tax (Including Wealth Tax)	68.49	99.22
	Deferred Tax	3.67	-1.12
	Fringe Benefit Tax	0.67	1.79
	Taxation of Earlier Periods	3.15	0.18
	<b>Total</b>	<b>75.98</b>	<b>100.07</b>
	<b>Net Profit Before Minority Interest</b>	<b>128.51</b>	<b>180.51</b>
	Less: Minority Interest	1.30	4.26
	<b>Net Profit After Minority Interest and before adjustments</b>	<b>127.21</b>	<b>176.25</b>
	<b>Adjustments</b>	<b>0.40</b>	<b>0.61</b>
	(Refer Annexure 4)		
	Net Profit, As Restated	127.61	176.86
	Add: Balance Brought Forward From Previous Year	256.98	122.05
	Add: Balance in Profit & Loss Account on acquisition	-	19.88
	Less: Share of Minority interest in Pre acquisition Profit	-	-7.64
	Less: Adjusted against cost of investment made in subsidiary company	-	-12.24
	<b>Amount available for appropriation</b>	<b>384.59</b>	<b>298.91</b>
	<b>Appropriations</b>		
	Interim Dividend Paid	-	13.82
	Tax on Dividend Paid	-	2.09
	Transferred To General Reserve	-	26.02
	Balance Carried To Balance Sheet	384.59	256.98
	<b>Total</b>	<b>384.59</b>	<b>298.91</b>

**Note:**

The above statement should be read with the Statement on Adjustments to Audited Financial Statements read with notes thereon, appearing in Annexure 4; Significant Accounting Policies, appearing in Annexure 5; Notes to Restated Consolidated Financial Information, appearing in Annexure 6, as restated.

# TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

## SUMMARY STATEMENT OF CONSOLIDATED CASHFLOWS - RESTATED

(Rs. In Million)

PARTICULARS	For Six Months Period Ended 30th Sept 2007	Year Ended 31st March 2007
<b>A CASH FROM OPERATING ACTIVITIES</b>		
Profit Before Tax, As Restated .	200.32	285.15
Adjustments for		
Depreciation and Amortisation	10.08	16.85
Deferred Expenses Written Off	0.04	0.40
Unrealised Foreign Exchange Gain	0.87	0.60
Interest Income	-5.24	-5.14
Dividend Income	-0.01	-0.01
Interest Expense	42.49	54.96
(Profit) / Loss on sale of asset	0.25	0.79
Profit on Sale of Investment	-0.22	-
Provision for Doubtful Debts	2.15	-
Operating profit before working capital changes	250.73	353.60
Changes in working capital		
Trade & Other Receivables	-150.11	-234.62
Inventories	-109.22	-81.12
Trade Payables	-6.67	66.80
Cash generation from operations	-15.27	104.66
Less: Income tax paid	-50.98	-49.56
Net cash from Operations	-66.25	55.10
<b>B CASH FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed assets	-80.67	-74.74
Proceeds from sale of assets	0.13	0.02
Long Term Investment In Subsidiaries	-	-16.97
Purchase of Business	-	1.24
Interest Income	5.25	5.27
Dividend Income	-	0.01
Proceeds from Sale of Investments	1.22	-
Net cash from Investing Activities	-74.07	-85.17
<b>C CASH FROM FINANCING ACTIVITIES</b>		
Increase in borrowings	237.00	243.26
Borrowings / Repayment of Loans	-55.99	-144.52
Interest Paid	-42.49	-54.89
Dividend Paid (Including Tax)	-	-27.57
Increase in Share Capital	-	1.57
Increase in Share Premium	-	18.87
Net cash from Financing Activities	138.52	36.72
Net Increase / (Decrease) in cash & cash equivalents (A+B+C)	-1.79	6.65
Cash and Cash Equivalents at beginning of the year	8.02	1.37
Cash and Cash Equivalents at the end of the year	6.23	8.02

Note:

The above statement should be read with the Statement on Adjustments to Audited Financial Statements read with notes thereon, appearing in Annexure 4; Significant Accounting Policies, appearing in Annexure 5; Notes to Restated Consolidated Financial Information, appearing in Annexure 6, as restated.

## THE ISSUE

<b>Equity Shares Offered:</b>	
Issue by our Company	2,995,000 Equity Shares aggregating Rs. [●] million.
Of which	
Employee Reservation Portion (1)	150,000 Equity Shares aggregating Rs. [●] million
Net Issue	2,845,000 Equity Shares aggregating Rs. [●] million.
<b>Of which:</b>	
A) Qualified Institutional Buyers Portion	At least 1,707,000 Equity Shares (allocation on proportionate basis) out of which 5% of the QIB Portion or 85,350 Equity Shares (assuming the QIB Portion is 60% of the Net Issue) shall be available for allocation on a proportionate basis to Mutual Funds only (Mutual Funds Portion), and 1,621,650 Equity Shares (assuming the QIB Portion is 60% of the Net Issue) shall be available for allocation to all QIBs, including Mutual Funds  If atleast 60% of the Net Issue cannot be allocated to QIBs, then the entire application moneys will be refunded.
B) Non-Institutional Portion (1)	Upto 284,500 Equity Shares aggregating Rs. [●] million, constituting up to 10% of the Net Issue that will be available for allocation to Non-Institutional Bidders.
C) Retail Portion (1)	Upto 853,500 Equity Shares aggregating Rs.[●]million constituting up to 30% of the Net Issue that will be available for allocation to Retail Individual Bidders.
Equity Shares outstanding prior to the Issue	9,928,611 Equity Shares
Equity Shares outstanding after the Issue	12,923,611 Equity Shares
Use of Issue Proceeds	Please refer to section titled "Objects of the Issue" on page 34 of the Red Herring Prospectus for additional information.

(1) Under-subscription, if any, in any of the above categories would be allowed to be met with spill over inter-se from any other categories, at the sole discretion of our Company and BRLM.



# TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

## GENERAL INFORMATION

Our Company was incorporated as Triveni Electric Company Limited vide certificate of incorporation dated July 11, 1994 bearing number 04-22460 of 1994 - 1995 under the Companies Act by the Registrar of Companies, Gujarat. The name of our Company was changed to Transformers and Rectifiers (India) Limited with effect from March 29, 1995. The registered office of our Company was shifted from 233, GVMM Industrial Estate Odhav Ahmedabad to Survey No. 344.350 Opposite, PWD Stores, Sarkhej Bavla Highway, Village Changodar, Taluka: Sanand, District Ahmedabad. 382 210, Gujarat with effect from October 4, 1999

### Registered and Corporate Office:

Survey No. 344-350, Opposite P.W.D Stores,  
Village: Changodar, Sarkhej Bavla Highway, Taluka: Sanand  
District: Ahmedabad, - 382210, Gujarat  
Tel: +91-2717-661661  
Fax: +91 91-2717-661716  
Compliance Officer: Mr. Tushar Shah  
Email: ipo@transformerindia.com  
Website: www.transformerindia.com  
CIN: U33121GJ1994PLC022460.

### Works of our Company

#### Plants-

1. Survey No. 344-350, Opposite P.W.D Stores, Village: Changodar, Sarkhej Bavla Highway, Taluka: Sanand District: Ahmedabad- 382210, Gujarat.
2. Plot No. 233, GVMSAV Limited, Odhav, Ahmedabad

### Address of the Registrar of Companies

Office of the Registrar of Companies, Gujarat (Ahmedabad)  
ROC Bhavan Opposite Rupal Park,  
Near Ankur Bus Stop,  
NaranPura,  
Ahmedabad - 380 013 Gujarat, India.  
Website: <http://rocgujarat.nic.in/>

### Board of Directors:

The following persons constitute our Board of Directors:

Name, Designation, DIN	Nature of Directorship	Age	Address
Mr. Jitendra U. Mamtora Chairman and Managing Director DIN: 00139911	Executive and Non- Independent	61	95, Basant Bahar Bunglows, Bopal, Ahmedabad-380058, Gujarat
Mrs Karuna.J. Mamtora Executive Director DIN: 00253549	Executive and Non-Independent	51	95, Basant Bahar Bunglows, Bopal, Ahmedabad-380058, Gujarat
Mr. Satyen J .Mamtora Joint Managing Director DIN:00139984	Executive and Non- Independent	33	95, Basant Bahar Bunglows, Bopal, Ahmedabad-380058, Gujarat
Mr. Bhaskar Sen Joint Managing Director DIN: 01776530	Executive and Non-Independent	66	Flat No 83, 8th Floor, Dwarkesh Towers Bodakdev, Ahmedabad,

Name, Designation, DIN	Nature of Directorship	Age	Address
Mr. Michael B.Homawalla Director DIN: 00251116	Non-Executive and Independent	49	202, Amizara Apartments, 153, Vinayak Society , Vadodara 390020, Gujarat
Mr. Harish R. Rangwala Director DIN:00278062	Non- Executive and Independent	59	10, Nishant Bunglow, Part-II, 132 Ring Road, Satellite Road, Ahmedabad-380006, Gujarat
Mr. Rajendra S. Shah Director DIN: 00061922	Non-Executive and Independent	59	C 289 Manekbaug Society, B/H Manek Bag Hall, Ambawadi, Ahmedabad-380006, Gujarat
Mr. Sureshchandra Agarwal Director DIN: 00889931	Non- Executive and Independent	57	12, Swinagar, 132 ft Ring Road, Satellite, Ahmedabad, 380 015, Gujarat

For further details of our Board of Directors please refer to section titled "Our Management" beginning on page 92 of the Red Herring Prospectus.

#### Company Secretary and Compliance Officer

##### Mr. Tushar Shah

Transformers and Rectifiers (India) Limited  
Survey No. 344-350, Opposite P.W.D Stores,  
Village: Changodar, Sarkhej Bavla Highway,  
Taluka: Sanand  
District: Ahmedabad- 382210  
Gujarat.  
Tel: +91 2717-661661  
Fax: +91 91 2717-661716  
Email: ipo@transformerindia.com

#### Bankers of our Company

<b>State Bank of India</b> GVMSAV Limited, Odhav Ahmedabad,- 382 415 Tel No: +91-79-2290 0263/ 1823, Fax: +91-79-2290-1099 Email: sbi.04087@sbi.co.in	<b>Bank of Baroda</b> 1st And 2nd Floor, CFS Branch, BOB Towers, Law Garden, Ahmedabad- 380006 Tel No: +91-79-2656-4390/1779, Fax: +91-79-2656-0008 Email:corahm@bankofbaroda.com
<b>Andhra Bank</b> 41, Parimal Society, C.G Road, Ahmedabad-380006 Tel: +91-79-2646-0947/ 0945, Fax: +91-79-2646-0947 Email:bmahm004@andhrabank.co.in	<b>IndusInd Bank</b> World Business House, M. G. Road, near Parimal Garden, Ellis Bridge, Ahmedabad - 380 015, Tel: +91 79 2642 6104 Fax: +91 79 2656 Email: jigar.shah@indusind.com
<b>Citibank, N.A</b> Commercial Banking Group, Rembrandt, C.G Road, Panchvati Circle, Ahmedabad- 380 006 Tel No: +91-79-2640-2505, Fax: +91-79-2640- 4617 Email: purushottam.lalwani@citi.com	

## **TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED**

### **Book Running Lead Manager**

#### **ENAM Securities Private Limited**

801/ 802, Dalamal Towers  
Nariman Point  
Mumbai 400 021, India  
Tel: +91-22-6638-1800  
Fax: +91-22-2284-6824  
E-mail: [tripo@enam.com](mailto:tripo@enam.com)  
Website: [www.enam.com](http://www.enam.com)  
Contact person: Mr. Pranav Mahajani  
SEBI Registration No.: IMN000006856

### **Registrar to the Issue**

#### **Intime Spectrum Registry Limited**

C-13, Pannalal Silk Mills Compound,  
LBS Road, Bhandup (West),  
Mumbai 400 078, India.  
Tel: +91 22 25960320  
Fax: +91 22 25960329  
Website: [www.intimespectrum.com](http://www.intimespectrum.com)  
Email: [tr.ipo@intimespectrum.com](mailto:tr.ipo@intimespectrum.com)  
Contact Person: Mr. Vishwas Attawar

The investors can contact the Compliance Officer or the Registrar in case of pre-Issue or post-Issue related problems such as non-receipt of letters of allotment, demat credit of allotted Equity Shares in respective beneficiary account, receipt of refund orders if any etc.

### **Legal Advisors to the Issue**

#### **M/s. Crawford Bayley & Co.**

Advocates & Solicitors  
State Bank Buildings, 4th floor,  
N. G. N. Vaidya Marg, Fort,  
Mumbai - 400 023.  
Tel.: +91-22-2266-8000  
Fax: +91-22-2266-3978  
E-mail: [sanjay.asher@crawfordbayley.com](mailto:sanjay.asher@crawfordbayley.com)

### **IPO Grading Agency**

CARE Limited

### **Syndicate Member(s)**

#### **ENAM Securities Private Limited**

801/ 802, Dalamal Towers  
Nariman Point  
Mumbai 400 021, India  
Tel: +91-22-6638-1800  
Fax: +91-22-2284-6824  
E-mail: [tripo@enam.com](mailto:tripo@enam.com)  
Website: [www.enam.com](http://www.enam.com)  
Contact person: Mr. Pranav Mahajani  
SEBI Registration No.: IMN000006856

**Bankers to the Issue****ICICI Bank Limited**

Capital Markets Division  
30, Mumbai Samachar Marg,  
Fort, Mumbai - 400 001.  
Tel: +91-022-22627600  
Fax: +91-022-22611138  
Contact Person: Venkataraghavan T A  
E-Mail: venkataraghavan.t@icicibank.com  
Website: www.icicibank.com  
SEBI Registration No.: INBI 00000004

**ICICI Bank Limited shall also act as the Refund Banker.**

**Standard Chartered Bank**

270 D.N. Road  
Fort, Mumbai - 400 001  
Tel: +91-022-22683831/22683832  
Fax: +91-022-2209 6069  
Contact Person: Rajesh Malwade  
E-Mail: rajest.malwade@in.standardchartered.com  
Website: www.standardchartered.co.in  
SEBI Registration No.: INBI 00000885

**HDFC Bank Limited**

HDFC Bank House,  
Senapati Bapat Marg,  
Lower Parel (West),  
Mumbai - 400 013.  
Tel: +91-022-28569228  
Fax: +91-022-28569256  
Contact Person: Deepak Rane  
E-Mail: deepak.rane@hdfcbank.com  
Website: www.hdfcbank.com  
SEBI Registration No.: INBI 00000063

**Axis Bank Limited**

"TRISHUL", Opp. Samartheshwar Mahadev Temple  
Law Garden Road, Ahmedabad - 380 006  
Tel: +91-079 66306117  
Fax: +91-079 66306109  
Contact Person: Mr. Pratik Shah  
E-Mail: pratik.shah@axisbank.com  
Website: www.axisbank.com  
SEBI Registration No.: INBI 00000017

**Statutory Auditors****M/s. C.C Chokshi & Co,**

Chartered Accountants,  
Heritage 3rd Floor, Near Gujarat Vidhyapith,  
Off Ashram Road  
Ahmedabad 380 014.  
Tel: +91-079-27582542/ 43  
Fax: +91-079-27582551  
Email: hpshah@delloite.com

## TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

### Statement of Responsibilities for the Issue

Since Enam is the sole BRLM for this Issue, the entire Issue related activities are handled by Enam. The activities of Enam in relation to the Issue are stated hereunder:

The BRLM shall be responsible for the following activities:

- A. Capital structuring with the relative components and formalities such as type of instruments, etc.
- B. Due diligence of our Company's operations/management/business plans/legal etc. Drafting and design of the Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus and of statutory and non-statutory advertisement including memorandum containing salient features of the Prospectus and any other publicity material. The BRLM shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalisation of the Prospectus and filing with the Stock Exchanges/RoC.
- C. Appointment of other intermediaries viz. Registrar to the Issue, printers, advertising agency and Bankers to the Issue.
- D. Retail and Non-Institutional marketing strategy, which will cover inter alia:
  - a) Formulating marketing strategies, preparation of publicity budget;
  - b) Finalise media and public relations strategy;
  - c) Finalise centers for holding conferences for press and brokers;
  - d) Finalise collection centers;
  - e) Follow-up on distribution of publicity and issue material, including Bid-cum-Application Forms, Red Herring Prospectus and deciding on the quantum of the Issue material;
- E. Institutional marketing strategy, which will cover inter alia:
  - a) Finalize the list and division of investors for one-on-one meetings;
  - b) Finalize road show presentations.
- F. Managing the book, co-ordination with Stock Exchanges and pricing and institutional allocation in consultation with our Company.
- G. The post bidding activities including management of Escrow Accounts, coordination of non-institutional allocation, intimation of allocation and dispatch of refunds to Bidders etc.
- H. The post-Issue activities will involve essential follow up steps, including finalization of trading and dealing instruments and dispatch of certificates and demat delivery of Equity Shares, with the various agencies connected with the work such as the Registrar to the Issue and Bankers to the Issue and the banks handling refund business. The BRLM shall be responsible for ensuring that these agencies fulfill their functions and enable them to discharge this responsibility through suitable agreements with our Company.

### Credit Rating

This being an equity issue, credit rating is not required.

### IPO Grading

The Issue has been graded by CARE and has been assigned the "CARE IPO Grade 4" indicating above average fundamentals, through its letter dated October 10, 2007 which is valid for a period of three months.

**The rationale for the Grade assigned to our Company's IPO by ICRA, has been set out in its report dated October 24, 2007. The rationale set out therein is as follows:**

Transformers & Rectifiers (India) Limited

IPO Grading      CARE IPO Grade 4

## **Grading**

CARE has assigned a 'CARE IPO Grade 4' to the proposed IPO of 'Transformers & Rectifiers (India) Ltd. (TRIL) ', which indicates above average fundamentals. CARE assigns IPO grades on a scale of Grade 5 to Grade 1, with Grade 5 indicating strong fundamentals and Grade 1 indicating poor fundamentals. CARE's IPO grading is an opinion on the fundamentals of the issuer. TRIL proposes an initial public offering of its 29,95,000 equity shares.

The grading takes into account long standing track record of TRIL in the transformer industry, experienced & technically qualified promoters, presence in the high capacity power transformers segment, proposed capacity expansion for high capacity transformers, healthy order book position (with majority of contracts having price variation clause), good design capabilities, comfortable financial position and good industry prospects. The rating, however, is constrained by low entry barriers for the industry, low bargaining power in case of tender-based orders, price volatility associated with key raw materials like copper and steel and above average corporate governance practices.

## **Background**

Initially incorporated in July, 1994 as Triveni Electric Company Ltd., TRIL subsequently changed its name to its present form in March, 1995. TRIL is into manufacturing of electrical transformers for power sector and industrial applications. The company has manufacturing facilities located at Changodar and Odhav in Ahmedabad; Gujarat, for producing 7,200 mva of transformers per annum. The company manufactures distribution and industrial transformers upto 33 kv class at its Odhav facility and power transformers from 66 kv up to 220 kv at its Changodar facility. TRIL has two subsidiaries, viz. Transweld Mechanical Engineering Works Ltd. and Transpares Ltd., which produce transformer tanks and radiators respectively.

## **Promoters & Management**

TRIL is promoted by Shri Jitendra U. Mamtara, Smt. Karuna J. Mamtara and Shri Satyen J. Mamtara. Shri Jitendra U. Mamtara is the Chairman and Managing Director of TRIL. He established TRIL in 1994 and has over 38 years of experience in the transformer industry. He oversees the technical and design department of TRIL and is responsible for the expansion plans and day to day functioning of TRIL. Along with the promoters, Shri Bhaskar Sen, Joint Managing Director, oversees the production and marketing operations in TRIL. The top management is supported by middle level management for various functions including designing, production, finance, supply chain, marketing etc.

## **Corporate Governance**

TRIL has realigned its corporate governance practices in order to comply with the corporate governance code as per clause 49 of the listing agreement to be entered into with the stock exchanges prior to listing. TRIL's Board consists of eight directors out of which four are independent directors. The independent directors are well qualified professionals having good industry experience. TRIL has formed various committees like audit committee, investor's grievances committee and remuneration committee in accordance with requirements of clause 49 of the listing agreement. During FY07, TRIL acquired 100% and 51% stake in two associate company's viz. Transweld Mechanical Engineering Works Ltd. and Transpares Ltd. respectively, thereby integrating its transformer manufacturing capacity backwards for tanks and radiators. TRIL reports consolidated financials for the same, which gives a better picture of the operations of the company and this translates into improved corporate governance practice.

## **Operations**

TRIL is primarily into manufacturing of electrical transformers for various applications in the power and industrial sectors. Transformers manufactured by TRIL are broadly classified as: power transformers, distribution transformers, furnace transformers and other speciality transformers. Power transformers constituted 77% of total sales of the company in FY07 followed by furnace transformers (13%) and others (10%). Sales to State electricity utilities constituted 51% of total sales of TRIL for FY07 with the remaining to industrial and other sectors. Average capacity utilisation for the last three years was 68%. Major raw materials for TRIL are - copper wire, CRGO steel sheets and transformer oil. While, copper is primarily sourced from Hindalco Industries Ltd., CRGO sheets and other raw materials are sourced from various domestic and overseas suppliers. Transformer tanks and radiators are sourced from its subsidiary companies.

TRIL has a healthy order book position of Rs.319 crore as on September 1, 2007 with most of the contracts having an embedded price variation clause, shielding the company from adverse movement in prices of key raw materials like copper and steel. TRIL has strong in- house design capabilities which is a key success factor for this industry as transformers are custom built as per the requirements of the customer.

## TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

### Projects

TRIL is in the process of setting up a new plant at Moraiya, Ahmedabad, Gujarat, having capacity to manufacture transformers of 66kv to 400 kv class and up to 765 kv class. The installed capacity of the new plant would be 16,000 mva per annum. The total cost of the project is estimated to be Rs. 102 crore and the same would be entirely financed from proceeds of the IPO. TRIL has already acquired the land for the project and had awarded the contract for civil work to Shapoorji Pallonji & Co. Ltd. The project is expected to be completed during FY09.

### Financial Performance (Consolidated basis)

During FY07, TRIL's total income grew by 69% over FY06 on account of increase in sales volume as well as per mva realisations. The company was able to sell higher mva (80 and above) transformers in FY07 as compared to FY06, where margins are better. PBILDT margin increased to 17.28% in FY07 as compared to 11.5% in FY06 with the decrease in CRGO costs and better product mix. The margins were better than industry average of 16%. Better PBILDT margin is due to the company's ability to cater to the design requirements of high capacity transformers. TRIL's PAT margin also improved to 7.99% in FY07 as compared to 5.8% in FY06. ROCE and RONW were high at 62% and 54% in FY07 as compared to 42% and 43% in FY06 respectively. The long term debt-equity ratio was low at 0.3 times as on March 31, 2007. The overall gearing ratio also decreased to 0.77 times as on March 31, 2007 from 0.88 times as on March 31, 2006. Interest coverage ratio, already at a comfortable level in FY06, further improved to 4.94 times for FY07. Current ratio improved 1.29 times as on March 31, 2007 from 1.15 times due to increase in debtors and cash balance. Quick ratio also improved 0.89 times as on March 31, 2007 from 0.76 times, as on March 31, 2006

### Industry Scenario

Demand for transformers is directly driven by the power generation capacity additions in the country. For every one mw of new capacity that comes up seven mva capacities of transformers is required across generation, transmission and distribution segments. Based on the proposed power capacity to be added in the 11th and 12 th plan period as per Ministry of Power; GoI, the transformer demand is expected to be 2,75,020 mva and 3,02,750 mva respectively during these plan periods. In addition to government initiatives, many private players like Reliance, Adani, Jindal, Tata, etc have also shown interest in establishing power plants which is also likely to generate significant demand for transformers. TRIL's major competitors in the organized sector include Siemens, ABB, BHEL, Bharat Bijli, Emco, Vijai Electricals, Crompton Greaves, Areva T & D India, Indo Tech Transformers and Voltamp Transformers. The key concerns for the industry are volatility in key raw material prices of steel, copper and crude oil.

### Prospects

The demand for power transformers is likely to increase with the power generation capacity addition, envisaged by the government. TRIL, with its existing and proposed capacities, is in a good position to take advantage of the buoyant industry scenario. Good design capabilities coupled with experienced management gives the company a distinct advantage vis-à-vis its competitors. With the inclusion of price variation clause in majority of its contracts, the company's profitability is less likely to be affected, due to increase in raw material prices. Going forward, TRIL's comfortable financial position is expected to improve as the new project is to be entirely funded through IPO. Overall prospects of the company appear favourable.



## Financial Results

(Rs. crore)

For the year ended March 31,	2005 (Audited)	2006 (Audited)	2007 (Audited)
<b>Working Results</b>			
Total Income	76	131	221
PBILDT	7	15	38
Depreciation	1	1	2
Interest and Finance charges	2	3	7
PAT	4	8	18
<b>Financial Position</b>			
Equity Share capital	5	7	7
Net Worth	13	22	43
Total Capital Employed	26	40	77
<b>Key Ratios</b>			
Profitability (%)			
PBILDT / Total Income	9.41	11.50	17.28
PAT / Total Income	4.64	5.80	7.99
ROCE	25.52	42.75	62.24
<b>Solvency</b>			
Long Term			
Long Term Debt / Net worth	0.29	0.18	0.30
Overall Gearing	0.94	0.88	0.77
Interest coverage (times)	3.48	4.80	4.94
Total Debt/Net Cash Accruals	3.56	2.21	1.66
<b>Short term</b>			
Current ratio*	1.21	1.15	1.29
Quick ratio*	0.80	0.76	0.89
<b>Turnover</b>			
Average Collection (days)	89	89	89
Average Inventory (days)	83	78	73
Working Capital Turnover Ratio	4.22	5.71	5.46

\* includes current portion of long term debt

### Trustees

This being an issue of Equity Issue, the appointment of debenture trustee is not required

### Project appraisal

The objects of this Issue have not been appraised by any bank or financial institution.

### Monitoring Agency

There is no requirement for a monitoring agency in terms of Clause 8.17 of the SEI Guidelines .

## TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

### Book Building Process

The Book Building refers to the collection of Bids from investors, which is based on the Price Band, with the Issue Price being finalized after the Bid/Issue Closing Date. The principal parties involved in the Book Building Process are:

- Our Company;
- Book Running Lead Manager, in this case being ENAM Securities Private Limited;
- Syndicate Member(s) who are intermediaries registered with SEBI or registered as brokers with the Stock Exchange(s) and eligible to act as underwriters. Syndicate members are appointed by the BRLM;
- Registrar to the issue, in this case being Intime Spectrum Registry Limited and
- Escrow Collection Bank(s), Refund Bank(s).

The SEBI Guidelines, have permitted an issue of securities to the public through the 100% Book Building Process, wherein a minimum of 60% of the Net Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers (QIBs) including upto 5 % of the QIB portion that shall be available for allocation on proportionate basis to Mutual Funds only and the remainder of the QIB portion shall be available for allocation on a proportionate basis to all QIB bidders, including Mutual Funds. Further, upto 10% of the Net Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and upto 30 % of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Further, 150,000 Equity Shares shall be available for allocation on a proportionate basis to Eligible Employees subject to valid bids being received at or above the Issue Price

We will comply with the SEBI Guidelines for this Issue. In this regard, we have appointed the BRLM and Syndicate Member(s) to procure subscriptions to the Issue.

**QIBs are not allowed to withdraw their Bid after the Bid/ Issue Closing Date and are required to pay 10% Margin Amount upon submission of their Bid and allocation to QIBs will be on proportionate basis. For details see the section titled "Issue Procedure" beginning on page 256 of the Red Herring Prospectus.**

**Illustration of Book Building and Price Discovery Process** *(Investors should note that this illustration is solely for the purpose of illustration and is not specific to the Issue)*

The Bidders can bid at any price within the Price Band. For instance, assume a Price Band of Rs. 60 to Rs. 72 per Equity Share, Issue size of 5,400 Equity Shares and receipt of five Bids from the Bidders. A graphical representation of the consolidated demand and price would be made available at the bidding centers during the Bidding/Issue Period. The illustrative book as set forth below shows the demand for the Equity Shares of our Company at various prices and is collated from Bids from various investors.

Bid Quantity	Bid Price (Rs.)	Cumulative Quantity	Subscription
1,500	72	1,500	27.78%
3,000	69	4,500	83.33%
4,500	66	9,000	166.67%
6,000	63	15,000	277.78%
7,500	60	22,500	416.67%

The price discovery is a function of demand at various prices. The highest price at which our Company is able to issue the desired quantity of Equity Shares is the price at which the book cuts off, i.e., Rs. 66 in the above example. Our Company, in consultation with the BRLM, will finalize the Issue Price at or below such cut off price, i.e., at or below Rs. 66. All Bids at or above this Issue Price and cut-off Bids are valid Bids and are considered for allocation in the respective category.

**The process of Book building under the SEBI Guidelines is relatively new and is subject to change, from time to time. Accordingly, investors are advised to make their own judgement about investment through this process of Book Building prior to making a Bid.**

#### Steps to be taken for bidding:

1. Check eligibility for making a Bid (see section titled "Issue Procedure - Who Can Bid" beginning on page 256 of the Red Herring Prospectus);
2. Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid Cum Application Form.
3. Ensure that you have mentioned your PAN in the Bid Cum Application Form (see section titled "Issue Procedure- PAN or GIR Number" beginning on page 270 of the Red Herring Prospectus).
4. Ensure that the Bid cum Application Form is duly completed as per instructions given in the Red Herring Prospectus and in the Bid cum Application Form.

#### Withdrawal of the Issue

Our Company, in consultation with the BRLM reserves the right not to proceed with the Issue, including after the Bid/ Issue Closing Date, but at any time before Allotment in the Issue, without assigning any reason therefor.

#### Underwriting Agreement

(This portion has been intentionally left blank and will be completed prior to filing of the Prospectus with RoC)

Name and Address of the Underwriters	Indicative Number of Equity shares to be underwritten	Amount Underwritten (Rupees in million)
Enam Securities Private Limited 801/ 802, Dalamal Towers Nariman Point Mumbai 400 021, India Tel: +91 22 6638 1800 Fax: +91 22 2284 6824 E-mail: tripo@enam.com	2,99,5000	[●]
<b>Total</b>	<b>2,99,5000</b>	<b>[●]</b>

The abovementioned amount is indicative and this would be finalized after determination of the Issue Price and actual allocation of the Equity Shares. The above Underwriting Agreement is dated [●].

Our Board of Directors (based on a certificate given by the Underwriters), will ascertain the resources of the above mentioned Underwriters to form the opinion that the same are sufficient to enable them to discharge their respective underwriting obligations in full. The abovementioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the stock exchange(s). The above Underwriting Agreement will be presented for acceptance to our Board and our Company will issue letters of acceptance to the Underwriters.

Allocation among underwriters may not necessarily be in proportion to their underwriting commitments. Notwithstanding the above table, the BRLM shall be responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default in payment, the Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure/subscribe to the extent of the defaulted amount as specified in the Underwriting Agreement. Allotment to QIBs is proportionate as per the terms of the Red Herring Prospectus.

# TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

## CAPITAL STRUCTURE

Our capital structure as on the date of filing of the Red Herring Prospectus with SEBI, is as follows:

(Amount in Rs.)

Number of Equity Shares	Aggregate Nominal Value	Aggregate Value at Issue Price
<b>A) AUTHORIZED CAPITAL</b>		
15,000,000 Equity Shares of Rs. 10 each	150,000,000	-
<b>B) ISSUED, SUBSCRIBED AND PAID-UP CAPITAL PRIOR TO THE ISSUE</b>		
9,928,611 Equity Shares of Rs. 10 each	99,286,110	-
<b>C) ISSUE IN TERMS OF THE RED HERRING PROSPECTUS</b>		
<b>Issue of</b>		
2,995,00 Equity Shares of Rs. 10 each	29,950,000	[●]
<b>Of which:</b>		
(i) 150,000 Equity Shares of Rs. 10/- each are reserved for Eligible Employees	1,500,000	[●]
(ii) 2,845,000 Equity Shares of Rs. 10/- each as Net Issue	28,450,000	[●]
<b>Of which</b>		
QIB Portion of atleast 1,707,000# Equity Shares	17,070,000	
Non-Institutional portion of upto 284,500 Equity Shares	2,845,000	
Retail Portion of upto 853500 Equity Shares	8,535,000	
<b>D) ISSUED, SUBSCRIBED AND PAID-UP CAPITAL POST ISSUE</b>		
12,923,611 Equity Shares of Rs. 10 each outstanding after the Issue	129,236,110	[●]
<b>E) SECURITIES PREMIUM ACCOUNT</b>		
Prior to the Issue	18,853,941	
Post the Issue*	[●]	[●]

# 5% of the QIB portion, 85,350 Equity Shares are available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB portion shall be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds.

\* The Securities Premium Account after the Issue will be determined after Book Building Process.

The present Issue has been authorized by the Board of Directors in their meeting on August 13, 2007, and by the shareholders of our Company at an Extra Ordinary General Meeting held on September 13, 2007.

### Details of increase in Authorised Share Capital

The Authorised Share Capital of Rs. 10,000,000 comprising of 1,000,000 Equity Shares of Rs. 10 each was increased to Rs. 50,000,000 consisting of 5,000,000 Equity Shares of Rs. 10 each pursuant to a resolution of our shareholders dated March 1, 1995

The Authorised Share Capital of Rs. 50,000,000 comprising of 5,000,000 Equity Shares of Rs. 10 each was increased to Rs. 80,000,000/- consisting of 8,000,000 Equity Shares of Rs. 10 each pursuant to a resolution of our shareholders dated February 6, 2006

The Authorised Share Capital of Rs. 80,000,000 comprising of 8,000,000 Equity Shares of Rs. 10 each was increased to Rs. 150,000,000/- consisting of 15,000,000 Equity Shares of Rs. 10 each pursuant to a resolution of our shareholders dated July 10,2006

### Notes to capital structure

#### 1. Share Capital History of our Company

Date of Allotment	No. of Equity Shares	Cumulative No. of Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of payment of consideration	Reasons for Allotment/ Reduction	Cumulative Paid -up Capital (Rs. In million)	Securities premium (Rs.)	Cumulative Securities Premium (In Rs.)
July 11, 1994	700	700	10/-	10/-	Cash	Original Subscribers to the Memorandum	0.0007	-	-
March 31, 1995	490,000	490,700	10/-	10/-	Cash	Issue of shares on a preferential basis to our Promoter Mr. Jitendra U. Mamtara	4.907	-	-
December 26, 1995	1,510,000	2,000,700	10/-	10/-	Cash	Issue of shares on a preferential basis to our Promoter Mr. Jitendra U. Mamtara	20.007	-	-
March 28, 1997	1,030,900	3,031,600	10/-	10/-	Cash	Further issue of capital to our Promoters	30.316	-	-
March 31, 1998	250,000	3,281,600	10/-	10/-	Cash	Issue of shares on a preferential basis to Jitendra U. Mamtara (HUF)	32.816	-	-
March 23, 2000	600,000	3,881,600	10/-	10/-	Cash	Issue of shares on a preferential basis to our Promoter Mr. Jitendra U. Mamtara	38.816	-	-

## TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

Date of Allotment	No. of Equity Shares	Cumulative No. of Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of payment of consideration	Reasons for Allotment/Reduction	Cumulative Paid-up Capital (Rs. In million)	Securities premium (Rs.)	Cumulative Securities Premium (In Rs.)
January 29, 2003	790,800	4,672,400	10/-	10/-	Cash	Further issue of capital to our Promoters	46.724	-	-
March 29, 2003	104,400	4,776,800	10/-	100/-	Cash	Further issue of capital to our Promoters and to Jitendra Mamtara (HUF)	47.768	9,396,000	9,396,000
February 7, 2006	130,000	4,906,800	10/-	120/-	Cash	Issue of shares on a preferential basis to our Promoter Mr. Jitendra U. Mamtara Bonus	49.068	14,300,000	23,696,000
February 8, 2006*	1,910,720	6,817,520	10/-	-	Other than Cash		68.1752	-	14300000
August 2, 2006**	117,085	6,934,605	10/-	130/-	Other than Cash	Takeover of running business of Proprietorship concern M/s Transformers & Rectifiers (India) with effect from August 1, 2006 as a going concern	69.34605	14050200	28350200
October 16, 2006	157,260	7,091,865	10/-	130/-	Cash	Issue of shares on a preferential basis to our Promoter Mr. Jitendra U. Mamtara, and Jitendra Mamtara (HUF)	70.91865	18,871,200	47,221,400
September 17, 2007***	2,836,746	9,928,611	10/-	-	Other than cash	Bonus	99.28611		18,853,941

\* Bonus issue in the ratio of 2 Equity Shares for every 5 Equity Shares held, by way of capitalisation of Securities Premium, general reserves and surplus in profit and loss account.

\*\* Vide Agreement dated July 10, 2006 the business of the proprietary concern M/s Transformers And Rectifiers (India) was taken over on a going concern basis by our Company with effect from August 1, 2006, in consideration of which 117,085 Equity Shares at the price of Rs. 130/- per share have been issued to the proprietor Mr. Jitendra U Mamtara.

\*\*\* Bonus issue in the ratio of 2 Equity Shares for every 5 Equity Shares held, by way of capitalisation of Securities Premium Account.

Other than as mentioned in the table above, we have not made any issue of Equity Shares during the preceding one year.

## 2. Promoters Contribution and Lock-in:

A. Set forth below are the details of the build up of the Promoters' shareholding, Promoters' contribution and lock - in post Issue

Name of the Promoter	Date on which Equity Shares were allotted and made fully paid up	Number of Equity Shares	Face Value (in Rs.)	Issue price (in Rs.)	Consideration (cash, bonus, consideration other than cash)	Percentage of pre-Issue paid-up capital	Percentage of post-Issue paid-up capital	Lock-in Period
Mr. Jitendra U. Mamtara	July 11, 1994	100	10/-	10/-	Cash	0	0	1 year
	March 31, 1995	490,000	10/-	10/-	Cash	4.94	3.79	1 year
	December 26, 1995	1,510,000	10/-	10/-	Cash	15.21	11.68	1 year
	March 28 1997	892,500	10/-	10/-	Cash	8.99	6.91	1 year
	March 23, 2000 <sup>1</sup>	600,000	10/-	10/-	Cash	6.04	4.64	1 year
	January 29, 2003	770,000	10/-	10/-	Cash	7.76	5.96	1 year
	March 29, 2003	25,804	10/-	100/-	Cash	0.26	0.20	1 year
	February 7, 2006	130,000	10/-	120/-	Cash	1.31	1.01	1 year
	February 8, 2006*	1,715,362	10/-	-	Other than cash	17.28	13.27	975,217 Equity Shares locked-in for 3 years, balance 740145 Equity Shares locked in for 1 year. For details, please refer # below
	August 2, 2006**	117,085	10/-	130/-	Other than cash	1.18	0.91	1 year
	October 16, 2006	77,000	10/-	130/-	Cash	0.78	0.60	1 year
	September 17, 2007 <sup>1</sup> ***	2,531,141	10/-	-	Other than cash	25.49	19.59	1,609,506 Equity Shares locked-in for 3 years, as balance 975217 Equity Shares, not being eligible to be locked-in for three years, locked-in for one year. For details, please refer # below
<b>Sub Total (A)</b>		<b>8,858,992</b>				<b>89.23</b>	<b>68.55</b>	<b>1 year</b>



## TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

Name of the Promoter	Date on which Equity Shares were allotted and made fully paid up	Number of Equity Shares	Face Value (in Rs.)	Issue price (in Rs.)	Consideration (cash, bonus, consideration other than cash)	Percentage of pre-Issue paid-up capital	Percentage of post-Issue paid-up capital	Lock-in Period
Mr. Satyen J. Mamtara	July 11, 1994	100	10/-	10/-	Cash	0	0	1 year
	March 28 1997	18,900	10/-	10/-	Cash	0.19	0.15	1 year
	January 29, 2003	3800	10/-	10/-	Cash	0.04	0.03	1 year
	March 29, 2003	26,690	10/-	100/-	Cash	0.27	0.21	1 year
	February 8, 2006*	19,796	10/-	-	Other than cash	0.20	0.15	1 year
	September 17, 2007***	27714	10/-	-	Other than cash	0.28	0.21	1 year
	<b>Sub- Total (B)</b>	<b>97,000</b>				<b>0.98</b>	<b>0.75</b>	<b>1 year</b>
Mrs Karuna J Mamtara	July 11, 1994	100	10/-	10/-	Cash	0	0	1 year
	March 28 1997	119,500	10/-	10/-	Cash	1.20	0.92	1 year
	January 29, 2003	17,000	10/-	10/-	Cash	0.17	0.13	1 year
	February 8, 2006*	54,640	10/-	-	Other than cash	0.55	0.42	1 year
	September 17, 2007***	76,496	10/-	-	Other than cash	0.77	0.59	1 year
	<b>Sub- Total (C)</b>	<b>267,736</b>				<b>2.70</b>	<b>2.07</b>	<b>1 year</b>
<b>Total (A+B+C)</b>		<b>9,223,728</b>				<b>92.90</b>	<b>71.37</b>	

\* Bonus issue of 1,910,720 Equity Shares in the ratio of 2 Equity Shares for every 5 Equity Shares held in our Company.

\*\* Takeover of running business of Proprietorship concern M/s Transformers And Rectifiers (India) with effect from August 1, 2006 on a going concern basis.

\*\*\* Bonus Issue in the ratio of 2 Equity Shares for every 5 Equity Shares held in our Company.

<sup>1</sup> The Equity Shares allotted on December 26, 1995 and March 28, 1997 aggregating to 2,110,000 have been pledged by our Promoter Mr. Jitendra U Mamtara, with the SBI Consortium. For further details in this regard, please refer to Note No 23 of the "Notes to Capital Structure".

# As per clause 4.1.1 of the SEBI Guidelines, the below mentioned Equity Shares, held by the Promoters shall be locked in on Last In First Out basis (i.e. Equity Shares which have been issued last shall be locked-in first) for a period of 3 years from the date of Allotment:

Sr. No.	Name	Date of Allotment/ Transfer And Date when made fully paid- up	Consideration (Cash, Bonus, Kind, etc.)	No. of Equity Shares	Face Value (Rs.)	Issue Price/ Transfer Price (Rs.)	% of Post Issue Paid-up Capital
1.	Mr. Jitendra U Mamtara	September 17, 2007 *	Bonus	1,609,506	10/-	-	12.45
		February 8, 2006	Bonus	975217	10/-	-	7.55
	<b>Total</b>			<b>2,584,723</b>			<b>20</b>

With respect to the 2,110,000 Equity Shares that have been pledged with the SBI Consortium, 844,000 Equity Shares allotted as bonus shares on the aforesaid in the ratio of 2 Equity Shares for every 5 Equity Shares held in our Company, are also deemed to be pledged to the SBI Consortium in terms of the relevant pledge agreement. The relevant documentation and other formalities to effect the pledge of these additional Equity Shares is yet to be executed, but these aforesaid 844,000 Equity Shares, deemed to be contractually pledged, have not been considered as part of Promoters' Contribution which is subject to lock-in for 3 years. For further details of the pledge please refer to Note No 23 of the "Notes to Capital Structure".

Further 46,834 Equity Shares and 30,800 Equity Shares allotted as bonus in the aforesaid ratio on the 117,085 Equity Shares allotted on August 2, 2006 as consideration for acquisition of business of the proprietary concern M/s Transformers And Rectifiers (India) and 77,000 Equity Shares allotted for cash on a preferential basis to Mr Jitendra U. Mamtara on October 16, 2006 respectively have also not been considered as part of Promoter's Contribution which is subject to lock-in for three (3) years. Therefore of the 2,531,140 Equity Shares allotted as bonus shares on September 17, 2007 to Mr Jitendra U. Mamtara 921,634 being the aggregate of the aforesaid ineligible bonus shares have not been considered as part Promoter's Contribution which is subject to lock-in for three years. The balance 1,609,506 have been locked-in for a period of three (3) years. The table further illustrating and explaining the Equity Shares not taken into account for calculating three years lock-in is as follows:

Date of Allotment of Equity Shares Allotted not taken into account for three years lock-in	(A) Number of Equity Shares Allotted not taken into account for three years lock-in	Consideration and reason why not considered for three years lock-in	(B) Number of bonus Equity Shares allotted on September 17, 2007 in the ratio of 2 Equity Shares for every 5 held	Total (A) +(B)
August 2, 2006**	117,085	Other than cash - Takeover of running business of Proprietorship concern M/s Transformers And Rectifiers (India) with effect from August 1, 2006 on a going concern basis.	46834	163,919
16-Oct-06	77,000	Cash allotment one year before date of filing of the Draft Red Herring Prospectus with SEBI - at a price of Rs. 130 per Equity Share at a premium of Rs. 120/- per Equity Share	30800	107,800
December 26, 1995	1,510,000	Cash - pledged with the SBI Consortium	604000	2,114,000
March 23, 2000	600,000	Cash - pledged with the SBI Consortium	240000	840,000
<b>Total</b>	<b>2,304,085</b>		<b>921,634</b>	<b>3,225,719</b>

## TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

**Note:** The lock-in period shall commence from the date of Allotment of Equity Shares in the Issue. Specific written consent has been obtained from Mr. Jitendra U. Mamtara whose shares form part of Promoters' contribution to lock-in his shares for a period of three years to ensure minimum Promoter's contribution to the extent of 20% of the post-Issue paid-up capital of our Company.

Our Promoter, Mr. Jitendra U. Mamtara, has agreed to lock in 2,584,723 Equity Shares for a period of three years. All the Equity Shares which have been locked in are not ineligible for computation of Promoters' contribution under clause 4.6 of the SEBI Guidelines.

We confirm that the minimum Promoters' contribution of 20% which is subject to lock-in for three years does not consist of:

- (a) Equity Shares acquired for consideration other than cash and revaluation of assets or capitalization of intangible assets or bonus shares out of revaluation reserves or reserves without accrual of cash resources.
- (b) Securities issued during the preceding one year, at a price lower than the price at which Equity Shares are being offered to public.
- (c) Private placement made by solicitation of subscription from unrelated persons either directly or through any intermediary.
- (d) Equity Shares for which specific written consent has not been obtained from the respective shareholders for inclusion of their subscription in the minimum Promoters' contribution subject to lock-in.
- (e) Equity Shares issued to Promoters on conversion of partnership firms into limited company.
- (f) Equity Shares with a contribution less than Rs. 25,000/- per application from each individual and contribution less than Rs.1,00,000/- from firms and companies.
- (g) Equity Shares which are pledged to any person

Other than the Equity Shares locked-in as Promoter's Contribution as stated in the table above, the entire pre-Issue capital of our Company shall be locked in for a period of 1 year from the date of Allotment of Equity Shares in the Issue. Our Company and our Promoter, Mr. Jitendra U. Mamtara, have applied to the State Bank of India vide letters dated September 17, 2007, as the Lead Banker of the SBI Consortium, for allowing the lock-in of one year on Equity Shares pledged with the SBI Consortium, which application is pending as on date of the Red Herring Prospectus.

- 3. In terms of clause 4.16.2 of the SEBI Guidelines, the Equity Shares held by persons other than Promoters may be transferred to any other person holding shares prior to the Issue, subject to continuation of lock-in with transferees for the remaining period and compliance with the SEBI Takeover Regulations, as applicable. The Equity Shares to be held by the Promoters under lock-in period shall not be sold/hypothecated/transferred during the lock-in period. However, in terms of clause 4.16.2 of the SEBI Guidelines the Equity Shares held by Promoters, which are locked in, may be transferred to and among Promoters / Promoter Group or to a new promoter(s) or persons in control of our Company, subject to the continuation of lock-in with the transferees for the remaining period and compliance with the SEBI Takeover Regulations, as applicable.
- 4. An over-subscription to the extent of 10% of Net Issue can be retained for the purpose of rounding off to the nearer multiple of 1, while finalizing the Basis of Allotment. Consequently, the actual Allotment may go up by a maximum of 10% of the Net Issue, as a result of which, the post-Issue paid up capital after the Issue would also increase by the excess amount of allotment so made. In such an event, the Equity Shares held by the Promoter and subject to lock-in shall be suitably increased; so as to ensure that 20% of the Post Issue paid-up capital is locked in.
- 5. The Equity Shares, which are subjected to lock-in, shall carry the inscription "non-transferable" and the non transferability details shall be informed to the depository. The details of lock-in shall also be provided to the stock exchanges where the shares are to be listed before the listing of the Equity Shares.
- 6. Our Company, our Promoters, our Promoter Group, our Directors or the BRLM have not entered into any buy back or standby or similar arrangement for the purchase of Equity Shares being offered through this Issue from any person.

7. a) Top ten shareholders as on the date of filing of the Red Herring Prospectus with SEBI (will be updated at the time of filing of Red Herring Prospectus with RoC):

Sr. No.	Name of Shareholder	Number of Equity Shares held	Percentage
1.	Mr. Jitendra U. Mamtora	8,858,992	89.23
2.	Jitendra U Mamtora (HUF)	682,931	6.88
3.	Mrs. Karuna J. Mamtora	267,736	2.7
4.	Mr. Satyen J. Mamtora	97,000	0.98
5.	Mrs. Janki Mamtora	21,364	0.21
6.	Mr. Dilip Mamtora	196	0
7.	Mr. Mahendra Vyas	196	0
8.	Mr. Bipin Mamtora	196	0
	<b>Total</b>	<b>9,928,611</b>	<b>100</b>

**Note:** Our Company has 8 shareholders on the aforesaid date.

- b) Top ten shareholders as on ten days prior to filing of the Red Herring Prospectus with SEBI (will be updated at the time of filing of Red Herring Prospectus with RoC):

Sr. No.	Name of Shareholder	Number of Equity Shares held	Percentage
1.	Mr. Jitendra U. Mamtora	8,858,992	89.23
2.	Jitendra U Mamtora (HUF)	682,931	6.88
3.	Mrs. Karuna J. Mamtora	267,736	2.7
4.	Mr. Satyen J. Mamtora	97,000	0.98
5.	Mrs. Janki Mamtora	21,364	0.21
6.	Mr. Dilip Mamtora	196	0
7.	Mr. Mahendra Vyas	196	0
8.	Mr. Bipin Mamtora	196	0
	<b>Total</b>	<b>9,928,611</b>	<b>100</b>

**Note:** Our Company had 8 shareholders on the aforesaid date.

- c) Top ten shareholders as on two years prior to filing of the Red Herring Prospectus with SEBI (will be updated at the time of filing of Red Herring Prospectus with RoC):

Sr. No.	Name of Shareholder	Number of Equity Shares held	Percentage
1.	Mr. Jitendra U. Mamtora	4,288,404	89.78
2.	Jitendra U Mamtora (HUF)	291,106	6.09
3.	Mrs. Karuna J. Mamtora	1,36,600	2.86
4.	Mr. Satyen J. Mamtora	49,490	1.04
5.	Mrs. Janki Mamtora	10,900	0.23
6.	Mr. Dilip Mamtora	100	0
7.	Mr. Mahendra Vyas	100	0
8.	Mr. Bipin Mamtora	100	0
	<b>Total</b>	<b>4,776,800</b>	<b>100</b>

**Note:** Our Company had 8 shareholders on the aforesaid date.

## TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

### 8. Promoters and Promoter Group Shareholding

Sr. No.	Particulars	Pre - Issue		Post-Issue	
		No. of Equity Shares	% Holding	No. of Shares @ Rs. 10/- Each	% Holding
(a)	<b>Promoters</b>				
	Mr. Jitendra U. Mamtara	8,858,992	89.23	8,858,992	68.55
	Mr. Satyen J. Mamtara	97,000	0.98	97,000	0.75
	Mrs. Karuna J. Mamtara	267,736	2.70	267,736	2.07
	Sub-total	9,223,728	92.90	9,223,728	71.37
(b)	<b>Promoter Group (other than Promoters)</b>				-
	Mr. Dilip Mamtara	196	0	196	0
	Jitendra U Mamtara (HUF)	682,931	6.88	682,931	5.28
	Mr. Bipin Mamtara	196	0	196	0
	Mrs. Janki Mamtara	21,364	0.22	21,364	0.17
	<b>Sub-total</b>	<b>704,687</b>	<b>7.10</b>	<b>704,687</b>	<b>5.45</b>
	<b>Total</b>	<b>9,928,415</b>	<b>100.00</b>	<b>9,928,415</b>	<b>76.83</b>
(c)	<b>Relatives and Others</b>				
	Mr. Mahendra Vyas	196	0	196	0
	<b>Total</b>	<b>196</b>	<b>0</b>	<b>196</b>	<b>0</b>
(d)	Public and Employees (pursuant to this Issue)	0	0	2,995,000	23.17
	<b>Total (a+b+c+d)</b>	<b>9,928,611</b>	<b>100</b>	<b>12,923,611</b>	<b>100</b>

### 9. Share holding pattern of our Company

Sr. No.	Particulars	Pre - Issue		Post-Issue	
		No. of Equity Shares	% Holding	No. of Shares @ Rs. 10/- Each	% Holding
1	<b>Promoters</b>	9,223,728	92.90	9,223,728	71.37
2	<b>Promoter Group</b>	704,687	7.10	704,687	5.45
	<b>Relatives and Others</b>	196	0	196	0
3	<b>Public (pursuant to this Issue)</b>	0	0	2,995,000	23.17
	<b>Total</b>	<b>9,928,611</b>	<b>100.00</b>	<b>12,923,611</b>	<b>100.00</b>

10. Our Promoters/ Promoter Group/ Directors have not purchased and/or sold / financed the purchase or sale (directly or indirectly) of any securities of our Company in past 6 months.
11. Our Promoters may pledge the locked-in-Equity Shares only with banks or financial institutions as collateral security for loans granted by such banks /financial institutions, provided the pledge of Equity Shares is one of the terms for the sanction of loans, provided that locked-in Equity Shares may be pledged only in relation to loans from such banks/financial institutions for the purpose of financing one or more of the objects of the Issue.
12. We have not revalued our assets in the last five years. .
13. Our Company has not raised any bridge loan against the proceeds of the Issue.

14. In the case of over-subscription in all categories, upto 150,000 Equity Shares shall be available for Allocation on a proportionate basis to Eligible Employees in the Employee Reservation Portion, at least 60% of the Net Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers, of which 5% shall be reserved for Mutual Funds. Further, up to 10% of the Net Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and up to 30% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above this Issue Price.
15. Only Eligible Employees (as defined in the section titled "Definitions and Abbreviations" beginning on page i of the Red Herring Prospectus) would be eligible to apply in this Issue under the Employee Reservation Portion. Bid by Eligible Employees can also be made in the "Net Issue to the Public" portion and the same shall not be treated as multiple Bids. In case of under-subscription in the Employee Reservation Portion, the same would be allowed to be met with spillover inter-se from the any other categories, at the sole discretion of our Company, in consultation with the BRLM and the Designated Stock Exchange, subject to at least 60% of the Issue being allocated on a proportionate basis to QIBs. In case of under-subscription in the Net Issue (except in the QIB Portion), spillover to the extent of under subscription shall be permitted from the Employee Reservation Portion at the discretion of our Company in consultation with the BRLM and the Designated Stock Exchange. Such inter-se spillover if any, would be effected in accordance with applicable laws, rules, regulations and guidelines.
16. The Equity Shares are fully paid up and there are no partly paid up Equity Shares as on date.
17. Our Company has not issued any Equity Shares for consideration other than cash except for:
  - (a) Bonus issue of 1,910,720 Equity Shares on February 8, 2006.
  - (b) Allotment of 117,085 Equity Shares on taking over of the running business of the proprietorship concern M/s Transformers and Rectifiers (India) by our Company with effect from August 1, 2006.
  - (c) Bonus issue of 2,836,746 Equity Shares on September 17, 2007
18. There would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from the date of filing the Red Herring Prospectus with SEBI until the Equity Shares issued/ proposed to be issued pursuant to this Issue have been listed.
19. We presently do not have any intention or proposal to alter our capital structure for a period of six months from the date of opening of this Issue, by way of split/ consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into exchangeable, directly or indirectly, for our Equity Shares) whether preferential or otherwise, except that if we enter into acquisition(s) or joint venture(s), we may consider additional capital to fund such activities or to use Equity Shares as a currency for acquisition or participation in such joint ventures.
20. As per the extant policy, OCBs are not permitted to participate in the Issue.
21. Our Company does not have any ESOS/ESPS scheme for our employees and we do not intend to allot any Equity Shares to our employees under ESOS/ESPS scheme from the proposed Issue.
22. We presently do not have any intention or proposal to alter our capital structure for a period of six months from the date of opening of this Issue, by way of split/ consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly, for our Equity Shares) whether preferential or otherwise. However, if we go in for acquisitions or joint ventures, we may consider raising additional capital to fund such activity or use Equity Shares as currency for acquisition or participation in such joint ventures.
23. As on date of filing of the Red Herring Prospectus there are no outstanding Warrants, options or rights to convert debentures loans or other financial instrument into our Equity Shares. The Equity Shares locked in by the Promoters have been pledged to various financial institutions pursuant to Agreement for Pledge of Shares dated November 23, 2006 Mr. Jitendra U. Mamtara ("Pledgor") and SBI, Andhra Bank and Bank of Baroda (the "SBI Consortium") as mentioned below:

Sr. No.	Name of Promoter	Pledged Shares	Pledged with
1	Mr Jitendra U Mamtara	2,110,000	The SBI Consortium consisting of State Bank of India, Andhra Bank and Bank of Baroda

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With respect to the 2,110,000 Equity Shares that have been pledged with the SBI Consortium, 844,000 Equity Shares allotted as bonus shares on September 17, 2007 in the ratio of 2 Equity Shares for every 5 Equity Shares held in our Company, are also deemed to be pledged to the SBI Consortium in terms of the relevant pledge agreement. The relevant documentation and other formalities to effect the pledge of these additional Equity Shares is yet to be executed, but these aforesaid 844,000 Equity Shares, deemed to be contractually pledged, have not been considered as part of Promoters' Contribution which is subject to lock-in for 3 years. For details regarding the pledge agreements, please refer paragraph titled "Financial Indebtedness" beginning on page 283 of the Red Herring Prospectus

24. There shall be only one denomination of Equity Shares of our Company unless otherwise permitted by law. Our Company shall comply with disclosure and accounting norms as may be specified by SEBI from time to time
25. A Bidder cannot make a Bid for more than the number of Equity Shares offered to the public through this Issue, subject to maximum limit of investment prescribed under relevant laws applicable to each category of investor.
26. Our Company has eight (8) shareholders as on the date of filing the Red Herring Prospectus.
27. The entire amount payable in relation to the Equity Shares (face value plus premium) shall be payable on application, and the Equity Shares shall be issued as fully paid-up.
28. We have availed of several loans and financial facilities from various banks and financial institutions from the following banks namely; Citibank, NA., Bank of Baroda, State Bank of India, Andhra Bank and IndusInd Bank Limited ("our Lenders"). In respect of various agreements entered into by our Company with our Lenders and sanction letters issued by our Lenders to us, we are bound by certain restrictive covenants regarding capital structure and other restrictive covenants

The following among others, are the restrictive covenants as per the term loan agreements entered into with banks, financial institutions and term lenders:

Our Company shall not without the concerned lender's prior approval in writing:

1. Effect any change in its capital structure.
2. Formulate any scheme of amalgamation.
3. Implement any scheme of expansion or acquire fixed assets.
4. Make investments/advances or deposit amounts with any other concern.
5. Enter into borrowing arrangements with any bank/ financial institution.
6. Undertake guarantee obligations on behalf of any other company.
7. Change composition of its Board of Directors.
8. Undertake any new project or expansion.
9. Invest/lend/extend advances to the group or subsidiaries.
10. Issue corporate guarantee on behalf of its subsidiaries or group companies.
11. Make any payments to the redemption of its preference share capital, if it fails to meet its obligations to under the term loans or working capital facilities.
12. declare dividend on its share capital in excess of the rate stipulated in the loan agreements nor declare dividend on its share capital, if it fails to meet its obligations to pay interest/ or instalments and/ or other monies payable to the banks under the loan agreements.
13. Not raise any term loans/ debentures, incur major capital or expenditure or make any investments either directly or indirectly or through its subsidiaries.
14. make any payment to the redemption of its Preference share capital,
15. Undertake any new project, or diversification, modernization, or substantial expansion of the Project or alter the Financing Plan or the scope of the Project whether by way of any reduction or increase to its size, layout, specification or quality or otherwise.



16. engage in any business or activities other than those which our company is currently engaged in, either alone or in partnership or JV with any other person, nor acquire any ownership interest in any other entity or person or enter into any profit-sharing or royalty agreement or other similar agreement whereby our Company's income or profits are or might be shared with any other entity or person, or enter into any management contract or similar arrangement whereby its business or operations are managed by any other person
17. Pay any commission to its Promoters, directors, trustees, members, managers or other persons for furnishing guarantees, counter guarantees or indemnities or for undertaking any other liability in connection with any indebtedness incurred by our Company or in connection with any obligation undertaken for or by our Company.
18. create any subsidiary or permit any company/other entity to become its subsidiary
19. undertake or permit any merger, de-merger, consolidation, reorganization scheme or arrangement or compromise with its creditors or shareholders or effect any scheme of amalgamation or reconstruction
20. make any investment whether by way of deposit, loans or investments in share capital or otherwise, in any concern or provide any credit or give any guarantee, indemnity or similar assurance except as otherwise permitted under the Facility Agreement, other than loans and advances granted to staff or contractors or suppliers in the ordinary course of business
21. create or permit to subsist any encumbrance or any type of preferential arrangement (including retention arrangements or escrow arrangements having the effect of granting security), in any form whatsoever o any of its assets
22. whether voluntarily or involuntarily sell transfer, grant, lease or otherwise dispose off or deal with (or agree to do any of the foregoing at any future time) or any of its assets
23. buy back, cancel, retire, reduce, redeem, re-purchase, purchase or otherwise acquire any of its share capital now or hereafter outstanding, or set aside any funds for the foregoing purposes; or
24. issue any further share capital whether on a preferential basis or otherwise or change its capital structure in any manner whatsoever
25. amend or modify its MoA and AoA/Bye Laws/ Trust Deed

Pursuant to the aforesaid covenants we have obtained the prior written approvals from the lenders details of which are as follows:-

Sr. No.	Name of Lender	Date of Approval/ NOC
1.	Citibank, N.A	August 16, 2007
2.	State Bank of India	August 24, 2007
3.	Andhra Bank	August 21, 2007
4.	Bank of Baroda	August 30, 2007
5.	IndusInd Bank Limited	September 10, 2007

For further details of the terms of these agreements, and the details in relation to the deed of pledge entered in relation to the Equity Shares pledged with the SBI Consortium, please refer to the section titled "Financial Indebtedness" beginning on page 209 of the Red Herring Prospectus.

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### OBJECTS OF THE ISSUE

The objects of the Issue are as stated below:

1. Setting up of greenfield manufacturing facility at Moraiya, near Ahmedabad, Gujarat for manufacturing transformers;
2. To part-finance incremental working capital requirements;
3. To meet the expenses of the Issue

The objects of the Issue also include creating a public trading market for the Equity Shares of our Company by listing them on the Stock Exchanges. We believe that the listing of our Equity Shares will provide liquidity to our existing shareholders and enhance our visibility and brand name.

The net proceeds of the Issue after deducting Issue expenses are estimated at approximately Rs. [●] million.

The objects and the estimated cost of the objects as envisaged by our management are as follows:

Activities	Amount for the period (Rs in million)				
	Total Project Cost	Already spent upto August 31, 2007#	Balance Amount Year ending March 31, 2008	Year ending March 31, 2009	Amount to be raised by way of this Issue
Setting up of greenfield manufacturing facility at Moraiya, near Ahmedabad, Gujarat for manufacturing transformers;	666.80	59.28#	140.72	466.80	607.52
To part-finance incremental working capital requirements	354.00	Nil	354.00	-	354.00
Issue Expenses*	[●]	-	[●]	-	[●]
<b>Total</b>	[●]	<b>59.28#</b>	[●]	[●]	[●]

\* Will be incorporated at the stage of filing of Prospectus with RoC.

100% of the total cost of the objects of the Issue (net of Issue expenses), which is proposed to be financed out of Issue proceeds, is intended to create tangible assets.

# Based on the certificate dated November 23, 2007 from M/s. C.B. Shah & Co., Chartered Accountants, the expenditure incurred by our Company till November 20, 2007 in relation to the above specified object stands at Rs. 92.26 million. We propose to replenish the incremental amount of Rs. 32.98 million spent from September 1, 2007 till November 28, 2007 from the proceeds of the Issue.

Our assessment of fund requirement and deployment is based on internal management estimates and has not been appraised by any bank or financial institution or any independent organisation. The above cost estimates are indicative and based on estimates based on prevailing rates and previous orders for similar equipments. The actual costs would depend upon the negotiated prices with the suppliers/contractors and may vary from the above estimates. The fund requirement as stated above is based on the current business plan of our Company approved by our Board of Directors. Our business, by its very nature, is dynamic and competitive in nature, which may necessitate changes in our business plan to avail of new opportunities or to meet competitive threats, including those that we may not currently envisage. The changes, if any, in our business plan, shall be made keeping in mind investor's interest.

As the above fund requirement and deployment are based on internal management estimates approved by our Board of Directors and have not been appraised by any bank or financial institution, in case of any variations in the actual

utilization of funds earmarked for the above activities, increased fund deployment for a particular activity may be met with by surplus funds, if any available in the other activities, or from internal accruals, debts or equity.

The balance proceeds of the Issue in addition to the abovementioned requirements, if any, will be used for general corporate purposes.

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

No part of the Issue proceeds are intended to be paid as consideration to our Promoters, Directors, Promoter Group entities or key managerial personnel, save and except in the normal course of our business, except payment of Rs. 84.46 million towards the purchase of two Vapour Phase Drying Machines, which forms a part of the plant and machinery for our proposed Greenfield manufacturing facility at Moraiya.

## MEANS OF FINANCE

The total fund requirements in relation to the Objects of the Issue shall be financed out of Issue proceeds. Shortfalls, if any, would be met by internal accruals.

Our standalone cash profit (restated) for the period ended March 31, 2007 was Rs. 182.93 million and for the six months ended September 30, 2007 was Rs. 134.21 million, which we believe is sufficient to meet the shortfall of funds, if any.

The following table shows the cash accruals as on March 31, 2007:

Particulars	Period Ended September 30, 2007 (Rs. in million)	March 31, 2007 (Rs. in million)
Adjusted Profit after Tax (standalone) (restated)	125.07	166.70
Add: Non-cash expenses (Depreciation, Miscellaneous/ Deferred Expenses)	9.14	16.23
Cash profit (standalone) (restated)	134.21	182.93

We hereby confirm that we are in a position to comply with the shortfall, if any from the Issue proceeds to meet the fund requirements. Hence, we believe that we are in compliance of the requirement for the firm arrangements required to be made towards the 75% of the stated means of finance, excluding the amount to be raised through the Issue. We further undertake to make firm arrangements for atleast 75% of stated means of finance, other than the net proceeds of the Issue(after meeting Issue expenses), in case there is any shortfall, before filing of Red Herring Prospectus/Prospectus with ROC.

## DETAILS OF USE OF ISSUE PROCEEDS

### A. Setting up of greenfield manufacturing facility at Moraiya, near Ahmedabad, Gujarat for manufacturing transformers.

We are in the process of setting up a new plant at Moraiya, near Ahmedabad, Gujarat having the capacity to manufacture transformers of above 66 kV class. We intend to initially manufacture transformers of 220 kV and 400 kV class at this new facility. This plant is also capable of manufacturing transformers upto 765 kV class. The installed capacity of this plant is around 16,000 MVA per annum. The proposed manufacturing facility is within five kilometres of our existing manufacturing facility at Changodar.

We have acquired land aggregating to 41,812 square metres for this project, details of which are given below.

The entire civil works involved in the project for construction of the entire plant has been awarded to Shapoorji Pallonji & Co. Limited vide our contract for tender and civil and plumbing works for the works of construction of a new factory building at Moraiya, near Ahmedabad, Gujarat, dated April 12, 2007.

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The break-up of the cost for setting up our Moraiya Unit is as follows:

Sr. No.	Proposed Activity	Rs in million
a)	Land	7.46
b)	Site Development, Civil and interiors related works including architectural, interiors & services consultants and fee	239.31
c)	Plant and machinery	360.07
d)	Miscellaneous Assets	28.54
e)	Contingencies @ 5% of project cost	31.42
	Total Fund Requirement *	666.80

\* As of August 31, 2007, we have already incurred Rs. 59.28 million on setting up of the unit.

### Detailed Break-Up of Cost of Project

- a) Land: We have acquired land aggregating to 41,812 square metres for this project, details of which are given below: :

S. No.	Details of land acquired and details of seller	Consideration (in Rs.)	Documentation details
1.	Area: 27,157 sq. mtrs. Survey No 427/3/p admeasuring 19207 sq mtrs and Survey No. 431/1/p admeasuring 7950 sq mtrs situated at village Moraiya, Taluka Sanand, Ahmedabad. Freehold property Non - Agricultural land Seller: M/s Transformers And Rectifiers (India), a proprietary concern whose proprietor is Mr. Jitendra U. Mamtara	1.36 million The consideration to M/s Transformers And Rectifiers (India) has been paid by issue of 10,439 shares of face value of Rs. 10/- each with a premium of Rs. 120 i.e. of Rs. 130 per share to the proprietor Mr. Jitendra U. Mamtara.	The deed of conveyance dated December 18, 2006 has been executed between Transformers And Rectifiers (India) Limited and M/s Transformers And Rectifiers (India). The deed was registered with the Sub Registrar Sanand on December 18, 2006.
2.	Area: 6,288 sq. mtrs. Survey No 431, paiki 40,469 sq. mtrs. 14,645 sq mtrs situated at village Moraiya, Taluka Sanand, Ahmedabad. Freehold land Non - Agricultural land Seller(s): Mr. Nanakram J. Khanchandani.	0.7 million	The deed of conveyance dated February 12, 2007 has been executed between Transformers And Rectifiers (India) Limited and Mr. Nanakram J. Khanchandani. The deed was registered with the Sub Registrar Sanand on February 12, 2007

S. No.	Details of land acquired and details of seller	Consideration (in Rs.)	Documentation details
3.	Area: 8,367 sq. mtrs. Survey No 427/4 admeasuring 8,367 sq mtrs situated at village Moraiya, Taluka Sanand, Ahmedabad. Seller(s): Mr. Dilip J. Sanghavi, Ms. Lataben K. Sanghavi, Ms. Amiben K. Sanghavi, Ms. Shraddhaben K. Sanghavi, Ms. Zaranaben K. Sanghavi.	5.4 million	The deed of conveyance dated September 20, 2007 has been executed between Transformers And Rectifiers (India) Limited and Mr. Dilip J. Sanghavi, Ms. Lataben K. Sanghavi, Ms. Amiben K. Sanghavi, Ms. Shraddhaben K. Sanghavi, Ms. Zaranaben K. Sanghavi.. The deed was registered with the Sub Registrar Sanand on September 20, 2007.

The aforesaid lands are adjoining each other. The lands at Serial Nos. 1 and 2 are adjoining plots, and those in Serial Nos. 2 and 3 are adjoining each other. All the aforesaid plots are intended to form one consolidated plot of land for this project.

- b) **Site development & Civil Works:** The estimated cost of site development and civil works for the setting up of the unit is approximately Rs. 216.12 million. The details of the same are as follows:

	Particulars	Quantity / Length	Unit	Construction cost per square meter (In Rs.)	Total cost (in Rs. Million )
(A)	<b>Site Development</b>				
	Levelling & Filling*	-	Lump sum	-	15.00
	Compound Walls*	1,140 Running metres	Lump sum		0.60
	Internal Roads,	1,200 Running metres			
	Lump sum	0.28			
	Bore well / storage tanks*	1/1	Lump sum		0.12
	Pressurised System / STP*	1/1	Lump sum		0.30
	<b>Sub Total</b>				<b>16.30</b>
(B)	<b>Civil Work</b>				
	Main Factory Building**	11,580	Sq. Mt.	11,750.00	136.07
	Store Area**	1287	Sq Mt	11,750.00	15.12
	Insulation Area**	1287	Sq Mt	11,750.00	15.12
	Fabrication Area**	1904	Sq Mt	11,750.00	22.37
	Utilities**	2335	Sq Mt	11,750.00	27.44
	<b>Sub-total</b>				<b>216.12</b>

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(C)	Other expenses	Invoice details	Invoice/ Purchase order date	Name of supplier/ consultant	Amount (Rs. In million)
	Architect's Fees	-	April 9, 2007	Mr. Kiran Pandya	2.89
	Project Consultancy	PO No. 310193	January 4, 2007	Project Consultancy Service	2.87
	Structural Designer	PO No. 310125	September 12, 2006	Mr. Yogesh Vani	1.13
	<b>Sub Total</b>				<b>6.89</b>
	<b>Total</b>				<b>239.31</b>

\* These cost estimates are based on our internal estimates, based on our past experience.

\*\* The aforesaid cost estimates include the construction cost as contained in the contract for tender and civil and plumbing works for the works of construction of a new factory building at Moraiya, near Ahmedabad, Gujarat dated April 24, 2007 entered into with Shapoorji Pallonji & Co. Limited, and our estimates for the cost of construction raw materials like cement and steel, which our Company has to procure.

### c) Plant and machinery

We intend to purchase the following plant and machinery at an estimated cost of Rs. 360.07 million

Sr. No	Item Description	Supplier	Details of quotation/ purchase order	Qty	Estimated month of delivery (in case order placed)	Total Value (Rs. In million)
1.	Crane 250 MT	Mukund Limited, Thane	PO No 330018 Dated September 5, 2007	1	March 2008	21.11
2.	Crane 100 MT	Mukund Limited, Thane	PO No 330018 Dated September 5, 2007	1	March 2008	10.51
3.	Cranes 25 MT 15 MT 10 MT 5 MT 2 MT	Demag Cranes And Components Private Limited	Quotation no. 350704301 dated September 5, 2007**	3 1 1 2 1	-	32.54
4.	Vapour Phase Drying Machine	Savas Engg Co. Pvt Limited (our Promoter Group company)	Quotation no. 347 / 7-08 dated August 24, 2007	2	-	84.46

Sr. No	Item Description	Supplier	Details of quotation/ purchase order	Qty	Estimated month of delivery (in case order placed)	Total Value (Rs. In million)
5.	Tranformer Winding Machine Horizontal@ We have purchased four machines which are in the process of getting repaired. Hence, the repair costs will be added to the final costs of the machine. Note : The machines will be substantially repaired in-house and will have useful life of 13 years. This is based on our past experience	ABB Inc., Canada	(i) PO No. 310091 dated 19/07/2006	6, of which orders are to be placed for two and 4 machines have been purchased.	-	21.63
6.	Tranformer Winding Machine Vertical	Vikrant Special Machines Pvt Ltd	Quotation no. VM9/CW/Q81/B0 dated 26/06/2007	6	-	22.54
7.	Epoxy Floor Coating@	Coating & Forming Inc	Quotation No. 13 dated February 5, 2007**	80,000 sq ft.	-	4.80
8.	Transportation System@	DELU Nurnberg	Quotation No. 7999 Dated January 12, 2007**	-	-	15.48
9.	Fabrication Shop Machines*	-	-	-	-	17.00
10.	Electrical Station*	-	-	-	-	10.00
11.	Testing Equipment*	-	-	-	-	120.00
	<b>Total</b>					<b>360.07</b>

**Note:** All the above mentioned figures are inclusive of taxes, installation costs and transportation charges, calculated as per our internal estimates and available market data.

@ - The aforesaid machines have been/are proposed to be imported.

\* - The aforesaid consist of several different machineries and equipments including its accessories. Fabrication shop machines consist of over 70 pieces of various machines and equipment, while the testing equipment consists of over 25 pieces of equipment. We have not placed any definitive orders in relation to the aforesaid, except for orders placed for 4 numbers of testing equipment aggregating to Rs.15.58 million, details of which are given below, and are evaluating various suppliers and quotations. Based on our final decision in relation to the aforesaid, some of them may be imported. We are not in a position to ascertain the quantum or number of aforesaid machines/machine components that may be imported.



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(Rs in. million)

Sr. No	Item Description	Supplier	Details of quotation/ purchase order	Qty	Estimated month of delivery (in case order placed)	Total Value (Rs. In million)
1.	Shunt Reactor Loss Measurement System	Measurements International, Canada	P.O. No. 330062 Dated 22/08/07	1	Mar-8	1.50
2.	Transformer loss measuring system	Measurements International, Canada	P.O. No. 330062 Dated 22/08/07	1	Mar-08	10.16
3.	CNC Profile cutting Machine	Messer Cutting and Welding Co. Ltd, China	P.O. No. 330009 Dated 18/04/2007	1	Apr-08	1.81
4.	PD measurement and analysis system along with software	Omicron Electronic Asia Limited, Hong Kong	P.O No 330061 Dated 21/08/2007	1	May-08	2.11
	<b>Total</b>					<b>15.58</b>

\*\* Since the final orders have not yet been placed, we are not in a position to estimate the month/date of delivery. However, based on our current schedule of implementation, we would require the delivery of the machines contained in Serial Nos. 3, 4, 6, 7 and 8 by April 2008. The lead time, that is the time from the date of placing of order and date of delivery, for the aforesaid machines typically varies from sixteen to eighteen weeks.

Further except for the horizontal winding machine described in serial number 5 above, none of the plant and machinery, described above is used / second hand in nature, and we do not propose to purchase any used / second hand machinery for the setting up of the unit.

d) **Other Assets:** The following miscellaneous assets will be required for the proposed project:

Sr. No.	Particulars	Amount in Millions
1.	Furniture and Fixture	11.00
2.	Office Equipments including Computers, Software, Fax, Printers,	15.00
3.	Office Electrification / Network	0.50
4.	Other Assets	2.04
	<b>Total</b>	<b>28.54</b>

The aforesaid are based on our internal estimates, based on our past experience

e) **Provision of contingencies:** Based on our past experience, we have made a provision of contingencies @ 5% of the project cost (excluding land), amounting to Rs. 31.42 million. This provision is meant to cover cost overruns including on account of price escalation or delays in schedule of implementation.

### B. To part-finance incremental working capital requirements

We have been presently sanctioned working capital limits of Rs. 1145.00 million by our bankers consisting of fund-based limits of Rs. 245 million (excluding bill discounting limits) and non-fund based limits of Rs. 900 million.

We need additional working capital in consonance with the expanding scope of our business. Our working capital ratios as on March 31, 2006, March 31, 2007 and as on September 30, 2007 are as follows:

(Rs. in million)

Particulars	As on Sept. 30 2007	FY 2007	FY 2006
<b>(A) CURRENT ASSETS</b>			
Inventory	496.40	393.65	310.06
Sundry Debtors	821.34	689.66	518.12
Cash and Bank Balance	120.53	142.69	65.26
Loans & Advances	92.90	55.65	36.06
Other Current Assets	6.12	1.10	1.23
<b>Total Current Assets (A)</b>	<b>1537.29</b>	<b>1,282.75</b>	<b>930.73</b>
<b>(B) CURRENT LIABILITIES</b>			
Liabilities & Provisions	819.12	810.98	647.98
<b>Total Current Liabilities (B)</b>	<b>819.12</b>	<b>810.98</b>	<b>647.98</b>
<b>Net Working Capital</b>	<b>718.17</b>	<b>471.77</b>	<b>282.75</b>
<i>Current Ratio</i>	1.88	1.58	1.44
<i>Turnover</i>	1252.80	2169.47	1,282.65
<i>Debtor/Turnover days</i>	119	116	147
<i>Inventory/Turnover days</i>	72	66	88

Based on our internal estimates of anticipated growth, we would incrementally require working capital, part of which upto Rs. 354 million, we propose to finance from the proceeds of this Issue.

### C. To meet expenses of the Issue

The Issue expenses include, among others, issue management fees, underwriting and selling commission, distribution expenses, legal fees, fees to advisors, printing and stationary expenses, advertising and marketing expenses, listing fees to the stock exchanges, registrar and depository fees. We intend to use about Rs. [●] million towards these expenses for the Issue. Details of the Issue expenses are as follows\*:

Particulars	Estimated Expenses	% of Issue proceeds
BRLM fees, Underwriting and Selling commission	[●]	[●]
Printing, Stationary and Dispatch Expenses	[●]	[●]
Advertising and Marketing Expenses	[●]	[●]
Other Expenses (Listing fees, SEBI filing fees, Bidding Charges, Registrars fees, legal advisors expenses, depository fees etc)	[●]	[●]
<b>Total</b>	<b>[●]</b>	<b>[●]</b>

\* Will be incorporated at the stage of filing of Prospectus with RoC.

All expenses with respect to the Issue will be borne out of the Issue Proceeds.

## TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

### Schedule of Implementation

(Rs. in Million)

Sr. No.	Particulars	Fund Requirements	Funds estimated to be deployed upto March 2008 (including funds already spent)	Funds estimated to be deployed upto March 2009
1.	Setting up of greenfield manufacturing facility at Moraiya, near Ahmedabad, Gujarat for manufacturing transformers.	666.80	200.00	466.80
2.	To part-finance incremental working capital requirements	354.00	354.00	-
	<b>Total</b>	<b>1020.80</b>	<b>554.00</b>	<b>466.80</b>

### Deployment of funds on the projects as on November 20, 2007

Based on the certificate dated November 23, 2007 from M/s. C. B. Shah & Co., Chartered Accountants, the expenditure incurred by our Company till November 20, 2007, from our internal accruals on the specified objects is given below:

(Rs. in Million)

Particulars	Incurred till date
Building and site Development	28.60
Advances and fixed assets	60.30
Preliminary expenses	3.36
<b>Total</b>	<b>92.26</b>

### Appraisal

The fund requirements and the funding plans are as per our management's estimates, and have not been appraised by any bank/financial institution.

### Interim use of proceeds of the Issue

Pending utilisation for the purposes described above, we intend to temporarily invest the proceeds of this Issue in high quality liquid instruments including deposits with banks and investments in mutual funds (or money market mutual funds) as may be approved by our Board or a duly authorized committee thereof.

### Monitoring of utilisation of funds

There is no requirement for a monitoring agency in terms of Clause 8.17 of the SEBI Guidelines. The Audit Committee appointed by our Board of Directors will monitor the utilization of the Issue proceeds. We will disclose the utilization of the proceeds of the Issue under a separate head in our audited financial statements for Fiscal 2007, 2008 and 2009 clearly specifying the purpose for which such proceeds have been utilized. We will also, in our audited financial statements for Fiscal 2007, 2008 and 2009 and further fiscals, and till the Issue Proceeds remain unutilised provide details, if any, in relation to all such proceeds of the Issue that have not been utilized and also indicating investments, if any, of such unutilized proceeds of the Issue.

## **BASIC TERMS OF THE ISSUE**

The Equity Shares being issued are subject to the provisions of the Companies Act, our Memorandum and Articles of Association, the terms of the Red Herring Prospectus and other terms and conditions as may be incorporated in the Prospectus, Bid-cum-Application Form, allotment advices and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchange, the RBI, RoC and/or other authorities, as in force on the date of the Issue and to the extent applicable.

### **Principal Terms and Conditions of the Issue**

The Equity Shares being issued are subject to the provisions of the Companies Act, the Memorandum and Articles of Association of our Company, the terms of the Red Herring Prospectus, Red Herring Prospectus, Prospectus and Bid-Cum-Application Form, the Revision Form, the CAN and other terms and conditions as may be incorporated in the allotment advice, and other documents/certificates that may be executed in respect of this Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to this Issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, Reserve Bank of India, Stock Exchanges, Registrar of Companies and/or other authorities, as in force on the date of this Issue and to the extent applicable.

### **Ranking of Equity Shares**

The Equity Shares being issued shall be subject to the provisions of our Memorandum and Articles and shall rank *pari passu* in all respects with the existing Equity Shares of our Company including rights in respect of dividend. The allottees will be entitled to dividend or any other corporate benefits, if any, declared by our Company after the date of Allotment. See the section titled "Main Provisions of Articles of Association of our Company" beginning on page 285 of the Red Herring Prospectus for a description of the Articles of Association.

### **Face Value and Issue Price**

The Equity Shares with a face value of Rs. 10/- each are being issued in terms of the Red Herring Prospectus at a price of Rs. [●] per share. At any given point of time, there shall be only one denomination for the Equity Shares of our Company, subject to applicable laws.

### **Rights of the Equity Shareholders**

Subject to applicable laws, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act and Articles of Association of our Company.

For further details on the main provisions of our Company's Articles of Association dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation/splitting, please refer section titled "Main Provisions of Articles of Association of our Company" beginning on page 285 of the Red Herring Prospectus.

## **TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED**

### **Market Lot and Trading Lot**

In terms of Section 68B of the Companies Act, the Equity Shares of our Company shall be allotted only in dematerialized form. In terms of existing SEBI Guidelines, the trading in the Equity Shares of our Company shall only be in dematerialized form for all investors.

Since trading of our Equity Shares will be in dematerialized mode, the tradable lot is one Equity Share.

Allocation and Allotment of Equity Shares through this Issue will be done only in electronic form in multiples of one Equity Share to the successful Bidders subject to a minimum Allotment of 15 Equity Shares. For details of Allocation and Allotment, see "Terms of the Issue" beginning on page 253 of the Red Herring Prospectus.

## BASIS FOR ISSUE PRICE

The Issue Price will be determined by us in consultation with the BRLM on the basis of demand from Investors for the Equity Shares through the Book Building Process. The face value of the Equity Shares is Rs. 10 and the Issue Price is 42.5 times the face value at the lower end of the Price Band and 46.5 times the face value at the higher end of the Price Band.

### Qualitative Factors

- Expertise in Designing and Product variety
- Wide product portfolio and ability to cater to market requirements
- Niche position in the Industry as one of the largest manufacturer of Furnace Transformers
- Experienced Board and Executive Management team

For some of the qualitative factors, which form the basis for computing the price refer to " Our Business" on page 66 and Risk Factors on page xii

### Quantitative Factors

#### 1. Adjusted Earning Per Equity Share (Basic & Diluted)

Year	Adjusted EPS Unconsolidated	Consolidated	Weight
Fiscal 2005	3.34	Not Applicable	1
Fiscal 2006	8.52	Not Applicable	2
Fiscal 2007	17.05	18.04	3
Weighted Average	11.92	18.04	

EPS for the six months period ended September 30, 2007 is Rs. 12.60 (unconsolidated)/Rs. 12.85 (consolidated) on a non-annualised basis.

- a) The adjusted Earning per Share has been computed on the basis of the adjusted profits and losses of the respective years drawn after considering the impact of accounting policy changes and material adjustments.
  - b) The denominator considered for the purpose of calculating adjusted Earning per Share is the weighted average number of Equity Shares outstanding during the year.
2. Price / Earning (P/E) ratio in relation to the Issue Price of Rs 425 at the lower end of the Price Band and Rs. 465 at the higher end of the Price Band
- a) Adjusted EPS as per restated unconsolidated financials and consolidated financials for fiscal 2007 is Rs. 17.05 and Rs.18.04 respectively.
  - b) P/E based on the above EPS is detailed in the table below:

	Standalone		Consolidated	
	Lower end of the Price Band	Upper end of the Price Band	Lower end of the Price Band	Upper end of the Price Band
P/E based on the above EPS	24.93	27.27	25.78	23.56

- c) Industry average P/E (unconsolidated)
  - a. Highest : 62.3
  - b. Lowest : 9.3
  - c. Industry Composite : 39.6

**Source: Capital Market Vol. XXII/15, dated Sep24-Oct 07, 2007**

## TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

### 3. Return on Net Worth (RONW) based on restated unconsolidated financials

Year	RONW %	Weight
Fiscal 2005	24.60%	1
Fiscal 2006	38.33%	2
Fiscal 2007	41.36%	3
Weighted Average	37.56%	

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

### 4. Minimum Return on Increased Net Worth required to maintain Pre-Issue EPS: [●] %

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

	NAV ( Rs)	
	Unconsolidated	Consolidated
As at March 31, 2007	56.83	58.65
As at September 30, 2007*	53.04	54.60
After the Issue	[●]	[●]
Issue Price	[●]	

\*This is not annualised

NAV per equity share has been calculated as net worth as restated, at the end of the year divided by number of equity shares outstanding at the end of the year / period.

### 6. Comparison with other listed companies

	EPS (Rs.)	P/E Ratio	RoNW (%)	Book Value (Rs.)
Transformers and Rectifiers (India) Limited#	17.05	[●]	41.51	56.83
Peer Group				
Bharat Bijlee	95.0	23.0	57.0%	205.0
EMCO	39.0	26.9	18.9%	291.0
Indo Tech	23.9	19.0	32.2%	85.9
Voltamp Transformers	37.7	-	46.8%	98.4

# computed as per the unconsolidated financials.

**Source: Capital Market Vol. XXII/15, dated Sep24-Oct 07, 2007**

### 7. The Issue Price of Rs. [●] will be [●] times of the face value of the Equity Shares

In view of the reasons mentioned above, our Company and the BRLM in consultation with whom the premium has been decided, are of the opinion that the premium is reasonable and justified.



## STATEMENT OF TAX BENEFITS

Ref. No. IT/T-70/586/2007-08

November 23, 2007

Transformers & Rectifiers (India) Limited  
Sarkhej Bavla Road,  
Ahmedabad - 382 213

**Kind Attn.: Mr. Jitendra Mamtora**

Dear Sir,

**Re.: Statement of Possible Direct Tax Benefits**

We hereby report that the enclosed annexure states the possible tax benefits available to Transformers & Rectifiers (India) Limited ("Company") and its shareholders under the current tax laws in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfil.

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

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

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

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

We have no objection if the attached annexure i.e. Tax Benefits Available to the company is incorporated in the information memorandum to be submitted to the concerned stock exchange.

Our views expressed herein are based on the facts and assumptions indicated by you. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. The views are exclusively for the use of Transformers & Rectifiers (India) Limited. C. C. Chokshi & Co., for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. C. C. Chokshi & Co. will not be liable to any other person in respect of this statement.

Thanking you,

Yours faithfully,

For C. C. Chokshi & Co.  
Chartered Accountants

H. P. Shah  
Partner  
Membership Number : 33331

Place : Ahmedabad

# TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

## ANNEXURE

Statement of Possible Direct Tax Benefits Available to Transformers & Rectifiers (India) Limited and to its Shareholders

### Statement of special tax benefits:

There are no special tax benefits available to the Company or its Shareholders.

### Statement of general tax benefits:

These are the general tax benefits available to the all companies and shareholders, subject to compliance with relevant provision of the Income Tax Act, 1961.

#### **A. Under the Income Tax Act, 1961 ("the Act")**

##### ***1. Benefits available to the company***

1. As per section 10(34) of the Act, any income by way of dividends referred to in section 115-O (i.e. dividends declared, distributed or paid on or after 1st April, 2003 by domestic companies) received on the shares of any company is exempt from tax.
2. As per section 10(35) of the Act, the following income will be exempt in the hands of the Company:
  - a. Income received in respect of the units of a Mutual Fund specified under clause (23D) of section 10; or
  - b. Income received in respect of units from the Administrator of the specified undertaking; or
  - c. Income received in respect of units from the specified company:

However, this exemption does not apply to any income arising from transfer of units of the Administrator of the specified undertaking or of the specified Company or of a mutual fund, as the case may be.

For this purpose (i) "Administrator" means the Administrator as referred to in section 2(a) of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002 and (ii) "Specified Company" means a Company as referred to in section 2(h) of the said Act.

3. As per section 2(29A) read with section 2(42A), shares held in a company or a Unit of a Mutual Fund specified under clause (23D) of section 10 are treated as long term capital asset if the same are held by the assessee for more than twelve months period immediately preceding the date of its transfer. Accordingly, the benefits enumerated below in respect of long term capital assets would be available if the shares in a company or a Unit of a Mutual Fund specified under clause (23D) of section 10 are held for more than twelve months.
4. As per section 10(38) of the Act, Long term capital gains arising to the company from the transfer of long term capital asset being an equity share in a company or a unit of an equity oriented fund where such transaction is chargeable to securities transaction tax will be exempt in the hands of the Company.

For this purpose, "Equity Oriented Fund" means a fund -

- (i) where the investible funds are invested by way of equity shares in domestic companies to the extent of more than sixty five percent of the total proceeds of such funds; and
- (ii) which has been set up under a scheme of a Mutual Fund specified under section 10(23D) of the Act.

As per section 115JB, while calculating "book profits" the Company will not be able to reduce the long term capital gains to which the provisions of section 10(38) of the Act apply and will be required to pay Minimum Alternate Tax @ 10% (plus applicable surcharge and education cess) of the book profits.

5. The company is entitled to claim additional depreciation @ 20% (10% if the assets are used for less than 182 days) in accordance with provisions of section 32(1)(ia) for the purchase of new plant and machinery acquired and installed after 31st March, 2005.
6. In accordance with and subject to the provisions of Section 35, the Company would be entitled to deduction in respect of expenditure laid out or expended on scientific research related to the business.
7. The company will be entitled to amortise preliminary expenditure, being expenditure incurred on public issue of shares, under section 35D(2)(c)(iv) of the Act, subject to the limit specified in section 35D(3).

8. As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from capital gains tax to the extent such capital gains are invested in a "long term specified asset" within a period of 6 months after the date of such transfer. It may be noted that investment made on or after April 1, 2007 in the long term specified asset by an assessee during any financial year cannot exceed Rs. 50 Lacs.

However, if the assessee transfers or converts the long term specified asset into money within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the long term specified asset is transferred or converted into money.

A "long term specified asset" for making investment under this section on or after 1st April 2007 means any bond, redeemable after three years and issued on or after the 1st April 2007 by:

- (i) National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988; or
  - (ii) Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956.
9. As per Section 74 Short-term capital loss suffered during the year is allowed to be set-off against short-term as well as long-term capital gains of the said year. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' short-term as well as long-term capital gains. Long-term capital loss suffered during the year is allowed to be set-off against long-term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' long-term capital gains.
10. As per Section 80JJAA, and subject to the conditions laid down therein, of the Act further deduction is allowable is equal to thirty per cent of additional wages paid to the new regular workmen employed by it in the previous year for three assessment years including the assessment year relevant year relevant to the previous year in which such employment is provided.
- For this purpose, "additional wages" means the wages paid to the new regular workman in excess of one hundred workmen employed during the previous year. However, in the case of an existing undertaking, the additional wages shall be 'nil' if the increase in the number of regular workmen employed during the year is less than ten per cent of existing number of workmen employed in such undertaking as on the last day of the preceding year.
11. As per section 111A of the Act, short term capital gains arising to the Company from the sale of equity share or a unit of an equity oriented fund transacted through a recognized stock exchange in India, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 10% (plus applicable surcharge and education cess).
12. As per section 112 of the Act, taxable long-term capital gains, if any, on sale of listed securities or units or zero coupon bonds will be charged to tax at the concessional rate of 20% (plus applicable surcharge and education cess) after considering indexation benefits in accordance with and subject to the provisions of section 48 of the Act or at 10% (plus applicable surcharge and education cess) without indexation benefits, at the option of the Company. Under section 48 of the Act, the long term capital gains arising out of sale of capital assets excluding bonds and debentures (except Capital Indexed Bonds issued by the Government) will be computed after indexing the cost of acquisition/ improvement.
13. Under section 115JAA(1A) of the Act, credit is allowed in respect of any Minimum Alternate Tax ('MAT') paid under section 115JB of the Act for any assessment year commencing on or after April 1, 2006. Tax credit eligible to be carried forward will be the difference between MAT paid and the tax computed as per the normal provisions of the Act for that assessment year. Such MAT credit is allowed to be carried forward for set off purposes for up to 7 years succeeding the year in which the MAT credit is allowed.

## **II. Benefits available to Resident Shareholders**

1. As per section 10(34) of the Act, any income by way of dividends referred to in section 115-O (i.e. dividends declared, distributed or paid on or after 1 April 2003 by the domestic companies) received on the shares of the Company is exempt from tax.

## TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

2. As per section 2(29A) read with section 2(42A), shares held in a company are treated as long term capital asset if the same are held by the assessee for more than twelve months period immediately preceding the date of its transfer. Accordingly, the benefits enumerated below in respect of long term capital assets would be available if the shares are held for more than twelve months.
3. As per section 10(38) of the Act, long term capital gains arising from the transfer of a long term capital asset being an equity share of the Company, where such transaction is chargeable to securities transaction tax, will be exempt in the hands of the shareholder.
4. As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from capital gains tax to the extent such capital gains are invested in a "long term specified asset" within a period of 6 months after the date of such transfer. It may be noted that investment made on or after April 1, 2007 in the long term specified asset by an assessee during any financial year cannot exceed Rs. 50 Lacs.

However, if the assessee transfers or converts the long term specified asset into money within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the long term specified asset is transferred or converted into money.

A "long term specified asset" means any bond, redeemable after three years and issued on or after the 1st day of April 2007:

- (i) by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988; or
  - (ii) by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956.
5. As per section 54F of the Act, long term capital gains (in cases not covered under section 10(38)) arising on the transfer of the shares of the Company held by an individual or Hindu Undivided Family (HUF) will be exempt from capital gains tax if the net consideration is utilised, within a period of one year before, or two years after the date of transfer, in the purchase of a residential house, or for construction of a residential house within three years. Such benefit will not be available:
    - (a) if the individual or Hindu Undivided Family-
      - owns more than one residential house, other than the new residential house, on the date of transfer of the shares; or
      - purchases another residential house within a period of one year after the date of transfer of the shares; or
      - constructs another residential house within a period of three years after the date of transfer of the shares; and
    - (b) the income from such residential house, other than the one residential house owned on the date of transfer of the original asset, is chargeable under the head "Income from house property".

If only a part of the net consideration is so invested, so much of the capital gain as bears to the whole of the capital gain, the same proportion as the cost of the new residential house bears to the net consideration, will be exempt.

If the new residential house is transferred within a period of three years from the date of purchase or construction, the amount of capital gains on which tax was not charged earlier, will be deemed to be income chargeable under the head "Capital Gains" of the year in which the residential house is transferred.

6. As per Section 74 Short-term capital loss suffered during the year is allowed to be set-off against short-term as well as long-term capital gains of the said year. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' short-term as well as long-term capital gains. Long-term capital loss suffered during the year is allowed to be set-off against long-term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' long-term capital gains.

7. As per section 88E of the Act, the securities transaction tax paid by the shareholder in respect of taxable securities transactions entered into in the course of the business will be eligible for deduction from the amount of income tax on the income chargeable under the head "Profits and Gains of Business or Profession" arising from taxable securities transaction, subject to certain limit specified in the section.
8. As per section 111A of the Act, short term capital gains arising from the sale of equity shares of the Company transacted through a recognized stock exchange in India, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 10% (plus applicable surcharge and education cess).
9. As per section 112 of the Act, taxable long-term capital gains, if any, on sale of listed securities will be charged to tax at the rate of 20% (plus applicable surcharge and education cess) after considering indexation benefits or at 10% (plus applicable surcharge and education cess) without indexation benefits, whichever is less. Under section 48 of the Act, the long term capital gains arising out of sale of capital assets excluding bonds and debentures (except Capital Indexed Bonds issued by the Government) will be computed after indexing the cost of acquisition/ improvement.

### **III. Benefits available to Non-Resident Indians/Non-Resident Shareholders (Other than FIIs)**

1. As per section 10(34) of the Act, any income by way of dividends referred to in section 115-O (i.e. dividends declared, distributed or paid on or after 1 April 2003 by the Company) received on the shares of the Company is exempt from tax.
2. As per section 2(29A) read with section 2(42A), shares held in a company are treated as long term capital asset if the same are held by the assessee for more than twelve months period immediately preceding the date of its transfer. Accordingly, the benefits enumerated below in respect of long term capital assets would be available if the shares are held for more than twelve months.
3. As per section 10(38) of the Act, long term capital gains arising from the transfer of long term capital asset being an equity share of the Company, where such transaction is chargeable to securities transaction tax, will be exempt in the hands of the shareholder.
4. As per first proviso to section 48 of the Act, in case of a non resident shareholder, the capital gain/loss arising from transfer of shares of the Company, acquired in convertible foreign exchange, is to be computed by converting the cost of acquisition, sales consideration and expenditure incurred wholly and exclusively incurred in connection with such transfer, into the same foreign currency which was initially utilized in the purchase of shares. Cost Indexation benefit will not be available in such a case. As per section 112 of the Act, taxable long-term capital gains, if any, on sale of shares of the company will be charged to tax at the rate of 20% (plus applicable surcharge and education cess).
5. As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from capital gains tax to the extent such capital gains are invested in a "long term specified asset" within a period of 6 months after the date of such transfer. It may be noted that investment made on or after April 1, 2007 in the long term specified asset by an assessee during any financial year cannot exceed Rs. 50 Lacs.

However, if the assessee transfers or converts the long term specified asset into money within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the long term specified asset is transferred or converted into money.

A "long term specified asset" for making investment under this section on or after 1st April 2007 means any bond, redeemable after three years and issued on or after the 1st April 2007 by:

- (i) National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988; or
  - (ii) Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956.
6. As per section 54F of the Act, long term capital gains (in cases not covered under section 10(38)) arising on the transfer of the shares of the Company held by an individual or Hindu Undivided Family (HUF) will be exempt from

## TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

capital gains tax if the net consideration is utilised, within a period of one year before, or two years after the date of transfer, in the purchase of a residential house, or for construction of a residential house within three years. Such benefit will not be available:

- (a) if the individual or Hindu Undivided Family-
  - owns more than one residential house, other than the new residential house, on the date of transfer of the shares; or
  - purchases another residential house within a period of one year after the date of transfer of the shares; or
  - constructs another residential house within a period of three years after the date of transfer of the shares; and
- (b) the income from such residential house, other than the one residential house owned on the date of transfer of the original asset, is chargeable under the head "Income from house property".

If only a part of the net consideration is so invested, so much of the capital gain as bears to the whole of the capital gain, the same proportion as the cost of the new residential house bears to the net consideration, will be exempt.

If the new residential house is transferred within a period of three years from the date of purchase or construction, the amount of capital gains on which tax was not charged earlier, will be deemed to be income chargeable under the head "Capital Gains" of the year in which the residential house is transferred.

7. As per Section 74 Short-term capital loss suffered during the year is allowed to be set-off against short-term as well as long-term capital gains of the said year. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' short-term as well as long-term capital gains. Long-term capital loss suffered during the year is allowed to be set-off against long-term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' long-term capital gains.
8. As per section 88E of the Act, the securities transaction tax paid by the shareholder in respect of taxable securities transactions entered into in the course of the business will be eligible for deduction from the amount of income tax on the income chargeable under the head "Profits & Gains of Business or Profession" arising from taxable securities transaction subject to certain limit specified in the section.
9. As per section 111A of the Act, short term capital gains arising from the sale of equity shares of the Company transacted through a recognized stock exchange in India, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 10% (plus applicable surcharge and education cess).
10. As per section 115E of the Act, in the case of a shareholder being a Non-Resident Indian, and subscribing to the shares of the Company in convertible foreign exchange, in accordance with and subject to the prescribed conditions, long term capital gains arising on transfer of the shares of the Company (in cases not covered under section 10(38) of the Act) will be subject to tax at the rate of 10% (plus applicable surcharge and education cess), without any indexation benefit.
11. As per section 115F of the Act and subject to the conditions specified therein, in the case of a shareholder being a Non-Resident Indian, gains arising on transfer of a long term capital asset being shares of the Company will not be chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period of six months in any specified asset or savings certificates referred to in section 10(4B) of the Act. If part of such net consideration is invested within the prescribed period of six months in any specified asset or savings certificates referred to in section 10(4B) of the Act then such gains would not be chargeable to tax on a proportionate basis. Further, if the specified asset or savings certificate in which the investment has been made is transferred within a period of three years from the date of investment, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such specified asset or savings certificates are transferred.
12. As per section 115G of the Act, Non-Resident Indians are not obliged to file a return of income under section 139(1) of the Act, if their only source of income is income from specified investments or long term capital gains earned on transfer of such investments or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.



13. As per section 115H of the Act, where Non-Resident Indian becomes assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer, along with his return of income for that year under section 139 of the Act to the effect that the provisions of Chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are converted into money.
14. As per section 115I of the Act, a Non-Resident Indian may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing a declaration along with his return of income for that assessment year under section 139 of the Act, that the provisions of Chapter XII-A shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance with the other provisions of the Act.

For the purpose of aforesaid clauses "Non-Resident Indian" means an Individual, being a citizen of India or a person of Indian origin who is not a "resident". A person shall be deemed to be of Indian origin if he, or either of his parents or any of his grand-parents, was born in undivided India.

***Provisions of the Act vis-à-vis provisions of the Tax Treaty***

15. In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the Tax Treaty, if any, between India and the country in which the non-resident is resident. As per the provisions of section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the non-resident.

**IV. Benefits available to Foreign Institutional Investors ('FIIs')**

1. As per section 10(34) of the Act, any income by way of dividends referred to in section 115-O (i.e. dividends declared, distributed or paid on or after 1 April 2003 by the Company) received on the shares of the Company is exempt from tax.
2. As per section 2(29A) read with section 2(42A), shares held in a company are treated as long term capital asset if the same are held by the assessee for more than twelve months period immediately preceding the date of its transfer. Accordingly, the benefits enumerated below in respect of long term capital assets would be available if the shares are held for more than twelve months.
3. As per section 10(38) of the Act, long term capital gains arising from the transfer of long term capital asset being an equity share of the Company, where such transaction is chargeable to securities transaction tax, will be exempt to tax in the hands of the FIIs.
4. As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from capital gains tax to the extent such capital gains are invested in a "long term specified asset" within a period of 6 months after the date of such transfer. It may be noted that investment made on or after April 1, 2007 in the long term specified asset by an assessee during any financial year cannot exceed Rs. 50 Lacs.

However, if the assessee transfers or converts the long term specified asset into money within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the long term specified asset is transferred or converted into money.

A "long term specified asset" for making investment under this section on or after 1st April 2007 means any bond, redeemable after three years and issued on or after the 1st April 2007 by:

- (i) National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988; or
  - (ii) Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956.
5. As per Section 74 Short-term capital loss suffered during the year is allowed to be set-off against short-term as well as long-term capital gains of the said year. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' short-term as well as long-term capital gains. Long-term capital loss



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suffered during the year is allowed to be set-off against long-term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' long-term capital gains.

6. The tax rates and consequent taxation mentioned above will be further subject to any benefits available under the Tax Treaty, if any, between India and the country in which the FII is resident. As per the provisions of section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the FII.
7. As per section 111A of the Act, short term capital gains arising from the sale of equity shares of the Company transacted through a recognized stock exchange in India, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 10% (plus applicable surcharge and education cess).
8. As per section 115AD of the Act, FIIs will be taxed on the capital gains that are not exempt under the provision of section 10(38) of the Act, at the following rates:

Nature of income	Rate of tax (%)
Long term capital gains	10
Short term capital gains (other than referred to in section 111A)	30

The above tax rates have to be increased by the applicable surcharge and education cess.

In case of long term capital gains, (in cases not covered under section 10(38) of the Act), the tax is levied on the capital gains computed without considering the cost indexation and without considering foreign exchange fluctuation.

9. As per section 196D, no tax is to be deducted from any income, by way of capital gains arising from the transfer of shares payable to Foreign Institutional Investor.

### VI. Benefits available to Mutual Funds

As per section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made there under, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorised by the Reserve Bank of India will be exempt from income tax, subject to such conditions as the Central Government may, by notification in the Official Gazette, specify in this behalf.

#### **B. Benefits available under the Wealth Tax Act, 1957**

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

#### **C. Benefits available under the Gift Tax Act.**

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

The above Statement of Possible Direct Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares.

Notes:

- (i) All the above benefits are as per the current tax laws.
- (ii) In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her investments in the shares of the company.

## SECTION IV - ABOUT OUR COMPANY

### OUR INDUSTRY

*Data in this section has been sourced from the following:*

- Website of the Ministry of Power - <http://powermin.nic.in/>
- The Annual Reports prepared by the Ministry of Power Annual Report 2005-06
- All India Electricity Statistics, general review 2006 issued by the Central Electricity Authority, Ministry of Power, Government of India, New Delhi
- Powerline, June 2005
- IEEMA - Production Statement and statistics as on July 2005
- Ministry of Power, Committee on Financing of Power Sector during X & XI Plan
- report submitted by the working group commission for the 10th 5 year plan - <http://powermin.nic.in/>

*The information presented in this section has been obtained from publicly available documents from various sources, including officially prepared materials from the Government bodies and industry websites/publications. Industry websites/publications generally state that the information contained in therein has been obtained from sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe industry, market and government data used in the Red Herring Prospectus is reliable, it has not been independently verified. Similarly, internal Company estimates, while believed by us to be reliable, have not been verified by any independent agencies.*

#### Background

Power is a critical component of infrastructure on which the socio-economic development of the country depends. At the time of independence, India had a power generation capacity of only 1,362 MW (Source: <http://powermin.nic.in/>). Recognizing that electricity is one of the key drivers for rapid economic growth and poverty alleviation, after independence, the Indian government decided to bring all new power generation, transmission and distribution in rural and urban centres (which were not served by private utilities) under the purview of State and Central government agencies. Accordingly, State Electricity Boards (SEBs) were formed in all the States. The Central Government has been giving priority to this sector while fixing plan outlays. Commencing with the Fifth Plan (1974-1979), the Government increased its direct role in the generation and bulk transmission of power to supplement the efforts of the states. This was done by establishing large power projects, as part of public sector units (PSUs) to develop the coal and hydroelectric resources in the country. Today, the PSUs and SEBs have been responsible for establishing networks covering the entire length and breadth of the country. The installed generation capacity has increased from 1,358 MW in 1947, at the time of Independence, to 1,32,330 MW in March, 2007 which is excluding more than 20,000 MW of capacity added by Industries as captive power plants and electrification of more than 500,000 villages has taken place. However, it is a matter of concern that the annual per capita consumption of India, at about 350 kWh is among the lowest in the world. The Ministry of Power, Government of India has envisaged a capacity addition of 78,577 MW and 86,500 MW in the 11th and 12th Plan period respectively. A corresponding plan for new investment and R&M is also conceived for the Transmission and Distribution segments in line with the National Electricity Plan and the Integrated Energy Policy. The Government of India has thus launched the "Power for all by 2012" program which targets adding about 1,00,000 MW of power generation capacity by 2012.

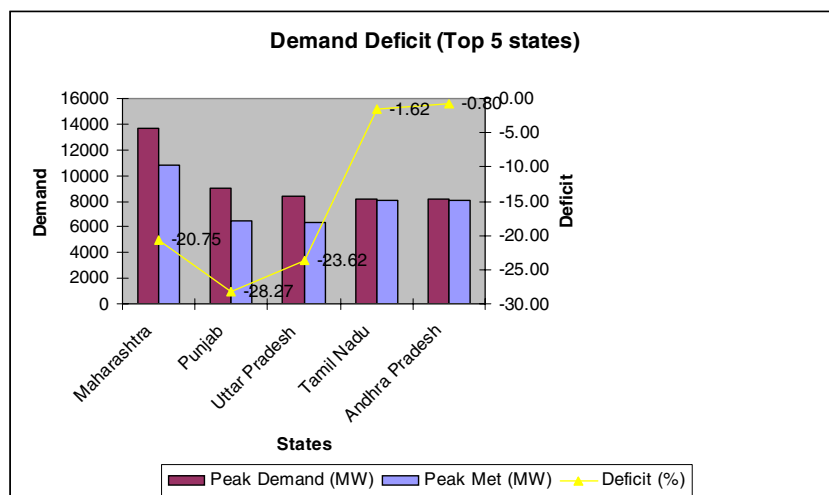
#### Markets

Geographically, India's electricity market is divided into five regions and 31 states. A regional electricity board serves each region. The size of each regional power market correlates with the size of the economy of each region. The west of the country accounts for 28 percent of India's GDP and 30 percent of its capacity, while north & south of the country each account for 27 percent of GDP and 26 percent of its capacity respectively.

The end users of power can be broadly classified into residential (consuming approximately 20 percent of power generated), industrial (consuming approximately 30 percent of power generated), commercial (consuming

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approximately 5 percent of power generated) and agricultural consumers (consuming approximately 30 percent of power generated). The balance is largely due to T&D losses. There is a significant variation in the consumption pattern among the various states depending upon industrial investments, extent of rural electrification and income levels etc.



(Source: [http://powermin.nic.in/reports/pdf/ar05\\_06.pdf](http://powermin.nic.in/reports/pdf/ar05_06.pdf) )

### Power Sector Structure

The power sector value chain comprises of three elements - Generation, Transmission & Distribution. In India, SEBs are the major constituents of the power sector and most of them are vertically integrated i.e. their footprint covers the entire value chain of Generation, Transmission & Distribution. The Power Generation business is currently carried out by PSUs such as NTPC, NHPC, etc. as well as some private power generation companies. Apart from these, a number of industries have set up captive power plants to meet their internal requirements, and in some cases, these captive power plants sell surplus power to the SEBs. Transmission and Distribution (T&D) system comprises of transmission lines, transformers, substations, switching stations and distribution lines. In India, the T&D system is a three-tier structure comprising distribution networks, state grids, and regional grids. In India, SEBs are vertically integrated as intra-state distribution network and the grids are owned and operated by SEBs or state governments through SEBs. The transmission and sub-transmission systems supply power to the distribution system, which in turn supplies power to end-consumers. Distribution of power to end consumers is largely controlled by SEBs and licensees in the private sector. Most of the inter-state transmission links are owned and operated by Power Grid Corporation of India Limited.

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

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

inter-state grids facilitate transfers of power from a surplus state to a deficit state. The grids also facilitate the optimal scheduling of maintenance outages and better co-ordination between the power plants. In addition, the regional grids are to be gradually integrated to form a national grid, whereby surplus power from a region could be transferred to a deficit region, thereby facilitating a more optimal utilisation of the generating capacity in India. The extent of Sub transmission and Distribution systems at the beginning of 10th plan on an all India basis was 5,769,739 kms. of lines and 176,026 MVA of distribution transformer capacity. This has increased to 6,570,823 Km of 33 kV, 11 kV and LT lines and 236,070 MVA of Distribution transformation capacity by March 31, 2005. This would indicate an increase of 801,084 Km of lines and 60,044 MVA Distribution transformer capacities. The capacity addition envisaged by the Working Group on the 10th Plan was 828,863 km of 33 kV, 11 kV and LT lines and 65,505MVA of Distribution transformer capacity.

Major schemes like Accelerated Power Development & Reform Program (APDRP) for urban areas and the Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) were initiated during the 10th plan which aimed at bringing in investment in urban areas and creating an infrastructure for the supply of electricity in the rural areas.

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

### Generation

There are three main options for generating electricity, which are, thermal, hydroelectric and nuclear. Thermal power plants can be based either on coal or on natural gas (including Liquefied Natural Gas (LNG)). In India, naphtha is also used as a fuel for thermal power plants. (In most countries, naphtha is not used as a fuel for generating power, due to its more economical application in the production of fertilizers and petrochemicals). Power plants can also be based on other hydrocarbon fuels, such as fuel oil and diesel. However, such plants are lesser in number and smaller in size, and are primarily used for captive power generation. In addition to the above, power is also generated using non-conventional and renewable sources such as solar energy, wind power, bio-mass etc. Generation & Power Supply Position. The overall generation in public utilities in the country has increased from 264 Billion units (BUs) during 1990-91 to 587 BUs during 2005-05 and 562.7 BUs upto February; 2006.

(Source: Ministry of Power Annual Report 2005-06)

### Installed Capacity

The all India installed capacity of electric power generating stations under utilities was 118419.09 MW as on 31.3.2005 consisting of 80902.45 MW thermal, 30935.63 MW hydro, 2770.00 MW nuclear, 2979.70 MW wind and 831.31 MW Renewable Energy Sources which has increased to 1,23,900.81 MW as on 28.02.2006 consisting of 82,297.44 MW thermal, 32135.05 MW hydro, 3310.00 MW nuclear and 6158.32 MW R.E.S.

(Source: Ministry of Power Annual report 2005-06)

### Generation & Power Supply Position

The overall generation in public utilities in the country has increased from 264 Billion units (BUs) during 1990-91 to 587 BUs during 2004-05 and 562.7 BUs upto February; 2006.

(Source: Ministry of Power Annual Report 2005-06)

### Installed Capacity

The all India installed capacity of electric power generating stations under utilities was 118,419.09 MW as on March 31, 2005 consisting of 80,902.45 MW thermal, 30,935.63 MW hydro, 2,770.00 MW nuclear, 2,979.70 MW wind and 831.31 MW Renewable Energy Sources. Renewable Energy Sources which has increased to 1,23,900.81 MW as on 28.02.2006 consisting of 82,297.44 MW thermal, 32135.05 MW hydro, 3310.00 MW nuclear and 6158.32 MW R.E.S.

	Existing (MW) (as on February 28, 2006)	End of the 10th 5 year plan
Hydro	32,135.05	14,393
Thermal	82,297.44	25,417
Nuclear	3,310.00	1,300
<b>Total</b>	<b>123,900.81</b>	<b>41,110</b>

The table reproduced below shows the growth in the installed capacity since the 6th 5 year plan.

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[QUANTITY]

### GROWTH OF INSTALLED CAPACITY SINCE 6TH PLAN

PLAN / YEAR	HYDRO	THERMAL						
		COAL	GAS	DIESEL	TOTAL	NUCLEAR	RES	TOTAL
End of 6th Plan (31.03.1985)	14460.02	26310.83	541.5	177.37	27029.7	1095	0	42584.72
End of 7th Plan (31.03.1990)	18307.63	41237.48	2343	165.09	43745.57	1565	18.14	63636.34
End of 2 Annual Plans (31.03.92)	19194.31	44791.48	3095	167.52	48054	1785	31.88	69065.19
End of 8th Plan (31.03.97)	21658.08	54154.48	6561.9	293.9	61010.28	2225	902.01	85795.37
End of 9th Plan (31.03.2002)	26268.76	62130.88	11163.1	1134.83	74428.81	2720	1628.39	105045.96
March, 2003	26766.83	63950.88	11633.2	1178.07	76762.15	2720	1628.39	107877.37
March, 2004	29506.84	64955.88	11839.82	1172.83	77968.53	2720	2488.13	112683.5
March, 2005	30942.24	67790.88	11909.82	1201.75	80902.45	2770	3811.01	118425.7
March, 2006	32325.77	68518.88	12689.91	1201.75	82410.54	3360	6190.86	124287.17
End of 10th Plan (31.03.2007)	34653.77	71121.38	13691.71	1201.75	86014.84	3900	7760.6	132329.21
May-07	33485.76	71432.38	13691.71	1201.75	86325.84	4120	10145.03	134076.63

(Source: [http://cea.nic.in/power\\_sec\\_reports/Executive\\_Summary/2007\\_05/8.pdf](http://cea.nic.in/power_sec_reports/Executive_Summary/2007_05/8.pdf))

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

(Source: All India Electricity Statistics, general review 2006 issued by the Central Electricity Authority, Ministry of Power, Government of India, New Delhi)

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

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

Aggressive infrastructure development needed to bridge the deficit by 2012

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

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

The following sector wise capacity addition targets have been firmed up for aggregate capacity addition of 107,000 MW by 2012.

All Figures in MW	X Plan	XI Plan	Total
<b>Central Sector</b>			
Total Central Sector	28,485	36,785	65,270
Total State Sector	8,300	10,600	18,900
Total Private Sector	9,400	13,500	22,900
Overall Capacity Addition (approx.)	46,000	61,000	107,000

(Source: Annual Report 2005-2006, Ministry of Power, and Government of India)

### Power Supply position

(Source: Annual Report 2005-2006, Ministry of Power, and Government of India)

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

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

### Energy (In MU)

Year	Requirement	Availability	Shortage	Shortage (%)
1997 - 98	424,505	390,330	34,175	8.1
1998 - 99	446,584	420,235	26,349	5.9
1999 - 00	480,430	450,594	29,836	6.2
2000 - 01	507,216	467,400	39,816	7.8
2001 - 02	522,537	483,350	39,187	7.5
2002 - 03	545,983	497,890	48,093	8.8
2003 - 04	559,264	519,398	39,866	7.1
2004 - 05	591,373	548,115	43,258	7.3
2005 - 06				
(Up to Dec 05)	466,109	430,408	35,701	7.7

### REASONS FOR DEMAND SUPPLY GAP

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

### Participation of Private Sector - Reforms undertaken for Generation of power

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

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out with several policies for promotion of generation capacity using different fuels.

### TRANSMISSION & DISTRIBUTION

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

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

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

Transmission projects continue to be accorded a high priority in the context of the need to evacuate power from generating stations to load centres, system strengthening and creation of National Grid. The construction targets of transmission projects for the year 2005-06 and the achievements up to December '05 are summarised below:

Parameters	MOU Target	Achievement upto November, 2004	% of achievement
No of Ckt. Kms. ready for commissioning	3,800	4,040	106%
Transformation Capacity addition	4,885	4,670	95.5%

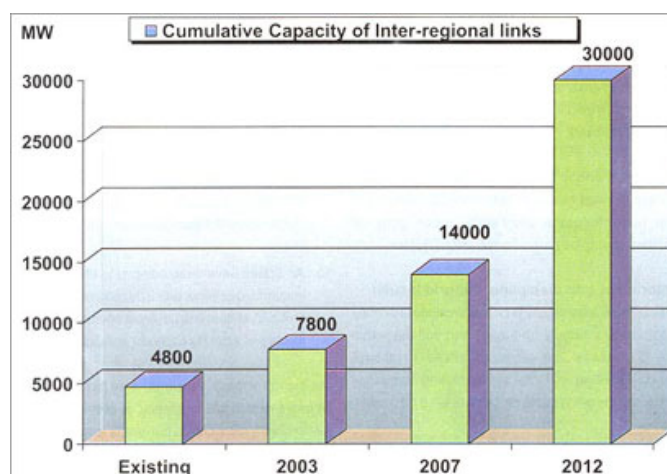
(Source: <http://powermin.nic.in/>)

### Formation of National Grid

Ministry of Power has envisaged establishment of an integrated National Power Grid in the country by the year 2012 with an inter-regional power transfer capacity of about 37,150 MW (Enhanced from earlier planned target of 30,000 MW) details at Annexure-I. A perspective transmission plan has been evolved for strengthening the regional grids with ultimate objective of establishment of strong & vibrant National Power Grid to support the generation capacity addition program of about 1,00,000 MW during X & XI Plans.

The exploitable energy resources in our country are concentrated in certain pockets. As a result, some regions do not have adequate natural resources for setting power plants to meet the future requirements whereas others have abundant natural resources. This has necessitated the formation of National Power Grid to transmit power from resource rich to deficit area as well as facilitate scheduled/ unscheduled exchange of power. Further, acquiring Right of Way (ROW) for constructing transmission system is getting increasingly difficult. This necessitates creation of high capacity "Transmission Highways", so that in future, constraints in ROW do not become bottlenecks in harnessing natural resources. It is envisaged to establish such an integrated National Grid in a phased manner by the year 2012, which can support inter-regional transfer of power to the extent of about 37,150 MW. Working towards this plan, POWERGRID has implemented various inter regional schemes and, an inter - regional power transfer capacity of 9,500 MW is available by Dec., 2005.





(Source: <http://powermin.nic.in/>)

#### Transmission programme for the Tenth Plan

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

(Source: <http://powermin.nic.in/>, report submitted by the working group commission for the 10th 5 year plan)

#### Distribution

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

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

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

#### Distribution reforms & Accelerated Power Development and reforms Programme

(Source: Annual report 2005-06, Ministry of Power)

## TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

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

- Reduce AT&C losses
- Bring about commercial viability in the power sector
- Reduce outages & interruptions
- Increase consumer satisfaction

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

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

### The status as on 30th November 2005.

• Number of Projects sanctioned	583 Nos.
• Cost of projects sanctioned	Rs. 19182.33 Cr.
• Funds released	Rs. 5872.32 Cr.
• Counter - Part funds tied up	Rs. 6870.41Cr.
• Counter-Part funds drawn	Rs. 3700.27 Cr.
• Funds Utilized	Rs. 8550.52 Cr.
• Funds Utilized	Rs. 8550.52 Cr.

### Incentive Component:

The incentive component has been introduced to motivate the SEBs / Utilities to reduce their cash losses. Funds are provided to SEBs/utilities for actual cash loss reduction by way of one for two matching grants. FY 2000-01 has been fixed as base year. Expected outlay under the incentive component is Rs. 20,000 crore. Till date, 7 states have received an incentive amount of Rs. 1471.36 crores.

APDRP is an instrument to leverage distribution reforms in the States. The States were asked to commit a time-bound programme of reforms as elaborated in the Memorandum of Understanding (MoU) and Memorandum of Agreement (MoA). States have to take administrative and commercial steps in addition to the technical interventions, which will help them in efficiency improvement in the sector. The Ministry is closely monitoring the progress of states on activities committed under MOA and implementation of APDRP projects directly and through National Thermal Power Corporation (NTPC) and Power Grid Corporation of India Ltd (PGCIL), who are working as Advisor-cum-Consultant to the states. As required under MoA, states have also constituted Distribution Reforms Committees in their respective state for reviewing and monitoring of progress on reforms and implementation of APDRP schemes.

Out of 583 projects sanctioned progressively since 2002- 03, 26 projects have achieved 100% utilization and other 197 projects have achieved between 50% and 100% states, which have made good progress in implementation of APDRP projects, are Andhra Pradesh, Delhi, Gujarat, Karnataka, Tamil Nadu and Sikkim. The towns covered under APDRP, where utilization is more than 50% have in general shown improvement in AT&C loss. 313 APDRP towns have shown reduction in AT&C loss in comparison to the base year. 158 towns in various states as shown below have reported AT&C loss less than 15%.

### Impact of power sector reforms - The beneficiaries

The power sector reforms are on a threshold of major changes that would shape the future of the industry. The increased thrust on providing power for all by 2012 by building additional generation capacities, improving

transmission and distribution network would lead to a huge demand for power equipment manufacturers.

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

### **T&D Equipment manufacturers**

They would be the direct beneficiaries of investments under APDRP scheme and Rajiv Gandhi Grameen Vidhyutikaran Yojana. Private Sector distribution companies would also be investing in the circles privatised to upgrade the system. Even the electricity bill is focused on distribution reforms and up-gradation of the T & D system. The key equipment manufacturers to benefit from the power sector reforms are manufacturers of transformers, distributors, switchgears, cables, energy meters etc.

### **Transformer industry**

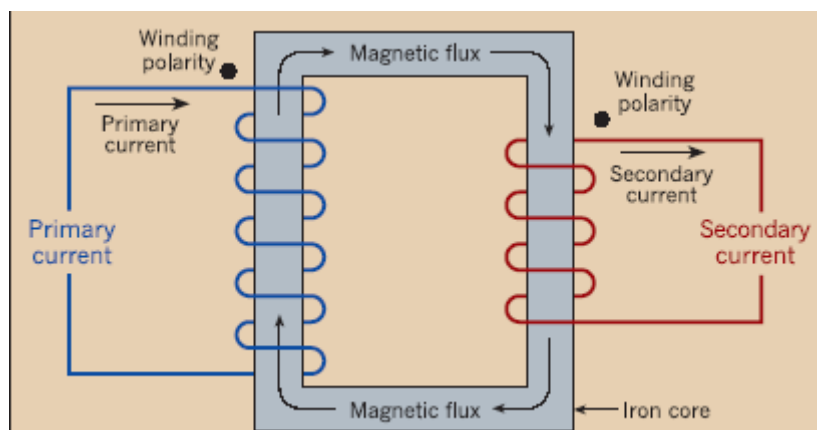
A transformer is a voltage changer used for stepping up or stepping down the voltage depending upon the application. It is a device used to transfer electric power from one circuit to another. The transformers can broadly be divided into Distribution transformers, Power transformers & other types of special transformers for welding, traction, furnace etc. The power transformers are used to transform power voltage from the generation point to the transmission point. A distribution transformer is used to transform power voltage from transmission point to distribution of power to the end user. The health of the transformer industry is closely related to the power generation sector. The major customers for transformers are the SEB's, utilities and industries.

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

### **Transformer Functioning**

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

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



A basic transformer consists of two sets of coils or windings. Each set of windings is simply an inductor. AC voltage is applied to one of the windings, called the primary winding. The other winding, called the secondary winding, is positioned in close proximity to the primary winding, but is electrically isolated from it. The alternating current that flows

## TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

through the primary winding establishes a time-varying magnetic flux, some of which links to the secondary winding and induces a voltage across it. The magnitude of this voltage is proportional to the ratio of the number of turns on the primary winding to the number of turns on the secondary winding. This is known as the "turns ratio." To maximize flux linkage with the secondary circuit, an iron core is used to provide a low-reluctance path for the magnetic flux.

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

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

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

The Indian transmission sector has evolved over time mainly on account of improvements in technology and systems. The transmission and distribution system today consists of 400kV networks that support state transmission systems; 66 kV, 33kV and 22 kV networks that act as sub-transmission systems; 11 kV networks that provide the primary distribution systems; and 400/230V networks for local distribution. At the transition between these levels, transformers are required to ensure a smooth change of voltages with minimum loss of energy.

### Transformer Capacity (Utilities) in India

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

**MVA**

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

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

**MVA**

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

#### Transformer Production in India

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

Period	MVA July 07	MVA April - July 07	MVA August 06 - July 06	MVA July 06	MVA April - July 06	MVA August 05 - July 06
Production	8,154.963	34,874.54	118,295.321	6,433.806	29,469.095	99,300.775
Exports	783.155	41,55.369	14,727.73	242.275	3,004.64	13,674.635

[Source: I.E.E.M.A Production Statement Transformers: July 2007-08]

#### DEMAND SCENARIO

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

Range Above upto and Inc.	For Deliveries Schedules in								Total Order Booked			
	Within Next 12 Months				Beyond 12 Months							
	July-07		July-06		July-07		July-06		July-07		July-06	
KVA	MVA	Nos.	MVA	Nos.	MVA	Nos.	MVA	Nos.	MVA	Nos.	MVA	Nos.
Upto 100	2680	87825	3881	108704	0	0	0	0	2680	87825	3881	108704
100 to 1600	3544	15697	2934	5584	0	0	0	0	3544	15697	2934	5584
1600 to 10,000	7741	1700	6505	1418	0	0	0	7741	1700	6505	1418	
Above 10,000	78429	1287	53920	864	15596	124	11137	80	94025	1411	65057	944
<b>Total</b>	<b>92394</b>	<b>106509</b>	<b>67240</b>	<b>116570</b>	<b>15596</b>	<b>124</b>	<b>11137</b>	<b>80</b>	<b>107990</b>	<b>106633</b>	<b>78377</b>	<b>116650</b>

Source: I.E.E.M.A. Production Statistics (Transformer Division) - Order book for Transformers at the end of July, 2007

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

#### Replacement Demand

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

#### MAJOR PLAYERS

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

# TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

## OUR BUSINESS

### Overview

We believe that we are one of the major players in the Indian markets manufacturing a wide range of transformers ranging from power generation, transmission and distribution transformers, industrial transformers and a wide range of speciality transformers, focusing on quality, timely delivery and customization. We have developed our products based on our in-house design and engineering capabilities, and we believe that we are perhaps one of the few players to have developed this wide range without any third party technical collaboration or assistance.

We manufacture transformers upto 220 kV Class, having an installed capacity of 7,200 MVA transformers per annum. Our Promoter, Mr. Jitendra U. Mamtara who is also our Chairman and Managing Director is a technocrat who has experience of over 38 years in the transformer industry.

We currently operate through two manufacturing units, located at Changodar Odhav near Ahmedabad, in Ahmedabad, both in Gujarat. Our Changodar facility is ISO 9001:2000 compliant. In fiscal 2007, we took over the business of M/s. Transformers and Rectifiers (India), a proprietorship concern promoted by Mr. Jitendra U. Mamtara engaged in the business of transformer manufacturing. To further integrate our operations we have acquired stakes in Transweld Mechanical Engineering Works Limited and Transpares Limited, which were Promoter Group companies so as to make them our subsidiaries. Transweld Mechanical Engineering Works Limited is engaged in the business of manufacturing of transformer tanks and core channels mainly for our own projects and also to a range of third party public and private sector clients, while Transpares Limited is engaged in the business of pressed steel radiators, which is one of the components involved in transformer manufacturing. We have developed a strong domestic marketing network, and have our marketing personnel in Chennai, Delhi, Kolkata, Pune and Mumbai.

We have catered to a wide spectrum of transformer users in various industries such as petrochemicals, oil refining, cement, paper and pulp, pharmaceuticals, automobiles, steel, alloy plant, power plant, railway applications, mining, minerals, among others. Our customer base is also well-diversified both geographically and by end-user markets.

Our key customers include utilities and power transmission companies. Our client base covers various state electricity boards and PSU's like Transmission Corporation of Andhra Pradesh Limited, Maharashtra State Electricity Transmission Company Limited and Gujarat Energy Transmission Corporation Limited, and other private sector customers like Rohit Ferro-Tech Limited, Monnet Ispat & Energy Limited, Inductotherm (India) Private Limited and many others. We have exported transformers to countries such as the England, Canada, United Arab Emirates, South Africa, Saudi Arabia and Indonesia. We supply to a wide range of customers which include both, utilities and other industries. The break-up of our revenues based on categories of customers for FY 2007, 2006, and 2005 (unconsolidated) was as under:

	Fiscal Year 2006-07		Fiscal Year 2005-06		Fiscal Year 2004-05	
	Rs. In million	(% )	Rs. In million	(% )	Rs. In million	(% )
Utilities	1,106.01	50.98	595.41	46.42	258.24	34.60
Industries & Others	1,063.46	49.02	687.25	53.58	488.05	65.40
Total	2,169.47	100	1,282.66	100	746.29	100
<b>Total Sales in MVA</b>	<b>4348</b>		<b>2789</b>		<b>2082</b>	

Our core competencies are our in-house technical and design expertise, skilled workforce and well equipped manufacturing facilities which enables us to manufacture a wide range of transformers, to meet diverse client requirements.

In fiscal 2007, our unconsolidated net sales were Rs. 2169.47 million and our unconsolidated net profit before taxes and extraordinary items was Rs. 276.72 million as compared to unconsolidated net sales of Rs. 1,282.66 million and unconsolidated net profit before taxes of Rs. 119.72 million during fiscal 2006. Thus there is increase in sales turnover and net profit before taxes by 69% and 121% respectively over the last fiscal. Our unconsolidated net sales were at Rs. 282.48 million and our unconsolidated net profit before taxes stood at Rs. 15.57 million in fiscal 2003, and the CAGR of our unconsolidated net sales and unconsolidated net profit before taxes and extraordinary items over the last five fiscal years stood at 66% and 105%. For details of the financial statements refer to the section titled "Financial Statements" beginning on page 193 of the Red Herring Prospectus.



### ***Our Competitive Strengths***

We believe that we are well positioned to sustain and strengthen our position in the markets in which we compete as well as to exploit significant growth opportunities that exist. We believe the following, among others, are our principal strengths:

#### ***Expertise in Designing and Product variety***

Designing and engineering forms a critical element of the transformer making process. Transformers are custom built to suit the requirements of each customer. We have a design department comprising of nineteen expert designers, headed by our Promoter and Chairman and Managing Director, Mr. Jitendra U. Mamtara. Our designs are structured so as to minimize the losses occurring within the transformer thereby making them more efficient and profitable. We are continuously striving to improve and enhance our designing capabilities. In addition to being one of the few manufacturers having the entire range of transformers, we have the unique distinction of being approved by utilities for power transformers upto 245 kV class without any external technological support.

Further, because of the strong thrust on Research & Development, we have been successful in developing expertise in the design and manufacture of certain special type of transformers, to meet individual client specifications. These include designing and manufacturing of (a) Transformers with 40-secondary for plasma research to the Plasma Research Institute; (b) Specialized Testing transformer, which has been supplied to a multinational transformer manufacturer, with secondary voltage ranging from 2 kV to 90 kV in steps of 2 kV; (c) Series reactors which have been supplied to U.K. with fault current of 105 kV.

We have also been successful in developing mobile sub-station transformers, which is a product requiring strong design capabilities.

#### ***Wide product portfolio and ability to cater to diverse market requirements***

We believe that we are one of the few manufacturers in the country manufacturing the entire range of transformers namely power generation, transmission and distribution transformers, industrial transformers such as furnace transformers, and special transformers such as mobile substation, rectifiers, testing transformers etc. We have developed a wide portfolio of products, including certain speciality transformers, which has helped us to cater to diverse market requirements. With integrated manufacturing facilities, backed by in-house technology, we are able to commit timely delivery of quality products.

#### ***Wide customer base and long-term customer relationships.***

We believe that we are a preferred supplier to many utilities and industrial companies in India. This is primarily because of our ability and track record to provide transformers to these customers on a continuous and uninterrupted basis. We have maintained relationships with our customers, based on our ability to customise and tailor make transformers as per the design specifications of our clients, and requisite on-site and after-sales service support. We have received repeat orders from power generation, transmission and distribution entities and certain industrial clients, many of whom form a part of our top ten customers over the last three years.

#### ***Niche position in the Industry as one of the largest manufacturer of Furnace Transformers***

We hold a niche position in the transformer manufacturing industry as one of the largest manufacturer of furnace transformers in India. Our revenues from furnace transformers have risen from Rs. 205 million during fiscal 2005 to Rs. 288 million during fiscal 2007. These include Arc Furnace Transformers, Submerged Arc Furnace Transformers, Ladle Furnace Transformers, Induction Furnace Transformers and DC Arc Furnace Transformers.

#### ***Cost Advantage***

We believe that we enjoy a significant cost advantage on several fronts. Our design and engineering capabilities have been developed indigenously and in-house, without third party collaboration or assistance. Further, we enjoy the benefit of a lean management structure, with significant direct involvement of our Promoters, who are also our whole-time Directors. Acquisition of stakes in two companies, thereby becoming our Subsidiaries in fiscal 2007, has led to backward integration, giving us timely and cost-effective access to critical raw material components in transformer manufacturing being transformer tanks, core channels and pressed steel radiators, and has helped us to manage inventory better. Further, the installation of the new oven in 2007 utilising the "autoclave with Vapour Phase Drying process" has helped us to reduce cycle time of the process of drying active parts from approximately nine days to three days, which has resulted in cutting down on the cycle time to manufacture transformers.



## TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

### *Experienced Board and Executive Management team*

Our Board consists of eight members. Our Chairman and Managing Director, and both our Joint Managing Directors have vast experience in the field of manufacturing transformers. Our CMD, Mr. Jitendra U. Mamtara is a technocrat with experience of more than 38 years in the transformer industry. Our Joint Managing Director, Mr. Bhaskar Sen has an experience of more than 43 years in the areas of overall business management of industries like switchgear, transformers, motors projects, REC equipments etc. Our Joint Managing Director, Mr. Satyen Mamtara, has an experience of more than 10 years in transformer manufacturing and marketing functions. Other members of our Board have vast industrial and management experience.

### **Our Business Strategy**

Our strategy is based on available opportunities, trend of market demands and the projected growth of the transformer industry. The important elements of our business strategy going forward are stated hereunder:

#### *Expanding product range to focus on higher kV category transformers and to optimally utilise manufacturing facilities.*

Higher kV category transformers typically command better margins as opposed to lower kV transformers. We have significantly refurbished our Odhav plant in FY 2007. We propose to utilise our Odhav plant for manufacture of transformers upto 66 kV class, and use our Changodar plant to produce higher kV class transformers upto 220 kV. We believe that this will help us in optimising the available plant capacities. We intend to initially manufacture transformers of 220 kV and 400 kV class at our proposed greenfield manufacturing facility at Moraiya, which is intended to be capable of manufacturing transformers upto 765 kV Class.

#### *Maintain a judicious balance between power generation, transmission and distribution transformers and industrial transformers.*

We have developed a significant presence in both, power generation, transmission and distribution transformers, and industrial transformers. We intend to maintain a judicious balance between both categories, so that the high-volume power transformers segment can be serviced along with the higher-margin industrial transformers, with specific focus on furnace and rectifier transformers.

#### *Further developing the niche business segments*

We intend to further develop the niche business segment, which typically command better margins among all categories of transformers, comprising of furnace transformers, and special transformers such as traction transformers, mobile sub-station transformers etc. so as to capitalise on the available opportunities.

#### *Exploring opportunities in turnkey projects*

With the increasing investment in the power sector and dire need to quickly ramp up the transmission and distribution capacities, there is an emerging trend of outsourcing a part of transmission and distribution networks on turnkey basis. Leveraging on established relationships and credibility with the power transmission and distribution companies, we propose to take up turnkey projects for setting up of sub-stations, that form a part of the power transmission and distribution networks, where we have developed in-house engineering capabilities.

#### *Increasing our international market presence*

We have exported transformers to countries such as the England, Canada, United Arab Emirates, South Africa, Saudi Arabia and Indonesia. We are looking to increase our exports, both in terms of quantum and markets, to enhance our international presence and reduce dependence on domestic market. We are also in the process of creating a systematic marketing organization for catering to the export demand once we have adequate capacity available subsequent to the implementation of the proposed greenfield manufacturing facility at Moraiya.

### **Collaborations**

We do not have any collaborations for technology or marketing of our products.

## Our Production Facilities

### Changodar Unit

Our Changodar Unit is situated at Survey No. 344-350 Opp. PWD Stores, Village: Changodar, Sarkhej Bavla Highway, Taluka: Sanand, District: Ahmedabad, Gujarat.

Stated below are the brief details of some of the major equipments utilized at our Changodar Unit:-

NAME OF MACHINERY	UTILITY
E.O.T. cranes up to 100 Tonne capacity	Material handling in different sections of Production Department
Diesel Generator Set [ 325 kVA]	Utility purpose
Diesel Generator Set [ 1000 kVA]	Utility purpose
Hydraulic Press [200 TONNE]	To press the windings
Hydraulic Bending Machine	For bending of copper busbars
Hydraulic Punching & Shearing Machine	For cutting and punching of busbars
Hydro-pneumatic Station	For conductor bending during winding
Vacuum Oven integrated with vapour phase drying system	To completely dry the core-coil assembly before tanking
Vacuum Oven	To completely dry the core-coil assembly before tanking
Oil Filter Machine 3000 Ltr./hr.	To filter the oil received in tankers to achieve break down voltage of oil
Oil Filter Machine 6000 Ltr./hr.	
Rectangular Vacuum Oven 0.5 Torr,(110 Deg. C)	To completely dry the windings to achieve required height before core-coil assembly
Vacuum Plant	To create vacuum up to 0.1 Torr in vacuum oven
Mobile Hydraulic Power Pack for Coil Pressing	To press the windings at the time of tanking
Thermic Fluid Heaters of 1 Lac Kcal / hour, 2 Lac Kcal/ hour and 4 Lac Kcal/hour	To provide heating to vacuum ovens
Winding Machines up to 8 Ton capacity [18 nos.]	For winding of coils up to 100 MVA capacity power transformers
Winding Room Pressurizing System	To prevent dust coming from outside

### Odhav unit

Our Odhav Unit is situated at Plot No. 233, GVMSAV Ltd., Odhav, Ahmedabad. We acquired the Odhav Unit in fiscal 2007 pursuant to our acquisition of business of M/s. Transformers and Rectifiers (India), the sole proprietary concern of our Promoter and Chairman and Managing Director, Mr. Jitendra U. Mamtara.

Stated below are the brief details of some of the major equipments utilized at our Changodar Unit:-

NAME OF MACHINERY	UTILITY
Winding Machines( 6 Nos. 3 MT)	For winding of coils up to 12 MVA capacity power transformers
Electric Oven (2 no 24 KW)	For drying of active part assembly
Vacuum oven (1 no 60 KW)	For drying of active part assembly
Oil Filter Machine (300 Litres / per hour)	To filter transformer oil to achieve 60 KV break down voltage
15 MT Crane (Electrically Operated trolley) EOT Grade (No. 2 )	To handle material

## TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

### Preventive Maintenance

All equipments such as EOT cranes, shearing machines, winding machines, D.G. Set, oil filter machine, vacuum oven etc. undergo periodic preventive maintenance as per schedule.

### Production process - raw materials

#### Raw Material Procurement

In the transformer industry, raw materials typically account for 75% - 80% of the sale price of the transformers. The key raw materials required and percentage and quantity of input costs to sales revenue based on financial year ended March 31, 2007 is as follows:

Raw material	Quantity of Consumption	Value (in Rs. million)	Percentage of Input costs
Copper	1436 (MT)	431.11	25.48%
CRGO sheets	2826 (MT)	620.03	36.64%
Transformer Oil	3251 (KL)	125.40	7.41%
Radiators	2033 (Nos.)	42.64	2.52%
Others	-	472.86	27.95%
<b>Total</b>		<b>1692.04</b>	<b>100.00%</b>

All the aforesaid raw materials, in our experience, are normally available, both from domestic and overseas suppliers. However, copper and transformer oil have witnessed significant price fluctuations in the past.

#### Copper

Copper constitutes almost 25% to 30% of the total cost of transformer. Most of our copper requirements are sourced from Hindalco Industries Limited.

#### CRGO (Cold Rolled Grain Oriented) sheets

CRGO sheets are sourced from various domestic and overseas suppliers. We do not have any long-term contracts with any supplier(s) for the same.

#### Transformer Oil

We typically procure transformer oil from Apar Industries Limited and Savita Chemicals Limited.

#### Radiators

Radiators are primarily being procured from our Subsidiary, Transpares Limited.

#### Others

Other raw materials/accessories used in the manufacturing process include structural and special graded steel, OLTC, Bushings, Magnetic Oil Level Gauge, Flow Meters, Heat Exchangers, Oil Pumps etc.

### Production process - Infrastructure Facilities

#### Changodar Unit

#### Water

Our manufacturing process does not require lot of water. Water is mainly required cooling towers and general utilities. We have our own bore well to cater our water requirement. Our water requirement is 10,000 litres per day.

#### Electricity

We require electricity to operate various machines like EOT cranes, winding machines, vacuum ovens, boiler, testing machines, factory lighting, power press, general utility etc. We source our power requirement from state electricity board namely Uttar Gujarat Vij Company Limited. Our actual contract demand is 450 kVA and actual maximum demand remains around 350 kVA. We consume approximately 130,000 KWH per month. We have two Diesel Generator Sets of 1000 KWA and 300 KWA each which are used for the stand by as well as testing purpose.

### Odhav Unit

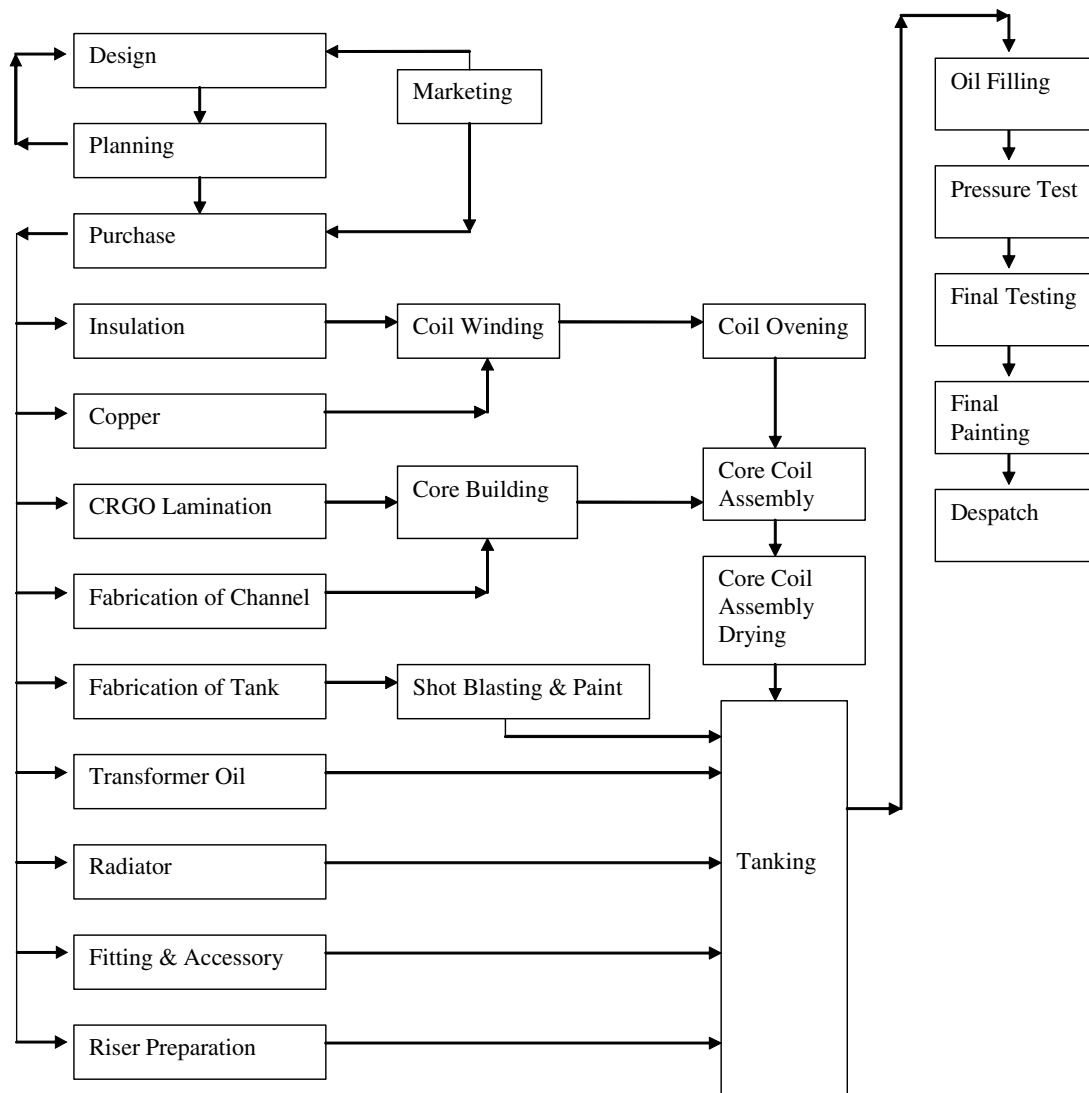
#### Water

Our manufacturing process does not require water. Water is mainly required general utilities. We have a water line from GVMSAV Ltd. which is sufficient.

#### Electricity

We require electricity to operate various machines like EOT cranes, winding machines, vacuum ovens, testing machines, factory lighting, power press, general utility etc. We source our power requirement from state electricity board namely Uttar Gujarat Vij Company Limited. Our actual contract demand and actual maximum demand remains around 75 kVA. We consume approximately 10,000 KWH per month.

#### Production Process - diagram and explanation



## TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

### I. Product Design and Planning

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

### II. Manufacturing process

#### a. Core Building

CRGO (Cold Rolled Grain Oriented) steel sheets are used for manufacturing core laminations by our sub contractors. They cut required size of laminations by high accuracy shears. Laminations are stacked in step lap - interleaved fashion to minimize core losses, exciting current and noise level. The yokes and limbs are firmly clamped between steel channels in manner, which reduces vibration, and inherent noise.

#### b. Winding

Annealed/half-hard copper conductors either in the form of a strip or round wires are used in winding operations and dimensions for the winding such as inside diameter and outside diameter are maintained by selecting proper Mandrel. Insulation is provided as mentioned in the design output. The coil tapping leads and phase leads are taken out according to the design output. Coils are kept under clamping pressure and sent for ovening. We also use continuously transposed conductor for winding of power transformers.

#### c. Preparation of insulating material

Precompressed boards, perma wood (un-impregnated identified laminated wood which can withstand temperatures of upto 110°C); craft paper, crepe paper, etc. are used as insulating material. Components such as cylinders, wedges, spacers, rings etc. are made from these materials by different operations like cutting, edge rounding, chamfering, drilling, machining etc.

#### d. Core Coil Assembly

The coils are concentrically assembled on the core limbs as per the design details. The core and coil assembly is rigidly supported and clamped. The main leads and tapping leads of coils are then connected to bushings and the tap changers respectively. All these leads are properly clamped and insulated to ensure required electrical clearance and creepage.

#### e. Tank finish and paintings

After welding, tanks are pre treated by shot blasting. They are thoroughly cleaned before applying a coat of zinc chromate primer paint on external surface. One coat of weather resisting enamel finish paints is then applied on outside surface of the tank. To all interior surfaces a coat of heat and oil resistant paints is applied. The final coat of external paint is applied, prior to dispatch of ready transformer, fitted with accessories and fittings.

#### f. Ovening

Hot air drying is carried out to remove moisture from the active parts of the transformers. For transformers up to 33 kV class drying is carried out in well ventilated ovens for a period till insulation resistance builds up to specified value. For larger transformers, above 33 kV class, drying takes place in vacuum drying oven. The core - coil assembly is initially heated for a predetermined period by admitting heated kerosene vapour, and then they are placed under vacuum. This cycle is repeated till all the moisture is extracted.

#### g. Tanking

Active parts (Core-coil assembly) after drying are placed in the tank. Bushings of specified rating are mounted on the top or side as per design and connected to end terminals. Tap changing switch is provided and connected to various tapping leads as per design. The top plate is tightened at specified torque and the filtered oil is filled under vacuum. The tank is tested for leakage by subjecting it to the required pressure after all other accessories are fitted on the tank.

### ***Production process - inventory management***

Transformers are not an off-the-shelf product, and are customized to meet individual customer requirements and order specifications. We identify each transformer by assigning a job number (JN), each having a separate bill of material. Hence, we have two types of raw material inventory: -

1. *Raw materials which are procured against specific JN:*

JN wise items are procured on the basis of monthly requirements. Depending on the process cycle, inventory for high-value items is optimized. We endeavour to maintain the required raw material inventory. Raw materials such as copper rods and CRGO sheets are procured based on specific JN's. By using technical production management tools like our ERP System and CPM, we estimate our job-specific requirements for raw materials like copper rods and CRGO sheets. On receiving copper rods, the same are sent for job work to convert it into the requisite size of conductors as per our specifications. The process of converting the copper rods into conductors is normally completed in fifteen days. Received materials are issued to the shop floor on the basis of requisitions generated by the shop floor team.

2. *Raw materials which are common to all types of transformers:*

We estimate the requirement for these items based upon past consumption data, future requirements, lead time, ABC analysis, and market sensitivity, minimum stock levels and reorder levels. We endeavour to keep our raw material purchase policy flexible enough to absorb seasonal factors as well as unforeseen ups and down in the raw material requirement.

Periodically, we carry out report on non moving items and appropriate decisions are taken in time to dispose off the same.

### ***Production process - Design, Manufacturing and Testing Equipment***

We use state-of-the-art technologies in our in-house design department, and we strive to upgrade our products based on customer feedbacks and engineering expertise of our technical teams. Apart from continuous improvement, every effort are being carried out to reduce the input cost by increasing efficiency in manufacturing cycle, reduction of cycle time, reduction of raw material cost and procuring improved products/machines from third-party vendors and so on.

Few instances where we are able to implement this are:

- Introduction of CTC conductors which has decreased cycle time for windings.
- Installation of the new oven in 2007 utilising the "autoclave with Vapour Phase Drying process" has helped us to reduce cycle time of the process of drying active parts from approximately nine days to three days

Testing:

We have state-of the art testing facilities including a fully equipped testing room for carrying out of all routine tests such as temperature rise test, zero phase sequence test etc. Every transformer is tested for routine tests specified in the standard specification on the completion of which a test certificate to this effect is issued.

## TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

### Our Existing products

We are principally engaged in the manufacture and sale of transformers including the following:

Classification of Transformer	Range	Types
Power Transformer	from 5 MVA to 160 MVA, 245 kV class	Generator Transformer, Unit Auxiliary Transformers, Step up & Step down Transformers, Interconnecting Auto Transformers, Dual Voltage Primary or Secondary Three winding Transformers
Distribution Transformers	160 kVA and above, upto 33 kV class	Earthing Transformers, Three winding Transformers, Step up & Step down Transformers, Dual voltage Primary or Secondary.
Furnace Transformers	105 kA and above	Arc Furnace, Induction Furnace, Laddle Arc Furnace and Submerged Arc Furnace Transformers.
Rectifier Transformers	upto 160 kA DC	For DC power sources

Our products are industrial in nature, and the end users comprise of power generation/transmission/ distribution companies, industrial users and other institutional customers who may require transformer(s).

### Export possibilities and export obligations

We have exported transformers to countries such as the England, Canada, United Arab Emirates, South Africa, Saudi Arabia and Indonesia. We are looking to increase our exports, both in terms of quantum and markets, to enhance our international presence and reduce dependence on domestic market.

### Export obligations:

We have obtained several licenses under the Advance License Scheme. As per the licensing requirements under the said scheme, we are required to export goods of a defined amount within a specific time period, failing which, we have to make payment to the Government of India equivalent to the duty benefit enjoyed by us under the said scheme along with interest. As on October 15, 2007 our total duty liability and interest liability under all the advance licenses, in case of non-fulfilment of the obligations therein, aggregated to approximately Rs.12.67 million. The statement of export obligations as on October 15, 2007 is as below:

In Million

Advance License No & Date	Name of the material	Exports to be made		Exported		Obligation of Export		Export obligation to be fulfilled by
		Qty	Value Rs.	Qty	Value Rs.	Qty	Value Rs.	
1	2	3	4	5	6	7 (3-5)	8 (4-6)	
810061219 dated 23.11.06	Electric transformer	11	198.12	2	19.8	9	178.32	24 months from the date of the issue of authorization that is 23.11.06
0810062776 dated 06.02.2007	Electric transformer	1	14.66	0.00	0.00	1	14.66	24 months from the date of the issue of authorization that is 06.02.2007
0810062775 dated 06.02.2007	Electric transformer	1.00	10.23	0.00	0.00	1.00	10.23	24 months from the date of the issue of authorization that is 06.02.2007
0810062894 dated 12.02.2007	Electric transformer	1.00	2.55	0.00	0.00	1.00	2.55	24 months from the date of the issue of authorization that is 12.02.2007
0810065488 dated 19.06.2007	Electric transformer	7.00	60.38	0.00	0.00	7.00	60.38	24 months from the date of the issue of authorization that is 12.06.2007
		21	285.94	2	19.8	19	266.14	



## Plant Capacity

### Installed Capacity (in MVA)

We increased our total installed capacity to 7200 MVA in FY 2007 from 4000 MVA in FY 2005. This comprises of 6,000 MVA installed capacity at our Changodar Unit, and 1,200 MVA installed capacity at Odhav Unit, which was acquired in fiscal 2007. The capacity and capacity utilisation details for the last three years are given herein below:

Sr. No	Particulars	FY 2007	FY 2006	FY 2005
1.	Installed Capacity(MVA)	7200	5400	4000
2.	Production quantity	4706	2630	2394
3.	% Capacity Utilization	80%	64%	60%

Our average capacity utilisation over the last three years stands at 68%

The capacity utilization percentages specified above have been calculated by:

- dividing the production during the year by 12 to arrive at average monthly production
- dividing the total installed capacity for the year by 12 to arrive at average monthly installed capacity
- Dividing the average monthly production as per (a) above by the average monthly installed capacity as per (b) above

Further, for FY 2007, we have considered the capacity utilisation for the Odhav Unit from December 2006, since the plant was under renovation and up gradation from April, 2006 till November 2006. However, the takeover of the Odhav Unit was with effect from August 1, 2006.

#### *Projected capacity utilisation:*

Our Moraiya Unit will become operational during 2008-2009. The projected capacity utilisation for FY 2009, 2010 and 2011, after the proposed expansion in capacity for the Moraiya Unit, is estimated as follows:

Sr. No	Particulars	FY 2009	FY 2010	FY 2011
1.	Installed Capacity(MVA)	23200	23200	23200
2.	Production quantity	9480	12480	15480
3.	% capacity utilisation	41%	54%	67%

Our projected capacity utilisation is not higher than the actual average capacity utilisation by more than 25% during the previous three years.

#### *Marketing*

We have a centralized marketing organisation which is overseen by our Joint Managing Director, Mr. Satyen J. Mamtara, and headed by a the General Manager (Marketing), who is in charge of the entire marketing function. Our marketing team currently comprises of 21 personnel, with our marketing headquarters at our Registered Office and our marketing personnel are located at Mumbai, Delhi, Kolkata, Chennai and Pune.

We track the tender information of utility segment through liaison agents, trade magazines and tender information bureau. These tenders are finalized on basis of prequalification criteria, technical evaluation and price. We identify the tenders to be submitted considering the suitability and availability of the required capacity. Our Design department gives inputs with regard to the likely design and corresponding production cost matching with the said design which forms the basis for our submission of tenders to various customers.

In case of industrial supplies, we submit quotations against the inquiries floated by various potential customers and the orders are finalized based on the negotiations with regard to the terms and scope of supply with the customers.

We also provide after sales service and maintenance support to our customers as per their requirements.

For our export business, we supply transformers based on the inquiries received from potential customers outside India either through trade references or through the internet. We are also in the process of creating a systematic marketing organization for catering to the export demand once we have adequate capacity available subsequent to the implementation of the proposed greenfield manufacturing facility at Moraiya.

## TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

### Customers

On account of our ability and track record to provide products to our customers on continuous and uninterrupted basis, We have received repeat orders from power generation, transmission and distribution entities and certain industrial clients, many of whom form a part of our top ten customers over the last three years.

### Competition

We face stiff competition from organised and unorganised players operating in the Indian transformer industry. Some of our major competitors in the organised sector include Siemens Limited, Bharat Bijlee, ABB Limited, Crompton Greaves Limited and Emco Limited.

### Takeovers and Acquisitions

#### Takeover of business of M/s Transformers and Rectifiers (India):

In fiscal 2007, we purchased the business of M/s Transformers and Rectifiers (India), a proprietorship concern of our Promoter Mr. Jitendra U. Mamtara situated at Plot No 233, GVMSA Industrial Estate, Odhav, Ahmedabad, engaged in the business of manufacturing transformers. The aforesaid business was acquired under Agreement dated July 10, 2006 on a going concern basis with all the assets and liabilities, effective from August 1, 2006 for a consideration of Rs. 15,221,050/- (being the difference between the assets and liabilities of the proprietary concern appearing in the audited balance sheet of that concern as on March 31, 2006). For further details kindly refer to the chapter titled "History and Certain Corporate Matters" beginning on page 83 of the Red Herring Prospectus

### Acquisitions

In fiscal 2007, we acquired 100% stake in Transweld Mechanical Engineering Works Limited and 51% in Transpares Limited. By virtue of these acquisitions both these companies became our Subsidiaries.

**Transweld Mechanical Engineering Works Limited** is engaged in the manufacturing of transformer tanks and core channels mainly for our own projects and also to a range of third party public and private sector clients

**Transpares Limited** is engaged in the business of pressed steel radiators.

The acquisition of these Subsidiaries has helped us in achieving led to backward integration, giving us timely and cost-effective access to critical raw material components in transformer manufacturing being transformer tanks, core channels and pressed steel radiators, and has helped us to manage inventory better.

### Working Capital Arrangement

We enjoy working capital facilities with the "SBI Consortium" consisting of State Bank of India ['SBI'], Andhra Bank ['AB'] and Bank of Baroda ['BOB'].

Details of the working capital facilities availed by us as on September 30, 2007 from the aforesaid bank are as follows:

Particulars	Fund Based Limit				Outstanding as on
	SBI	BOB	AB	Total	Sept 30, 2007
Cash Credit	100.00	80.00	34.00	214.00	216.49
SLC	15.00	-	-	15.00	15.07
WCDL	16.00	-	-	16.00	16.16
<b>Total</b>	<b>131.00</b>	<b>80.00</b>	<b>34.00</b>	<b>245.00</b>	<b>247.72</b>
<b>Non-Fund Based Limit</b>					
	<b>SBI</b>	<b>BOB</b>	<b>AB</b>	<b>Total</b>	
Letter of Credit	100.00	135.00	90.00	325.00	251.70
Bank Guarantee	282.50	130.00	127.50	540.00	550.00
SLC	35.00	-	-	35.00	35.00
<b>Total</b>	<b>417.50</b>	<b>265.00</b>	<b>217.50</b>	<b>900.00</b>	<b>836.70</b>

For details of restrictive covenants, please refer section titled "Capital Structure" beginning on page 22 of the Red Herring Prospectus.

### Environmental and other Regulations

We are in compliance with all existing environmental and other regulations applicable to our business, other than such non-compliance that would not result in a material adverse effect to our business, financial condition and results of operations.

### Intellectual Property

We have applied for the registration of our "t" logo under Class 9 of the Trade Marks Act, 1999, which has been in use since the past 9 years i.e. since July 11, 1994. For details of this application, please refer section titled "Government and Other Statutory Approvals" beginning on page 223 of the Red Herring Prospectus.

### Properties

The following table sets forth the location and other details of such properties owned or occupied by our Company and our Subsidiaries:

Sr. No.	Location/ Description of Property	Area	Nature of Interest	Consideration (in Rs)	Remarks
1.	Block No. 336 Paiki admeasuring 1227 sq mts, No 344 Paiki admeasuring 2000 sq mts, Block No 345 Block No 346 Paiki admeasuring 2023 sq mts, Block No 347, admeasuring 5767 sq mtrs Block No 348 Paiki admeasuring 2148 sq mtrs, Block No 349 admeasuring 2000 sq mtrs, Block No 350 Paiki admeasuring 3431 sq mtrs, Block No 388 Paiki admeasuring 5930 sq mtrs	24,526 sq. mts, with a built-up area of 6,500 sq mts.	Freehold	1,532,000	This deed of conveyance dated June 13, 1995 was entered into between Transformers And Rectifiers (India) Limited and M/s Transformers And Rectifier (India). The deed was registered with the Sub-District Registrar of Sanand on June 17, 1995.
2.	Non- Agricultural/ Industrial land at Ashvamegh Industrial Estate situated at block no.429 of village Changodar, Taluka Sanand and sub district Ahmedabad of plot no.44/c	2177 sq. yards i.e. 1820 sq. meters	Freehold	108,850	This deed of conveyance dated July 29, 1995 was entered into between TMEWL and Akramkhan Jummakhan Pathan  The deed was registered with the Sub-District Registrar of Sanand on June 29, 1995.
3.	Non-Agricultural/Industrial land situated on the land out of the land at Ashvamegh Industrial Estate situated at block No 404 of village Changodar, Taluka Sanand and sub district Ahmedabad of plot no.44/c	416 sq yards i.e. 347 sq mtrs	Freehold	20,800	This deed of conveyance dated July 29, 1995 was entered into between TMEWL and Melabhai Hemrajibhai Desai, Rajendrabhai Mandanbhai Desai, Hirabhai Thobhanbhai Desai, Bhikhabhai Karamshibhai Desai, Naranbhai Karamshibhai Desai, Lilabhai Thobhanbhai Desai, Amratben widow of Ramjibhai Thobhanbhai Desai, Jebarben widow of Govindbhai Dajibhai  The deed was registered with the Sub-District Registrar of Sanand on August 8, 1995.
4.	Non- Agricultural land bearing plot No. 14 admeasuring 4357 sq mtr and plot No. 15 admeasuring 3885 sq mtrs situated at Ashvamegh Industrial Estate at Mouje Changodar of Sanand, Ahmedabad .	8242 sq mtrs	Freehold	380,000	These deeds of conveyance dated 5th and 5th July, 1995 were entered into between Transpares Pvt. Ltd. and Kalubhai Govindbhai and Zaverben widow of Govindbhai Dajibhai. The deeds were registered with the Sub-Registrar of Sanand on 5th and 7th July, 1995.

## TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

Sr. No.	Location/ Description of Property	Area	Nature of Interest	Consideration (in Rs)	Remarks
5.	Flat No 83, 8th Floor, Dwarkesh Towers Bodakdev, Ahmedabad,	140 sq yards of super built up area	Freehold	Rs. 345,000	The agreement was executed between Transformers And Rectifiers (India) Limited and Om Corporation on April 28, 1996
6.	Flat No 64, 6th Floor, Dwarkesh Towers Bodakdev, Ahmedabad,	142.5 sq yards of super built up area	Freehold	Rs. 345,000	The agreement was executed between Transformers And Rectifiers (India) Limited and Om Corporation on April 28, 1996
7.	Survey No 427/3/p admeasuring 19207 sq mtrs and Survey No. 431/1/p admeasuring 7950 sq mtrs situated at village Moraiya, Taluk a Sanand, Ahmedabad	27,157 sq mtrs	Freehold	1,357,070. The consideration to M/s Transformers And Rectifiers (India) has been paid by issue of 10,439 shares of face value of Rs. 10/- each with a premium of Rs. 120 ie of Rs. 130 per share to the proprietor Mr. Jitendra U Mamtora	The deed of conveyance dated December 18, 2006 has been executed between Transformers And Rectifiers (India) Limited and M/s Transformers And Rectifiers (India). The deed was registered with the Sub Registrar Sanand on December 18, 2006. Other regulatory details Address of Seller: 95, Basant Bahar Bungalows, Bopal, Ahmedabad-380058, Gujarat Occupation of seller: Businessman. Currently Chairman and Managing Director of our Company.
8.	Non-Agricultural land - admeasuring 6288 sq mtrs out of land 14645 sq mtrs out of total land 40469 sq mtrs of revenue survey no. 431 paiki	6,288 sq mtrs	Freehold	700,000/-	This deed of conveyance dated February 12, 2007 was entered into between Transformers And Rectifiers (India) Limited and Nanakram J. Khanchandani. The deed was registered with the Sub-District Registrar of Sanand on February 2, 2007 Other regulatory details: Address of Seller: Village Changodar, Taluko Sanand District Ahmedabad. Occupation of seller: Business:
9.	Non-Agricultural land - Survey No 427/4 admeasuring 8,367 sq mtrs situated at village Moraiya, Taluka Sanand, Ahmedabad admeasuring 8,367 sq. mtrs.	8.367 sq. mtrs.	Freehold	5,400,000	This deed of conveyance dated September 20, 2007 has been executed between Transformers And Rectifiers (India) Limited and Mr. Dilip J. Sanghavi, Ms. Lataben K. Sanghavi, Ms. Amiben K. Sanghavi, Ms. Shraddhaben K. Sanghavi, Ms. Zaranaben K. Sanghavi.. The deed was registered with the Sub Registrar Sanand on September 20, 2007. Other regulatory details: Address of Sellers: 50/B, Sthanakwasi Jain Society, Naranpura, Ahmedabad 380013 Occupation of seller: Mr. Dilip Sanghavi - Business; other sellers - housewives.

Sr. No.	Location/ Description of Property	Area	Nature of Interest	Consideration (in Rs)	Remarks
10.	Survey No. 644 Paiki situated in the Sim of Mouje Village Tank, Taluka Upleta.	7 acres of non-agricultural land.	Freehold	437,500	This Sale Deed dated March 18, 1996 has been executed in favour Transformers And Rectifiers (India) Limited by Mr Hamirbhai Mehsurbhai Dangar . The deed was registered with the Sub Registrar Upleta on March 18, 1996.
11.	Survey No 664/p situated at Village Dhank, Taluka Upleta	28328.08 sq mtrs of non-agricultural land	Freehold	625,040. The consideration to M/s Transformers And Rectifiers (India) has been paid by issue of 4808 shares of face value of Rs. 10/- each with a premium of Rs. 120 ie of Rs. 130 per share to the proprietor Mr. Jitendra U Mamtara	The deed of conveyance dated December 20, 2006 has been executed between Transformers And Rectifiers (India) Limited and M/s Transformers And Rectifiers (India). The deed was registered with the Sub Registrar Upleta on December 18, 2006.
12.	Plot No. 353 and 353/E in Gujarat Vepari Maha Mandal Sahakari Audhyogik Vasahat Limited, forming part of revenue survey numbers 67, 70, 75 and 123 which is covered under final plot numbers 15, 16, 17, 35 and 40 of the T. P. Scheme No. 3, village Odhav, Ahmedabad - 7	928.79 sq. mtrs. And 251 sq. mtrs. of non agricultural land	Freehold	Rs. 14,71,000/-	The sale deed dated August 22, 2007 has been executed in favour of Transformers and Rectifiers (India) Limited by Mr. Jayprakash Satyaram Rai. The deed was registered with the sub registrar - Ahmedabad

To our Company's knowledge, and except as stated in this section of the Red Herring Prospectus, .the properties acquired by our Company are free from all encumbrances (except for being charged as security towards financial facilities ) and have a clear title.

#### Insurance

We and our Subsidiaries have taken up a range of insurance policies including:

- Fire policies for our plants, buildings and offices, raw materials, work-in-progress and finished goods;
- marine policy for transit of raw materials and finished products in India and marine export policy;
- container policy;
- Cash in transit policy.

These insurance policies are reviewed annually to ensure that the coverage is adequate. All the policies are in existence and the premiums have been paid thereon.

## TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

### Employees

We have over 700 personnel (including on pay roll, on contract and on retainerhip) as on November 21, 2007 on a consolidated basis.

Cadre	Changodar Unit	Odhav Unit	Transpares Limited	Transweld Mechanical Enginneering Works Limited	Toral Manpower
Managers & above	21	-	-	-	21
Officers Staff and above	101	-	6	-	107
Permanent Workers*	67	13	10	-	90
Contract Labour*	330	66	35	43	474
Consultants	3	-	-	-	3
Trainee Staff	10	-	-	-	10
<b>Total</b>	<b>532</b>	<b>79</b>	<b>51</b>	<b>43</b>	<b>705</b>

\* consists of skilled, semi-skilled and unskilled workers

We have a Human Resource policy ["HR Policy"] which encompasses all areas related to human processes and systems such as:

- Employee Recruitment and Staffing
- Induction procedure for a new employee
- Conditions of service
- Compensation and salary management
- Policy relating to travelling and expense reimbursement
- Employee loans
- Educational assistance scheme for children of both staff and workers
- Employee training and Development integrated with ISO requirement
- Performance management system
- Employee recognition schemes
- Employee separation
- Grievance procedure

### HR policies and Belief

HR policies are based on the belief that employees are key resources for the success of our Company and the development of the employee is the development of our Company. The HR philosophy is to attract, retain and motivate the best talent to achieve higher goals of our Company and provide a climate where the employees are able to nurture their talent.

Brief details, of important recruitment, selection and compensation and training and development are provided in detail.

#### *Recruitment, Selection and Compensation:*

The management policy, is to attract the best talent available in the market. After induction, we offer and provide a climate to the employee whereby we nurture his skills and knowledge to the full extent, guided by the performance management system.

Our Promoter Group entity, TRISE Trust, is conducting special training courses in the area of transformer manufacturing to fresh engineering graduates/diploma holders. Thus, TRISE Trust acts as one of the sources for recruiting engineering manpower at the grassroots level.

*Objective:*

To ensure that all the positions are filled with requisite skills, knowledge, experience and qualification.

To ensure career opportunities, to deserving candidates, as per their skills, knowledge, experience and qualifications.

To infuse fresh ideas in the organisation and take care of the career aspiration of the employees.

*Process*

Business growth, man - power planning and a requisition system gives rise to our business needs which trigger the process. Once the requisition is received the process of mapping the requirement internally with all possibilities and budgeting the requirement starts. The main source of recruitment is recruitment consultants, advertisements, open applications, Job portals and internal references. The interviews are conducted and organized by HR Departments and the concerned Heads of the Departments ("HOD"). Once short listed, a candidate is interviewed by the top management. The compensation is finalized on existing salary band, market factor, and commensurate with responsibility and expected performance for the relevant

*Training & Development*

Continuous learning is provided by the well defined training & development system supported by ISO 9001 - 2000. The training needs are identified from the appraisal forms/performance management system and considering the request of the department HOD's. Based on the data the training calendar is finalized and training are conducted on regular basis. The system is flexible to take care of the in between interim needs of the employees based on the recommendation of the HOD's. The employees are sent to various institutes and seminars to enhance knowledge and skill on regular basis and records are generated and maintained accordingly.

All the other above areas are neatly defined in detail to overcome confusion to the management and the employee. HR Policy manual is revised and modified as per the business needs or requirement from time to time.

*Probation*

Our policy provides for a probation period of six months, during which the employee's performance is evaluated.



## **TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED**

### **REGULATIONS AND POLICIES**

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

## HISTORY AND CERTAIN CORPORATE MATTERS

We were originally incorporated as Triveni Electric Company Limited vide certificate of incorporation dated July 11, 1994, bearing No. : 04 - 22460 of 1994-95 and obtained Certificate of Commencement of Business dated August 11, 1994, and were engaged in the manufacture of upto 220 kV transformers. Our Company is promoted by Mr. Jitendra U. Mamtara, Mrs Karuna J. Mamtara and Mr. Satyen J. Mamtara. In 1995 our Company's name was subsequently changed to Transformers and Rectifiers (India) Limited vide a fresh certificate of incorporation dated March 29, 1995, issued by the Registrar of Companies, Gujarat.

We currently operate out of our two manufacturing facilities situated at Changodar and Odhav situated in Ahmedabad. We acquired our Odhav unit in 2006 as part of our expansion plans.

Our business mainly comprises of manufacturing and selling of various kinds of transformers such as power, and distribution transformers, furnace transformers, rectifier transformers, and specialised transformers.

In 1998 we were certified as an ISO 9001-2000 company by Bureau Veritas, in respect of design manufacturing and servicing of distribution transformers, power transformers (up to 200 MVA, 220 kV class) and furnace transformers (up to 63 MVA, 33 kV class). Our ISO-9001-2000 certification has been renewed upto September 1, 2010.

In fiscal 2006 we increased the production capacity of our plant located at Changodar from 4000 MVA p.a to its present capacity of 6,000 MVA p.a. In order to effectively augment this unit's production capacities, we initiated several expansion and debottle - necking procedures to facilitate this expansion, including installation of new winding machines, separate oven for coil drying, segregation of despatch area along with 100 MT capacity EOT crane and employing additional manpower

### ***Takeover of business of M/s Transformers And Rectifiers (India) - proprietary concern of our Promoter, Mr. Jitendra U. Mamtara***

Effective August 1, 2006 our Company acquired the business of M/s Transformers and Rectifiers (India), a proprietary concern of our Promoter Mr. Jitendra U. Mamtara situated at Plot No 233, GVMSA Industrial Estate, Odhav Ahmedabad. The business was acquired under an agreement dated July 10, 2006 on a going concern basis with all the assets and liabilities, effective from August 1, 2006 for a consideration of Rs. 15,221,050/- (being the difference between the assets and liabilities of the proprietary concern appearing in the audited balance sheet of the firm as on March 31, 2006). The aforesaid consideration was paid by us by issue of 117,085 fully paid up equity shares at a price of Rs. 130 per share, comprising of nominal share capital at the rate of Rs. 10 per share and premium at the rate of Rs. 120 per share, to Mr. Jitendra U. Mamtara.

### ***Recent Acquisitions***

#### **(a) Transweld Mechanical Engineering Works Limited**

In August 2006 we acquired 100% share capital of a company, Transweld Mechanical Works Private Limited, engaged in the business of manufacture and repair of transformer tanks and core channels. The total consideration for the acquisition was Rs. 3.25 million to the shareholders and promoters of our Company. It became our subsidiary with effect from August 1, 2006. By virtue of the acquisition, Transweld Mechanical Engineering Private Limited which was subsequently renamed as Transweld Mechanical Engineering Works Limited became our wholly owned subsidiary.

#### **(b) Transpares Limited**

In October 2006 we acquired 51% stake of Transpares Private Limited which is inter alia engaged in the business of manufacture of press steel radiators. The total consideration for the acquisition was Rs. 13.76 million. Transpares Private Limited which was subsequently renamed Transpares Limited, become our subsidiary with effect from October 3, 2006. Transpares Limited is registered as a small-scale unit.

Our Registered Office is situated at Survey No. 344-350, Opposite P.W.D Stores, Village: Changodar, Sarkhej Bavla Highway, Taluka: Sanand District: Ahmedabad, Gujarat.

## TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

### *Changes in the Registered Office of Our Company*

From	To	Date of Board Resolution
233, GVMM Industrial Estate Odhav Ahmedabad	Survey No. 344.350 opposite, PWD Stores, Sarkhej Bavla Highway, Village Changodar, District Ahmedabad. 382 210, Gujarat.	September 2, 1999

### **Key Events and Milestones**

Year	Major Events
1994	Incorporation of Triveni Electric Company Limited.
1995	Change of name of our Company to Transformers and Rectifiers (India) Limited.
1996	Expanded upto 245 kV Class transformers at the new plant at Changodar, Ahmedabad, set up under TRIL.
1996-99	Manufactured transformers from 30 MVA, upto 132 kV class and received orders upto 50 MVA, 132 kV class.
	Received ISO 9001:2000 Certification (1998)
2000-02	Manufactured transformers upto 100 MVA, 245 kV class.
2002-03	Re - Certified for ISO 9001:2000
2003-04	<ul style="list-style-type: none"> <li>Received Single Order of 36 Transformers of 110 kV Class Delta Connected for TNEB.</li> <li>Single Order of 10 Transformers of 220 kV Class for GEB.</li> <li>Got PGCIL (Power Grid Corporation India Ltd.) Approval</li> </ul>
2004-05	<ul style="list-style-type: none"> <li>Order for Engg. Manufacturing, supply and Installation of Station, UAT, and Station ATs for Sripad 2 x 500 MW, Super Thermal Power Station of NTPC (National Thermal Power Corporation)</li> <li>2 Nos. 75 MVA, 33/220 kV, Generator Transformers for Non Conventional Wind Power Energy Project from SUZLON.</li> <li>Successfully done Dynamic Short Circuit Test upto / on 50 MVA, 245 kV class Transformer.</li> </ul>
2005-06	Crossed the Rs.100 crore turnover mark with a strong order book of over Rs. 260 Crores- For FY 2006-07
2006-07	<ul style="list-style-type: none"> <li>Crossed the Rs. 200 crore Turnover.</li> <li>Take over of the entire business of M/s Transformers and Rectifiers (India), proprietary concern of Mr. Jitendra U. Mamtara</li> <li>Acquisition of 100% stake of Transweld Mechanical Engineering Works Limited which has become our wholly owned subsidiary with effect from August 1, 2006 and</li> <li>Acquisition of 51% of Transpares Limited with investment of Rs. 13.72 million which has become the wholly owned subsidiary w.e.f October 3, 2006</li> <li>Initiation of major expansion project of manufacturing heavy duty transformers upto 400 kVA class, with a capacity of 8475 MVA, P.A.</li> </ul>

### Main Objects of Our Company :

1. To manufacture, import, export, buy, sell, assemble, fabricate, repair, renovate and deal in all kinds of generators, switchgears, meters, transformers, rectifiers, machineries and their components, spares parts, auxiliaries and accessories, wire and cables, lamps, fans, fittings, transformer tanks, electromedical and X-ray apparatus, heaters, radiators, ovens, refrigerators and air-conditioning equipment in India and any part of the world.
2. To manufacture, import, export, buy, sell, assemble, fabricate, repair, renovate and deal in all kinds of machineries required by a Transformer manufacturing Industries.
3. To carry on the business in India and any part of the world of as manufacturers, producers, fabricators, processors, buyers, sellers, assemblers, importers, exporters, electricians, electrical engineers, contractors, repairer, reconditioner, job-contractors and dealers in electrical instrument, equipment, machineries, stores, electronic, electrical motors or electromechanical or mechanical equipments, instrumental transformers, electrical transformers, hi-tech transformers, lighting transformers, control transformers, industrial transformers, power transformers, voltage transformers, furnace transformers, phase transformers and electronic transformers, bimer, coil, current transformers, potential transformers, power line carrier communication equipments, telemetering equipments, bus ducts, tap changers, tensile testing equipments, switches, switches and control boards, control panels, time switches, radio control switches, circuit breaker of all types, switch gears and control gears, porcelain insulators, starters, boosters, rectifiers, low and high voltage transformers, vacuum gauges, television sets, tape recorders, video games, receiver sets, amplifiers, audio systems, calculators, electronic components including capacitors, transistors, electric and electro-mechanical parts, printed circuit boards, diodes, resistors, indicators, transformers, ferrites tubes, television tubes, picture tubes, incandescent lamp, miniature lamps, and tubes, integrated circuits, thyristors, lamination sheets, stampings, all types of insulating materials, fuses, floppy disc, magnetic tapes, magnetic disc, record players, changers, zip fasteners, watches, water filters valves, pressure vessels and gauges, heat exchangers, dehumidifiers and corrosion equipments and arms and ammunition required for defence.
4. To carry on in India or in any part of the world the business of designing, developing, manufacturing, buying, selling including exporting from and importing to India, supplying and otherwise dealing in and the provision of services with regard to all kinds of equipment capable of being used in connection with generation, distribution, supply, accumulation and employment of electricity, either alone or in conjunction with gas, petrol, or other motor agencies.
5. To carry on the business of manufacture, buy or otherwise acquire, sale import, export distribute, deal in and dispose of and turn to account, produce ACSR, All Aluminum & Copper Conductors aluminum and copper" binding wire. strips, covered conductors, and all types of other materials used in the manufacture of the above items as dealers in and manufacturers of any other articles or things of a character similar or analogous to the forgoing or any of them or connected therewith.
6. To Manufacture, import, export, buy, sell, repair, renovate, assemble, fabricate, and otherwise deal in all kinds of copper conductors, porcelain bushings, cable papers, pressphan, leatherloid, insulating-sleeves, transformer oil, on load and off load tap changing switch, breather, magnetic steel, lamination, all kinds of oil filtering machines and their components spare-parts, auxiliaries and accessories.

### Changes in Memorandum of Association of our Company

Date of Shareholders Approval	Changes in Memorandum of Association
March 1, 1995	Alteration of Clause No. V of the Memorandum of Association of our Company as per the resolution passed by the shareholders at the Extra Ordinary General Meeting to raise the Authorised Share Capital of our Company from Rs. 10,000,000 /- to Rs. . 50,000,000 /- divided into 50,00,000 equity shares of Rs. 10/- each
February 21, 2006	Alteration of Clause No. V of the Memorandum of Association of our Company as per the resolution passed by the shareholders at the Extra Ordinary General Meeting to raise the Authorised Share Capital of our Company from Rs. 5,00,00,000/- to Rs. 8,00,00,000/- divided into 80,00,000 equity shares of Rs. 10/- each

## TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

July 10, 2006	Alteration of Clause No. V of the Memorandum of Association of our Company as per the resolution passed by the shareholders at the Extra Ordinary General Meeting to raise the Authorised Share Capital of our Company from Rs. . 8,00,00,000/- to Rs. 15,00,00,000/- divided into 1500,00,000 equity shares of Rs. 10/- each
September 13, 2007	<p>Alteration of Main Objects Clause of our Company.</p> <p>Nature of change: The Main Objects Clause was altered as stated below:</p> <p>Text of Main Objects Clause prior to amendment:</p> <ol style="list-style-type: none"> <li>1. To manufacture, repair, purchase, sell, import, export, or otherwise deal in generators, switchgears, meters, transformers/ rectifiers, wires and cables, lamps, fans, fittings, electromedical and X-ray apparatus, heaters, radiators, ovens, refrigerators and air-conditioning equipment.</li> <li>2. To carry on the business of electricians, electrical engineers and to buy, sell, manufacture, repair, recondition, alter, let on hire and deal in electric motors, electrical apparatus of all kinds</li> </ol> <p>Text of Main Objects Clause after the amendment:</p> <ol style="list-style-type: none"> <li>1. To manufacture, import, export, buy, sell, assemble, fabricate, repair, renovate and deal in all kinds of generators, switchgears, meters, transformers, rectifiers, machineries and their components, spares parts, auxiliaries and accessories, wire and cables, lamps, fans, fittings, transformer tanks, electromedical and X-ray apparatus, heaters, radiators, ovens, refrigerators and air-conditioning equipment in India and any part of the world.</li> <li>2. To manufacture, import, export, buy, sell, assemble, fabricate, repair, renovate and deal in all kinds of machineries required by a Transformer manufacturing Industries.</li> <li>3. To carry on the business in India and any part of the world of as manufacturers, producers, fabricators, processors, buyers, sellers, assemblers, importers, exporters, electricians, electrical engineers, contractors, repairer, reconditioner, job-contractors and dealers in electrical instrument, equipment, machineries, stores, electronic, electrical motors or electromechanical or mechanical equipments, instrumental transformers, electrical transformers, hi-tech transformers, lighting transformers, control transformers, industrial transformers, power transformers, voltage transformers, furnace transformers, phase transformers and electronic transformers, bimer, coil, current transformers, potential transformers, power line carrier communication equipments, telemetering equipments, bus ducts, tap changers, tensile testing equipments, switches, switches and control boards, control panels, time switches, radio control switches, circuit breaker of all types, switch gears and control gears, porcelain insulators, starters, boosters, rectifiers, low and high voltage transformers, vacuum gauges, television sets, tape recorders, video games, receiver sets, amplifiers, audio systems, calculators, electronic components including capacitors, transistors, electric and electro-mechanical parts, printed circuit boards, diodes, resistors, indicators, transformers, ferrites tubes, television tubes, picture tubes, incandescent lamp, miniature lamps, and tubes, integrated</li> </ol>

	<p>circuits, thyristors, lamination sheets, stampings, all types of insulating materials, fuses, floppy disc, magnetic tapes, magnetic disc, record players, changers, zip fasteners, watches, water filters valves, pressure vessels and gauges, heat exchangers, dehumidifiers and corrosion equipments and arms and ammunition required for defence.</p> <p>4. To carry on in India or in any part of the world the business of designing, developing, manufacturing, buying, selling including exporting from and importing to India, supplying and otherwise dealing in and the provision of services with regard to all kinds of equipment capable of being used in connection with generation, distribution, supply, accumulation and employment of electricity, either alone or in conjunction with gas, petrol, or other motor agencies.</p> <p>5. To carry on the business of manufacture, buy or otherwise acquire, sale import, export distribute, deal in and dispose of and turn to account, produce ACSR, All Aluminum &amp; Copper Conductors aluminum and copper" binding wire. strips, covered conductors, and all types of other materials used in the manufacture of the above items as dealers in and manufacturers of any other articles or things of a character similar or analogous to the forgoing or any of them or connected therewith.</p> <p>6. To Manufacture, import, export, buy, sell, repair, renovate, assemble, fabricate, and otherwise deal in all kinds of copper conductors, porcelain bushings, cable papers, pressphan, leatherloid, insulating-sleeves, transformer oil, on load and off load tap changing switch, breather, magnetic steel, lamination, all kinds of oil filtering machines and their components spare-parts, auxiliaries and accessories.</p>
September 13, 2007	<p>Alteration of Other Objects Clause of our Company</p> <p>Nature of change: Addition of clauses 44 and 45 to Clause III-C of the Memorandum of Association titled "Other Objects".</p> <p>Text of added clauses:</p> <p>44. To generate electrical power by conventional, non-conventional methods including coal, gas, lignite, oil, biomass, waste, thermal, solar, hydel, geo-hydel, wind and tidal waves or any other method, whether for captive consumption or third party sale or distribution.</p> <p>45. To promote, own, acquire, erect, construct, establish, maintain, improve, manage, operate, alter, carry on, control, take on hire/lease or other arrangement any power plants, co-generation power plants, Energy conservation projects, power houses, windmills, windfarms, bio-mass or bio-fuel projects, transmission and distribution systems for generation, distribution, transmission and supply of electrical energy and to use for captive consumption, buy, sell, supply, exchange, market, function as a licensee and otherwise deal in electrical power including selling electrical power or electrical energy to any state electricity board, central or state government, any other government or non-government companies or entities, licensors, specific industrial units or industrial parks including special economic zones and any other consumers for any purposes whatsoever including but not limited to industrial, commercial, agricultural, household purposes in India and elsewhere.</p>

## TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

### Subsidiaries of our Company

Our Company has two subsidiaries in India, namely Transweld Mechanical Engineering Works Limited and Transpares Limited.

#### **TRANSWELD MECHANICAL ENGINEERING WORKS LIMITED (TMEWL)**

TMEWL was incorporated on May 25, 1995 as Transweld Mechanical Engineering Works Private Limited with the Registration No. 04-26055 of 1995-96. The name of our company was changed to Transweld Mechanical Engineering Works Limited on February 21, 2007. The registered office of TMEWL is situated at 44-C, Ashwamegh Industrial Estate, Changodar, Taluk-Sanand, Ahmedabad, Gujarat. TMEWL is engaged in the business of manufacture and repair of transformer tanks and core channel. TMEWL became our wholly owned subsidiary with effect from August 1, 2006. CIN NO. is U55101GH1995PLC026055

#### **Main objects of TMEWL**

1. To carry on the business of manufacture, repair, purchase, sell, import, export or otherwise deal in transformers its components, spareparts or parts thereof whether electrical, mechanical or insulating material including transformer tank, transformer oil, radiators, rectifiers, generators and allied electrical accessories, switchgears, tap changers on load gears pumps motor and its components.
2. To manufacture, repair, purchase, sell, import, export, lease or let on hire or otherwise deal in transformers, rectifiers, transformer spares, wire, cables, insulating material, transformer oil, radiators, pumps, motors and other electrical apparatus and for the purpose to set up a fabrication, shop, welding or mechanical shop.

#### **Board of Directors as on October 31, 2007**

Sr No	Name of Directors
1.	Mr. Satyen Mamtora
2.	Mr. Mahendra Vyas
3.	Mr. Michael B.Homawalla

#### **Shareholding as on October 31, 2007**

Name of Shareholders	No. of Equity Shares held	% Shareholding
Transformers And Rectifiers (India) Limited	249,400	99.76
Jitendra Mamtora (Nominee of Transformers and Rectifiers (India) Ltd.)	100	0.04
Satyen Mamtora (Nominee of Transformers and Rectifiers (India) Ltd.)	100	0.04
Dilip Mamtora (Nominee of Transformers and Rectifiers (India) Ltd.)	100	0.04
Janki Mamtora (Nominee of Transformers and Rectifiers (India) Ltd.)	100	0.04
Akanksha Mamtora (Nominee of Transformers and Rectifiers (India) Ltd.)	100	0.04
Karuna J. Mamtora (Nominee of Transformers and Rectifiers (India) Ltd.)	100	0.04
<b>Total</b>	<b>250,000</b>	<b>100</b>



## Financial Performance for the last year

The audited financial results of TMEWL for the last three financial years and for the six months ended September 30, 2007 are as follows:

(Rs. in million)

Particulars	As at 30th Sept 2007	FY 2006-07	FY 2005-06	FY 2004-05
Equity capital	2.50	2.5	2.5	0.5
Reserves	9.71	8.91	4.23	1.58
Sales	31.44	61.31	44.23	23.33
Profit After Tax	0.80	4.681	2.65	0.88
Earning per Share (Rs.)	3.19	18.72	39.73	17.59
Net Asset Value (Rs.)	122.12	122.63	90.00	86.20

Significant accounting notes/policies in relation to TMEWL are as follows:

### 1 Revenue Recognition

In appropriate circumstances, Revenue (income) is recognised when no significant uncertainty as to determination or realisation exists.

### 2) Depreciation and Amortisation :

a) Companies Act, 1956 at the rate and in the manner prescribed in schedule XIV of the said Act.

### 3) Fixed Assets:

- Tangible Fixed Assets are stated at cost of acquisition or construction less accumulated depreciation. The cost of fixed assets includes non-refundable taxes and levies, freight and other incidental expenses related to acquisition and installation of the respective assets.
- The Company evaluates the impairment losses on the fixed assets whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. If such assets are considered to be impaired the impairment loss is then recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the smallest level for which there are separately identifiable cash flows.

### 4) Inventories:

- Raw materials, Process stock and Finished Goods are valued at lower of cost or net realisable value.
- Cost for Raw materials is determined on Weighted Average/FIFO basis, net of cenvat credit availed.
- Cost for Finished Goods and Process Stock is determined taking material cost[Net of cenvat credit availed] labour and relevant appropriate overheads and cenvat duty.

TMEWL is an unlisted company and has not made any rights issue or public issue in preceding three years. It has not become sick company under the meaning of SICA and is not under winding up.

For further details on the operations of TMEWL, refer to "Our Business -Transweld Mechanical Engineering Works Limited"

## TRANSPARES LIMITED

Transpares Limited was incorporated on March 2, 1995 as Transpares Private Limited with the Registration No. 04-24841 of 1994-95. The name of our company was changed to Transpares Limited on March 1, 2007. The registered office of Transpares Limited is situated at 14/15, Ashwamegh Industrial Estate, Sarkhej Bavla Highway, Changodar, Taluka- Sanand, District Ahmedabad-382210, Gujarat. Transpares Limited is engaged in the business of manufacture and repair of transformer press steel radiators. Transpares Limited became our subsidiary with effect from October 3, 2006. CIN No. is U31102GJ1995PLC024841

## TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

The main objects of Transpares Limited

1. To carry on the business of manufacture, repair, purchase, sell, import, export or otherwise deal in transformers its components, spareparts or parts thereof whether electrical, mechanical or insulating material including transformer tank, transformer oil, radiators, rectifiers, generators and allied electrical accessories, switchgears, tap changers on load gears pumps motor and its components.
2. To manufacture, repair, purchase, sell, import, export, lease or let on hire or otherwise deal in transformers, rectifiers, transformer spares, wire, cables, insulating material, transformer oil, radiators, pumps, motors and other electrical apparatus.

*Board of Directors as on October 31, 2007*

Sr No	Name of Directors
1.	Mr. Hitendra Doshi
2.	Mrs Akanksha S. Mamtora
3.	Mr. Michael B. Homawalla
4.	Mrs Karuna J. Mamtora

*Shareholding Pattern as on October 31, 2007*

Name of Shareholders	No. of Equity Shares held	% Shareholding
Mr. Hitendra Doshi	526,740	48.95
Transformers And Rectifiers (India) Limited	548,760	51.00
Mrs. Aparna H. Doshi	100	0.01
Mr. Siddharth R. Doshi	100	0.01
Mr. Rajendra M. Doshi	100	0.01
Mr. Vipulkumar Doshi	100	0.01
Mr. Mukesh H. Shah	100	0.01
<b>Total</b>	<b>1,076,000</b>	<b>100</b>

*Financial Performance for the last year*

The audited financial results of Transpares Limited for the last three financials and for the six months ended September 30, 2007 are as follows:

*(Rs. in million)*

Particulars	As at September 30, 2007	FY 2006-07	FY 2005-06	FY 2004-05
Equity capital	10.76	10.76	10.76	2.15
Reserves	29.55	26.96	17.15	15.84
Sales	37.91	86.96	73.94	55.76
Profit After Tax	2.65	12.26	12.38	6.21
Earning per Share (Rs.)	2.46	11.39	11.50	28.85
Net Asset Value (Rs.)	37.24	54.95	36.08	120.46

Significant accounting notes/policies in relation to Transpares Limited are as follows:

### Revenue Recognition

In appropriate circumstances, Revenue (income) is recognised when no significant uncertainty as to determination or realisation exists.

**Depreciation and Amortisation :**

- a) Depreciation on fixed assets is provided on Straight Line Method in accordance with Section 205 (2)(b) of the Companies Act, 1956 at the rate and in the manner prescribed in schedule XIV of the said Act.

**Fixed Assets:**

- a) Tangible Fixed Assets are stated at cost of acquisition or construction less accumulated depreciation. The cost of fixed assets includes non-refundable taxes and levies, freight and other incidental expenses related to acquisition and installation of the respective assets.
- b) The Company evaluates the impairment losses on the fixed assets whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. If such assets are considered to be impaired the impairment loss is then recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the smallest level for which there are separately identifiable cash flows.

**Inventories:**

- a) Raw materials, Process stock and Finished Goods are valued at lower of cost or net realisable value.
- b) Cost for Raw materials is determined on Weighted Average/FIFO basis, net of cenvat credit availed.
- c) Cost for Finished Goods and Process Stock is determined taking material cost [Net of cenvat credit availed]

Transpares Limited is an unlisted company and has not made any rights issue or public issue in preceding three years. It has not become sick company under the meaning of SICA and is not under winding up.

For further details on the operations of Transpares Limited, please refer section titled "Our Business": beginning on page 121 of the Red Herring Prospectus.

**Shareholders Agreements**

There are no shareholders agreements among our shareholders in relation to our Company.

**Joint Venture Agreements**

As on date of filing the Red Herring Prospectus with SEBI we have not entered into any joint venture agreements with any other company or entity.

**Other Agreements / Arrangements**

There are no other material contracts, not being contracts in the ordinary course of business entered into or to be entered into by our Company, or a contract entered into more than two years before the date of the Red Herring Prospectus.

**Strategic partners**

Our Company does not have any strategic partners

**Financial partners**

Our Company does not have any financial partners

## TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

### OUR MANAGEMENT

Our Company is currently managed by a Board of Directors comprising 8 Directors. As per our Articles of Association, our Board shall consist of not less than three Directors and not more than twelve Directors.

#### OUR DIRECTORS

Our Board consists of 8 Directors of which 4 are independent Directors and our Chairman is an Executive and Non-Independent Director.

<b>Name, Fathers / Husbands name Address, Designation, Occupation, Nature of Directorship, Term, DIN</b>	<b>Nationality</b>	<b>Age</b>	<b>Other Directorships</b>
Mr. Jitendra U.Mamtora S/o Ujamshi Mamtora 95, Basant Bahar Bunglows, Bopal, Ahmedabad-380058, Gujarat Chairman And Managing Director Executive and Non-Independent Director Business Not liable to retire by rotation DIN: 00139911	Indian	61	Directorships : Harsha Engineers Limited
Mrs. Karuna J. Mamtora D/o Jamnadas D. Mamtora 95, Basant Bahar Bunglows, Bopal, Ahmedabad-380058, Gujarat Executive Director Executive and Non-Independent Director Business Liable to retire by rotation DIN: 00253549	Indian	53	Directorships : Transpares Ltd.
Mr. Satyen J. Mamtora S/o Mr. Jitendra .Mamtora 95, Basant Bahar Bunglows, Bopal, Ahmedabad-380058, Gujarat Joint Managing Director Executive and Non-Independent Director Business Liable to retire by rotation DIN:00139984	Indian	33	Directorships : Transweld Mechanical Engineering Works Ltd.
Mr. Bhaskar Sen S/o Mr. Mani Bhusan Flat - 2A, 135G, s.p.Mukharjee Road, Kolkata-700026, West Bengal Joint Managing Director Executive and Non-Independent Director Service, Liable to retire by rotation DIN: 01776530	Indian	66	Directorships : NIL

<b>Name, Fathers / Husbands name Address, Designation, Occupation, Nature of Directorship, Term, DIN</b>	<b>Nationality</b>	<b>Age</b>	<b>Other Directorships</b>
Mr. Michael B. Homawalla S/o Bomi F. Homawalla 202, Amizara Apartments, 153, Vinayak Society , Vadodara 390020, Gujarat Director Non-Executive and Independent Director Business Liable to retire by rotation DIN: 00251116	Indian	49	Directorships : 1 ) Transweld Mechanical Engineering Works Ltd. 2) Transpares Ltd.
Mr. Harish R. Rangwala S/o Ranjit C. Rangwala 10, Nishant Bungalow, Part-II, 132 Ring Road, Satellite Road, Ahmedabad - 380015, Gujarat Director Non-Executive and Independent Director Business, Liable to retire by rotation DIN:00278062	Indian	59	Directorships : Harsha Engineers Limited
Mr. Rajendra S. Shah S/o Shantilal Chakubhai Shah C 289 Manekbaug Society, B/H Manek Bag Hall, Ambawadi, Ahmedabad-380006, Gujarat Director Non-Executive and Independent Director Business, Liable to retire by rotation DIN: 00061922	Indian	59	Directorships : 1) Harsha Engineers Limited 2) AIA Engineering Limited
Mr. Sureshchandra Agarwal S/o Ramsharan Agarwal 12, Swinagar, 132 ft Ring Road, Satellite, Ahmedabad, 380 015, Gujarat Director Non-Executive and Independent Director Consultant, Liable to retire by rotation DIN: 00889931	Indian	57	Directorships : Mahagujarat Smelting Company Private Limited

**For a brief profile of our Promoter Directors, Mr. Jitendra U. Mamtara, Mr. Satyen J. Mamtara and Mrs. Karuna J. Mamtara please refer section titled "Our Promoters and their Background" beginning on page 178 of the Red Herring Prospectus .**

**Brief Biography of the Directors of our Company other than our Promoter Directors:**

**MR. MICHAEL B. HOMAWALLA**

Mr. Michael B. Homawalla, 49 years, is a Non-Executive and Independent Director of our Company. He holds a Bachelor's degree in Commerce from Gujarat University and a Masters in Business Administration from the University of East Georgia, U.S.A. He has over 35 years of experience inter-alia in human resource management. He started his career as an executive with the Consulate of the United States Government in Mumbai. From July 1983 to August 1992,

## **TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED**

he worked as Head of Human Resource at Himalaya Machiner and has thereafter been associated with various organisations in different capacities including with Atco Group as Vice President, Whole Time Director of Atco Products Limited, and Vice President Human Resources at the Samsung Group. Since 2000 he has been working with the Rubamin Group as Vice President HR.

Mr. Michael B. Homawalla joined the Board of our Company on September 6, 2005

### **MR. BHASKAR SEN**

Mr. Bhaskar Sen, 66 years, is the Joint Managing Director of our Company. He holds a Bachelor's degree in Mechanical Engineering from Jadavpur University. Mr. Sen has over 43 years of experience in overall management of business relating to switchgears, transformers, motor projects, REC equipments, etc. and has previously worked in various organisations including GEC Alstom in various capacities such as Executive Director of the AIR Control Division, Executive Director in charge of Development, Executive Director for EHV Switchgear, Executive Director for Planning and Co-ordination, Business Unit Head- Motors, with EMCO Transformers as an Executive Director; with Andrew Yule limited as the Chief Executive of the Electrical Division, and with Marsons Limited as Chief Executive. As Joint Managing Director of our Company, Mr. Sen oversees all the production and marketing operations in our Company.

Mr. Bhaskar Sen joined the Board of our Company on July 9, 2007.

### **MR. HARISH R. RANGWALA**

Mr. Harish R. Rangwala, 59 years, is a Non-Executive and Independent Director of our Company. He holds a Bachelors degree in Mechanical Engineering from LE Engineering College, Morbi. He worked with Tata Chemicals, Mithapur as a Shop Engineer for six years. Subsequently in 1972 he set up Harsha Engineers Limited, for the manufacture of small tools and engineering components. Mr. Rangwala is also the president of the Lenco Alumini Association.

Mr. Harish R. Rangwala joined the Board of our Company on August 25, 2005.

### **MR. RAJENDRA S. SHAH**

Mr. Rajendra S. Shah, 59 years, is a Non-Executive and Independent Director of our Company. He holds a Bachelor's Degree in Mechanical Engineering from LE Engineering College, Morbi. He started his career working as an engineer with an engineering firm. He is the founder Promoter of Harsha Engineers Limited which is engaged in the manufacture of taper roller bearing cages. He has over thirty-five years of experience in the areas of. In 2001 he was awarded "Best Entrepreneur" by the Ahmedabad Management Association, Ahmedabad. He is currently the Managing Director of Harsha Engineers Limited.

Mr. Rajendra S. Shah joined the Board of our Company on August 25, 2005.

### **MR. SURESHCHANDRA AGARWAL**

Mr. Sureshchandra Agarwal, 57 years, is a Non- Executive, and Independent Director of our Company. He holds a Bachelor's Degree with Honours in Mechanical Engineering from Agra University and. Mr. Agarwal has over 33 years of experience in the metal recovery and petroleum refining industry including. He is currently the Managing Director of MahaGujarat Smelting Company Private Limited.

Mr. Sureshchandra Agarwal joined the Board of our Company on August 13, 2007.

### **BORROWING POWERS OF DIRECTORS**

The borrowing powers of our Company is as per our Articles of Association which allows our Board to borrow any amount not exceeding the aggregate of the paid up equity capital of our Company plus free reserves except with the consent of our Company in general meeting.

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

To raise, or borrow money from time to time for any of the purposes of the Company by bonds, debentures or promissory notes or by taking credit in, or opening account with any individual or firm or with any Bank of Bankers and whether with or without giving any security, goods or other articles or by mortgaging, pledging, charging, hypothecating, or selling or receiving advances, on the sale of any lands, buildings and machinery, goods, assets revenue of the Company present or future including its uncalled capital or by the issue of debentures, debenture-stock, perpetual or

otherwise including debentures or debenture-stock, convertible into shares of this or any other Company or to convey absolutely or in trust and give lenders powers of sale and other powers as may be expedient and to purchase, redeem or pay off such securities.

Shareholders have, at the resolution passed at the EGM held on August, 13, 2007, passed a resolution enhancing the borrowing powers of our Board. The extract of the resolution is as follows:

"RESOLVED THAT in supersession of the earlier resolution passed at the Annual General Meeting dated 11th June, 2007 and pursuant to section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the members of the Company in General Meeting and subject to any other approvals, if required, Board of Directors or committee thereof be and is hereby authorised to borrow by way of loan/debentures (whether secured or unsecured) / bonds / deposits / fund based / non fund based limits/guarantee for the purpose of the business of the Company any sum or sums of money either in Indian or Foreign Currency from time to time from any Bank(s) or any Financial Institution(s) or any other Institution(s), firm(s), body corporate(s), or other person(s) or from any other source in India or outside India whomsoever in addition to the temporary loans obtained from the company's Banker(s) in the ordinary course of business provided that the sum or sums so borrowed under this resolution and remaining outstanding at any time shall not exceed in aggregate Rs. 500 Crores (Rupees Five Hundred Crores only) in excess of and in addition to the paid-up capital and free reserves of the company for the time being."

## **COMPENSATION AND BENEFITS TO THE WHOLE TIME DIRECTORS**

### **1. Mr. Jitendra U. Mamtara- Chairman And Managing Director**

Mr. Jitendra U. Mamtara has been re-appointed as our Managing Director pursuant to the provisions of the Companies Act, 1956 for a period of five (5) years with effect from January 1, 2007 in pursuance of a resolution of our Board on January 1, 2007 and resolution of our shareholders at the AGM held on June 11, 2007 approving the terms of his re-appointment.

The significant employment terms as set out in the aforesaid resolution for his re-appointment are as follows:

<b>Particulars</b>	<b>Remuneration</b>
Salary	Salary: Rs. 500,000 per month
Commission	1% of our Company's Net Profit for each financial year subject to the overall ceiling laid down in section 198 and 309 of the Companies Act 1956
Perquisites	In addition to the salary, the following perquisite shall be allowed to the managing director and the total value of perquisite shall be restricted to an amount equal to the annual salary.
	<b>Category A</b>
	<p>Housing: Company shall provide furnished accommodation to the Managing Director. If the Managing Director has his own accommodation, our Company shall pay house rent allowance at the rate of Rs. 30,000 p.m, subject to a limit of 20% of her salary.</p> <p>Our Company shall provide equipments and appliances, furniture fixtures and furnishings, including maintenance of all, at the residence of the Managing Director at the entire cost of our Company.</p> <p>Our Company shall re-imburse expenses of gas, electricity water etc. Expenditures on these, valued in accordance with the IT Rules shall not exceed 10% of the salary.</p> <p>Medical Re-imbursement: Medical expenses actually incurred for self and family shall be reimbursed by our Company under the Medclaim Policy.</p> <p>Leave Travel Concession: Company shall provide leave travel fare for the Managing Director and her family once a year, any where in the world as per the Rules applicable to our Company.</p> <p>Personal Accident Insurance: Our Company shall pay Personal Accident Insurance upto Rs. 10,000 p.a.</p> <p>Club Fee: Our Company shall pay and/or reimburse fees and expenses (excluding admission and life membership fees) of clubs, subject to a maximum of two clubs.</p>



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	<b>Category B</b>
	<p>Our Company. shall contribute towards Providend Funds/ Superannuation Fund/ Annuity Fund provided that such contributions either singly or put together shall not exceed the tax free limit prescribed under the IT Act.</p> <p>Our Company shall pay Gratuity at the rate not exceeding half month's salary for each completed year of service.</p> <p>Leave on full pay and allowances, as per rules of our Company, but not more than one month's leave for every eleven months of service. However, the leave accumulated but not availed of will be allowed to be encashed at the end of the term as per Company rules.</p> <p>The perquisites under this category shall not be included in the computation of ceiling on remuneration.</p>
	<b>Category C</b>
	<p>Our Company shall provide a car with a driver at the cost of our Company for business use of our Company</p> <p>Our Company shall provide telephone including mobile phone at the residence of the Managing Director at the cost of our Company.</p> <p>The Managing Director shall not be entitled to sitting fees for attending meetings of the Board of Directors or Committees thereof. He shall, however be reimbursed the actual traveling, lodging and boarding expenses incurred by him for attending meetings of the Board of Directors and/or the Committees thereof</p> <p>The remuneration referred to above is subject to the limit of 5% of the annual net profits of our Company and subject further to the overall limit of 10% of the annual net profits of our Company on the remuneration of the Managing Director and other Executive Directors of our Company taken together. Provided however that in the event of absence or inadequacy of profit, the Managing Director shall be entitled to remuneration mentioned under (a) above and perquisites as above within the minimum remuneration specified in Schedule XIII of the Companies Act, 1956</p> <p>In the event of cessation of office during any financial year, a ratable proportion of the aforesaid remuneration shall be payable by our Company</p> <p>The Managing Director shall be entitled to reimbursement of all expenses incurred in connection with the business of our Company.</p> <p>"Family" means the spouse, dependent children and dependent parents of the Managing Director</p> <p>Reimbursement of entertainment expenses actually and properly incurred in the course of business of our Company shall be allowed</p> <p>Any and all expenditure actually and properly incurred on Company's business shall be reimbursed to the Managing Director.</p>

### 2. Mrs Karuna J. Mamtara - Executive Director

Mrs Karuna J. Mamtara, was appointed as our Executive Director from April 1, 2005 for a period of five (5) years by resolution of our Board on April 1, 2005 and shareholder's resolution at the AGM held on June 10, 2005 for a period of five (5) years. Further in pursuance of resolution of the Board dated January 1, 2007 and resolution of our shareholders at the AGM held on June 11, 2007 the remuneration payable to Mrs. Karuna J. Mamtara was revised with effect from January 1, 2007.

The significant terms of employment of Mrs. Karuna J. Mamtara are as follows:

<b>Particulars</b>	<b>Remuneration</b>
<i>Salary</i>	Rs 50,000 per month
<i>Perquisites</i>	In addition to the salary, the following perquisite shall be allowed to the Executive director and the total value of perquisite shall be restricted to an amount equal to the annual salary:
	<b>Category A</b>
	<p>Housing: Company shall provide furnished accommodation to the Executive Director. If the Executive Director has her own accommodation, the CO shall pay house rent allowance at the rate of Rs. 10,000 p.m, subject to a limit of 20% of her salary</p> <p>Our Company shall provide equipments and appliances, furniture fixtures and furnishings, including maintenance of all, at the residence of the Executive Director at the entire cost of our Company.</p> <p>Our Company shall re-imburse expenses of gas, electricity water etc. Expenditures on these, valued in accordance with the IT Rules shall not exceed 10% of the salary</p> <p>Medical Re-imbursement: Medical espenses actually incurred for self and family shall be reimbursed by our Company under the Mediclaim Policy</p> <p>Leave Travel Concession: Company shall provide leave travel fare for the Executive Director and her family once a year, any where in the world as per the Rules applicable to our company.</p> <p>Personal Accident Insurance: Our Company. shall pay Personal Accident Insurance upto Rs. 5000 p.a</p> <p>Club Fee: Our Company. shall pay and/or reimburse fees and expenses (excluding admission and life membership fees) of clubs, subject to a maximum of two clubs</p>
	<b>Category B</b>
	<p>Our Company shall contribute towards Provident Fund / Superannuation Fund / Annuity Fund provided that such contributions either singly or put together shall not exceed the tax free limit prescribed under the IT Act</p> <p>Our Company shall pay Gratuity at the rate not exceeding half month's salary for each completed year of service</p> <p>Leave on full pay and allowances, as per rules of our Company, but not more than one month's leave for every eleven months of service. However, the leave accumulated but not availed of will be allowed to be encashed at the end of the term as per Company rules</p> <p>The perquisites under this category shall not be included in the computation of ceiling on remuneration</p>
	<b>Category C</b>
	<p>Our Company shall provide a car with a driver at the cost of our Company for business use of our Company</p> <p>Our Company shall provide telephone including mobile phone at the residence of the Executive Director at the cost of our Company.</p> <p>The Executive Director shall not be entitled to sitting fees for attending meetings of the Board of Directors or Committees thereof. She shall, however be reimbursed the actual traveling, lodging and boarding expenses incurred by him for attending meetings of the Board of Directors and/or the Committees thereof</p>

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Particulars	Remuneration
	<p>The remuneration referred to above is subject to the limit of 5% of the annual net profits of our Company. and subject further to the overall limit of 10% of the annual netprofits of our Company. on the remuneration of the MD and other Executive Directors of our Company. taken together. Provided however that in the event of absence or inadequacy of profit, the Executive Director shall be entitled to remuneration mentioned under (a) above and perquisites as above within the minimum remuneration specified in Schedule XIII of the Companies Act, 1956</p> <p>In the event of cessation of office during any financial year, a ratable proportion of the aforesaid remuneration shall be payable by our Company</p> <p>The Executive Director shall be entitled to reimbursement of all expenses incurred in connection with the business of our Company.</p> <p>"Family" means the spouse, dependent children and dependent parents of the Executive Director</p> <p>Reimbursement of entertainment expenses actually and properly incurred in the course of business of our Company shall be allowed</p> <p>Any and all expenditure actually and properly incurred on Company's business shall be reimbursed to the Executive Director.</p>

### 3. Mr Satyen J Mamtara- Joint Managing Director

Mr Satyen J.Mamtara was appointed as our Joint Managing Director pursuant to the provisions of the Companies Act, 1956 for a period of three (3) years with effect from April 1, 2007 by resolution of our Board dated April 2, 2007 and shareholders' resolution at the AGM held on June 11, 2007. The significant employment terms are as follows:

Particulars	Remuneration
Salary	Rs 300,000/- per month
Performance Incentive	In addition to the salary, he will also be entitled to performance incentive payment upto an amount equivalent to a maximum of 50% of his gross annual salary computed as above. This will be in addition to the salary, perquisites and allowances payable for the period of his appointment as may be determined by the Board of Directors of our Company. This will start from the financial year 2006-07 and onwards, on year to year basis.
Perquisites	<p>In addition to the salary and performance incentive, the following perquisite shall be allowed to the Joint Managing Director and the total value of perquisite shall be restricted to an amount equal to the annual salary:</p> <p><i>Category A</i></p> <p>Housing: Company shall provide furnished accommodation to the Joint Managing Director. If the Joint Managing Director has his own accommodation, our Company shall pay house rent allowance at the rate of Rs. 25,000 per month, subject to a limit of 20% of his salary</p> <p>Our Company shall provide equipments and appliances, furniture fixtures and furnishings, including maintenance of all, at the residence of the Joint Managing Director at the entire cost of our Company.</p> <p>Our Company shall re-imburse expenses of gas, electricity water etc. Expenditures on these, valued in accordance with the IT Rules shall not exceed 10% of the salary</p> <p>Medical Re-imbursement: Medical expenses actually incurred for self and family shall be reimbursed by our Company under the Mediclaim Policy</p>

Particulars	Remuneration
	Leave Travel Concession: Company shall provide leave travel fare for the Joint Managing Director and her family once a year, any where in the world as per the Rules applicable to our Company
<b>Personal Accident Insurance:</b>	Our Company shall pay Personal Accident Insurance upto Rs. 10,000 p.a  Club Fee: Our Company shall pay and/or reimburse fees and expenses (excluding admission and life membership fees) of clubs, subject to a maximum of two clubs
	<b>Category B</b>
	Our Company shall contribute towards Provident Funds/ Superannuation Fund/ Annuity Fund provided that such contributions either singly or put together shall not exceed the tax free limit prescribed under the IT Act  Our Company shall pay Gratuity at the rate not exceeding half month's salary for each completed year of service  Leave on full pay and allowances, as per rules of our Company, but not more than one month's leave for every eleven months of service. However, the leave accumulated but not availed of will be allowed to be encashed at the end of the term as per Company rules  The perquisites under this category shall not be included in the computation of ceiling on remuneration
	<b>Category C</b>
	Our Company shall provide a car with a driver at the cost of our Company for business use of our Company  Our Company shall provide telephone including mobile phone at the residence of the Joint Managing Director at the cost of our Company.  The Joint Managing Director shall not be entitled to sitting fees for attending meetings of the Board of Directors or Committees thereof. He shall, however be reimbursed the actual traveling, lodging and boarding expenses incurred by him for attending meetings of the Board of Directors and/or the Committees thereof  The remuneration referred to above is subject to the limit of 5% of the annual net profits of our Company and subject further to the overall limit of 10% of the annual netprofits of our Company on the remuneration of the Managing Director and other Executive Directors of our Company taken together. Provided however that in the event of absence or inadequacy of profit, the Joint Managing Director shall be entitled to remuneration mentioned under (a) above and perquisites as above within the minimum remuneration specified in Schedule XIII of the Companies Act, 1956  In the event of cessation of office during any financial year, a ratable proportion of the aforesaid remuneration shall be payable by our Company  The Joint Managing Director shall be entitled to reimbursement of all expenses incurred in connection with the business of our Company.  "Family" means the spouse, dependent children and dependent parents of the Joint Managing Director  Reimbursement of entertainment expenses actually and properly incurred in the course of business of our Company shall be allowed  Any and all expenditure actually and properly incurred on Company's business shall be reimbursed to the Joint Managing Director.

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### 4. Mr Bhaskar Sen - Joint Managing Director

Mr Bhaskar Sen was appointed as our Joint Managing Director pursuant to the provisions of the Companies Act, 1956 for a period of two (2) years with effect from July 9, 2007 by resolution of our Board dated July 9 2007 and shareholders' resolution at the EGM held on September 13, 2007. The significant employment terms are as follows:

(Remuneration payable on a monthly basis in Rs.)

Particulars	With effect from July 9, 2007 upto July 8, 2008	With effect from July 9 2008 upto July 8, 2009
Basic	75,000	90,000
HRA @ 40%	30,000	36,000
Transportation Allowance	800	800
Children Education Allowance	200	200
Special Allowance	19,205	23,230
<b>Total</b>	<b>125,205</b>	<b>150,230</b>

Perquisites	Category "A"
	Leave Entitlement (PL) of 15 days p.a on full pay and allowance, as per rules of our Company
	<b>Category "B"</b> Our Company shall provide a car with driver at the cost of our Company for business use of our Company. Our Company shall provide a telephone including a mobile phone at the cost of our Company.
	<b>Category "C"</b> In the event of cessation during the any financial year, a pro rata proportion of the aforesaid remuneration shall be payable by our Company.
	<b>Category "D"</b> The Joint Managing Director shall be entitled to reimbursement of all expenses incurred in connection with the business of our Company. He shall however not be entitled to any sitting fees. "Family" means the spouse, dependent children and dependent parents of the Joint Managing Director.

### DETAILS OF APPOINTMENT AND COMPENSATION OF OUR DIRECTORS

Sr No	Name of Director	Contract/ Appointment Letter/ Resolution	Details of Remuneration/ Sitting Fees*
1	Mr Jitendra U. Mamtara	Re-Appointed as Managing Director by resolution of our Board on January 1, 2007 and shareholder's resolution at the Annual General Meeting held on June 11, 2007  <b>Term:</b> Appointed for a period of five(5) years with effect from January 1, 2007	As set out above

Sr No	Name of Director	Contract/ Appointment Letter/ Resolution	Details of Remuneration/ Sitting Fees*
2	Mrs. Karuna J. Mamtara	Appointed as Executive Director vide Resolution of Board of Directors on April 1, 2005 and shareholder's resolution at the Annual General Meeting held on June 10, 2005 <b>Term:</b> Appointed for a period of for five (5) years with effect from April 1, 2005. Liable to retire by rotation.	As set out above
3	Mr. Satyen J. Mamtara	Appointed as Joint Managing Director with effect from April 1, 2007 by resolution of the Board of Directors dated April 2, 2007 and shareholders' resolution at the Annual General Meeting held on June 11, 2007. <b>Term:</b> Appointed for a period of three (3) years with effect from April 1, 2007. Liable to retire by rotation	As set out above
4	Bhaskar Sen	Appointed as Joint Managing Director vide resolution of the Board of Directors dated July 9, 2007 and shareholders' resolution at the Extra Ordinary General Meeting held on September 13, 2007 <b>Term :</b> Appointed for a period of Two (2) years with effect from July 9, 2007. Liable to retire by rotation.	As set out above
5	Mr. Michael B. Homawalla	Appointed as Additional Director vide resolution of the Board of Directors dated September 6, 2005 and shareholder's resolution at the Annual General Meeting held on July 10, 2006 <b>Term :</b> Liable to retire by rotation	No Remuneration except:- (i) Sitting Fees of Rs.10,000/- per Board Meeting. (ii) Sitting Fees of Rs. 7,500 per Audit Committee Meeting (iii) Sitting Fees of Rs. 5,000/- per remuneration Committee Meeting
6	Mr. Harish R. Rangwala	Appointed as Additional Director vide resolution of the Board of Directors dated August 25, 2005 and shareholders' resolution at the Annual General Meeting dated July 10, 2006 <b>Term :</b> Liable to retire by rotation	No Remuneration except:- (i) Sitting Fees of Rs.10,000/- per Board Meeting. (ii) Sitting Fees of Rs. 7,500/- per Audit Committee Meeting. (iii) Sitting Fees of Rs. 5,000/- per Remuneration Committee Meeting.
7	Mr. Rajendra S. Shah	Appointed as Additional Director vide resolution of the Board of Directors dated August 25, 2005 and shareholders' resolution at the Annual General Meeting dated July 10, 2006 <b>Term :</b> Liable to retire by rotation	No Remuneration except:- (i) Sitting Fees of Rs. 10,000/- per Board Meeting. (ii) Sitting Fees of Rs. 5,000/- per Shareholders'/ Investor Grievances Committee Meeting

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Sr	Name of Director	Contract/ Appointment Letter/	Details of Rem
8	Mr. Sureshchandra Agarwal	Appointed as Additional Director vide resolution of the Board of Directors dated August 13, 2007 and share-holders' resolution at the Extra Ordinary General Meeting dated September 13, 2007 <b>Term</b> : Liable to retire by rotation	No Remuneration except:- (i) Sitting Fees of Rs. 10,000/- per Board Meeting. (ii) Sitting Fees of Rs. 5,000/- per Remuneration Committee Meeting.

\* The sitting fees payable to our Non-Executive and Independent Directors for attending Board and Committee Meetings was approved at the meeting of our Board dated September 17, 2007

### SHAREHOLDING OF DIRECTORS

Name of the Directors	No of Equity Shares held as On date	% of Holding in our Company
Mr. Jitendra U. Mamtara	8,858,992	89.23
Mrs. Karuna J. Mamtara	267,736	2.7
Mr. Satyen J. Mamtara	97,000	0.98
Mr. Michael B. Homawalla	-	-
Mr. Harish R. Rangwala	-	-
Mr. Rajendra S. Shah	-	-
Mr. Bhaskar Sen	-	-
Mr. Sureshchandra Agarwal	-	-
<b>Total</b>	<b>9,223,728</b>	<b>92.91</b>

### Corporate Governance

The provisions of the Listing Agreement to be entered into with the Stock Exchanges with respect to corporate governance and the SEBI Guidelines will become applicable to our Company immediately upon the listing of our Company's Equity Shares on the Stock Exchanges. Our Company undertakes to adopt the corporate governance code as per Clause 49 of the Listing Agreement to be entered into with the Stock Exchanges prior to listing. Our Company undertakes to comply with such provisions, and has complied with the SEBI Guidelines with respect to corporate governance, specially with respect to the appointment of independent directors to its Board and the constitution of the Audit Committee, the Remuneration Committee and the Shareholder's/Investor's Grievances Committee. The following are the details of the Committees formed pursuant to compliance with Clause 49 of the listing agreement.

### Audit Committee

The Audit Committee was formed on February 8, 2006. The Audit Committee was re-constituted on August 2, 2006 and more recently as on July 18, 2007 comprises of the following members of our Board:

Name	Designation
Mr. Michael B. Homawalla	Chairman - Independent Director
Mr. Jitendra U. Mamtara	Member - Non-Independent Director
Mr. Harish R. Rangwala	Member - Independent Director

The terms of reference of our Audit Committee were revised pursuant to resolution of the Board dated September 17, 2007.



Consequently the terms of reference of the Audit Committee are as follows:

- Overseeing our Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Appointment, removal and terms of remuneration of internal auditors
- Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
  1. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act 1956;
  2. Changes, if any, in accounting policies and practices and reasons for the same;
  3. Major accounting entries involving estimates based on the exercise of judgment by management;
  4. Significant adjustments made in the financial statements arising out of audit findings;
  5. Compliance with listing and other legal requirements relating to the financial statements;
  6. Disclosure of any related party transactions;
  7. Qualifications in the draft audit report.
- Reviewing, with the Management, the quarterly financial statements before submission to the Board for approval.
- Monitoring the use of the proceeds of the proposed initial public offering of our Company.
- Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
- Discussions with internal auditors on any significant findings and follow up thereon.
- Reviewing internal audit reports and adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Reviewing management letters / letters of internal control weaknesses issued by the statutory auditors
- Discussion with internal auditors any significant findings and follow up there on.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors.
- To review the functioning of the whistle blower mechanism, when the same is adopted by our Company and is existing.
- Carrying out any other function as may be statutorily required to be carried out by the Audit Committee.

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### Shareholders'/ Investors' Grievances Committee

This Committee was formed on September 17, 2007 and comprises of the following members of our Board: -

Name	Designation
Mr. Rajendra S. Shah	Chairman- Independent Director
Mr. Bhaskar Sen	Member- Executive and Non-Independent Director
Mr. Satyen Mamtara	Member- Executive and Non-Independent Director

The terms of reference of the Shareholders'/Investors' Grievances Committee are set out below:

To allot the equity shares of our Company, and to supervise and ensure:

- Efficient transfer of shares; including review of cases for refusal of transfer / transmission of shares and debentures;
- Redressal of shareholder and investor complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc;
- Issue of duplicate / split / consolidated share certificates;
- Allotment and listing of shares;
- Review of cases for refusal of transfer / transmission of shares and debentures;
- Reference to statutory and regulatory authorities regarding investor grievances;
- And to otherwise ensure proper and timely attendance and redressal of investor queries and grievances.

### Remuneration Committee

This Committee was formed on September 17, 2007 and comprises of the following members of our Board:

Name	Designation
Mr. Sureshchandra Agarwal	Chairman- Independent Director
Mr. Michael B. Homawala	Member - Independent Director
Mr. Harish R. Rangwala	Member - Independent Director

The terms of reference of the Remuneration Committee are as follows:

- To recommend to the Board, the remuneration packages of our Company's Managing/Joint Managing/ Deputy Managing/Whole time / Executive Directors, including all elements of remuneration package (i.e. salary, benefits, bonuses, perquisites, commission, incentives, stock options, pension, retirement benefits, details of fixed component and performance linked incentives along with the performance criteria, service contracts, notice period, severance fees etc.);
- To be authorised at its duly constituted meeting to determine on behalf of the Board of Directors and on behalf of the shareholders with agreed terms of reference, our Company's policy on specific remuneration packages for Company's Managing/Joint Managing/ Deputy Managing/ Whole-time/ Executive Directors, including pension rights and any compensation payment;
- To implement, supervise and administer any share or stock option scheme of our Company

### Interest of our Directors

Our Directors may be deemed to be interested to the extent of compensation / sitting fees and reimbursement of expenses in accordance with their respective terms of employment / Articles of Association of our Company. The Directors may also be deemed to be interested to the extent of the Equity Shares, if any, held by them or by the relatives or by firms or companies of which any of them is a partner and a Director/ Member respectively and the Equity Shares if any, out of the present Issue that may be subscribed for and allotted to them or their relatives or any Company in which they are Directors / members of firms in which they are partners. Our Directors are also interested to the extent of

transactions given under sub-heading titled "Related Party Transactions in the section titled "Financial Statements" beginning on page 193 of the Red Herring Prospectus.

All our Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by our Company with any company in which they hold Directorships or any partnership firm in which they are partners as declared in their respective declarations.

Our Promoters Directors may be deemed as significantly interested in certain business acquisitions made by us in fiscal 2007, whose details are as mentioned below:

- a. In fiscal 2007, we purchased the business of M/s. Transformers and Rectifiers (India), a proprietorship concern of our Promoter Mr. Jitendra U. Mamtara situated at Plot No 233, GVMSA Industrial Estate, Odhav, Ahmedabad, engaged in the business of manufacturing transformers. The consideration of Rs. 15,221,050 was paid by allotting Equity Shares of our Company at a price of Rs. 130/- per Equity Share on August 2, 2006 to our Promoter and Chairman and Managing Director, Mr. Jitendra U. Mamtara.
- b. Further, in fiscal 2007, we acquired 100% stake in Transweld Mechanical Engineering Works Limited for a consideration of Rs. 3.25 million and 51% in Transpares Limited for a consideration of Rs. 13.72 million. By virtue of these acquisitions both these companies became our Subsidiaries. These stakes were acquired from our Promoters/Promoter Group (except for a small stake in Transpares Ltd. acquired from other existing shareholders).

In relation to all the aforesaid acquisitions, the same have been made based on book value/our internal estimations, and we have not acquired or obtained any third party or independent valuation reports to substantiate the amounts paid towards these acquisitions.

We have, from time to time, availed of unsecured loans from our Promoters/Directors. The details of unsecured loans availed by us from our Directors as September 30, 2007 is as follows:

	Rs. In million
Mr. Jitendra U. Mamtara	11.03
Mr. Satyen J. Mamtara	0.04
Mrs. Karuna J. Mamtara	2.45
Jitendra U. Mamtara (HUF)	19.05

Except as stated in this paragraph, our Directors do not have any interest:

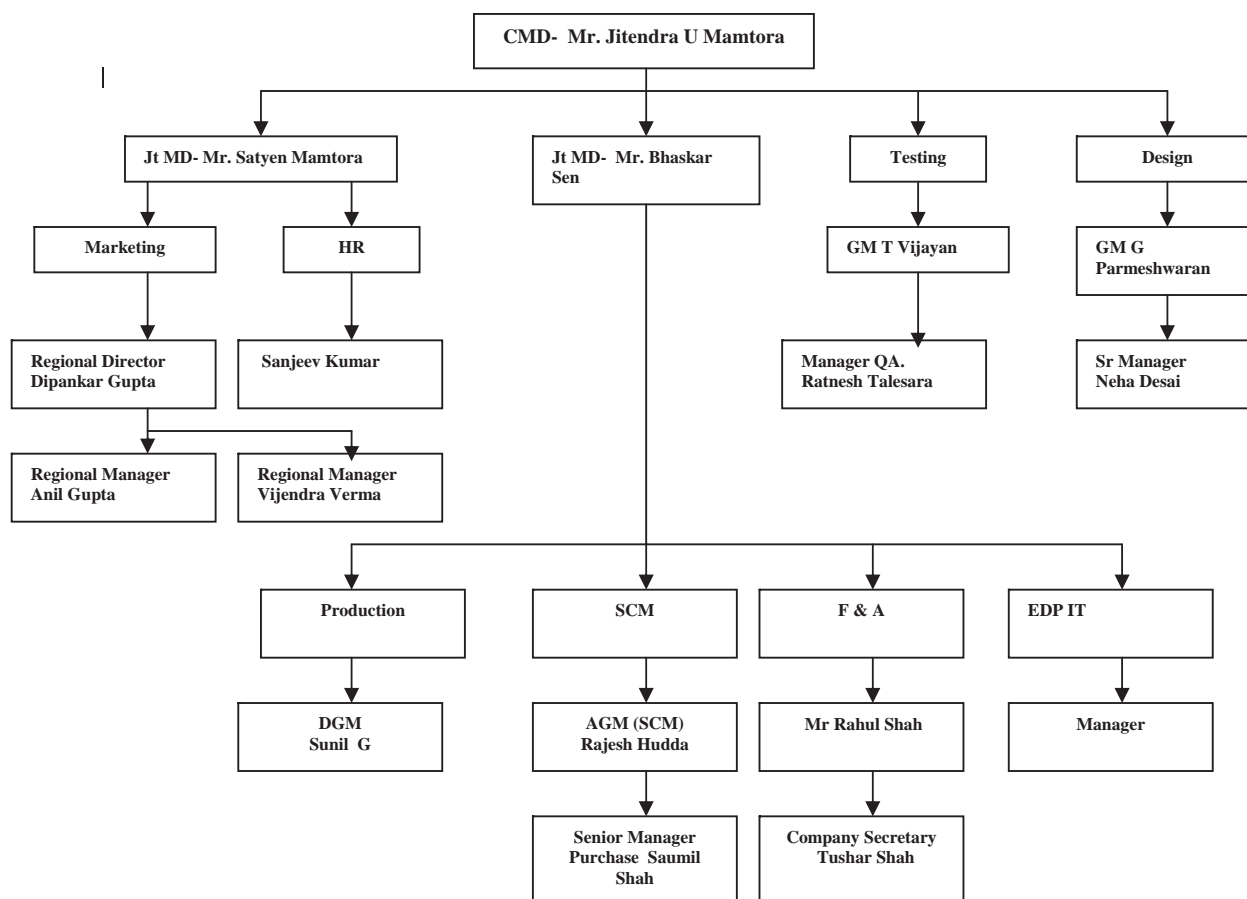
- a) In the promotion of our Company; and
- b) In any property acquired by our Company in the two years preceding the date of the Red Herring Prospectus, or proposed to be acquired by us.

**There have been following changes in our Board in last 3 years:**

Name of the Director	Date of Appointment	Date of Resignation	Remarks
Mr. Haresh Shah	April 1, 2003	September 6, 2005	Resigned as Director
Mr. Michael B. Homawalla	September 6, 2005	-	Appointed as Director
Mr. Rajendra S. Shah	August 25, 2005	-	Appointment as Director
Mr. Harish R. Rangwala	August 25, 2005	-	Appointment as Director
Mr. Bhaskar Sen	July 9, 2007	-	Appointed as Joint Managing Director
Mr. Sureshchandra Agarwal	August 13, 2007	-	Appointed as Director

# TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

## MANAGEMENT ORGANISATION STRUCTURE



### KEY MANAGERIAL PERSONNEL

Brief Biographies of our Key Managerial Personnel other than our Executive Directors are given below:

**Mr. T. Vijayan**, 61 years, is designated as General Manager (Works). He holds a Degree in Electrical Engineering from the Institute of Engineers (Deemed University); Department of Technical Education, Kerala and an Advanced Diploma in Management from the Indira Gandhi National Open University. He is a Member of the Institution of Engineers (India). He has a total work experience of over 40 years in areas of design and manufacture of 400 kV and 315 MVA transformers. Prior to joining us, Mr. Vijayan has worked with Apex Electrical Limited as General Manager. Mr Vijayan joined our Company in July 2000. He is responsible for looking after the technical aspects of manufacturing transformers and other heavy equipments. For the fiscal 2006-07 the remuneration paid to Mr. Vijayan, was Rs. 622,858/-.

**Mr. Sunil Gurubaxani**, aged 43 years, is designated as the Deputy General Manager (Production). He is a holder of a Bachelor's Degree in Mechanical Engineering from Sardar Patel University and also holds a Certificate of Qualification for practical auditing, assessment and registration of quality management systems from the Alan A. Griffin Association. He also holds a certificate of achievement in respect of Auditing Principles and Environmental Management Systems Auditor Training Course from BVQI. He has a total work experience of over 21 years in area of production. Prior to joining our Company Mr. Gurubaxani has worked with Choksi Tubes Company Limited as a Mechanical Engineer and Electrotherm India Limited as Assistant Production Manager. Mr. Gurubaxani is responsible for production and all related activities. For the fiscal 2006-07 the remuneration paid by us to Mr. Gurubaxani was Rs. 602,472/-.

**Mr. Mahendra S. Vyas**, 63 years, is designated as General Manager (Purchase), at our Odhav unit. He is a holder of Bachelor's Degree in Commerce from City College, Calcutta . He has been associated with our group for over 21 years. He has a total work experience of 41 years in the areas of purchase and stores, production, civil & erection work, and general administration. Prior to joining our Company Mr. Vyas has worked with Bombay Oil Industries Ltd ( Marico) as Eastern Region branch manager. Mr. Vyas is responsible for handling our works and over-all supervision at the Odhav unit. For the fiscal 2006-07 the remuneration paid by us to Mr.Vyas was Rs.440,136/-

**Mr. Dipankar Gupta**, 47 years, is designated as the Regional Director for Marketing. He holds a Bachelor's Degree in Mechanical Engineering from the Birla Institute of Technology (Ranchi) and a Diploma of Associate Membership from the Institute of Engineers (India). Mr Gupta further holds a Master of Technology degree in Industrial Engineering and Management from the Indian School of Mines. He has been associated with our Company for the last 8 years. He has total marketing experience of 23 years. Prior to joining our Company Mr. Gupta has worked in Mather & Matt (India) limited as Regional Manager and in Inductotherm India Ltd. as Branch Manager. As Regional Director-Marketing, he is responsible for marketing transformers for Industrial application - specifically the entire range of furnace, power and special duty transformers. For the fiscal 2006-07 the remuneration paid by us to Mr.Gupta was Rs.726,276/.

**Mr. Rajesh Hudda**, 36 years, is designated as Assistant General Manager - Supply Chain Management. He holds a Bachelor's degree in Electrical Engineering from L.D Engineering College, Gujarat, Diploma in Information and Systems Management from Aptech Computer Education, and PGDM in International Business from Nirma University, Ahmedabad. He has total experience of over 15 years in areas of Supply Chain Management. Prior to joining our Company he worked with Masibus Autamation and Instrumentation Limited as Manager ( Purchase & Stores) . Mr. Hudda is responsible for supply chain related functions. For the fiscal 2006-07 the remuneration paid to Mr. Hudda was Rs. 510,661/-..

**Mr. M. Purushothaman**, 40 years, is designated as General Manager - Marketing in our Company. He holds a Bachelor's degree in Electrical Engineering. He has an experience of over 16 years in dealing with various industrial customers various electricity boards. Prior to joining us he has worked with Altroth Engineering Private Limited as an Assistant Manager-Sales. As General Manager, Mr. Purushothaman is responsible for marketing in the southern region and also dealing with various customers like NTPC, PGCIL, all electricity boards, corporate clients, consultants; and private medium and small industries. For the fiscal 2006-07 the remuneration paid by us to Mr. M. Purshottam was Rs. 674,856/-

**Mr. Rahul Shah**, aged 39 years, is designated as General Manager (Finance and Accounts). He holds a bachelor's degree in commerce from, Gujarat University, Gujarat, a Chartered Accountant from Institute of Chartered Accountants of India and a Cost Accountant from the Institute of Cost and Works Accountants of India. He has over 15 years experience in the field of Finance and Accounts and before joining our company, he worked with Soma Textile and Industries Ltd as General Manager (Finance and Accounts). Mr. Rahul Shah is in overall charge of the Finance and Accounts department of our Company. Mr Shah joined our Company with effect from August, 1, 2007. For the fiscal 2007-08 the remuneration payable to Mr. Rahul Shah would be Rs. 933,333/-

**Mr. Tushar Shah**, 29 years, is designated as the Company Secretary. He holds a masters degree in commerce from Gujarat University and is an Associate Member of the Institute of Companies Secretaries of India, Mr. Shah also holds a law degree from Gujarat University, and Diploma in Taxation and Diploma in Labour Laws from Gujarat University. Prior to joining us Mr Shah worked with Adani Wilmar Limited as a Company Secretary Mr. Shah has over 4 years experience in the Secretarial field. Mr. Shah joined our Company with effect from May 26, 2007 and the remuneration payable to him for the fiscal 2007-08 would be Rs.400,023/- p.a.

The key managerial personnel whose names appear above are permanent employees and are on the rolls of our Company. None of the above mentioned key managerial personnel are related to each other. None of the key managerial personnel are appointed pursuant to any arrangement or understanding with major shareholder, customer or supplier.

#### **Shareholding of Our key managerial personnel**

None of our key managerial personnel except our promoter Directors - Mr. Jitendra U. Mamtara, Mrs. Karuna J. Mamtara, and Mr. Satyen J. Mamtara hold any Equity Shares in our Company. For shareholding of our Executive Directors, please refer to section titled "Capital Structure" beginning on page 22 of the Red Herring Prospectus.

## TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

### Bonus or profit sharing to key managerial personnel

There is no specific bonus or profit sharing plan, for our key managerial personnel.

### Changes in the Key managerial Personnel

Except as stated below, there has been no change in our key managerial employees during the last three years:

Name And Designation	Date of Appointment	Date of Leaving	Reason
<b>2004</b>			
G.Parmeshwaran - GM (Design)	15-07-2004	-	Appointment
Krutu Shastri - Manager (EDP)	-	31-07-2004	Resignation
Yogesh Sharma - GM (Design)	-	01-09-2004	Resignation
Bhavesh Kilkhawalla (Company Secretary)	-	20-11-2004	Resignation
<b>2005</b>			
Debyendu Bagchi GM (Production)	15-02-2005	30-11-2005	Resignation
Kalyan Kumar Basu - Regional Manager (Marketing)	-	31-03-2005	Resignation
Bhupesh Porwal - DGM (F&A)	25-04-2005	16-01-2006	Resignation
Rajesh Hudda - AGM (Purchase)	02-05-2005	-	Appointment
Arun Malkar - Regional Manager (Marketing)	-	30-06-2005	Resignation
S. Raghavan - Manager (Marketing)	11-07-2005	06-01-2007	Resignation
Sunil Gurubaxani - DGM (Production)	25-07-2005	-	Appointment
Anirban Kapat - Manager (HR)	-	30-11-2005	Resignation
<b>2006</b>			
Bimlesh Prasad - Manager (HR)	16-01-2006	08-07-2006	Resignation
Jaishankar Jauhari	25-02-2006	Resignation	
Yashpal Mehta - Assistant V.P. (F&A)	01-06-2006	15-08-2007	Resignation
Neha Desai - Sr. Manager (Design)	01-06-2006	Appointment	
Uday Ratna Bhatt - Manager (Production)	31-07-2006	Resignation	
Sanjeev Kumar - Manager (HR)	28-09-2006	Appointment	
M.C.Sharma - V.P. (Marketing)	30-09-2006	Resignation	
Anil Kumar Singh - DGM (Production)	30-11-2006	Resignation	
<b>2007</b>			
Vijendra Kumar Verma - Regional Manager ( Marketing)	01-04-2007	Appointment	
Tushar Shah - Company Secretary	26-05-2007	Appointment	
Sunil Thakkar - Manager (Design)	30-06-2007	Resignation	
Rahul Shah - General Manager (F&A)	01-08-2007	Appointment	
Changes during three years			
Debyendu Bagchi GM (Production)	15-02-2005	30-11-2005	Resignation
Bhupesh Porwal - DGM (F&A)	25-04-2005	16-01-2006	Resignation
S. Raghavan - Manager (Marketing)	11-07-2005	06-01-2007	Resignation
Bimlesh Prasad - Manager (HR)	16-01-2006	08-07-2006	Resignation
Yashpal Mehta - Assistant V.P. (F&A)	01-06-2006	15-08-2007	Resignation

### Manpower / Employees

We have over 700 personnel (including on pay roll, on contract and on retainerhip) as on November 21, 2007 on a consolidated basis.

Cadre	Changodar Unit	Odhav Unit	Transpares Limited	Transweld Mechanical Enginneering Works Limited	Total Manpower
Managers & above	21	-	-	-	21
Officers Staff and above	101	-	6	-	107
Permanent Workers*	67	13	10	-	90
Contract Labour*	330	66	35	43	474
Consultants	3	-	-	-	3
Trainee Staff	10	-	-	-	10
<b>Total</b>	<b>532</b>	<b>79</b>	<b>51</b>	<b>43</b>	<b>705</b>

\* consists of skilled, semi-skilled and unskilled workers

### Interest of Employees

Our Company has in place a Transformers And Rectifiers (India) Limited, "Employees Group Gratuity (Cash Accumulation) Scheme" with the Life Insurance Corporation of India (Master Policy No. GGI/CA/601187). This is a group gratuity scheme wherein our Company contributes certain sums periodically to cover liability for payment of gratuity to employees arising out of employee's retirement, cessation of service or in the event of their death, to their specified beneficiaries after a minimum period of service or to their nominees in case of death

### ESOP / ESPS Scheme to Employees

Presently, we do not have ESOP / ESPS scheme for our employees.

### Non salary related payment or Benefit to our employees / key managerial personnel

There has been no other payment or benefit given to the employees / key managerial personnels of our Company other than in accordance with their respective terms of employment.

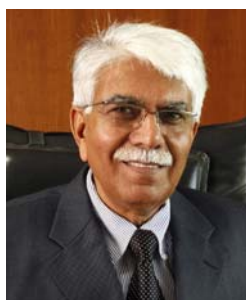


# TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

## OUR PROMOTERS AND THEIR BACKGROUND

Our current Promoters are:

### 1. Mr. Jitendra U. Mamtora, Chairman and Managing Director



PAN : AEDPM 1403 J

Voter ID: Not Applied

Driving License No: GJ01/189607/04

Passport No: F2564229

Mr. Jitendra U. Mamtora, aged 61 years, is the Chairman and Managing Director of our Company. He holds a bachelor's degree in electrical engineering from Jalpaiguri Government Engineering College. Mr. Mamtora started his career in 1969 with Electrical Equipment Manufacturing Company as an engineer, and thereafter he started a proprietary concern in the name and style of M/s Transformers And Rectifiers (India) in 1981. Under his leadership the firm diversified from its initial business of manufacture of distribution transformers into the production of furnace transformers. He has over 38 years of experience in the manufacturing of transformers and the transformer industry. Mr. Mamtora has been instrumental in the setting up and growth of our Company since its inception in the year 1994. He is an Executive Council member of IEEMA and has been nominated as the Chairman of IEEMA, Transformer Division since 2007. He is also a member of CII and FICCI. His leadership abilities and overall expertise in the technical and commercial aspects of the transformer business have been instrumental in the growth and success of our Company. He oversees the entire technical department of our Company and is responsible for the expansion plans and day to day functioning of our Company.

Mr. Jitendra U Mamtora joined the Board of Directors of our Company as First Director in 1994 and was appointed as Managing Director of our Company with effect from December 31, 2001.

### 2. Mrs. Karuna J. Mamtora, Executive Director



PAN :ACJPM3039L

Voter ID: GJD/180125/04

Driving License No: Not Applied

Passport No: F8936909

Mrs. Karuna J. Mamtora, aged 51 years, is an Executive Director of our Company. She holds a Bachelor's degree in Arts from Gujarat University. She has been associated with our Company since career in 1997, and has been instrumental in the formulation and implementation of "corporate social responsibility" related policies and activities in our Company. Mrs. Karuna Mamtora was appointed as Executive Director with effect from April 1, 2005 and is in charge of General Administrative functions and the Human Resource development in our Company.

**3. Mr. Satyen J Mamtara, Joint Managing Director**



PAN : ADUPM9419J

Voter ID: Not Applied

Driving License No: 99M-16648

Passport No: G2665731

Mr. Satyen J. Mamtara, aged 33 years, is the Joint Managing Director of our Company. He holds a Diploma holder in Electrical Engineer, from Uxbridge College of Engineering, London-UK. He has been associated with our Company since its inception. He has over 10 years of experience in the transformer industry, in area of project, production and marketing. As Joint Managing Director, he is responsible for overall operations of our Changodar Unit.

Mr. Satyen J. Mamtara joined the Board of Directors of our Company as a First Director, and was appointed as Joint Managing Director with effect from April 1, 2007.

For details of terms of appointment of Mr. Jitendra U. Mamtara as our Managing Director Mr. Satyen J Mamtara as our as our Joint Managing Director and Mrs. Karuna J. Mamtara as our Executive Director please see the section titled "Our Management" beginning on page 92 of the Red Herring Prospectus.

**Other Confirmations**

We confirm that the details of the permanent account numbers, bank account numbers and passport numbers of our Promoters will be submitted to the Stock Exchanges at the time of filing the Red Herring Prospectus with the Stock Exchanges.

None of our Promoters have been restricted from accessing the capital markets.

Relationship between Promoters-

1. Mr. Satyen J Mamtara is the son of Mr. Jitendra U. Mamtara and Mrs. Karuna J Mamtara
2. Mrs. Karuna J Mamtara is the spouse of Mr Jitendra U. Mamtara

## TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

### OUR PROMOTER GROUP

In terms of Clause 6.8.3.2(m), Explanation II of the SEBI Guidelines the following persons form part of the Promoter Group.

#### Natural persons part of Promoter Group (due to relationship with the Promoter)

Name of Promoter	Name of Relative	Relationship	Shareholding
Jitendra Mamtara	Mr. Karuna Mamtara	Spouse	267736
	Mrs. Jaya U. Mamtara	Mother	NIL
	Mr. Satyen Mamtara	Son	97000
	Mrs. Akanksha Mamtara	Son's Wife	NIL
	Mrs. Janki Mamtara	Daughter	21364
	Mstr Pratham	Son's son	NIL
	Mstr Prannay	Son's son	NIL
	Mr. Ashish Kiri	Daughter's Husband	NIL
	Ms Vritika Kiri	Daughter's daughter	NIL
	Mr. Ramesh Mamtara	Brother	NIL
	Mr. Dilip Mamtara	Brother	196
	Mr. Bipin Mamtara	Brother	196
	Mrs. Asha Mamtara	Brother's Wife	NIL
	Mrs. Vandana Mamtara	Brother's Wife	NIL
	Smt Pramila Mamtara	Brother's Wife	NIL
Karuna Mamtara	Mr. Jitendra Mamtara	Spouse	8858992
	Mr. Satyen Mamtara	Son	97000
	Mrs Akanksha Mamtara	Son's Wife	NIL
	Mrs. Janki Kiri	Daughter	21364
	Mstr Partham Mamtara	Son's son	NIL
	Mstr Parnnay Mamtara	Son's son	NIL
	Mr. Ashish Kiri	Daughter's Husband	NIL
	Ms Vritika Kiri	Daughter's daughter	NIL
Satyen Mamtara	Mrs. Akanksha Mamtara	Spouse	NIL
	Mr. Jitendra Mamtara	Father	8858992
	Mrs. Karuna Mamtara	Mother	267736
	Mstr. Pratham Mamtara	Son	NIL
	Mstr. Prannay Mamtara	Son	NIL
	Mrs. Janki Kiri	Sister	21364
	Mr. Ashish Kiri	Sister's husband	NIL

#### b) In case promoter is a company

Our Company has no promoter which is a company

**In case the Promoter is an Individual**

Relationship	Mr. Jitendra U. Mamtara	Mrs. Karuna J. Mamtara	Mr. Satyen J. Mamtara
Any company in which 10% or more of the share capital is held by the promoter or a firm or HUF in which the promoter or any one or more of his immediate relatives is a member.	Jitendra U Mamtara (HUF) TRISE ("The Real Initiative In Skill Enhancement") Trust. M/s Allied Electricals Industries M.B Optics Private Limited	M/s Allied Electricals Industries Jitendra U Mamtara (HUF) TRISE ("The Real Initiative In Skill Enhancement") Trust.	Savas Engineering Company Private Limited Jitendra U Mamtara (HUF) TRISE ("The Real Initiative In Skill Enhancement") Trust. M/s Allied Electricals Industries
Any company in which a company (mentioned above) holds 10% or more of the equity share capital	NIL	NIL	NIL
Any HUF or firm in which the aggregate share of the promoter and his immediate relatives is equal to or more than 10% of the total holding	M/s. Transpower M/s. Mamtara Brothers	NIL	NIL
All persons whose shareholding is aggregated for the purpose of disclosing in the prospectus under the heading "shareholding of the promoter group"	NIL	NIL	NIL

**Promoter Group Entities**

Companies promoted by our Promotes and forming part of our Promoter Group under Clause 6.8.3.2(m), Explanation II of the SEBI Guidelines

**SAVAS ENGINEERING COMPANY PRIVATE LIMITED (SECPL)**

SECPL was incorporated on August 5, 1999 with the Registration No. 25-13882 of 1999. The registered office of SECPL is situated at 1328/29 Shukrawar Peth office No 501 5th Floor, Vardhaman Heights Bajirao, Pune- 411002. SECPL is engaged in the business of manufacture, assembling, purchase, sale, import, export and dealing in oil purifiers, vacuum plants, resin plants, autoclave, heavy duty installations system and allied engineering items.

**Board of Directors as on September 1, 2007**

Sr No	Directors
1.	Mr. Sunil Jain
2.	Mrs Akanksha S. Mamtara

The natural person in charge of SECPL is Mr. Sunil Jain

**Shareholding Pattern as on September 1, 2007**

Shareholder	No. of Equity Shares held	% Shareholding
Mr. Sunil Jain	5100	50
Mrs Akanksha S. Mamtara	5100	50
<b>Total</b>	<b>10,200</b>	<b>100</b>

## TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

### Financial Performance for the last year

The audited financial results of SECPL for the last three financials are as follows:

(Rs. in million)

Particulars	FY 2006-07	FY 2005-06	FY 2004-05
Equity capital	0.10	0.10	0.10
Reserves	1.54	0.02	NIL
Sales	39.70	13.75	0.31
Profit/ (Loss) After Tax	1.52	0.09	-0.01
Earning per Share (Rs.)	149.13	8.60	-0.52
Net Asset Value (Rs.)	160.86	11.57	2.82

SECPL is an unlisted company and has not made any rights issue or public issue in preceding three years. It has not become sick company under the meaning of SICA and is not under winding up.

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against SECPL its promoters and directors except as stated in section titled "Outstanding Litigation and Material Developments" beginning on page 288 of the Red Herring Prospectus.

### M.B OPTICS PRIVATE LIMITED ("MBOPL")

MBOPL was incorporated on January 2, 1997 with the Registration No. 2182489 of 1997. The registered office of MBOPL is situated at 26/1, Baburam Seal Lane, Kolkata- 70012, West Bengal. MBOPL is engaged in the business of manufacture and sale of spectacles, contact lenses and all kinds of optical goods .

### Board of Directors as on September 1, 2007

Sr No	Directors
1.	Mr. Dilip Mamtara
2.	Mr Ashwin Mamtara

The natural person(s) in charge of MBOPL are Mr. Dilip Mamtara and Mr. Ashwin Mamtara

### Shareholding Pattern as on September 1, 2007

Shareholder	No. of Equity Shares held	% Shareholding
Mr. Suranjan Das	1,90,000	67.30
Ms. Triveni Mamtara	15,000	5.31
Ms. Nayna Mamtara	14300	5.07
Ms. Sharda Mamtara	12,500	4.43
Mr. Jogjiban M. Mamtara	12,000	4.25
Ms. Vandana Mamtara	10,500	3.72
Mr. Mayank R. Mamtara	4100	1.45
Ms. Premila Mamtara	4100	1.45
Mr. Ashwin Mamtara	3500	1.24
Mr. Dilip U. Mamtara	3500	1.24
Mr. Bipin U. Mamtara	3100	1.10
Mr. Ramesh U. Mamtara	3400	1.20
Mr. Jignesh Mamtara	3000	1.06
Ms. Bhavana Mamtara	1800	0.64
Ms. Asha Mamtara	1,500	0.53
<b>Total</b>	<b>282,300</b>	<b>100</b>

### Financial Performance for the last year

The audited financial results of MBOPL for the last three financials are as follows:

(Rs. in million)

Particulars	FY 2005-06	FY 2004-05	FY 2003-04
Equity capital	2.82	2.82	2.82
Reserves	3.82	3.36	2.69
Sales	14.61	16.19	12.69
Profit/ Loss After Tax	0.46	0.40	0.35
Earning per Share (Rs.)	1.61	1.41	1.24
Net Asset Value (Rs.)	23.46	21.82	21.47

MBOPL is an unlisted company and has not made any rights issue or public issue in preceding three years. It has not become sick company under the meaning of SICA and is not under winding up.

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against MBOPL its promoters and directors except as stated in section titled "Outstanding Litigation and Material Developments" beginning on page 288 of the Red Herring Prospectus.

### M/S TRANSPOWER

M/s Transpower is a partnership firm and was formed pursuant to a Deed of Partnership dated November 16, 1987. The office of M/s Transpower is situated at 108, Niska Residency, Near Jain Nagar Derasar, Near Sanjivani Hospital, Paldi, Ahmedabad- 380 007. M/s Transpower is engaged in the business of repair of faulty electrical transformers.

The partners of the firm as on September 1, 2007 are:

Name of Partner	Share in Profit %	Share in loss %
Jitendra U. Mamtara (HUF)	50	50
Hitendra Doshi	50	50
<b>Total</b>	<b>100</b>	<b>100</b>

### Financial Performance for the last three years

The audited financials for FY 2004-05, 2005-06 and 2006-07 are as follows:

Rs. In million

Particulars	FY 2006-07	FY 2005-06	FY 2004-05
Partner Capital A/c	1.03	0.64	0.23
Sales	2.01	2.45	1.95
Profit After Tax	-0.16	0.19	0.08

### M/S MAMTORA BROTHERS

M/s Mamtara Brothers is a partnership firm and was formed pursuant to a Deed of Partnership dated August 29, 1995. The office of M/s Mamtara & Mamtara is situated at 20/1A, B.B. Ganguly Street, Kolkata 700012. M/s Mamtara Brothers is engaged in the business of Trading of Optical Goods.

## TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

The partners of the firm as on September 1, 2007 are:

Name of Partner	Share in Profit %	Share in loss %
Mr. Ramesh U. Mamtora	25	25
Mr. Ashwin J. Mamtora	25	25
Mr. Dilip U. Mamtora	25	25
Mr. Bipin U. Mamtora	25	25
<b>Total</b>	<b>100</b>	<b>100</b>

### Financial Performance for the last three years

The audited financials for FY 2003-04, 2004-05 and 2005-06 are as follows

Rs. In million

Particulars	FY 2006-07	FY 2005-06	FY 2004-05
Partner Capital A/c	4.25	3.97	3.32
Sales	29.97	28.30	22.96
Profit After Tax	0.41	0.56	0.24

### M/S ALLIED ELECTRICALS INDUSTRIES (AEI)

AEI is a proprietorship firm and was formed on September 3, 1984. Mrs. Karuna J. Mamtora is the proprietor of the firm. The main business of AEI is repairing of transformers.

### Financial Performance

The audited financial results of AEI for the last three financial years are as follows:

Rs. In million

Particulars	FY 2006-07	FY 2005-06	FY 2004-05
Total Income	2.12	3.27	3.99
Profit After Tax	-0.03	0.65	1.53
Capital	0.69	0.99	2.47

### JITENDRA U MAMTORA HUF

Jitendra U Mamtora (HUF) is a Hindu-undivided Family and was formed on February 5, 1999. Mr. Jitendra U. Mamtora is the Karta of the HUF.

### Financial Performance

The audited financial results of the HUF for the last three financial years are as follows:

Rs. In million

Particulars	FY 2006-07	FY 2005-06	FY 2004-05
Total Income	15.40	0.54	0.30
Capital	26.81	11.43	10.87

### TRISE ("THE REAL INITIATIVE IN SKILL ENHANCEMENT") TRUST

The TRISE Trust is a public charitable trust constituted on February 2, 2007 and has its place of business at Survey No. 344-350, Opposite P.W.D Stores, Sarkhej Bavla Highway, Village Changodar, District: Ahmedabad-382213, Gujarat. It has been registered as a public trust with Office Deputy Charity Commissioner, Ahmedabad with registration no. E17994-Ahmedabad in 2007. TRISE Trust has been formed with the object of establishing schools and educational institutions and awarding scholarships and prizes for deserving students.



### Trustees as on September 1, 2007

The TRISE Trust was settled by Mr. Jitendra U Mamtara. The trustees of the TRISE Trust are Mr. Jitendra U. Mamtara, Mr. Harish R. Rangwala, and Mr Mahendra S. Vyas

The natural person(s) in charge of the TRISE Trust are Mr. Jitendra U. Mamtara, Mr. Harish R. Rangwala and Mr. Mahendra S. Vyas.

### Financial Performance

The audited financial results for the last financial year are as follows

(Rs. in million)

Particulars	FY 2006-07
<b>Sources of Funds</b>	
Corpus Fund	0.05
Reserves and Surplus	0.05
Application of Funds	
Cash and Bank Balance	0.28
Excess of income over expenditure/ expenditure over income	0.05

### INTEREST OF PROMOTERS

Our Promoters may be deemed to be interested to the extent of compensation / sitting fees and reimbursement of expenses in accordance with their respective terms of employment / Articles of Association of our Company. The Promoters may also be deemed to be interested to the extent of the Equity Shares, if any, held by them or by the relatives or by firms or companies of which any of them is a partner and a Promoter/ Member respectively and the Equity Shares if any, out of the present Issue that may be subscribed for and allotted to them or their relatives or any Company in which they are Directors / members of firms in which they are partners. Our Directors are also interested to the extent of transactions given under sub-heading titled "Transaction with related parties" beginning on page 119 of the Red Herring Prospectus.

All our Promoters may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by our Company with any company in which they hold Directorships or any partnership firm in which they are partners as declared in their respective declarations.

Our Promoters Directors may be deemed as significantly interested in certain business acquisitions made by us in fiscal 2007, whose details are as mentioned below:

- In fiscal 2007, we purchased the business of M/s. Transformers and Rectifiers (India), a proprietorship concern of our Promoter Mr. Jitendra U. Mamtara situated at Plot No 233, GVMSA Industrial Estate, Odhav, Ahmedabad, engaged in the business of manufacturing transformers. The consideration of Rs. 15,221,050 was paid by allotting Equity Shares of our Company at a price of Rs. 130/- per Equity Share on August 2, 2006 to our Promoter and Chairman and Managing Director, Mr. Jitendra U. Mamtara.
- Further, in fiscal 2007, we acquired 100% stake in Transweld Mechanical Engineering Works Limited for a consideration of Rs. 3.25 million and 51% in Transpares Limited for a consideration of Rs. 13.72 million. By virtue of these acquisitions both these companies became our Subsidiaries. These stakes were acquired from our Promoters/Promoter Group (except for a small stake in Transpares Ltd. acquired from other existing shareholders).

In relation to all the aforesaid acquisitions, the same have been made based on book value/our internal estimations, and we have not acquired or obtained any third party or independent valuation reports to substantiate the amounts paid towards these acquisitions.

Except as stated in this paragraph, our Promoters do not have any interest:

- In the promotion of our Company; and
- In any property acquired by our Company in the two years preceding the date of the Red Herring Prospectus, or proposed to be acquired by us.

## TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

We have, from time to time, availed of unsecured loans from our Promoters. The details of unsecured loans availed by us from our Promoters as on September 30, 2007 is as follows:

	Rs. In million
Mr. Jitendra U. Mamtora	11.03
Mr. Satyen J. Mamtora	0.04
Mrs. Karuna J. Mamtora	2.45
Jitendra U. Mamtora (HUF)	19.05

### Payment or benefit to Promoters

Other than as stated in the paragraph titled "Interest of Promoters" as stated hereinabove, there is no amount or benefit paid or given to any of our Promoters in the two preceding years, or intended to be paid or given to our Promoters.

### Common pursuits

There are no common pursuits between our Promoters and our Company as on date of filing of the Red Herring Prospectus.

### Sick Company/ RoC Strike-Off

None of the companies forming part of our Promoter Group have been declared sick in the past or been struck off the register of companies maintained by the Registrar of Companies.

Disassociation by the Promoter in the last three years

There are no companies with which our Promoters have disassociated themselves in the last three years.

## RELATED PARTY TRANSACTIONS

(a) Names of related parties and description of relationship:

Sr. No	Nature of Relationship	Name of Related Parties
1	Subsidiary Companies	Transweld Mechanical Engineering Works Limited (Since 3rd October 2006)
2	Associate Companies/ Enterprises	Transpares Limited (Since 1st August 2006)
3	Key Management Personnel	Transformer & Rectifier India (Refer Note No. 1 of Annexure)
4	Relative of Key Management Personnel	Allied Electrical Industries
		Mr. Jitendra U. Mamtora (HUF)
		Mr. Jitendra U. Mamtora
		Mr. Satyen J. Mamtora
		Mr. Bhasakar Sen.
		Mrs. Karuna J. Mamtora
		Mr. Hitendra M. Doshi
		Mr. Haresh Shah
		Ms. Janki Jitendra Mamtora
		Mr. Dilip Mamtora
		Mr. Bipin Mamtora

b) Details of transactions with related parties:

(Rs. In Million)

PARTICULARS	For Six Months Ended 30th Sept	Year Ended 31st March 2007	Year Ended 31st March 2006	Year Ended 31st March 2005	Year Ended 31st March 2004	Year Ended 31st March 2003
<b>A Managerial Remuneration</b>						
Mr. Satyen J Mamtora	1.65	3.41	0.67	0.67	0.24	0.24
Mr. Jitendra U Mamtora	3.18	3.39	1.44	1.44	0.42	0.36
Mrs. Karuna J Mamtora	0.36	0.40	0.29	0.29	-	-
Mr Bhasakar Sen	0.57	-	-	-	-	-
<b>B Purchase of Goods (Including Capital Goods, Job Works)</b>						
Transpares Ltd	30.80	44.35	29.97	21.09	18.07	11.72
Transweld Mech. Engg. Works Ltd	34.32	66.36	50.49	27.57	14.16	10.20
Allied Electrical Industries	0.43	-	-	-	-	-
Transformers & Rectifiers (India)	0.00	19.98	3.69	0.61	-	-
<b>C Sale of Goods (Including Capital Goods, Job Works)</b>						
Transweld Mech. Engg. Works Ltd	0.15	0.87	0.02	0.05	-	-
Transformers & Rectifiers (India)	0.00	0.35	5.85	5.75	2.32	-
Transpares Ltd	0.07					
Allied Electrical Industries	0.00	0.56	0.05	0.01	-	-

## TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

(Rs. In Million)

PARTICULARS	For Six Months Ended 30th Sept	Year Ended 31st March 2007	Year Ended 31st March 2006	Year Ended 31st March 2005	Year Ended 31st March 2004	Year Ended 31st March 2003
<b>D Service Received</b>						
Transformers & Rectifiers (India)	0.00	0.01	-	-	0.83	-
Transweld Mech. Engg. Works Ltd .	2.91	5.78	-	-	-	-
Allied Electrical Industries	0.26	0.58	0.38	-	-	0.07
Transpares Ltd.	0.02	-	-	-	-	-
Mr. Hareesh Shah	-	-	-	-	0.54	-
<b>E Service Rendered</b>						
Transformers & Rectifiers (India)	0.00	3.01	9.78	7.84	0.82	-
<b>F Loan Taken/Repaid and Interest On Loan (From Directors &amp; Inter Company Deposit)</b>						
Mr. Jitendra U Mamtara						
Loan Taken	0.00	45.89	17.58	-	6.36	1.07
Loan Repaid	0.04	36.34	22.84	-	1.10	0.78
Interest	0.47	0.75	-	-	-	-
Closing Balance	11.03	10.59	0.29	5.55	5.55	0.29
Opening Balance	10.59	0.29	5.55	5.55	0.29	-
Mr. Satyen J Mamtara						
Loan Taken	0.00	2.03	0.05	-	-	0.23
Loan Repaid	0.00	1.96	0.04	-	0.70	0.58
Interest	0.00	-0.04	-	-	0.10	0.22
Closing Balance	0.04	0.04	0.01	-	-	0.70
Opening Balance	0.03	0.01	-	-	0.70	1.45
Mrs. Karuna J Mamtara						
Loan Taken	0.00	2.19	0.14	0.01	-	0.24
Loan Repaid.	0.02	0.04	-	0.02	-	2.15
Interest	0.10	0.06	-	-	-	-
Closing Balance	2.45	2.36	0.15	0.01	0.03	0.03
Opening Balance	2.36	0.15	0.01	0.03	0.03	1.94
Mr. Jitendra U Mamtara (HUF)						
Loan Taken.	1.00	18.71	-	-	0.03	-
Loan Repaid	1.90	-	0.03	-	-	-
Interest	0.81	0.43	-	-	-	-
Closing Balance	19.05	19.14	-	0.03	0.03	-
Opening Balance	19.15	-	0.03	0.03	-	-
<b>G Interest received</b>						
Transweld Mech. Engg. Works Ltd	-	-	-	-	-	0.07

(Rs. In Million)

PARTICULARS	For Six Months Ended 30th Sept	Year Ended 31st March 2007	Year Ended 31st March 2006	Year Ended 31st March 2005	Year Ended 31st March 2004	Year Ended 31st March 2003
<b>H Dividend Paid</b>						
Mr. Jitendra U Mamtara	-	20.59	4.29	0.43	0.36	3.49
Mr. Satyen J Mamtara	-	0.23	0.05	0.00	0.00	0.02
Mrs. Karuna J Mamtara	-	0.63	0.14	0.01	0.01	0.12
Mr. Jitendra U Mamtara (HUF)	-	1.49	0.29	0.03	0.03	0.25
Ms. Janki J Mamtara	-	0.05	0.01	0.00	0.00	0.00
<b>I Corporate Guarantee Given By Company</b>						
Transpares Private Ltd	-	-	-	9.00	-	-
Balance Outstanding	-	-	6.52	5.63	-	-
<b>J Equity Contribution</b>						
Mr. Jitendra U Mamtara	-	10.01	15.60	-	-	-
Mr. Jitendra U Mamtara (HUF)	-	10.43	-	-	-	-
<b>K Shares Issued Towards Purchase of Business</b>						
Mr. Jitendra Mamtara	-	15.22	-	-	-	-
<b>L Balance at the end of the period</b>						
1) Current Liabilities						
Allied Electrical Industries	1.84	1.15	0.29	0.01	-	-
Transpares Works Ltd. .	22.75	15.43	8.88	3.93	0.89	-
Transweld Mech. Engg. Works Ltd.	21.63	20.15	9.87	-	3.48	-
Transformer & Rectifier (India )	-	-	-	-	3.43	0.06
2) Current Assets						
Transformer & Rectifier (India)	-	-	2.27	6.93	3.10	-

**Details of loans/ICD's/debtors from Directors, Subsidiaries and Promoter Group Entities to our Company:**

Mr. Jitendra U. Mamtara	11.03
Mr. Satyen J. Mamtara	0.04
Mrs. Karuna J. Mamtara	2.45
Jitendra U. Mamtara (HUF)	19.05
Allied Electrical Industries	1.84
Transpares Ltd	22.74
Transweld Mechanical Engineering Ltd	21.63

## **TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED**

### **CHANGES IN ACCOUNTING POLICY**

There are no changes in accounting policies in the last three financial years, except as contained in the section titled "Financial Statements" beginning on page 122 of the Red Herring Prospectus.

## DIVIDEND POLICY

The declaration and payment of dividends will be recommended by our board of directors and approved by our shareholders, in their discretion, and will depend on a number of factors, including but not limited to our earnings, capital requirements and overall financial position. Our Company has no stated dividend policy.

**The dividend paid by our Company in the last five fiscals is as provided herein:**

	<b>Fiscal 2003</b>	<b>Fiscal 2004</b>	<b>Fiscal 2005</b>	<b>Fiscal 2006</b>	<b>Fiscal 2007</b>
Face Value Per share	10	10	10	10	10
Dividend (Rs. Million)	0.40	0.48	4.78	10.23	12.77
Dividend per equity share (Rs.)	0.10	0.10	1.00	1.50	1.80
Dividend rate (% to paid up capital)	1%	1%	10 %	15%	18%

Notes

**1. During the year ended 31st March 2003, the dividend was declared on pro-rata basis.**



# TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

## SECTION IV - FINANCIAL STATEMENTS

### AUDITORS' REPORT TO THE RESTATED UNCONSOLIDATED AND CONSOLIDATED FINANCIAL STATEMENTS

#### *Auditors report on the Restated Unconsolidated Financial Statements:*

#### **Auditors' report**

**(as required by Part II of Schedule II of the Companies Act, 1956)**

To,

The Board of Directors,  
Transformers & Rectifiers (India) Limited  
Survey No 344-350,  
Opp. P.W.D. Stores,  
Changodar,  
Sanand,  
Ahmedabad - 382210

Dear Sirs,

We have examined the financial information of Transformers & Rectifiers (India) Limited ('the Company') as at 30th September 2007, 31st March 2007, 31st March 2006, 31st March 2005, 31st March 2004 and 31st March 2003 annexed to this report and initialed by us for identification. The said financial information has been prepared by the Company and approved by the Board of Directors, in accordance with the requirements of:

- a. paragraph B (1) of Part II of Schedule II of the Companies Act, 1956 ("the Act") ;
- b. the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 (the 'SEBI Guidelines') and the related clarifications thereto issued by the Securities and Exchange Board of India ('SEBI') pursuant to section 11 of the Securities and Exchange Board of India Act, 1992, as amended to date; and
- c. the terms of our engagement agreed upon with you in accordance with our engagement letter dated 20.09.2007 in connection with the offer document being issued by the Company for its proposed Initial Public Issue of Equity Shares.

#### **A. Financial Information as per Audited Financial Statements:**

The financial information of the Company has been extracted from the financial statements for the years ended 31st March 2007, 31st March 2006, 31st March 2005, 31st March 2004 and 31st March 2003 which have been approved by the Board of Directors and adopted by the Members of the Company at the respective Annual General Meetings. The financial information for the six months period ended 30th September 2007 has been extracted from the financial statements approved by the Board of Directors and audited by us. Audit for the financial years ended 31st March 2005, 31st March 2004 and 31st March 2003 was conducted by M/s. D. R. Thakkar & Co., being the auditors of the company for those years, and accordingly reliance has been placed on the financial statements audited by them for the said years.

In accordance with the requirements of Paragraph B of Part II of Schedule II of the Act, the SEBI Guidelines and terms of our engagement agreed with you, we further report that:

- a. The Summary Statement of Assets and Liabilities, as restated, as at 30th September 2007, 31st March 2007, 31st March 2006, 31st March 2005, 31st March 2004 and 31st March 2003 examined by us, as set out in Annexure 1 to this report are after making adjustments and regroupings as in our opinion were appropriate and more fully described in Annexure 4 - Statement on adjustments to audited financial statements, and Annexure 7 - Notes to statement on adjustments to audited financial statements.
- b. The Summary Statement of Profits and Losses, as restated, for the period/years then ended, examined by us, set out in Annexure 2 to this report are after making adjustments and regroupings as in our opinion were appropriate and more fully described in Annexure 4 - Statement on adjustments to audited financial statements, and Annexure 7 - Notes to statement on adjustments to audited financial statements.

- c. The Summary Statement of Cash Flows, as restated, for the period/years then ended, examined by us, set out in Annexure 3 to this report are after making adjustments and regroupings as in our opinion were appropriate and more fully described in Annexure 4 - Statement on adjustments to audited financial statements, and Annexure 7 - Notes to statement on adjustments to audited financial statements.
- d. Based on above and also as per the reliance placed on the reports submitted by the previous auditors M/s. D. R. Thakkar & Co for the respective years, we are of the opinion that the restated financial information has been made after incorporating:
  - i. adjustments for the changes in accounting policies retrospectively in respective financial years to reflect the same accounting treatment as per changed accounting policy for all the reporting periods.
  - ii. adjustments for the material amounts in the respective financial years to which they relate.
  - iii. the extra-ordinary items that need to be disclosed separately in the summary statements.
  - iv. there are no qualifications in the Auditors' report, hence no adjustments are required.

**B. Other Financial Information:**

At the Company's request, we have also examined the following other financial information relating to the Company set out in Annexures prepared by the management and approved by the Board of Directors for the six months period ended 30th September 2007 and for the years ended 31st March 2007, 31st March 2006, 31st March 2005, 31st March 2004 and 31st March 2003. Audit for the financial years ended 31st March 2005, 31st March 2004 and 31st March 2003 was conducted by M/s. D. R. Thakkar & Co., being the auditors of the company for those years, and accordingly reliance has been placed on the financial statements audited by them for the said years.

- i. Statement of Changes in Share Capital, enclosed as Annexure 8;
- ii. Statement of Changes in Reserves and Surplus, as restated, enclosed as Annexure 9 ;
- iii. Statement of Secured Loans, as restated, enclosed as Annexure 10;
- iv. Statement of Unsecured Loans, as restated, enclosed as Annexure 11;
- v. Statement of Investments, enclosed as Annexure 12;
- vi. Statement of Sundry Debtors, as restated, enclosed as Annexure 13;
- vii. Statement of Loans and Advances, as restated, enclosed as Annexure 14;
- viii. Statement of Current Liabilities and Provisions, as restated; enclosed as Annexure 15;
- ix. Statement of Other Income, as restated, enclosed as Annexure 16;
- x. Statement of Dividend Paid/Proposed, enclosed as Annexure 17;
- xi. Statement of Accounting Ratios, as restated, enclosed as Annexure 18;
- xii. Capitalisation Statement as at 30th September 2007, as restated, enclosed as Annexure 19;
- xiii. Commitments and Contingent Liabilities, as restated, enclosed as Annexure 20;
- xiv. Tax Shelter Statement, enclosed as Annexure 21;
- xv. Statement of Related Party Transactions, enclosed as Annexure 22.

In our opinion, the financial information contained in the Annexures to this report, read with the significant accounting policies and notes forming part of restated accounts disclosed in Annexure 5 and Annexure 6 respectively, and after making adjustments and regroupings as considered appropriate and disclosed in Annexure 4 - Statement on adjustments to audited financial statements read with Annexure 7 - Notes to statement on adjustments to audited financial statements, has been prepared in accordance with paragraph B of Part II of Schedule II of the Act and the SEBI Guidelines.

## **TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED**

This report should not be in any way construed as a reissuance or a redating of any of the previous audit reports issued by us or by other firm of Chartered Accountants, nor should this report be construed as a new opinion on any of the financial statement referred to herein.

This report is intended solely for use of the management and for inclusion in the Offer Document in connection with the proposed public offer of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

**For C. C. Chokshi & Co.**  
**Chartered Accountants**

**H. P. Shah**  
Partner  
Membership Number: 33331  
Place: Ahmedabad  
Date: 23rd November 2007

**ANNEXURE 1 - SUMMARY STATEMENT OF ASSETS AND LIABILITIES - RESTATED**

(Rs. In Million)

PARTICULARS		As at 30th Sept 2007	As at 31st March 2007	As at 31st March 2006	As at 31st March 2005	As at 31st March 2004	As at 31st March 2003
<b>A</b>	<b>Fixed Assets</b>						
	Gross Block	221.83	195.90	149.91	108.52	103.27	99.96
	Less: Depreciation	-59.98	-52.53	-40.76	-33.00	-29.25	-24.76
	Net Block	161.85	143.37	109.15	75.52	74.02	75.20
	Capital Work in Progress	99.67	50.31	9.82	9.62	-	-
	Total	261.52	193.68	118.97	85.14	74.02	75.20
	<b>Intangible Assets</b>						
	Gross Block	14.57	14.57	2.64	0.56	-	-
	Less: Amortisation	-5.22	-3.69	-0.65	-0.26	-	-
	Total	9.35	10.88	1.99	0.30	-	-
	<b>Net Block</b>	<b>270.87</b>	<b>204.56</b>	<b>120.96</b>	<b>85.44</b>	<b>74.02</b>	<b>75.20</b>
<b>B</b>	<b>Investments</b>	16.97	17.97	-	-	-	-
<b>C</b>	<b>Current Assets, Loans &amp; Advances</b>						
	Inventories	496.40	393.65	310.06	174.68	143.25	154.58
	Sundry Debtors	821.34	689.66	518.12	220.26	212.21	75.79
	Cash and Bank balances	120.53	142.69	65.26	40.40	13.75	11.62
	Loans and Advances	92.90	55.65	36.06	47.05	24.61	12.77
	Other Current Assets	6.12	1.10	1.23	0.89	-	-
	<b>Total</b>	<b>1537.29</b>	<b>1282.75</b>	<b>930.73</b>	<b>483.28</b>	<b>393.82</b>	<b>254.76</b>
<b>D</b>	<b>Liabilities and Provisions</b>						
	Secured Loans	302.27	229.10	154.30	91.86	89.32	74.29
	Unsecured Loans	160.79	48.74	19.77	18.80	45.64	48.89
	Current Liabilities and Provisions	819.12	811.38	648.83	313.63	215.77	107.74
	Deferred Tax Liability (Net)	16.30	13.40	14.77	15.76	15.19	14.70
	<b>Total</b>	<b>1298.48</b>	<b>1102.62</b>	<b>837.67</b>	<b>440.05</b>	<b>365.92</b>	<b>245.62</b>
	<b>Net Worth (A+B+C-D)</b>	<b>526.65</b>	<b>402.66</b>	<b>214.02</b>	<b>128.67</b>	<b>101.92</b>	<b>84.34</b>
	<b>Net Worth Represented by</b>						
<b>E</b>	<b>Share Capital</b>	99.29	70.92	68.18	47.77	47.77	47.77
<b>F</b>	<b>Reserves &amp; Surplus</b>	427.48	331.89	146.37	81.56	55.18	37.97
<b>G</b>	<b>Miscellaneous Expenditure</b> (to the extent not written off)	-0.12	-0.15	-0.53	-0.66	-1.03	-1.40
	<b>Net Worth (E+F-G)</b>	<b>526.65</b>	<b>402.66</b>	<b>214.02</b>	<b>128.67</b>	<b>101.92</b>	<b>84.34</b>

**Note:**

The above statement should be read with the Statement on Adjustments to Audited Financial Statements, appearing in Annexure 4; Significant Accounting Policies, appearing in Annexure 5; Notes to Restated Financial Information, appearing in Annexure 6 and Notes to Statement on Adjustments to Audited Financial Statements, as restated, appearing in Annexure 7.

## TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

### ANNEXURE 2 - SUMMARY STATEMENT OF PROFITS AND LOSSES - RESTATED

(Rs. In Million)

PARTICULARS		For Six Months Period Ended 30th Sept 2007	Year Ended 31st March 2007	Year Ended 31st March 2006	Year Ended 31st March 2005	Year Ended 31st March 2004	Year Ended 31st March 2003
	<b>INCOME</b>						
	Gross Sales of manufactured goods	1451.67	2505.66	1485.89	870.83	577.73	323.59
	Less : Cenvat Duty recovered on sales	-198.87	-336.19	-203.23	-124.54	-74.25	-41.11
	<b>Net Sales</b>	<b>1252.80</b>	<b>2169.47</b>	<b>1282.66</b>	<b>746.29</b>	<b>503.48</b>	<b>282.48</b>
	Trading Sales	1.19	12.72	-	-	-	-
	Service Income	10.40	9.30	12.89	11.83	2.08	2.82
	Other Income	9.74	8.63	6.66	10.17	8.17	3.91
	Increase / (Decrease) in Stock	102.07	105.49	87.78	-16.52	-34.77	27.45
<b>A</b>	<b>Total Income</b>	<b>1375.01</b>	<b>2294.08</b>	<b>1402.71</b>	<b>751.77</b>	<b>478.96</b>	<b>316.66</b>
	<b>EXPENDITURE</b>						
	Raw Material Consumed	981.72	1,692.04	1,103.09	595.95	371.89	234.40
	Trading Purchases	-	1.72	18.65	-	-	-
	Employee Cost	25.60	35.76	24.62	15.96	10.88	9.16
	Manufacturing Cost	23.91	35.79	26.37	20.86	19.57	16.92
	Selling, Distribution Expenses and Administration Expenses	94.95	183.64	80.71	42.78	30.16	23.27
<b>B</b>	<b>Total Expenditure</b>	<b>1126.18</b>	<b>1948.95</b>	<b>1253.44</b>	<b>675.55</b>	<b>432.50</b>	<b>283.75</b>
	<b>Profit before Interest, Depreciation, Extraordinary item and Tax (A-B)</b>	<b>248.83</b>	<b>345.13</b>	<b>149.27</b>	<b>76.22</b>	<b>46.46</b>	<b>32.91</b>
	Interest (Finance Expenses)	40.29	52.52	21.18	13.53	16.14	12.69
	Depreciation and Amortisation	9.12	15.85	8.37	5.35	5.00	4.65
	Total	49.41	68.37	29.55	18.88	21.14	17.34
	<b>Profit Before Tax and Extra Ordinary Items</b>	<b>199.42</b>	<b>276.76</b>	<b>119.72</b>	<b>57.34</b>	<b>25.32</b>	<b>15.57</b>
	Extra Ordinary Item	-	-	-	-	-	-
	Loss on account of flood	-	18.15	-	-	-	-
	<b>Profit Before Tax</b>	<b>199.42</b>	<b>258.61</b>	<b>119.72</b>	<b>57.34</b>	<b>25.32</b>	<b>15.57</b>
	<b>Provision for Taxation</b>						
	Current Tax (Incl. Wealth Tax)	67.50	91.50	40.50	21.46	6.91	0.75
	Deferred Tax	3.47	-1.36	-0.99	0.57	0.49	0.91
	Fringe Benefit Tax.	0.63	1.75	1.60	-	-	-
	Taxation of Earlier Periods	3.15	0.16	2.08	-	-	-
	Total	74.75	92.05	43.19	22.03	7.40	1.66

<b>PARTICULARS</b>	<b>For Six Months Period Ended 30th Sept 2007</b>	<b>Year Ended 31st March 2007</b>	<b>Year Ended 31st March 2006</b>	<b>Year Ended 31st March 2005</b>	<b>Year Ended 31st March 2004</b>	<b>Year Ended 31st March 2003</b>
<b>Profit After Tax and Before Adjustments</b>	<b>124.67</b>	<b>166.56</b>	<b>76.53</b>	<b>35.31</b>	<b>17.92</b>	<b>13.91</b>
Adjustments (Refer Annexure 4)	0.40	0.60	4.74	-3.49	-0.16	-2.08
<b>Profit After Tax, As Restated</b>	<b>125.07</b>	<b>167.16</b>	<b>81.27</b>	<b>31.82</b>	<b>17.76</b>	<b>11.83</b>
Add : Balance brought forward from previous year	249.67	122.07	65.66	39.28	22.07	24.99
Less: Deferred tax liability (transitional period)	-	-	-	-	-	-13.79
Less: Capitalised by issue of Bonus Shares	-	-	-3.21	-	-	-
<b>Amount available for appropriation</b>	<b>374.74</b>	<b>289.23</b>	<b>143.72</b>	<b>71.10</b>	<b>39.83</b>	<b>23.03</b>
<b>Appropriations</b>						
Proposed Dividend	-	-	10.23	4.78	0.48	0.40
Interim Dividend Paid	-	12.77	-	-	-	-
Tax on Dividend Paid	-	1.79	1.42	0.66	0.07	0.06
Transferred To General Reserve	-	25.00	10.00	-	-	0.50
Balance Carried To Balance Sheet	374.74	249.67	122.07	65.66	39.28	22.07
<b>Total</b>	<b>374.74</b>	<b>289.23</b>	<b>143.72</b>	<b>71.10</b>	<b>39.83</b>	<b>23.03</b>

Note: The above statement should be read with the Statement on Adjustments to Audited Financial Statements, appearing in Annexure 4; Significant Accounting Policies, appearing in Annexure 5; Notes to Restated Financial Information, appearing in Annexure 6 and Notes to Statement on Adjustments to Audited Financial Statements, as restated, appearing in Annexure 7.

## TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

### ANNEXURE 3 - SUMMARY STATEMENT OF CASHFLOWS - RESTATED

(Rs. In Million)

PARTICULARS		For Six Months Period Ended 30th Sept 2007	Year Ended 31st March 2007	Year Ended 31st March 2006	Year Ended 31st March 2005	Year Ended 31st March 2004	Year Ended 31st March 2003
<b>A</b>	<b>CASH FROM OPERATING ACTIVITIES</b>						
	<b>Profit Before Tax, As Restated</b>	<b>195.25</b>	<b>262.74</b>	<b>125.38</b>	<b>51.72</b>	<b>25.32</b>	<b>15.57</b>
	<b>Adjustments for</b>						
	Depreciation and Amortisation	9.12	15.85	8.37	5.35	5.00	4.65
	Deferred Expenses Written Off	0.02	0.38	0.38	0.37	0.36	0.02
	Unrealised Foreign Exchange Gain	0.88	0.61	-0.02	-	-	-
	Interest Income	-5.23	-5.12	-3.09	-1.27	-	-
	Dividend Income	-	-1.10	-	-	-	-
	Interest Expense	40.28	52.52	21.18	13.53	16.14	12.69
	(Profit) / Loss on sale of Investment	-0.22	-	-	-	-	-
	(Profit) / Loss on sale of asset	0.25	0.79	0.01	-0.09	0.11	-
	Fixed assets Written Off	-	-	0.22	-	-	-
	Provision for doubtful advance	2.15	0.32	-	-	-	-
	Provision for Onerous contracts		0.44	-	-	-	-
	<b>Operating profit before working capital changes</b>	<b>242.50</b>	<b>327.11</b>	<b>152.75</b>	<b>69.61</b>	<b>46.93</b>	<b>32.93</b>
	<b>Changes in working capital</b>						
	Trade & Other Receivables	-155.69	-240.60	-312.73	-57.47	-152.33	5.71
	Inventories	-102.74	-78.53	-140.22	-31.43	11.33	-37.61
	Trade Payables	-15.65	87.17	333.85	87.84	84.58	-7.50
	<b>Cash generation from operations</b>	<b>-31.58</b>	<b>95.15</b>	<b>33.65</b>	<b>68.55</b>	<b>-9.49</b>	<b>-6.47</b>
	Less: Income tax paid	-45.00	-48.98	-45.18	-14.61	-5.96	-1.40
	<b>Net cash from Operations</b>	<b>-76.58</b>	<b>46.17</b>	<b>-11.53</b>	<b>53.94</b>	<b>-15.45</b>	<b>-7.87</b>
<b>B</b>	<b>CASH FROM INVESTING ACTIVITIES</b>						
	Purchase of Fixed assets	-75.82	-73.43	-44.14	-17.28	-4.11	-4.81
	Proceeds from sale of assets	0.13	0.02	0.02	0.60	0.18	-
	Long Term Investment In Subsidiaries	-	-16.97	-	-	-	-
	Purchase of Business	1.24	-	-	-	-	-
	Interest Income	5.23	5.25	2.74	1.27	-	-
	Dividend Income	-	1.10	-	-	-	-
	Proceeds from sale of Investment	1.22					
	Deferred Revenue Expenses	-	-	-0.24	-	-	-1.33
	<b>Net cash from Investing Activities</b>	<b>-69.24</b>	<b>-82.79</b>	<b>-41.62</b>	<b>-15.41</b>	<b>-3.93</b>	<b>-6.14</b>

PARTICULARS		For Six Months Period Ended 30th Sept 2007	Year Ended 31st March 2007	Year Ended 31st March 2006	Year Ended 31st March 2005	Year Ended 31st March 2004	Year Ended 31st March 2003
<b>C</b>	<b>CASH FROM FINANCING ACTIVITIES</b>						
	Increase in borrowings	243.51	234.74	79.86	40.68	35.41	13.00
	Repayment of Loans	-58.28	-133.21	-16.75	-64.97	-	-
	Interest Paid	-40.29	-52.44	-20.33	-13.51	-16.12	-12.69
	Dividend Paid (Including Tax).	-	-26.22	-5.45	-0.54	-0.45	-
	Increase in Share Capital	-	1.57	1.30	-	-	0.60
	Increase in Share Premium	-	18.87	14.30	-	-	9.40
	<b>Net cash from Financing Activities</b>	<b>144.94</b>	<b>43.31</b>	<b>52.93</b>	<b>-38.34</b>	<b>18.84</b>	<b>10.31</b>
	Net Increase / (Decrease) in cash & cash equivalents (A+B+C)	-0.88	6.69	-0.22	0.19	-0.54	-3.70
	Cash and Cash Equivalents at beginning of the year	6.87	0.18	0.40	0.21	0.75	4.45
	<b>Cash and Cash Equivalents at the end of the year</b>	<b>5.99</b>	<b>6.87</b>	<b>0.18</b>	<b>0.40</b>	<b>0.21</b>	<b>0.75</b>

Note: The above statement should be read with the Statement on Adjustments to Audited Financial Statements, appearing in Annexure 4; Significant Accounting Policies, appearing in Annexure 5; Notes to Restated Financial Information, appearing in Annexure 6 and Notes to Statement on Adjustments to Audited Financial Statements, as restated, appearing in Annexure 7.



## TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

### ANNEXURE 4 - STATEMENT ON ADJUSTMENTS TO AUDITED FINANCIAL STATEMENTS

(Refer Annexure 7)

(Rs. In Million)

PARTICULARS	For Six Months Period Ended 30th Sept 2007	Year Ended 31st March 2007	Year Ended 31st March 2006	Year Ended 31st March 2005	Year Ended 31st March 2004	Year Ended 31st March 2003
<b>Profit after tax and before adjustments</b>	<b>124.67</b>	<b>166.56</b>	<b>76.53</b>	<b>35.31</b>	<b>17.92</b>	<b>13.91</b>
<b>Adjustments</b>						
Impact of change in accounting policy & estimates						
Advance Licenses written off	-	-	5.62	-5.62	-	-
Provision for Onerous Contract Reversed	-4.17	4.17				
Manufacturing Expenses.	-	-	2.42	-0.55	-2.78	0.61
Increase / decrease in stock of						
Finished Goods	-	-	-2.42	0.55	2.78	-0.61
Bad Debts Recovered	-	-0.04	0.04	-	-	-
Short/Excess provision of tax of earlier years	3.15	-2.14	0.99	0.24	-0.16	-2.08
	-1.02	1.99	6.65	-5.38	-0.16	-2.08
Income Tax impact on adjustments.	1.42	-1.39	-1.91	1.89	-	-
Net impact of adjustments	0.40	0.60	4.74	-3.49	-0.16	-2.08
<b>Profit After Tax, As Restated.</b>	<b>125.07</b>	<b>167.16</b>	<b>81.27</b>	<b>31.82</b>	<b>17.76</b>	<b>11.83</b>

## **ANNEXURE 5 - SIGNIFICANT ACCOUNTING POLICIES**

### **1) Accounting Convention:**

The accounts are prepared on historical cost basis and based on accrual method of accounting and applicable Accounting Standards.

### **2) Use of Estimates:**

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on date of the financial statement and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognized in the period in which the results are known/ materialized.

### **3) Fixed Assets:**

- a) Tangible Fixed Assets are stated at cost of acquisition or construction less accumulated depreciation. The cost of fixed assets includes non-refundable taxes and levies, freight and other incidental expenses related to acquisition and installation of the respective assets.
- b) Certain computer software costs are capitalized and recognized as intangible assets in terms of Accounting Standard 26 on intangible assets based on materiality, accounting prudence and significant economic benefits expected to flow therefrom for a period longer than 1 year. Capitalized cost includes direct cost of implementation and expenses directly attributable to the implementation.
- c) The Company evaluates the impairment losses on the fixed assets whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. If such assets are considered to be impaired the impairment loss is then recognized for the amount by which the carrying amount of the assets exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the smallest levels for which there are separately identifiable cash flows.

### **4) Depreciation and Amortisation:**

- a) Depreciation on fixed assets is provided on Straight Line Method in accordance with Section 205 (2) (b) of the Companies Act, 1956 at the rate and in the manner prescribed in schedule XIV of the said Act.
- b) Computer software costs capitalized are amortized using the Straight Line Method over estimated useful life of 3 to 5 years, as estimated at the time of capitalization.

### **5) Investments:**

- a) Long Term investments are stated at cost and provision is made to recognize any dilution in value, other than that of temporary nature.
- b) Current investments are carried at lower of cost and market value. Diminution in value is charged to the profit and loss account.

### **6) Inventories:**

- a) Raw materials, Process stock and Finished Goods are valued at lower of cost or net realisable value.
- b) Cost for Raw materials is determined on Weighted Average/FIFO basis, net of cenvat credit availed.
- c) Cost for Finished Goods and Process Stock is determined taking material cost [Net of cenvat credit availed] labour and relevant appropriate overheads and cenvat duty.

### **7) Revenue Recognition:**

In appropriate circumstances, Revenue (income) is recognised when no significant uncertainty as to determination or realisation exists.

### **8) Sales/Service Income:**

Sales are accounted on despatch of goods. Export sales are accounted on the basis of date of Bill of lading. Sales

## TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

value is inclusive of Cenvat Duty and but does not include other recoveries such as insurance charges, transport charges etc. Service income excludes service tax.

9) **Cenvat credit:**

Cenvat credit is accounted for on accrual basis on purchase of eligible inputs, capital goods and services.

10) **Foreign Currency Transactions:**

Transactions in foreign currency are recorded at the exchange rates prevailing at the time the transactions are effected. The gain or loss due to exchange rates prevailing at the year end, if any, is taken into account. Exchange difference related to fixed assets is recognised in Profit and Loss account.

11) **Prior Period Expenses/Income:**

Material items of prior period expenses/income are disclosed separately.

12) **Employees Benefits:**

a) **Defined Contribution Plan**

The Company's contributions paid / payable for the year to Provident Fund are recognised in the profit and loss account.

b) **Defined Benefit Plan**

The Company's liabilities towards gratuity, and leave encashment are determined using the projected unit credit method which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past services are recognised on a straight line basis over the average period until the amended benefits become vested. Actuarial gain and losses are recognised immediately in the profit and loss account as income or expense. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields at the balance sheet date on Government bonds where the currency and terms of the Government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

13) **Borrowing Cost:**

Interest and other costs in connection with the borrowings of the funds to the extents related/attribution to the acquisition/construction of qualifying Fixed Assets are capitalized upto the date when such assets are ready for their intended use and other borrowing costs are charged to Profit and Loss Account.

14) **Miscellaneous Expenditure:**

a) Preliminary expenses are amortized over a period of ten years.

b) Exhibition expenses are amortized over a period of five years.

c) Shares issue expenses incurred are amortized over a period of five years.

15) **Taxes on Income :**

Current Tax is the amount of tax payable on the taxable income for the year as determined in accordance with provision of Income Tax Act, 1961.

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

16) **Leases**

Lease transaction entered into on or after April 1, 2001:

a) Assets acquired under lease where the company has substantially all risk and rewards incidental to ownership are classified as finance leases. Such assets are capitalized at the inception of lease at the lower

of fair value or the present value of minimum lease payment and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability of each period.

- b) Assets acquired on lease where a significant portion of risk and rewards incidental to ownership is retained by the lessor are classified as operating lease. Lease rental are charged to the profit and loss account on accrual basis.

**17) Earnings Per Share:**

The Company reports basic and diluted Earnings Per Share (EPS) in accordance with Accounting Standard 20 on Earnings Per Share. Basic EPS is computed by dividing the net profit or loss for the year by the weighted average number of equity shares outstanding during the year.

**18) Provisions, Contingent Liabilities and Contingent Assets:**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

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### ANNEXURE 6- NOTES FORMING PART OF RESTATED FINANCIAL INFORMATION

#### 1. Purchase of Business:

Effective from 1st August 2006, the Company has purchased entire business of M/s Transformers & Rectifiers (India), a proprietorship concern, situated at Plot No. 233, GVMSA Industrial Estate, Odhav, Ahmedabad on a going concern basis with all assets and liabilities for the consideration of Rs. 15.22 Million. The difference in consideration paid to M/s Transformers & Rectifiers (India) in excess of Net Assets value amounting to Rs. 11.91 Million has been shown as Goodwill to be amortized over a period of 5 years.

2. Foreign currency exposures not hedged by derivative instruments as at 30th September, 2007 on exports amounts to Rs. 23.83 Million [ Previous Year Rs . 16.02 Million] and on imports amounts to Rs. Nil [ Previous Year Rs, 15.86 Million]
3. Capital Work In Progress includes preoperative expenditure pending allocation to a project under implementation are as under.

(Rs. In Million)

Preoperative Expenses	As at 30th Sept, 2007	As at 31st March, 2007
Legal & Professional	2.45	2.36
Electricity Charges	0.85	0.23
Interest	1.54	0.10
Expenses in connection with Proposed Initial Public Offering of Equity Shares	2.27	-
<b>Total</b>	<b>7.11</b>	<b>2.69</b>

4. As at 30th September, 2007 the stock of Raw materials amounting to Rs. 35.77 Million was laying with the job workers for further processing at the close of the year. Out of that confirmations have been received for Rs. 29.12Million.
5. Loss on account of Flood during the year ended 31st March, 2007 comprises of

(Rs. In Million)

PARTICULARS	
Cost of Raw Material and Stock in process damaged on account of Flood	58.22
<b>Less : Salvage Value of Stock Damaged On Account Of Flood</b>	<b>18.47</b>
	<b>39.75</b>
<b>Add : Repairs to building &amp; other expenses on account of flood</b>	<b>3.40</b>
	<b>43.15</b>
<b>Less : Insurance Claim Received</b>	<b>25.00</b>
<b>Total</b>	<b>18.15</b>

#### 6. Profit and Loss includes

- a) Managing Director's Remuneration (One)

(Rs. In Million)

PARTICULARS	For Six Months Period Ended 30th Sept 2007	Year Ended 31st March 2007	Year Ended 31st March 2006	Year Ended 31st March 2005	Year Ended 31st March 2004	Year Ended 31st March 2003
Salary	3.00	3.30	1.44	1.44	0.42	0.36
House Rent Allowance.	0.18	0.09	-	-	-	-
<b>Total</b>	<b>3.18</b>	<b>3.39</b>	<b>1.44</b>	<b>1.44</b>	<b>0.42</b>	<b>0.36</b>

b) Joint Managing Director's Remuneration (Two)

(Rs. In Million)

<b>PARTICULARS</b>	<b>For Six Months Period Ended 30th Sept 2007</b>	<b>Year Ended 31st March 2007</b>	<b>Year Ended 31st March 2006</b>	<b>Year Ended 31st March 2005</b>	<b>Year Ended 31st March 2004</b>	<b>Year Ended 31st March 2003</b>
Salary.	1.92	2.10	-	-	-	-
House Rent Allowance.	0.24	0.07	-	-	-	-
Performance Incentive.	-	1.24	-	-	-	-
Other Allowance	0.06	-	-	-	-	-
<b>Total</b>	<b>2.22</b>	<b>3.41</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

c) Executive Director's Remuneration (One)

(Rs. In Million)

<b>PARTICULARS</b>	<b>For Six Months Period Ended 30th Sept 2007</b>	<b>Year Ended 31st March 2007</b>	<b>Year Ended 31st March 2006</b>	<b>Year Ended 31st March 2005</b>	<b>Year Ended 31st March 2004</b>	<b>Year Ended 31st March 2003</b>
Salary.	0.30	0.37	0.96	0.96	0.24	0.24
House Rent Allowance.	0.06	0.03	-	-	-	-
<b>Total</b>	<b>0.36</b>	<b>0.40</b>	<b>0.96</b>	<b>0.96</b>	<b>0.24</b>	<b>0.24</b>

d) Auditor's Remuneration:

(Rs. In Million)

<b>PARTICULARS</b>	<b>For Six Months Period Ended 30th Sept 2007</b>	<b>Year Ended 31st March 2007</b>	<b>Year Ended 31st March 2006</b>	<b>Year Ended 31st March 2005</b>	<b>Year Ended 31st March 2004</b>	<b>Year Ended 31st March 2003</b>
A) C.C. Chokshi & Co.						
Audit Fees	0.20	0.40	0.31	-	-	-
Taxation Matters & Others	0.10	0.20	-	-	-	-
B) D.R. Thakkar & Company (Erstwhile Auditors)						
Audit Fees	-	-	0.06	0.03	0.02	
Taxation Matters & Others	-	-	0.10	0.07	0.06	

7. Tax assessment of the company under Income Tax Act 1961, has been completed up to Financial Year 2003-04. The Sales Tax assessment has been completed up to Financial Year 2002-03.

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### 8. Leases:-

#### (A) Finance Lease

- (i) In accordance with Accounting Standard 19 "Leases" issued by the Institute of Chartered Accountants of India, the assets acquired on finance lease on or after April 1St, 2001 are capitalised and a loan liability recognised. Consequently, depreciation is provided on such assets, installments paid are allocated to the liability and the interest is charged to the Profit & Loss Account.
- (ii) a) Assets acquired on Lease agreements mainly comprise of Cars. The agreements provide for reimbursement of taxes, levy etc. imposed by authorities in future. There are no exceptional / restrictive covenants in the Lease Agreements.
- b) The minimum installments as at 30th September 2007 and the present values at 30th September, 2007 of minimum installments in respect of assets acquired under the Lease Agreements are as follows:

(Rs. In Million)

Minimum Installments	For Six Months Period Ended on 30th Sept, 07
1) Payable not later than year	2.05
2) Payable later than 1 year and not later than 5 years	2.21
3) Payable later than 5 years	-
Total minimum installments	4.26
Less : Future finance charges	0.35
Present value of minimum installments	<b>3.91</b>
<b>Present value of minimum installments</b>	
1) Payable not later than year	1.82
2) Payable later than 1 year and not later than 5 years	2.09
3) Payable later than 5 years	-
Total present value of minimum installments	<b>3.91</b>

#### (B) Operating Lease

Lease rentals charged to revenue for lease agreements for the right to use the following assets are

(Rs. In Million)

PARTICULARS	For Six Months Period Ended on 30th Sept, 07
Office Premises	0.08
Godown	0.02

The Lease agreements are executed for a period of 11 months with a renewal clause and also provide for termination at will by either party by giving prior notice.

9. **Components of Deferred Tax Liability are as under:**

(Rs. In Million)

PARTICULARS	For Six Months Period Ended 30th Sept 2007	Year Ended 31st March 2007	Year Ended 31st March 2006	Year Ended 31st March 2005	Year Ended 31st March 2004	Year Ended 31st March 2003
<b>(A) Deferred Tax Liability:</b>						
Difference between book and tax depreciation	19.06	15.46	14.93	15.76	15.19	14.70
Deferred revenue expenditure	-	-	0.12	-	-	-
Total	19.06	15.46	15.05	15.76	15.19	14.70
<b>(B) Deferred Tax Assets</b>						
Disallowance under Income Tax Act	2.76	2.06	0.28	-	-	-
<b>(C) Net Deferred Tax Liability</b>	<b>16.30</b>	<b>13.40</b>	<b>14.77</b>	<b>15.76</b>	<b>15.19</b>	<b>14.70</b>

10. **Segment Reporting**

The company operates in a single segment i.e. "Electric Transformer". In the context of Accounting Standard 17, on Segment Reporting issued by Institute of Chartered Accountant of India, is considered to constitute one single primary segment.

11. **Provision for Loss on Onerous Contracts**

The contracts for sale of goods wherein, the unavoidable costs of meeting the obligation under the contract exceed the economic benefit expected to be received under it are identified by the management. The provision for onerous contracts is based on estimates made by the management by applying principles laid down in Accounting Standard - 29 "Provisions, Contingent Liabilities and Contingent Assets". Further it is not possible to estimate the timing/uncertainties relating to the outflow. The movement in the provision during the year is as under:

(Rs. In Million)

	Opening Balance	Provision made during the period / year	Utilised during the period / year	Reversal during the period / year	Closing Balance
For Six Months Period Ended 30.09.2007	4.61	-	-	4.17	0.44
Year Ended 31.03.2007	-	4.61	-	-	4.61
Year Ended 31.03.2006	-	-	-	-	-
Year Ended 31.03.2005	-	-	-	-	-
Year Ended 31.03.2004	-	-	-	-	-
Year Ended 31.03.2003	-	-	-	-	-



## TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

12. Information pursuant to the provisions of paragraphs 3,4C & 4D of Part II of Schedule VI to the Companies Act, 1956

a) Particulars of Capacity:(As certified by management)

PARTICULARS	UNIT	For Six Months Period Ended 30th Sept 2007	Year Ended 31st March 2007	Year Ended 31st March 2006	Year Ended 31st March 2005	Year Ended 31st March 2004	Year Ended 31st March 2003
Licensed Capacity :	MVA	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Installed Capacity :	MVA	7,200*	7,200*	5,400	4,000	4,000	4,000

\*Includes 1200 MVA per annum capacity @ Transformers & Rectifiers (India). Refer Note 1 above.

(b) Details of Products Manufactured, Turnover, Opening Stock and Closing Stock and Purchase and Sales of traded items:

(Rs. In Million)

Product/ Year	Opening stock		Production	Turnover		Closing Stock	
	Quantity (Nos)	Amount Rs.	Quantity (Nos)	Quantity (Nos)	Amount Rs.	Quantity (Nos)	Amount Rs.
<b>1) Electric Transformer</b>							
For Six Months Period Ended on 30th Sept, 07	18	27.39	178	177	1,252.81	19	68.72
2006-07	2	0.97	325	309	2,169.47	18	27.39
2005-06	10	17.25	235	243	1,282.66	2	0.96
2004-05	21	21.57	179	190	746.29	10	17.25
2003-04	14	41.72	188	181	503.48	21	21.57
2002-03	18	37.30	142	146	282.48	14	41.72

### 2) Trading items

Product/ Year	Opening stock		Production	Turnover		Closing Stock	
	Quantity (Nos)	Amount Rs.	Quantity (Nos)	Quantity (Nos)	Amount Rs.	Quantity (Nos)	Amount Rs.
<b>a) Electric Transformer</b>							
For Six Months Period Ended on 30th Sept,07	-	-	-	-	-	-	-
2006-07	-	-	-	-	-	-	-
2005-06	-	-	14	14	12.72	-	-
2004-05	-	-	-	-	-	-	-
2003-04	-	-	-	-	-	-	-
2002-03	-	-	-	-	-	-	-

Product/ Year	Opening stock		Production	Turnover		Closing Stock	
	Quantity (Nos)	Amount Rs.	Quantity (Nos)	Quantity (Nos)	Amount Rs.	Quantity (Nos)	Amount Rs.
<b>b) Others</b>							
For Six Months Period Ended on 30th Sept,07	-	-	-	-	-	-	-
2006-07	-	-	-	-	1.19	-	-
2005-06	-	-	-	-	-	-	-
2004-05	-	-	-	-	-	-	-
2003-04	-	-	-	-	-	-	-
2002-03	-	-	-	-	-	-	-

**(c) Particulars of Raw Material consumed:**

(Rs. In Million)

Year	Unit	Raw material					
		Copper Wire (Kgs)	Lamination (Kgs)	Transformer Oil (Lts)	Radiators (Nos)	Others	Total
For Six Months Period Ended on 30th Sept, 07	Qty	774,455	1,612,901	1,608,050	572	-	-
	Value	253.64	362.72	55.57	18.48	291.31	981.72
2006-07	Qty	1,436,527	2,826,612	3,250,838	2,033	-	-
	Value	431.11	620.03	125.40	42.64	472.86	1,692.04
2005-06	Qty	1,145,643	1,817,078	2,338,506	1,413	-	-
	Value	295.37	441.65	84.03	33.22	248.82	1,103.09
2004-05	Qty	950,951	1,559,620	1,690,160	930	-	-
	Value	213.81	208.26	51.32	19.12	103.44	595.95
2003-04	Qty	676,986	1,174,146	1,367,671	954	-	-
	Value	127.88	123.10	35.14	16.69	69.08	371.89
2002-03	Qty	421,782	726,225	1,013,747	752	-	-
	Value	64.74	71.13	22.09	11.82	64.62	234.40

## TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

d) Value of Imported and Indigenous Raw Materials and tools and percentage thereof to the total consumption

(Rs. In Million)

YEAR		RAW MATERIAL			TOOLS		
		Imported	Indigenous	TOTAL	Imported	Indigenous	TOTAL
For Six Months Period Ended on 30th Sept, 07	Value	28.20	953.52	981.72	-	0.81	0.81
	Percentage (%)	2.88	97.12	100.00	-	100.00	100.00
2006-07	Value	136.62	1,555.42	1,692.04	-	1.64	1.64
	Percentage (%)	8.07	91.93	100.00	-	100.00	100.00
2005-06	Value	56.02	1,047.07	1,103.09	0.66	1.17	1.83
	Percentage (%)	5.08	94.92	100.00	33.29	66.71	100.00
2004-05	Value	0.68	595.27	595.95	-	0.78	0.78
	Percentage (%)	0.11	99.89	100.00	-	100.00	100.00
2003-04	Value	0.38	371.51	371.89	-	0.42	0.42
	Percentage (%)	0.10	99.90	100.00	-	100.00	100.00
2002-03	Value	2.72	231.68	234.40	-	0.47	0.47
	Percentage (%)	1.16	98.84	100.00	-	100.00	100.00

(e) C.I.F. Value of Imports:

(Rs. In Million)

PARTICULARS	For Six Months Period Ended 30th Sept 2007	Year Ended 31st March 2007	Year Ended 31st March 2006	Year Ended 31st March 2005	Year Ended 31st March 2004	Year Ended 31st March 2003
Raw Material	28.20	136.62	56.02	0.68	0.38	2.72
Capital Goods	2.92	2.77	3.55	0.57	1.83	-
Tools	-	-	0.66	-	-	-

f) Expenditure in Foreign Currency:

(Rs. In Million)

PARTICULARS	For Six Months Period Ended 30th Sept 2007	Year Ended 31st March 2007	Year Ended 31st March 2006	Year Ended 31st March 2005	Year Ended 31st March 2004	Year Ended 31st March 2003
i] Traveling	2.48	2.06	0.45	0.38	0.16	0.36
ii] Other	-	0.70	0.24	0.37	0.45	-

g) Earnings in Foreign Currency:

(Rs. In Million)

<b>PARTICULARS</b>	<b>For Six Months Period Ended 30th Sept 2007</b>	<b>Year Ended 31st March 2007</b>	<b>Year Ended 31st March 2006</b>	<b>Year Ended 31st March 2005</b>	<b>Year Ended 31st March 2004</b>	<b>Year Ended 31st March 2003</b>
<b>i] FOB Value of Export</b>	26.16	58.18	60.09	12.52	17.24	9.43
<b>ii] Service Rendered</b>	-	-	-	-	1.29	-

## TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

### ANNEXURE 7: NOTES TO STATEMENT ON ADJUSTMENTS TO AUDITED FINANCIAL STATEMENTS, AS RESTATED

#### 1. Change in Accounting policy and Estimates

##### a) Advance Licenses

The Company had accounted import duty benefits aggregating to Rs. 13.11 million against exports effected up to 31-03-2005 (Including Rs.7.50 million in 2004-05) as incentive accruing in respect of duty free imports of Raw Materials to be made. Out of total benefits of Rs. 13.11 million the company could utilise the import benefits to the extent of Rs. 7.50 million upon the actual receipt of such raw material during the year 2005-06. Remaining import duty benefits of Rs. 5.62 million being not utilised by the company were written off during the year 2005-06.

For the purpose of this statement the Income from Advance license accounted for on accrual basis in the year 2004-05 (grouped under the head "Other Income") has been recomputed to give effect of the unutilised import duty benefits written off during the year 2005-06.

##### b) Excise Duty on Closing Stock

In accordance with the Guidance Note on Accounting Treatment For Excise Duty (July 2000) issued by the Institute of Chartered Accountants of India, the Company has changed its accounting policy for valuation of Finished Goods since 2005-06 with respect to making provision for the unpaid Excise duty liability on closing stock of Finished goods and considering the said Excise duty as a manufacturing expense and like other manufacturing expense considering it as an element of cost for inventory valuation.

For the purpose of this statement, necessary provision for the unpaid liability of Excise duty on closing stock for the years ended on 31st March 2005, 31st March 2004, 31st March 2003, and 31st March 2002 has been made. Consequently, the valuation of finished goods has been recast considering the amount of the said provision as an element of cost for inventory valuation.

##### c) Bad Debts Written Off

Debts, considered irrecoverable and written off during the year ended 31 March, 2006 and which have been subsequently recovered have been adjusted in the year when such debts were originally written off.

##### d) Short / (Excess) Provision of Income Tax

The profit and loss account of certain years include amounts paid/provided for, in respect of shortfall of income tax arising out of assessments, appeals etc. which, for the purpose of this statement, have been adjusted in respective years. Also, the income tax has been computed on the adjustments as detailed above and has been adjusted in the summary statement of profit and loss, restated.

##### e) Provision for Onerous Contract

The profit and loss account for the year ended 31st March, 2007 includes amount provided towards provision for loss on onerous contracts amounting to Rs. 4.61 Million out of which provision amounting to Rs. 4.17 million has been reversed in the period ended 30th September, 2007.

For the purpose of this statement the provision for loss on onerous contracts for the year 2006-07 has been recomputed to give effect of provision for loss on onerous contracts reversed during the six months period ended on 30th Sept 2007.

#### 2. Material Regroupings

##### a) Revenue

Up to the year ending 31 March 2005, the company had grouped its Service Income under the head "Sales". Since the year ended 31st March 2006, the company has changed its disclosure policy and has disclosed its Service Income on the face of the Profit and Loss Account. Accordingly, the Summary Statement of Profits & Losses has been recast to reflect the Service Income on the face of the statement for the year ending 31st March 2005, 31st March 2004 and 31st March 2003.

**b) Raw Material Consumed, Manufacturing Expenses and Increase / (Decrease) in Process Stock**

Up to the year ending 31 March 2005 the company had classified the Freight Inward Expenses on Raw material under the head "Manufacturing Expenses". From the year ending 31 March 2006 the company has changed its disclosure policy and presented the Freight Inward Expenses under the head "Raw Material Consumed".

Up to the year ending 31 March 2005 the company had classified the Increase / (Decrease) in Process stock under the head "Raw Material Consumed". From the year ending 31 March 2006 the company has changed its disclosure policy and presented the Increase / (Decrease) in Stock of Work in progress under the head "Increase / (Decrease) in stock of Finished goods and Process Stock" on the face of Profit & Loss Account.

Accordingly, the Summary Statement of Profits & Losses has been recast to give effect of the above regroupings in the statement for the year ending 31st March 2005, 31st March 2004 and 31st March 2003.

**c) Loans**

Up to the year ending 31 March 2005 the company had classified the Sales Tax Deferment as a part of Secured Loan. During the year ending 31 March 2006, the same was identified as a Unsecured loan and accordingly, the Summary Statement of Assets and Liability has been recast to present the Sales tax Deferment under the head "Unsecured Loan" in the statement for the year ending 31st March 2005, 31st March 2004 and 31st March 2003.

**d) Loans & Advances and Provisions**

Up to the year ending 31 March 2005, the company had disclosed the Advance Taxes paid under the head "Loans & Advances". From the year ending 31 March 2006 the company has changed its disclosure policy and presented the provisions for taxes as net of advance tax under the head "Provisions". Accordingly, the Summary Statement of Assets and Liability has been recast to present the Advance Taxes under the head "Provisions" in the statement for the year ending 31st March 2005, 31st March 2004 and 31st March 2003.

**e) Deferred Tax Liability**

During the year ending 31st March 2003, the company had presented the Deferred Tax Liability under the head "Reserve & Surplus". In accordance with the "Accounting Standard 22 - Accounting for taxes on income" and the "Accounting Standard Interpretation -7 - Disclosure of deferred tax assets and deferred tax liabilities in the balance sheet of a company" issued by Institute of Chartered Accountant of India, the Deferred Tax Liability has been reflected on the face of Balance Sheet from the year ending 31st March 2004. Consequently, the Summary Statement of Assets & Liabilities has been recast to reflect the Deferred Tax Liability as on 31st March 2003 on the face of the statement.

## TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

### ANNEXURE 8 - STATEMENT OF CHANGES IN SHARE CAPITAL

PARTICULARS	As at 30th Sept 2007	As at 31st March 2007	As at 31st March 2006	As at 31st March 2005	As at 31st March 2004	As at 31st March 2003
<b>Share Capital</b>						
<b>Authorised Share Capital</b>						
<b>Equity Shares</b>						
Number of Shares of Rs.10/- each	15,000,000	15,000,000	8,000,000	5,000,000	5,000,000	5,000,000
Amount (Rs. In Million)	150.00	150.00	80.00	50.00	50.00	50.00
<b>Issued, Subscribed and Paid up Share Capital</b>						
<b>Equity Shares</b>						
Number of Shares of Rs.10/- each	9,928,611	7,091,865	6,817,520	4,776,800	4,776,800	4,776,800
Amount (Rs. In Million)	99.29	70.92	68.18	47.77	47.77	47.77

Notes:

- 1 During the year ended 31st March 2006, 1,910,720 equity shares were allotted as fully paid up by way of bonus shares by capitalisation of Securities Premium Rs.9.40 million , General reserve Rs.6.50 million and Surplus in Profit and Loss account Rs.3.21 million.
- 2 During the year ended 31st March 2006, 130,000 equity shares were issued on preferential basis.
- 3 During the year ended 31st March 2007, 157,260 equity shares were issued on preferential basis.
- 4 During the year ended 31st March 2007, 117,085 equity shares were issued pursuant to a contract without payment being received in cash.
- 5 During the Period ended 30th Sept 2007, 2,836,746 equity shares were allotted as fully paid up by way of bonus shares by capitalisation of Securities Premium Rs.28.37 million.

**ANNEXURE 9 - STATEMENT OF CHANGES IN RESERVES AND SURPLUS - RESTATED**

(Rs. In Million)

<b>PARTICULARS</b>	<b>As at 30th Sept 2007</b>	<b>As at 31st March 2007</b>	<b>As at 31st March 2006</b>	<b>As at 31st March 2005</b>	<b>As at 31st March 2004</b>	<b>As at 31st March 2003</b>
<b>Securities Premium Account</b>						
As per last balance sheet	47.22	14.30	9.40	9.40	9.40	9.40
Less: Capitalised on issue of bonus shares	28.37	-	9.40	-	-	-
Add: Premium on issue of Equity shares	-	32.92	14.30	-	-	-
<b>Total</b>	<b>18.85</b>	<b>47.22</b>	<b>14.30</b>	<b>9.40</b>	<b>9.40</b>	<b>9.40</b>
<b>General Reserve</b>						
As per last balance sheet	35.00	10.00	6.50	6.50	6.50	6.00
Less: Capitalised on issue of bonus shares	-	-	6.50	-	-	-
Less: Adjustment for provision for employee Benefits net of deferred tax	1.11	-	-	-	-	-
Add: Transferred from Profit & Loss account	-	25.00	10.00	-	-	0.50
<b>Total</b>	<b>33.89</b>	<b>35.00</b>	<b>10.00</b>	<b>6.50</b>	<b>6.50</b>	<b>6.50</b>
Surplus in Profit & Loss Account, as restated	374.74	249.67	122.07	65.66	39.28	22.07
<b>Total</b>	<b>427.48</b>	<b>331.89</b>	<b>146.37</b>	<b>81.56</b>	<b>55.18</b>	<b>37.97</b>



## TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

### ANNEXURE 10 - DETAILS OF SECURED LOANS - RESTATED

Rs. In Million

PARTICULARS	Amount as at 30th Sept, 2007	Interest Rate	Security	Repayment Schedule
<b>A Term Loan</b>				
1 State Bank of India Capex Loan	1.89	14.75%	Secured by hypothecation of specific fixed assets acquired under the term loan and also collaterally secured by legal mortgage on paripassu basis on immovable property situated at Changodar and in addition to above secured by pledge of equity shares of promoters and personal guarantee of some directors.	4 Quarterly Installments of Rs. 1 million each
2 State Bank of India	40.42	12.25%	----- do -----	4 Quarterly Installments of Rs. 10 million each starting from 01.04.2007
3 State Bank of India (Car term loan)	8.34	11.25%	----- do -----	13 Quarterly Installments of Rs. 3.30 million each starting from 01.04.2008
<b>Total</b>	<b>50.65</b>			
<b>B Working Capital</b>				
1 State Bank of India	111.25	13.75%	Secured by hypothecation of current assets of the company on paripassu basis and also collaterally secured by legal mortgage on paripassu basis on immovable property situated at Changodar and in addition to above secured by pledge of equity shares of promoters and personal guarantee of some directors.	Payable on Demand
2 Andhra Bank	34.62	13.75%	----- do -----	Payable on Demand
3 Bank of Baroda	70.62	12.75%	----- do -----	Payable on Demand
4 State Bank of India (WCDL)	16.16	12.00%	----- do -----	Payable on Demand
5 SBI SLC	15.07	14.25%	----- do -----	Payable on Demand
<b>Total</b>	<b>247.72</b>			
<b>C Vehicle Loan</b>				
1 ICICI Bank Ltd	0.21	6.5- 11.85%	Secured by lien on vehicles purchase under hire purchase agreement.	Equated Monthly Installments
2 HDFC Bank Ltd	3.69	5.85- 9.43%		
<b>Total</b>	<b>3.90</b>			
<b>Grand Total</b>	<b>302.27</b>			

**ANNEXURE 11 - DETAILS OF UNSECURED LOANS - RESTATED**

(Rs. In Million)

<b>PARTICULARS</b>	<b>Amount as at 30th Sept 2007</b>	<b>Interest Rate</b>	<b>Repayment Schedule</b>
1 Loan from Directors	32.57	10%	On Demand
2 Indusind Bank	60.00	12%	Payable on 1.3.2008
3 Citi Bank	68.22	12.50%	Payable on Demand
<b>Total</b>	<b>160.79</b>		

**ANNEXURE 12 - STATEMENT OF INVESTMENTS**

(Rs. In Million)

<b>PARTICULARS</b>	<b>As at 30th Sept 2007</b>	<b>As at 31st March 2007</b>	<b>As at 31st March 2006</b>	<b>As at 31st March 2005</b>	<b>As at 31st March 2004</b>	<b>As at 31st March 2003</b>
<b>Long Term Investments</b>						
<b>Investment in Subsidiary Companies (Unquoted) In Equity shares (Fully paid up)</b>						
548,760 shares of Transpares Ltd of Rs.10/- Each	13.72	13.72	-	-	-	-
250,000 shares of Transweld Mechanical Engineering Works Ltd of Rs. 10 each	3.25	3.25	-	-	-	-
<b>Current Investments In Units of Mutual funds</b>						
100,000 SBI Blue Chip Fund of Rs. 10/- each	-	1.00	-	-	-	-
<b>Total</b>	<b>16.97</b>	<b>17.97</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Unquoted Investments Cost price	16.97	16.97	-	-	-	-
Mutual Funds Cost price	-	1.00	-	-	-	-
Repurchase value	-	1.08	-	-	-	-

## TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

### ANNEXURE 13 - STATEMENT OF SUNDRY DEBTORS - RESTATED

(Rs. In Million)

PARTICULARS	As at 30th Sept 2007	As at 31st March 2007	As at 31st March 2006	As at 31st March 2005	As at 31st March 2004	As at 31st March 2003
<b>Unsecured</b>						
More than Six Months Receivable from Promoter Group	-	-	-	2.32	0.40	-
Considered Good	-	-	-	-	-	-
Considered Doubtful	-	-	-	-	-	-
	-	-	-	2.32	0.40	-
Receivable from others						
Considered Good	211.99	55.69	45.84	26.97	29.03	22.90
Considered Doubtful	2.15	-	-	-	-	-
Less : Provision for doubtful debts	2.15	-	-	-	-	-
	211.99	55.69	45.84	26.97	29.03	22.90
Less than Six Months (Considered Good)						
Receivable from Promoter Group	-	-	2.27	4.61	2.69	-
Receivable from others	609.35	633.97	470.01	186.36	180.09	52.89
<b>Total</b>	<b>821.34</b>	<b>689.66</b>	<b>518.12</b>	<b>220.26</b>	<b>212.21</b>	<b>75.79</b>

**ANNEXURE 14 - STATEMENT OF LOANS AND ADVANCES - RESTATED**

(Rs. In Million)

<b>PARTICULARS</b>	<b>As at 30th Sept 2007</b>	<b>As at 31st March 2007</b>	<b>As at 31st March 2006</b>	<b>As at 31st March 2005</b>	<b>As at 31st March 2004</b>	<b>As at 31st March 2003</b>
(Unsecured, considered good unless otherwise stated)						
Advances recoverable in cash or in kind or for value to be received	15.98	13.77	17.50	12.56	6.37	4.09
Advances to suppliers	26.72	5.83	5.68	4.56	0.92	1.62
Advance Licenses	-	-	-	7.49	6.84	1.32
Other Advances	4.34	2.07	0.93	0.79	0.64	0.65
Deposits and balances with government and other Authorities	31.83	27.17	5.83	16.98	5.68	0.37
Other deposits	14.03	6.81	6.12	4.67	4.16	4.72
<b>Total</b>	<b>92.90</b>	<b>55.65</b>	<b>36.06</b>	<b>47.05</b>	<b>24.61</b>	<b>12.77</b>
Considered Doubtful	0.32	0.32	0.32	-	-	-
Less: - Provision	0.32	0.32	0.32	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>92.90</b>	<b>55.65</b>	<b>36.06</b>	<b>47.05</b>	<b>24.61</b>	<b>12.77</b>

## TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

### ANNEXURE 15 - STATEMENT OF CURRENT LIABILITIES AND PROVISIONS - RESTATED

(Rs. In Million)

PARTICULARS	As at 30th Sept 2007	As at 31st March 2007	As at 31st March 2006	As at 31st March 2005	As at 31st March 2004	As at 31st March 2003
<b>A. Current Liabilities</b>						
Sundry Creditors :						
a) Small Scale Industrial Undertaking (to the extent identified with available information)	1.64	2.16	22.16	-	-	-
b) Others	409.16	523.72	463.43	212.91	155.52	77.40
	<b>410.80</b>	<b>525.88</b>	<b>485.59</b>	<b>212.91</b>	<b>155.52</b>	<b>77.40</b>
Due to Subsidiary Companies	44.37	35.59	-	-	-	-
Advance From Customers	179.05	157.01	120.79	69.52	37.13	16.71
Other Liabilities	125.73	41.56	19.43	15.04	17.09	11.80
Unclaimed Dividends	0.00	0.00	0.00	-	-	-
Interest accrued but not due on loans	3.09	1.32	1.08	0.51	-	-
<b>Total A</b>	<b>763.04</b>	<b>761.36</b>	<b>626.89</b>	<b>297.98</b>	<b>209.74</b>	<b>105.91</b>
<b>B. Provisions</b>						
Proposed Dividend	-	-	10.23	4.78	0.48	0.40
Tax On Proposed Dividend	-	-	1.43	0.66	0.06	0.06
Provision For Gratuity	4.03	-	0.15	-	-	-
Provision For Leave Encashment	1.46	1.15	0.51	-	-	-
Provision For Taxation (Net Of Advance Tax Paid)	50.59	48.87	9.62	10.21	5.49	1.37
<b>Total B</b>	<b>56.08</b>	<b>50.02</b>	<b>21.94</b>	<b>15.65</b>	<b>6.03</b>	<b>1.83</b>
<b>Total (A+B)</b>	<b>819.12</b>	<b>811.38</b>	<b>648.83</b>	<b>313.63</b>	<b>215.77</b>	<b>107.74</b>

**ANNEXURE 16 - STATEMENT OF OTHER INCOME - RESTATED**

(Rs. In Million)

<b>PARTICULARS</b>	<b>As at 30th Sept 2007</b>	<b>As at 31st March 2007</b>	<b>As at 31st March 2006</b>	<b>As at 31st March 2005</b>	<b>As at 31st March 2004</b>	<b>As at 31st March 2003</b>
A Other Income, As restated	5.57	8.59	6.66	4.55	8.17	3.91
B Profit after tax, As restated	125.07	167.17	81.27	31.82	17.76	11.83
Percentage (%) A/B	4.45%	5.14%	8.19%	14.30%	46.00%	33.05%

(Rs. In Million)

<b>Source of other income</b>	<b>For Six Months period Ended 30th Sept. 2007</b>	<b>Year Ended 31st March 2007</b>	<b>Year Ended 31st March 2006</b>	<b>Year Ended 31st March 2005</b>	<b>Year Ended 31st March 2003</b>	<b>Year Ended 31st March 2002</b>	<b>Related/ Non related to the business activity</b>	<b>Nature</b>
Interest Received on fixed deposits	5.23	4.54	3.08	1.27	0.80	-	Non related	Recurring
Scrap Sale	-	2.13	0.77	0.38	0.28	-	Related	Recurring
Dividend receipts	-	1.10	-	-	-	-	Non related	Non recurring
Profit on sale of Investment	0.22	-	-	-	-	-	Non related	Non recurring
Income From Advance Licenses	-	-	-	1.88	5.50	3.16	Related	Non recurring
Other Income	0.12	0.82	2.81	1.02	1.59	0.75	Non related	Non recurring
<b>Total</b>	<b>5.57</b>	<b>8.59</b>	<b>6.66</b>	<b>4.55</b>	<b>8.17</b>	<b>3.91</b>		

**Note**

The classification of recurring / non recurring and related / not related to business activity is based on the current operations and business activity of the company as determined by the management.

## TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

### ANNEXURE 17 - STATEMENT OF DIVIDEND PAID/PROPOSED

PARTICULARS	For Six Months Period Ended 30th Sept. 2007	Year Ended 31st March 2007	Year Ended 31st March 2006	Year Ended 31st March 2005	Year Ended 31st March 2004	Year Ended 31st March 2003
Number of Equity Shares	9,928,611	7,091,865	6,817,520	4,776,800	4,776,800	4,776,800
Face Value Per Share (Rs.)	10.00	10.00	10.00	10.00	10.00	10.00
Paid up Value Per Share (Rs.)	10.00	10.00	10.00	10.00	10.00	10.00
Dividend Per Share (Rs.)	-	1.80	1.50	1.00	0.10	0.10
Dividend Rate (%)	-	18.00%	15.00%	10.00%	1.00%	1.00%
Interim Dividend Paid (Rs. In Million)	-	12.77	-	-	-	-
Final Dividend Paid / Proposed (Rs.In Million)	-	-	10.23	4.78	0.48	0.40
Corporate Dividend Tax (Rs. In million)	-	1.78	1.42	0.66	0.07	0.06

#### Notes

1. During the year ended 31st March 2003 the dividend was declared on pro-rata basis.

**ANNEXURE 18- STATEMENT OF ACCOUNTING RATIOS - RESTATED**

PARTICULARS	For Six Months Period Ended 30th Sept. 2007	Year Ended 31st March 2007	Year Ended 31st March 2006	Year Ended 31st March 2005	Year Ended 31st March 2004	Year Ended 31st March 2003
<b>A. Basic and Diluted Earning per Share (Rs.)</b>						
Before Extra Ordinary items	12.60	18.28	8.52	3.34	1.86	1.35
After Extra Ordinary items (Adjusted for the bonus shares issued during the Year ended 31st March 2006 & six months Period ended on 30th Sept 2007)	12.60	17.05	8.52	3.34	1.86	1.35
Weighted average number of equity shares outstanding during the period / year	9,928,611	9,804,168	9,542,787	9,524,266	9,524,266	8,760,866
<b>B Return on Net Worth</b>	23.75%	41.51%	37.97%	24.73%	17.43%	14.03%
<b>C Net Assets Value Per Share (Rs.)</b>	53.04	56.78	31.39	26.94	21.34	17.66

**Notes**

The ratios have been computed as per the following formula:

- Basic and Diluted Earnings / (Loss) per Share = 
$$\frac{\text{Net Profit after tax, as restated attributable to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the year}}$$
- Basic Earnings / (Loss) per Share after excluding exceptional items = 
$$\frac{\text{Net Profit after tax adjusted for exceptional items, as restated attributable to equity shareholders}}{\text{Weighted average number of equity shares Outstanding during the year}}$$
- Return on Net Worth (%) = 
$$\frac{\text{Net Profit after tax, as restated}}{\text{Net worth, as restated, at the end of the year}}$$
- Net Asset Value (NAV) per share = 
$$\frac{\text{Net Worth, as restated, at the end of the year}}{\text{Number of equity shares outstanding at the end of the year}}$$



## TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

### ANNEXURE 19 - CAPITALISATION STATEMENT - RESTATED

(Rs. In Million)

PARTICULARS	Pre Issue As at 30th Sept 2007	Post Issue Estimates*
Short Term Debt	320.12	●
Long Term Debt	142.94	●
Shareholders' Funds		
Share Capital	99.29	●
Reserve & Surplus	427.48	●
Less: Misc. Expenditures not Written off	-0.12	●
<b>Total</b>	<b>526.65</b>	<b>●</b>
<b>Long Term Debt / Shareholders' funds</b>	<b>0.27:1</b>	<b>●</b>

**Note:**

1. The Post Issue Capitalisation can not be determined till the completion of the book building process.
2. Short Term Debts are debts maturing within next one year.

### ANNEXURE 20 - COMMITMENTS AND CONTINGENT LIABILITIES - RESTATED

(Rs. In Million)

PARTICULARS	As at 30th Sept 2007	As at 31st March 2007	As at 31st March 2006	As at 31st March 2005	As at 31st March 2004	As at 31st March 2003
Contingent liability not provided for in respect of:						
Disputed demand of Central Excise Department	12.18	2.71	-	11.76	11.76	-
Guarantee given by bankers on behalf of company	584.57	487.11	275.25	165.82	110.12	71.36
Performance guarantee given by company	6.98	20.66	1.36	Note 1	Note 1	Note 1
Import duty benefit towards duty free import of raw materials made in respect of which export obligations are yet to be discharged	7.74	3.14	-	6.06	6.06	-
Claims against company not acknowledged as debts	Not Ascer- tained	Not Ascer- tained	Not Ascer- tained	-	-	-
Disputed demand of Income Tax Department	-	-	-	0.32	0.32	-
Bills Discounted with Banks	60.00	-	-	-	-	-
Capital commitments	94.88	6.41	1.04	20.74	-	-

Note 1:- Details are not readily available with the Company.

**ANNEXURE 21 - TAX SHELTER STATEMENT**

(Rs. In Million)

PARTICULARS		For Six Months Ended 30th Sept 2007	Year Ended 31st March 2007	Year Ended 31st March 2006	Year Ended 31st March 2005	Year Ended 31st March 2004	Year Ended 31st March 2003
<b>Profit Before Tax, As Restated</b>	(A)	195.25	262.74	125.38	51.72	25.32	15.57
Income Tax rates applicable	(B)	33.99%	33.99%	33.66%	36.59%	35.88%	36.75%
Notional Tax at above rate (A) X (B)	(C)	66.37	89.31	42.20	18.92	9.08	5.72
<b>Adjustments</b>							
<b>Permanent Differences</b>							
Expenses Disallowed	-	-1.01	-1.37	-0.26	-0.68	-0.47	
Deductions Under Chapter VI - Donation	-	-	-	-	7.46	4.02	
Dividend received	-	-0.09	-	-0.06	-	-	
	-	1.10	-	-	-	-	
<b>Total</b>	<b>(D)</b>	<b>-</b>	<b>0.00</b>	<b>-1.37</b>	<b>-0.32</b>	<b>6.78</b>	<b>3.55</b>
<b>Timing Differences</b>							
Difference Between Book Depreciation And Tax Depreciation		-0.66	-0.71	3.24	1.55	1.37	2.53
Others		-1.46	-5.61	-0.74	-	-	-
<b>Total</b>	<b>(E)</b>	<b>-2.12</b>	<b>-6.32</b>	<b>2.51</b>	<b>1.55</b>	<b>1.37</b>	<b>2.53</b>
<b>Net Adjustments (E) + (D)</b>	(F)	-2.12	-6.32	1.14	1.23	8.15	6.08
Tax Saving/(Expense) thereon (F) x (B).	(G)	0.72	-2.15	0.38	0.45	2.92	2.23
Total Current tax (C) - (G)	(H)	65.65	91.46	41.82	18.47	6.16	3.49
Increase (Decrease) in Tax expense on account of							
Interest Payable under section 234C		-	3.74	1.65	1.54	0.40	0.29
Tax impact on account of restatements		1.42	-1.39	-1.91	1.89	-	-
Rounding off, Wealth Tax, other adjustments and Tax credit availed		0.43	-	0.02	-0.69	0.51	-0.95
Short provision of Tax		-	-2.30	-1.09	0.24	-0.16	-2.08
<b>Total</b>	<b>(I)</b>	<b>1.85</b>	<b>0.05</b>	<b>-1.32</b>	<b>2.98</b>	<b>0.75</b>	<b>-2.73</b>
Current Tax Provision for the period (H) + (I)		67.50	91.50	40.50	21.46	6.91	0.76
<b>Current Tax Provision as per the books of accounts</b>		67.50	91.50	40.50	21.46	6.91	0.76

## TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

### ANNEXURE 22 - STATEMENT OF RELATED PARTY TRANSACTIONS

#### (b) Names of related parties and description of relationship:

Sr. No	Nature of Relationship	Name of Related Parties
1	Subsidiary Companies	Transweld Mechanical Engineering Works Limited (Since 3rd October 2006)
2	Associate Companies/ Enterprises	Transpares Limited (Since 1st August 2006)
3	Key Management Personnel	Transformer & Rectifier India (Refer Note No. 1 of Annexure) Allied Electrical Industries Mr. Jitendra U. Mamtora (HUF) Mr. Jitendra U. Mamtora Mr. Satyen J. Mamtora Mr. Bhasakar Sen. Mrs. Karuna J. Mamtora Mr. Hitendra M. Doshi Mr. Haresh Shah
4	Relative of Key Management Personnel	Ms. Janki Jitendra Mamtora Mr. Dilip Mamtora Mr. Bipin Mamtora

#### b) Details of transactions with related parties:

(Rs. In Million)

PARTICULARS	For Six Months Ended 30th Sept	Year Ended 31st March 2007	Year Ended 31st March 2006	Year Ended 31st March 2005	Year Ended 31st March 2004	Year Ended 31st March 2003
<b>A Managerial Remuneration</b>						
Mr. Satyen J Mamtora	1.65	3.41	0.67	0.67	0.24	0.24
Mr. Jitendra U Mamtora	3.18	3.39	1.44	1.44	0.42	0.36
Mrs. Karuna J Mamtora	0.36	0.40	0.29	0.29	-	-
Mr Bhasakar Sen	0.57	-	-	-	-	-
<b>B Purchase of Goods (Including Capital Goods, Job Works)</b>						
Transpares Ltd	30.80	44.35	29.97	21.09	18.07	11.72
Transweld Mech. Engg. Works Ltd	34.32	66.36	50.49	27.57	14.16	10.20
Allied Electrical Industries	0.43					
Transformers & Rectifiers (India)	0.00	19.98	3.69	0.61	-	-
<b>C Sale of Goods (Including Capital Goods, Job Works)</b>						
Transweld Mech. Engg. Works Ltd	0.15	0.87	0.02	0.05	-	-
Transformers & Rectifiers (India)	0.00	0.35	5.85	5.75	2.32	-
Transpares Ltd	0.07					
Allied Electrical Industries	0.00	0.56	0.05	0.01	-	-

(Rs. In Million)

<b>PARTICULARS</b>	<b>For Six Months Ended 30th Sept</b>	<b>Year Ended 31st March 2007</b>	<b>Year Ended 31st March 2006</b>	<b>Year Ended 31st March 2005</b>	<b>Year Ended 31st March 2004</b>	<b>Year Ended 31st March 2003</b>
<b>D Service Received</b>						
Transformers & Rectifiers (India)	0.00	0.01	-	-	0.83	-
Transweld Mech. Engg. Works Ltd .	2.91	5.78	-	-	-	-
Allied Electrical Industries	0.26	0.58	0.38	-	-	0.07
Transpares Ltd.	0.02	-	-	-	-	-
Mr. Haresh Shah	-	-	-	-	0.54	-
<b>E Service Rendered</b>						
Transformers & Rectifiers (India)	0.00	3.01	9.78	7.84	0.82	-
<b>F Loan Taken/Repaid and Interest On Loan (From Directors &amp; Inter Company Deposit)</b>						
Mr. Jitendra U Mamtora						
Loan Taken	0.00	45.89	17.58	-	6.36	1.07
Loan Repaid	0.04	36.34	22.84	-	1.10	0.78
Interest	0.47	0.75	-	-	-	-
Closing Balance	11.03	10.59	0.29	5.55	5.55	0.29
Opening Balance	10.59	0.29	5.55	5.55	0.29	-
Mr. Satyen J Mamtora						
Loan Taken	0.00	2.03	0.05	-	-	0.23
Loan Repaid	0.00	1.96	0.04	-	0.70	0.58
Interest	0.00	-0.04	-	-	0.10	0.22
Closing Balance	0.04	0.04	0.01	-	-	0.70
Opening Balance	0.03	0.01	-	-	0.70	1.45
Mrs. Karuna J Mamtora						
Loan Taken	0.00	2.19	0.14	0.01	-	0.24
Loan Repaid.	0.02	0.04	-	0.02	-	2.15
Interest	0.10	0.06	-	-	-	-
Closing Balance	2.45	2.36	0.15	0.01	0.03	0.03
Opening Balance	2.36	0.15	0.01	0.03	0.03	1.94
Mr. Jitendra U Mamtora (HUF)						
Loan Taken.	1.00	18.71	-	-	0.03	-
Loan Repaid	1.90	-	0.03	-	-	-
Interest	0.81	0.43	-	-	-	-
Closing Balance	19.05	19.14	-	0.03	0.03	-
Opening Balance	19.15	-	0.03	0.03	-	-
<b>G Interest received</b>						
Transweld Mech. Engg. Works Ltd	-	-	-	-	-	0.07
<b>H Dividend Paid</b>						
Mr. Jitendra U Mamtora	-	20.59	4.29	0.43	0.36	3.49
Mr. Satyen J Mamtora	-	0.23	0.05	0.00	0.00	0.02
Mrs. Karuna J Mamtora	-	0.63	0.14	0.01	0.01	0.12
Mr. Jitendra U Mamtora (HUF)	-	1.49	0.29	0.03	0.03	0.25
Ms. Janki J Mamtora	-	0.05	0.01	0.00	0.00	0.00

## TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

(Rs. In Million)

PARTICULARS	For Six Months Ended 30th Sept	Year Ended 31st March 2007	Year Ended 31st March 2006	Year Ended 31st March 2005	Year Ended 31st March 2004	Year Ended 31st March 2003
<b>I Corporate Guarantee Given By Company</b>						
Transpares Private Ltd	-	-	-	9.00	-	-
Balance Outstanding	-	-	6.52	5.63	-	-
<b>J Equity Contribution</b>						
Mr. Jitendra U Mamtara	-	10.01	15.60	-	-	-
Mr. Jitendra U Mamtara (HUF)	-	10.43	-	-	-	-
<b>K Shares Issued Towards Purchase of Business</b>						
Mr. Jitendra Mamtara	-	15.22	-	-	-	-
<b>L Balance at the end of the period</b>						
1) Current Liabilities						
Allied Electrical Industries	1.84	1.15	0.29	0.01	-	-
Transpares Works Ltd. .	22.75	15.43	8.88	3.93	0.89	-
Transweld Mech. Engg. Works Ltd.	21.63	20.15	9.87	-	3.48	-
Transformer & Rectifier (India )	-	-	-	-	3.43	0.06
2) Current Assets						
Transformer & Rectifier (India). .	-	-	2.27	6.93	3.10	-

**Auditors report on the Restated Consolidated Financial Statements:**

**Auditors' report**

**(as required by Part II of Schedule II of the Companies Act, 1956)**

To,

The Board of Directors,  
Transformers & Rectifiers (India) Limited  
Survey No 344-350, Opp. P.W.D. Stores,  
Changodar, Sanand, Ahmedabad - 382210

Dear Sirs,

We have examined the attached consolidated financial information of Transformers & Rectifiers (India) Limited ('the Company') and its subsidiaries as at 30th September 2007 and as at 31st March 2007 annexed to this report and initialed by us for identification. The said consolidated financial information prepared by the Company and approved by the Board of Directors, in accordance with the requirements of:

- a. paragraph B of Part II of Schedule II of the Companies Act, 1956 ("the Act") ;
- b. the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 (the 'SEBI Guidelines') and the related clarifications thereto issued by the Securities and Exchange Board of India ('SEBI') pursuant to section 11 of the Securities and Exchange Board of India Act, 1992, as amended to date; and
- c. the terms of our engagement agreed upon with you in accordance with our engagement letter dated 20.09.2007 in connection with the offer document being issued by the Company for its proposed Initial Public Issue of Equity Shares.

**A. Financial Information as per Audited Financial Statements:**

Transpares Limited and Transweld Mechanical Engineering Works Limited have become subsidiaries of the Company during the year ended 31st March 2007.

The consolidated financial information of the Company has been extracted from the financial statements for the year ended 31 March 2007 approved by the Board of Directors and audited by us and adopted by the Members of the Company at the Annual General Meeting. The consolidated financial information for the six months period ended 30th September 2007 has been extracted from the financial statements approved by the Board of Directors and audited by us.

We did not audit the financial statements of a subsidiary company Transweld Mechanical Engineering Works Limited, for the six months period ended 30th September 2007 and for the financial year ended 31st March 2007, whose Financial Statements reflect total assets of Rs. 52.78 million and Rs. 47.43 million and total revenue of Rs. 31.44 million and Rs. 61.31 million and net cash inflows / (outflow) amounting to Rs. (0.34) million and Rs. 0.37 million respectively. These financial statements have been audited by another firm of Chartered Accountants M/s. D. R. Thakkar & Co., whose reports have been furnished to us and our opinion is based solely on the report of other auditors.

In accordance with the requirements of Paragraph B of Part II of Schedule II of the Act, the SEBI Guidelines and terms of our engagement agreed with you; we further report that:

- a) The Summary Statement of Consolidated Assets and Liabilities - Restated of the Company and its subsidiaries as at 30th September 2007 and as at 31st March 2007 examined by us, as set out in Annexure 1 to this report are after making adjustments and regroupings as in our opinion were appropriate and more fully described in Annexure 4 - Statement on adjustments to audited consolidated financial statements read with the notes thereon.
- b) The Summary Statement of Consolidated Profit or Loss - Restated of the Company and its subsidiaries for the period/year then ended, examined by us, as set out in Annexure 2 to this report are after making adjustments and regroupings as in our opinion were appropriate and more fully described in Annexure 4 - Statement on adjustments to audited consolidated financial statements read with the notes thereon.
- c) The Summary Statement of Consolidated Cash Flow - Restated of the Company and its subsidiaries for the period/year then ended, examined by us, as set out in Annexure 3 to this report are after making adjustments and

## TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

regroupings as in our opinion were appropriate and more fully described in Annexure 4 - Statement on adjustments to audited consolidated financial statements read with the notes thereon.

- d) Based on above and also as per the reliance placed on the report submitted by the other auditors M/s. D. R. Thakkar & Co for the subsidiary company Transweld Mechanical Engineering Works Limited, for the six months period ended 30th September 2007 and for the year ended 31st March 2007, we confirm that the restated consolidated financial information has been made after incorporating:
- adjustments for the changes in accounting policies retrospectively in respective financial years to reflect the same accounting treatment as per changed accounting policy for all the reporting periods.
  - adjustments for the material amounts in the respective financial years to which they relate.
  - the extra-ordinary items that need to be disclosed separately in the consolidated summary statements.
  - there are no qualifications in the Auditors' report, hence no adjustments are required.

### **B. Other Financial Information:**

At the Company's request, we have also examined the following other financial information relating to the Company set out in Annexures prepared by the management and approved by the Board of Directors relating to the Company and its subsidiaries for the six months period ended 30th September 2007 and for the year ended 31st March 2007.

- Consolidated Statement of Share Capital, enclosed as Annexure 7;
- Consolidated Statement of Change in Reserves and Surplus, as restated, enclosed as Annexure 8;
- Consolidated Statement of Secured Loans, as restated, enclosed as Annexure 9;
- Consolidated Statement of Unsecured Loans, as restated, enclosed as Annexure 10;
- Consolidated Statement of Investments, enclosed as Annexure 11;
- Consolidated Statement of Sundry Debtors, as restated, enclosed as Annexure 12;
- Consolidated Statement of Loans and Advances, as restated, enclosed as Annexure 13;
- Consolidated Statement of Current Liabilities and Provisions, as restated, enclosed as Annexure 14;
- Consolidated Statement of Other Income, as restated, enclosed as Annexure 15;
- Consolidated Statement of Dividend Paid/Proposed, enclosed as Annexure 16;
- Consolidated Statement of Accounting Ratios, as restated, enclosed as Annexure 17;
- Consolidated Capitalisation Statement as at 30th September 2007, as restated, enclosed as Annexure 18;
- Consolidated Statement of Commitments And Contingent Liabilities, as restated, enclosed as Annexure 19;
- Consolidated Tax Shelter Statement, enclosed as Annexure 20;
- Consolidated Statement of Related Party Transactions, enclosed as Annexure 21.

In our opinion, the consolidated financial information contained in the Annexures to this report, read with the significant accounting policies and notes forming part of restated accounts disclosed in Annexure 5 and Annexure 6 respectively, and after making adjustments and regroupings as considered appropriate and disclosed in Annexure 4 - Statement on adjustments to audited consolidated financial statements read with the notes thereon, has been prepared in accordance with paragraph B of Part II of Schedule II of the Act and the SEBI Guidelines.

This report should not be in any way construed as a reissuance or a redating of any of the previous audit reports issued by us or by other firm of Chartered Accountants, nor should this report be construed as a new opinion on any of the financial statement referred to herein.

This report is intended solely for use of the management and for inclusion in the Offer Document in connection with the proposed public offer of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

**For C. C. Chokshi & Co.**  
Chartered Accountants

**H. P. Shah**  
Partner

Membership Number: 33331

Place: Ahmedabad

Date: 23rd November 2007

**ANNEXURE 1 - SUMMARY STATEMENT OF CONSOLIDATED ASSETS AND LIABILITIES - RESTATED**

(Rs. In Million)

<b>PARTICULARS</b>	<b>As at 30th Sept 2007</b>	<b>As at 31st March 2007</b>
<b>A Fixed Assets</b>		
Gross Block	264.62	237.02
Less: Depreciation	-66.13	-57.73
Net Block	198.49	179.29
Capital Work In Progress	103.86	51.31
<b>Total</b>	<b>302.35</b>	<b>230.60</b>
<b>Intangible Assets</b>		
Gross Block	14.59	14.59
Less: Amortisation	-5.22	-3.70
<b>Total</b>	<b>9.37</b>	<b>10.89</b>
<b>Net Block</b>	<b>311.72</b>	<b>241.49</b>
<b>B Investments</b>	<b>1.13</b>	<b>2.13</b>
<b>C Current Assets, Loans &amp; Advances</b>		
Inventories	520.85	411.64
Sundry Debtors	835.47	717.28
Cash and Bank balances	122.33	147.04
Loans and Advances	95.64	57.63
Other Current assets	6.11	1.11
<b>Total</b>	<b>1580.40</b>	<b>1,334.70</b>
<b>D Liabilities and Provisions</b>		
Secured Loans	337.54	268.58
Unsecured Loans	160.79	48.74
Current Liabilities and Provisions	814.77	811.69
Deferred Tax Liability (Net)	18.38	15.31
Minority Interest	19.75	18.48
<b>Total</b>	<b>1351.23</b>	<b>1,162.80</b>
<b>Net Worth (A+B+C-D)</b>	<b>542.02</b>	<b>415.52</b>
Net Worth Represented by		
<b>E Share Capital</b>	99.28	70.92
<b>F Reserves &amp; Surplus</b>	442.95	344.85
<b>G Miscellaneous Expenditure</b> (to the extent not written off)	-0.21	-0.25
<b>Net Worth (E+F-G)</b>	<b>542.02</b>	<b>415.52</b>

Note:

The above statement should be read with the Statement on Adjustments to Audited Financial Statements read with notes thereon, appearing in Annexure 4; Significant Accounting Policies, appearing in Annexure 5; Notes to Restated Consolidated Financial Information, appearing in Annexure 6, as restated.



## TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

### ANNEXURE 2 - SUMMARY STATEMENT OF CONSOLIDATED PROFIT AND LOSS - RESTATED

(Rs. In Million)

PARTICULARS	For six Months Period Ended 30th Sept 2007	Year Ended 31st March 2007
<b>A INCOME</b>		
Gross Sales of manufactured goods	1462.87	2,538.98
Less: Cenvat Duty recovered on sales	-200.44	-337.46
Net Sales	1262.43	2,201.52
Trading Sales	-	1.19
Service Income	13.32	9.30
Other Income	10.51	7.63
Increase in Stock	109.20	105.10
<b>Total Income</b>	<b>1395.46</b>	<b>2,324.74</b>
<b>B EXPENDITURE</b>		
Raw Material Consumed	979.35	1,679.26
Trading Purchases	-	1.72
Employee Cost	26.61	36.58
Manufacturing Cost	34.89	49.84
Selling, Distribution Expenses and Administration Expenses	96.96	186.80
<b>Total Expenditure</b>	<b>1137.81</b>	<b>1954.20</b>
<b>Profit before Interest, Depreciation, Extraordinary item and Tax (A-B)</b>	<b>257.65</b>	<b>370.54</b>
Interest (Finance Expenses)	43.09	54.96
Depreciation and Amortisation	10.07	16.85
<b>Total</b>	<b>53.16</b>	<b>71.81</b>
<b>Profit Before Tax and Extra Ordinary Item</b>	<b>204.49</b>	<b>298.73</b>
Extra Ordinary Item		
Loss on account of flood	-	18.15
<b>Profit Before Tax</b>	<b>204.49</b>	<b>280.58</b>
Provision for Taxation		
Current Tax (Including Wealth Tax)	68.49	99.22
Deferred Tax	3.67	-1.12
Fringe Benefit Tax	0.67	1.79
Taxation of Earlier Periods	3.15	0.18
<b>Total</b>	<b>75.98</b>	<b>100.07</b>
<b>Net Profit Before Minority Interest</b>	<b>128.51</b>	<b>180.51</b>
Less: Minority Interest	1.30	4.26
<b>Net Profit After Minority Interest and before adjustments</b>	<b>127.21</b>	<b>176.25</b>

(Rs. In Million)

<b>PARTICULARS</b>	<b>For six Months Period Ended 30th Sept 2007</b>	<b>Year Ended 31st March 2007</b>
<b>Adjustments (Refer Annexure 4)</b>	0.40	0.61
Net Profit, As Restated	127.61	176.86
Add: Balance Brought Forward From Previous Year	256.98	122.05
Add: Balance in Profit & Loss Account on acquisition	-	19.88
Less: Share of Minority interest in Pre acquisition Profit	-	-7.64
Less: Adjusted against cost of investment made in subsidiary company	-	-12.24
Amount available for appropriation	384.59	298.91
<b>Appropriations</b>		
Interim Dividend Paid	-	13.82
Tax on Dividend Paid	-	2.09
Transferred To General Reserve	-	26.02
Balance Carried To Balance Sheet	384.59	256.98
<b>Total</b>	<b>384.59</b>	<b>298.91</b>

**Note:**

The above statement should be read with the Statement on Adjustments to Audited Financial Statements read with notes thereon, appearing in Annexure 4; Significant Accounting Policies, appearing in Annexure 5; Notes to Restated Consolidated Financial Information, appearing in Annexure 6, as restated.

## TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

### ANNEXURE 3 - SUMMARY STATEMENT OF CONSOLIDATED CASHFLOWS - RESTATED

(Rs. In Million)

PARTICULARS	For six Months Period Ended 30th Sept 2007	Year Ended 31st March 2007
<b>A CASH FROM OPERATING ACTIVITIES</b>		
Profit Before Tax, As Restated	200.32	285.15
Adjustments for		
Depreciation and Amortisation	10.08	16.85
Deferred Expenses Written Off	0.04	0.40
Unrealised Foreign Exchange Gain	0.87	0.60
Interest Income	-5.24	-5.14
Dividend Income	-0.01	-0.01
Interest Expense	42.49	54.96
(Profit) / Loss on sale of asset	0.25	0.79
Profit on Sale of Investment	-0.22	-
Provision for Doubtful Debts	2.15	-
<b>Operating profit before working capital changes</b>	<b>250.73</b>	<b>353.60</b>
Changes in working capital		
Trade & Other Receivables	-150.11	-234.62
Inventories	-109.22	-81.12
Trade Payables	-6.67	66.80
<b>Cash generation from operations</b>	<b>-15.27</b>	<b>104.66</b>
Less: Income tax paid	-50.98	-49.56
<b>Net cash from Operations</b>	<b>-66.25</b>	<b>55.10</b>
<b>B CASH FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed assets	-80.67	-74.74
Proceeds from sale of assets	0.13	0.02
Long Term Investment In Subsidiaries	-	-16.97
Purchase of Business	-	1.24
Interest Income	5.25	5.27
Dividend Income	-	0.01
Proceeds from Sale of Investments	1.22	-
<b>Net cash from Investing Activities</b>	<b>-74.07</b>	<b>-85.17</b>

(Rs. In Million)

<b>PARTICULARS</b>	<b>For six Months Period Ended 30th Sept 2007</b>	<b>Year Ended 31st March 2007</b>
<b>C CASH FROM FINANCING ACTIVITIES</b>		
Increase in borrowings	237.00	243.26
Borrowings / Repayment of Loans	-55.99	-144.52
Interest Paid	-42.49	-54.89
Dividend Paid (Including Tax)	-	-27.57
Increase in Share Capital	-	1.57
Increase in Share Premium	-	18.87
Net cash from Financing Activities	138.52	36.72
Net Increase / (Decrease) in cash & cash equivalents (A+B+C)	-1.79	6.65
Cash and Cash Equivalents at beginning of the year	8.02	1.37
<b>Cash and Cash Equivalents at the end of the year</b>	<b>6.23</b>	<b>8.02</b>

**Note:**

The above statement should be read with the Statement on Adjustments to Audited Financial Statements read with notes thereon, appearing in Annexure 4; Significant Accounting Policies, appearing in Annexure 5; Notes to Restated Consolidated Financial Information, appearing in Annexure 6, as restated.

## TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

### ANNEXURE 4 - STATEMENT ON ADJUSTMENTS TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS

(Rs. In Million)

PARTICULARS	For six Months Period Ended 30th Sept 2007	Year Ended 31st March 2007
<b>Profit after tax and before adjustments</b>	<b>127.21</b>	<b>176.25</b>
<b>Adjustments</b>		
Provision of Onerous Contract Reversed	-4.17	4.17
Impact of change in estimates		
Bad Debts Recovered.	-	-0.04
Short provision of tax of earlier years	3.15	-2.12
	-1.02	2.01
Income Tax impact on adjustments	1.42	-1.40
Net impact of adjustments	0.40	0.61
Profit After Tax, As Restated	127.61	176.86

#### Notes:

#### 3. Change in Accounting Estimates

##### a) Bad Debts Written Off

Debts, considered irrecoverable and written off during the year ended 31 March, 2006 and which have been subsequently recovered have been adjusted to the surplus in profit and loss account brought forward from previous year.

##### b) Short Provision of Income Tax

The profit and loss account includes amounts paid/provided for, in respect of shortfall of income tax arising out of assessments, appeals etc. which, for the purpose of this statement, have been adjusted to the surplus in profit and loss account brought forward from previous year. Also, the income tax has been computed on the adjustments as detailed above and has been adjusted in the summary statement of consolidated profit and loss, restated.

##### c) Provision for Onerous Contract

The profit and loss account for the year ended 31st March, 2007 includes amount provided towards provision for loss on onerous contracts amounting to Rs. 4.61 Million out of which provision amounting to Rs. 4.17 million has been reversed in the period ended 30th September, 2007.

For the purpose of this statement the provision for loss on onerous contracts for the year 2006-07 has been recomputed to give effect of provision for loss on onerous contracts reversed during the six months period ended on 30th Sept 2007.

## **ANNEXURE 5 - SIGNIFICANT ACCOUNTING POLICIES OF CONSOLIDATED ACCOUNTS**

### **1) Accounting Convention**

The consolidated financial statements are prepared on historical cost basis and based on accrual method of accounting and applicable Accounting Standards by consolidating the accounts of Parent Company with its Subsidiaries in accordance with generally accepted accounting principles and in consonance with Accounting Standard 21 (Consolidated financial Statements) issued by the Institute of Chartered Accountants of India.

### **2) Principles of Consolidation**

- a) The financial statements of the Parent Company and its Subsidiaries have been consolidated on a line-by-line basis by adding together the book values of the like items of assets, liabilities, income and expenses, after eliminating intra-group balances and the unrealised profits/losses on intra-group transactions. The amounts shown in respect of reserves comprise the amount of the relevant reserves as per the Balance Sheet of the parent company and its share in the post-acquisition increase in the relevant reserves of the consolidated entities. The consolidated financial statements are presented, to the extent possible, in the same format as that adopted by the parent company for its separate financial statements.
- b) The difference between the cost of investment in the Subsidiaries, over the net assets at the time of acquisition of shares in the Subsidiaries is recognised in the financial statements as Goodwill or Capital Reserve as the case may be.

### **3) Use of Estimates**

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on date of the financial statement and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognised in the period in which the results are known/ materialized.

### **4) Fixed Assets:**

- a) Tangible Fixed Assets are stated at cost of acquisition or construction less accumulated depreciation. The cost of fixed assets includes non-refundable taxes and levies, freight and other incidental expenses related to acquisition and installation of the respective assets.
- b) Certain computer software costs are capitalised and recognised as intangible assets in terms of Accounting Standard 26 on intangible assets based on materiality, accounting prudence and significant economic benefits expected to flow therefrom for a period longer than 1 year. Capitalised cost includes direct cost of implementation and expenses directly attributable to the implementation.
- c) The Parent Company and its Subsidiaries evaluate the impairment losses on the fixed assets whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. If such assets are considered to be impaired the impairment loss is then recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the smallest levels for which there are separately identifiable cash flows.

### **5) Depreciation and Amortisation :**

- a) Depreciation on fixed assets is provided on Straight Line Method in accordance with Section 205 (2) (b) of the Companies Act, 1956 at the rate and in the manner prescribed in schedule XIV of the said Act.
- b) Computer software costs capitalised are amortised using the Straight Line Method over estimated useful life of 3 to 5 years, as estimated at the time of capitalisation.

### **6) Investments :**

- a) Long Term investments are stated at cost and provision is made to recognise any diminution in value, other than that of temporary nature.
- b) Current investments are carried at lower of cost and market value. Diminution in value is charged to the profit and loss account.

## TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

### 7) Inventories:

- a) Raw materials, Process stock and Finished Goods are valued at lower of cost or net realisable value.
- b) Cost for Raw materials is determined on Weighted Average/FIFO basis, net of cenvat credit availed.
- c) Cost for Finished Goods and Process Stock is determined taking material cost [Net of cenvat credit availed] labour and relevant appropriate overheads and cenvat duty.

### 8) Revenue Recognition:

In appropriate circumstances, Revenue (income) is recognised when no significant uncertainty as to determination or realisation exists.

### 9) Sales/Service Income:

Sales are accounted on despatch of goods. Export sales are accounted on the basis of date of Bill of lading. Sales value is inclusive of Cenvat Duty and but does not include other recoveries such as insurance charges, transport charges etc. Service income excludes service tax.

### 10) Cenvat credit:

Cenvat credit is accounted for on accrual basis on purchase of eligible inputs, capital goods and services.

### 11) Foreign Currency Transactions :

Transactions in foreign currency are recorded at the exchange rates prevailing at the time the transactions are effected. The gain or loss due to exchange rates prevailing at the year end, if any, is taken into account. Exchange difference related to fixed assets is recognised in Profit and Loss account.

### 12) Prior Period Expenses/Income:

Material items of prior period expenses/income are disclosed separately.

### 13) Employees Benefits:

#### a) Defined Contribution Plan

The Company's contributions paid / payable for the year to Provident Fund are recognised in the profit and loss account.

#### b) Defined Benefit Plan

The Company's liabilities towards gratuity, and leave encashment are determined using the projected unit credit method which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past services are recognised on a straight line basis over the average period until the amended benefits become vested. Actuarial gain and losses are recognised immediately in the profit and loss account as income or expense. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields at the balance sheet date on Government bonds where the currency and terms of the Government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

### 14) Borrowing Cost :

Interest and other costs in connection with the borrowings of the funds to the extents related/attributed to the acquisition /construction of qualifying fixed assets are capitalised upto the date when such assets are ready for their intended use and other borrowing costs are charged to Profit And Loss Account.

### 15) Miscellaneous Expenditure:

- a) Preliminary expenses are amortised over a period of ten years.
- b) Exhibition expenses are amortised over a period of five years.
- c) Shares issue expenses incurred are amortised over a period of five years.

**16) Taxes on Income:**

Current Tax is the amount of tax payable on the taxable income for the year as determined in accordance with provision of Income Tax Act, 1961.

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

**17) Leases**

Lease transaction entered into on or after April 1, 2001:

- a) Assets acquired under lease where the company has substantially all risk and rewards incidental to ownership are classified as finance leases. Such assets are capitalised at the inception of lease at the lower of fair value or the present value of minimum lease payment and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability of each period.
- b) Assets acquired on lease where a significant portion of risk and rewards incidental to ownership is retained by the lessor are classified as operating lease. Lease rental are charged to the profit and loss account on accrual basis.

**18) Earnings Per Share:**

The Company reports basic and diluted Earnings Per Share (EPS) in accordance with Accounting Standard 20 on Earnings Per Share. Basic EPS is computed by dividing the net profit or loss for the year by the weighted average number of equity shares outstanding during the year.

**19) Provisions, Contingent Liabilities and Contingent Assets:**

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.



## TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

### ANNEXURE 6 - NOTES TO RESTATED CONSOLIDATED FINANCIAL INFORMATION:

1. Details of Subsidiaries:

The consolidated financial statements (CFS) comprise the financial statements of the parent company, Transformers and Rectifiers (India) Limited and the following subsidiaries:

Name of the Subsidiary	Country of incorporation	Proportion of ownership interest	Date of investment
Transweld Mechanical Engineering Works Limited	India	100 %	1st Aug 2006
Transpares Limited	India	51 %	3rd Oct 2006

2. Estimated amount of contracts remaining to be executed on capital account (net of capital advance) and not provided for Rs. 99.68 Million. (Previous Year Rs. 15.45 Million.)

3. Purchase of Business:

During the year, effective from 1st August 2006, the Company has purchased entire business of M/s Transformers & Rectifiers (India), a proprietorship concern, situated at Plot No. 233, GVMSA Industrial Estate, Odhav, Ahmedabad on a going concern basis with all assets and liabilities for the consideration of Rs. 15.22 Million. The difference in consideration paid to M/s Transformers & Rectifiers (India) in excess of Net Assets value amounting to Rs. 11.91 Million has been shown as Goodwill to be amortised over a period of 5 years.

4. Foreign currency exposures not hedged by derivative instruments as at 30th September 2007 on exports amounts to Rs. 23.83 Million [ Previous Year Rs. 16.02 Million] and on imports amounts to NIL [ Previous Year Rs. 15.86 Million.]

5. Capital Work In Progress includes preoperative expenditure pending allocation to a project under implementation are as under.

(Rs. in million)

Preoperative Expenses	As at 30th Sept, 2007	As at 31st March, 2007
Legal & Professional	2.45	2.36
Electricity Charges	0.85	0.23
Interest	1.54	0.10
Expenses in connection with Proposed Initial Public Offering of Equity Shares	2.27	-
<b>Total</b>	<b>7.11</b>	<b>2.69</b>

6. Cenvat duty shown as a deduction from the Gross Sales represents the amount of cenvat duty collected on sales. Cenvat duty expensed represents the difference between excise duty element in the amounts of closing stocks & opening stocks and excise duty paid which is not recoverable from sales.

7. The stock of Raw materials amounting to Rs. 35.77 Million was laying with the job workers for further processing at the close of the year. Out of that confirmations have been received for Rs. 29.12 Million.

8. Loss on account of Flood during the year ending on 31st March, 2007 comprises of

Particulars	(Rs. In Million)
Cost of Raw Material and Stock in process damaged on account of Flood.	58.22
Less : Salvage Value of Stock Damaged On Account Of Flood .	18.47
	<b>39.75</b>
Add : Repairs to building & other expenses on account of flood .	3.40
	<b>43.15</b>
Less : Insurance Claim Received	25.00
<b>Total :</b>	<b>18.15</b>

## 9. Leases:-

### (A) Finance Lease

(i) In accordance with Accounting Standard 19 "Leases" issued by the Institute of Chartered Accountants of India, the assets acquired on finance lease on or after April 1st, 2001 are capitalised and a loan liability recognized. Consequently, depreciation is provided on such assets, installments paid are allocated to the liability and the interest is charged to the Profit & Loss Account.

(ii) a) Assets acquired on Lease agreements mainly comprise of Cars. The agreements provide for reimbursement of taxes, levy etc. imposed by authorities in future.

There are no exceptional / restrictive covenants in the Lease Agreements.

b) The minimum installments as at 30th September, 2007 and the present values at 30th September, 2007 of minimum installments in respect of assets acquired under the Lease Agreements are as follows:

Minimum Installments	(Rs. In Million)
1) Payable not later than 1 year	2.18
2) Payable later than 1 year and not later than 5 years	2.25
3) Payable later than 5 years	NIL
Total minimum installments	4.43
Less: Future finance charges	0.36
Present value of minimum installments	4.07
<b>Present value of minimum installments</b>	
1) Payable not later than 1 year	1.94
2) Payable later than 1 year and not later than 5 years	2.13
3) Payable later than 5 years	NIL
Total present value of minimum installments	4.07

### (B) Operating Lease

Lease rentals charged to revenue for lease agreements for the right to use the following assets are

(Rs. In Million)

#### Particulars

#### For Six Months Period Ended on 30th Sept,07

Office Premises

0.07

Godown

0.02

The Lease agreements are executed for a period of 11 months with a renewal clause and also provide for termination at will by either party by giving prior notice.

## TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

### 10. Components of Deferred Tax Liability are as under:

(Rs. In Million)

<b>PARTICULARS</b>	<b>As at 30th Sept, 2007</b>	<b>As at 31st March , 2007</b>
(A) Deferred Tax Liability:		
Difference between book and tax depreciation	22.51	18.70
Deferred Revenue Expenditure	-	-
	22.51	18.70
(B) Deferred Tax Assets:		
Disallowance under Income Tax Act 1961	4.13	3.39
(C) Net Deferred Tax Liability	18.38	15.31

### 11. Provision for Loss on Onerous Contracts

The contracts for sale of goods wherein, the unavoidable costs of meeting the obligation under the contract exceed the economic benefit expected to be received under it are identified by the management. The provision for onerous contracts is based on estimates made by the management by applying principles laid down in Accounting Standard - 29 "Provisions, Contingent Liabilities and Contingent Assets". Further it is not possible to estimate the timing/uncertainties relating to the outflow. The movement in the provision during the year is as under:

(Rs. In Million)

	<b>Opening Balance</b>	<b>Provision made during the period/ year</b>	<b>Utilised during the period/ year</b>	<b>Revisal during the period/ year</b>	<b>Closing Balance</b>
For Six Months Period Ended 30.09.2007	4.61	-	-	4.17	0.44
Year Ended 31.03.2007	-	4.61	-	-	4.61

**ANNEXURE 7 - STATEMENT OF CHANGES IN SHARE CAPITAL**

<b>PARTICULARS</b>	<b>As at 30th Sept, 2007</b>	<b>As at 31st March, 2007</b>
<b>Share Capital</b>		
<b>Authorised Share Capital</b>		
<b>Equity Shares</b>		
Number of Shares of Rs.10/- each	15,000,000	15,000,000
Amount (Rs. In Million)	150.00	150.00
<b>Issued, Subscribed and Paid up Share Capital</b>		
<b>Equity Shares</b>		
Number of Shares of Rs.10/- each.	9,928,611	7,091,865
Amount (Rs. In Million)	99.29	70.92

**Notes**

- 1 During the year ended 31st March 2006, 1,910,720 equity shares were allotted as fully paid up by way of bonus shares by capitalisation of Securities Premium Rs.9.40 million , General reserve Rs.6.50 million and Surplus in Profit and Loss account Rs.3.21 million.
- 2 During the year ended 31st March 2006, 130,000 equity shares were issued on preferential basis.
- 3 During the year ended 31st March 2007, 157,260 equity shares were issued on preferential basis.
- 4 During the year ended 31st March 2007, 117,085 equity shares were issued pursuant to a contract without payment being received in cash.
- 5 During the Period ended 30th Sept 2007, 2,836,746 equity shares were allotted as fully paid up by way of bonus shares by capitalisation of Securities Premium Rs.28.37 million.

## TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

### ANNEXURE 8 - CONSOLIDATED STATEMENT OF CHANGES IN RESERVES AND SURPLUS - RESTATED

(Rs. In Million)

PARTICULARS	As at 30th Sept, 2007	As at 31st March, 2007
Securities Premium Account		
As per last balance sheet	47.22	14.30
Less: Capitalised by Issue of Bonus Shares	-28.37	-
Add: Premium on issue of Equity shares .	-	32.92
<b>Total</b>	<b>18.85</b>	<b>47.22</b>
Capital Reserve on Consolidation	4.63	4.63
General Reserve		
As per last balance sheet	36.02	10.00
Add: Transferred from Profit & Loss account	-	26.02
Less: Adjustment for provision for employee Benefits net of deferred tax	-1.14	
<b>Total</b>	<b>34.88</b>	<b>36.02</b>
Surplus in Profit & Loss Account, as restated	384.59	256.98
<b>Total</b>	<b>442.95</b>	<b>344.85</b>

**ANNEXURE 9 - CONSOLIDATED STATEMENT OF SECURED LOANS - RESTATED**

(Rs. In Million)

Particulars	Amount as at 30th Sept 2007	Amount as at 31st March 2007	Interest Rate	Security	Repayment Schedule
<b>A Term Loan</b>					
<b><u>Transformers &amp; Rectifiers (India) Ltd.</u></b>					
1 State Bank of India Capex Loan	1.89	3.91	14.75%	Secured by hypothecation of specific fixed assets acquired under the term loan and also collaterally secured by legal mortgage on paripassu basis on immovable property situated at Changodar and in addition to above secured by pledge of equity shares of promoters and personal guarantee of some directors.	4 Quarterly Installments of Rs. 1 Million each
2 State Bank of India	40.42	40.11	12.25%	----- do -----	4 Quarterly Installments of Rs. 10 Million each starting from 01.04.2007
3 State Bank of India (Car term loan)	8.35	8.90	11.25%	----- do -----	13 Quarterly Installments of Rs. 3.3 Million each starting from 01.04.2008
<b><u>Transweld Mechanical Engineering Limited</u></b>					
4 State Bank of India	8.10	10.45	14.25%	Secured by first charge on specific immovable property of the Company situated at Moraiya, both present and future.	
<b><u>Transpares Limited</u></b>					
5 State Bank of India	0.71	1.62	14.25%	Secured by hypothecation of specific fixed assets acquired under the term loan and also collaterally secured by legal charge over entire current assets of the company and is further secured by personal guarantee given by some directors.	4 Quarterly Installments of Rs. 0.42 Million each
<b>Total</b>	<b>59.47</b>	<b>70.20</b>			

## TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

### ANNEXURE 9 - CONSOLIDATED STATEMENT OF SECURED LOANS - RESTATED (Cont...)

(Rs. In Million)

Particulars	as at 30th Sept 2007	Interest Rate	Security	Repayment Schedule
<b>B Working Capital</b>				
<b><u>Transformers &amp; Rectifiers (India) Ltd.</u></b>				
1 State Bank of India	111.25	13.75%	Secured by hypothecation of current assets of the company on paripassu basis and also collaterally secured by legal mortgage on paripassu basis on immovable property situated at Changodar and in addition to above secured by pledge of equity shares of prom	Payable on Demand
2 Andhra Bank	34.62	13.75%	----- do -----	Payable on Demand
3 Bank of Baroda	70.62	12.75%	----- do -----	Payable on Demand
4 State Bank of India (WCDL)	16.16	12.00%	----- do -----	Payable on Demand
5 State Bank of India SLC	15.07	14.25%	Secured by fixed deposit of Rs. 9.71 Million.	Payable on Demand
<b><u>Transweld Mechanical Engineering Limited</u></b>				
6 State Bank of India	8.94	13.75%	Secured by hypothecation of entire current assets of the company and also collaterally secured by legal mortgage on Land, Building and Plant & machinery and is further secured by personal guarantee given by some directors.	Payable on Demand
<b><u>Transpares Limited</u></b>				
7 State Bank of India	17.34	13.75%	Secured by hypothecation of entire current assets of the company and also collaterally secured by legal mortgage on Land, Building and Plant & machinery and is further secured by personal guarantee given by some directors.	Payable on Demand
Total	273.00			

**ANNEXURE 9 - CONSOLIDATED STATEMENT OF SECURED LOANS - RESTATED (Cont...)**

(Rs. In Million)

Particulars	as at 30th Sept 2007	Interest Rate	Security	Repayment Schedule
<b>C Vehicle Loan</b>				
<b><u>Transformers &amp; Rectifiers (India) Ltd.</u></b>				
1 ICICI Bank Ltd.	0.21	6.5-11.85%	Secured by lien on vehicles purchase under hire purchase agreement.	Equated Monthly Installments
2 HDFC Bank Ltd	3.69	5.85-9.43%		Equated Monthly Installments
<b><u>Transpares Limited</u></b>				
3 ICICI Bank Ltd.	0.02	7.79%	Secured by lien on vehicles purchase under hire purchase agreement.	Equated Monthly Installments
4 HDFC Bank Ltd	0.15	5.10%		Equated Monthly Installments
Total	4.07			
<b>Grand Total</b>	<b>337.54</b>			



## TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

### ANNEXURE 10 - CONSOLIDATED STATEMENT OF UNSECURED LOANS - RESTATED

(Rs. In Million)

Particulars	as at 30th Sept 2007	Interest Rate	Repayment Schedule
1 Loan from Directors - Transformers & Rectifiers (India) Limited	32.57	9-10%	On Demand
2 Indusind Bank	60.00	12%	Payable on 1.3.2008
3 Citi Bank	68.22	12.50%	Payable on Demand
<b>Total</b>	<b>160.79</b>		

**ANNEXURE 11 - CONSOLIDATED STATEMENT OF INVESTMENTS**
**(Rs. In Million)**

<b>PARTICULARS</b>	<b>As at 30th Sept 2007</b>	<b>As at 31st March 2007</b>
<b>Current Investments</b>		
Unquoted		
1,250 Shares of The Bhagyodaya Co-Operative Bank Ltd. Of Rs. 100/- each	0.13	0.13
In Units of Mutual funds		
200,000 SBI Blue Chip Fund of Rs. 10/- each	1.00	2.00
<b>Total</b>	<b>1.13</b>	<b>2.13</b>
Unquoted Investments Cost price	0.13	0.13
Mutual Funds Cost price	1.00	2.00
Repurchase value	1.39	2.16

## TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

### ANNEXURE 12 - CONSOLIDATED STATEMENT OF SUNDRY DEBTORS - RESTATED

(Rs. In Million)

PARTICULARS	As at 30th Sept 2007	As at 31st March 2007
Unsecured,		
<u>More than Six Months</u>		
Considered Good		
Receivable from Promoter Group	-	
Receivable from others	216.61	57.16
Considered Doubtful		
Receivable from Promoter Group.	-	
Receivable from others	5.75	3.60
Less : Provision for Doubtful Debts	-5.75	-3.60
<u>Less than Six Months Considered Good</u>		
Receivable from Promoter Group	-	
Receivable from others	618.86	660.12
<b>Total</b>	<b>835.47</b>	<b>717.28</b>

**ANNEXURE 13 - CONSOLIDATED STATEMENT OF LOANS AND ADVANCES - RESTATED**
**(Rs. In Million)**

<b>PARTICULARS</b>	<b>As at 30th Sept 2007</b>	<b>As at 31st March 2007</b>
(Unsecured, considered good unless otherwise stated)		
Advances recoverable in cash or in kind or for		
Value to be received	16.13	13.88
Advances to suppliers	27.24	6.09
Other Advances	4.67	2.32
Deposits and balances with government and other authorities	33.46	28.47
Other deposits	14.14	6.87
Total	95.64	57.63
Considered Doubtful	0.32	0.32
Less: - Provision	-0.32	-0.32
<b>Total</b>	<b>95.64</b>	<b>57.63</b>

## TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

### ANNEXURE 14 - CONSOLIDATED STATEMENT OF CURRENT LIABILITIES & PROVISIONS - RESTATED

(Rs. In Million)

PARTICULARS	As at 30th Sept 2007	As at 31st March 2007
<b>A. Current Liabilities</b>		
Sundry Creditors		
a) Small Scale Industrial Undertaking (to the extent identified with available information) .	1.64	2.16
b) Others.	442.37	548.54
	444.01	550.70
Advance From Customers	179.05	157.01
Other Liabilities	128.38	43.77
Interest accrued but not due on loans	3.09	1.32
<b>Total (A)</b>	<b>754.53</b>	<b>752.80</b>
<b>B. Provisions</b>		
Provision For Gratuity	4.25	0.28
Provision For Leave Encashment	1.46	1.15
Provision For Taxation (Net Of Advance Tax Paid )	54.53	57.46
<b>Total(B)</b>	<b>60.24</b>	<b>58.89</b>
<b>Total(A+B)</b>	<b>814.77</b>	<b>811.69</b>

**ANNEXURE 15 - CONSOLIDATED STATEMENT OF OTHER INCOME - RESTATED**
**(Rs. In Million)**

<b>PARTICULARS</b>	<b>For Six Months Period Ended 30th Sept 2007</b>	<b>Year Ended 31st March 2007</b>
A Other Income, As restated	6.34	7.59
B Profit after tax, As restated	127.61	176.86
<b>Percentage (%) A/B</b>	<b>4.97%</b>	<b>4.29%</b>

<b>Source of other income</b>	<b>For Six Months Period Ended 30th Sept 2007</b>	<b>Year Ended 31st March 2007</b>	<b>Related or Non related to the Business</b>	<b>Nature</b>
Interest Received on fixed deposits	5.24	5.14	Non related	Recurring
Scrap Sale	0.86	2.13	Related	Recurring
Dividend received	0.02	-	Non related	Non Recurring
Profit on sale of Investment	0.22	-	Non related	Non Recurring
Other Income.	-	0.32	Non related	Non Recurring
<b>Total</b>	<b>6.34</b>	<b>7.59</b>		

**Note**

The classification of recurring / non recurring and related / not related to business activity is based on the current operations and business activity of the company as determined by the management

## TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

### ANNEXURE 16 - CONSOLIDATED STATEMENT OF DIVIDEND PAID/PROPOSED

For Six Months Period Ended 30th Sept 2007			
PARTICULARS	Transformers & Rectifiers (India) Limited	Transpares Limited	Transweld Mechanical Engineering Works Limited
Number of Equity Shares	9,928,611	1,076,000	250,000
Face Value Per Share (Rs.)	10.00	10.00	10.00
Paid up Value Per Share (Rs.)	10.00	10.00	10.00
Dividend Per Share (Rs.)	-	-	-
Dividend Rate (%) .	-	-	-
Interim Dividend Paid (Rs. In Million)	-	-	-
Corporate Dividend Tax (Rs. In Million).	-	-	-

**ANNEXURE 17- CONSOLIDATED STATEMENT OF ACCOUNTING RATIOS - RESTATED**

(Rs. In Million)

<b>PARTICULARS</b>	<b>For Six Months Period Ended 30th Sept 2007</b>	<b>Year Ended 31st March 2007</b>
<b>A Basic and Diluted Earning per Share (Rs.)</b>		
Before Extra Ordinary items	12.85	19.27
After Extra Ordinary items	12.85	18.04
(Adjusted for the bonus shares issued during the Year ended 31st March 2006 & six months Period ended on 30th Sept 2007)		
Weighted average number of equity shares outstanding during the year	9,928,611	9,804,168
<b>B Return On Net worth</b>	23.54%	42.56%
<b>C Net Assets Value Per Share (Rs.)</b>	54.60	58.59

**Notes**

The ratios have been computed as per the following formula:

5. Basic and Diluted Earnings / (Loss) per Share = 
$$\frac{\text{Net Profit after tax, as restated attributable to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the year}}$$
6. Basic Earnings / (Loss) per Share after excluding exceptional items = 
$$\frac{\text{Net Profit after tax adjusted for exceptional items, as restated attributable to equity shareholders}}{\text{Weighted average number of equity shares Outstanding during the year}}$$
7. Return on Net Worth (%) = 
$$\frac{\text{Net Profit after tax, as restated}}{\text{Net worth, as restated, at the end of the year}}$$
8. Net Asset Value (NAV) per share = 
$$\frac{\text{Net Worth, as restated, at the end of the year}}{\text{Number of equity shares outstanding at the end of the year}}$$



## TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

### ANNEXURE 18 - CONSOLIDATED CAPITALISATION STATEMENT - RESTATED

(Rs. In Million)

PARTICULARS	Pre Issue As at 30th Sept2007	Post Issue Estimates
Short Term Debt	346.31	[●]
Long Term Debt	152.02	[●]
SHAREHOLDERS' FUNDS		
Share Capital	99.28	[●]
Reserve & Surplus	442.95	[●]
Less: Miscellaneous Expenditures to the extent not written off	-0.21	[●]
<b>Total.</b>	<b>542.02</b>	<b>[●]</b>
<b>Total Long Term Debt/Shareholders' funds</b>	<b>0.28 : 1</b>	<b>[●]</b>

**Note:**

1. The Post Issue Capitalisation can not be determined till the completion of the book building process.
2. Short Term Debts are debts maturing within next one year.

**ANNEXURE 19 - CONSOLIDATED STATEMENT OF COMMITMENTS AND CONTINGENT LIABILITIES -RESTATED**

(Rs. In Million)

<b>PARTICULARS</b>	<b>As at 30th Sept 2007</b>	<b>As at 31st March 2007</b>
Contingent liability not provided for in respect of:		
Disputed demand of Central Excise Department	12.18	2.71
Guarantee given by bankers on behalf of company	584.57	487.11
Performance guarantee given by company	6.98	20.66
Import duty benefit towards duty free import of raw materials made in respect of which export obligations are yet to be discharged	7.74	3.14
Bills Discounted with Banks	60.00	-
Claims against company not acknowledged as debts	Amount not ascertained	Amount not ascertained
Capital commitments.	99.68	15.45

## TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

### ANNEXURE 20 - CONSOLIDATED TAX SHELTER STATEMENT

(Rs. In Million)

PARTICULARS		For Six Months Period Ended 30th Sept 2007	Year Ended 31st March 2007
<b>Profit Before Tax, As Restated</b>	(A)	200.32	284.75
Income Tax rates applicable	(B)	33.99%	33.99%
Notional Tax at above rate (A) X (B)	(C)	68.09	96.79
<b>Adjustments</b>			
<b>Permanent Differences</b>			
Donation		-	-0.09
Deductions Under Chapter VI - A .		1.01	1.84
Dividend received		0.01	1.10
Total.	(D)	1.02	2.85
<b>Timing Differences</b>			
Difference Between Book Depreciation and Tax Depreciation		1.14	0.24
Others. .		1.72	-9.52
Total	(E)	2.86	-9.28
<b>Net Adjustments (E) + (D)</b>	(F)	3.88	-6.43
Tax Saving/(Expense) thereon (F) x (B)	(G)	1.32	-2.18
Total Current tax (C) - (G)	(H)	66.77	98.97
Increase (Decrease) in Tax expense on account of Interest Payable under section 234C.		-	4.12
Tax impact on account of restatements		1.42	-1.42
Rounding off, Wealth Tax, other adjustments and Tax credit availed. .		0.44	0.26
Short Provision of Tax		-0.14	-2.71
Total	(I)	1.72	0.25
Current Tax Provision for the period (H) + (I)		68.49	99.22
<b>Current Tax Provision as per the books of accounts</b>		<b>68.49</b>	<b>99.22</b>

**ANNEXURE 21 - STATEMENT OF RELATED PARTY TRANSACTIONS**

(c) Names of related parties and description of relationship:

Sr No	Nature of Relationship	Name of Related Parties
1	Associate Companies/ Enterprises	Transformer & Rectifier India (Refer Note No. 4) Allied Electrical Industries Mr. Jitendra U. Mamtara (HUF)
2	Key Management Personnel	Mr. Jitendra U. Mamtara Mr. Satyen J. Mamtara Mrs. Karuna J. Mamtara Mr. Hitendra M. Doshi Mr. Bhaskar Sen
3	Relative of Key Management Personnel	Ms. Janki Jitendra Mamtara Mr. Dilip Mamtara Mr. Bipin Mamtara

b) Details of transactions with related parties:

(Rs. in Million)

PARTICULARS		For Six Months Period Ended 30th Sept 2007	Year Ended 31st March 2007
<b>A</b>	<b>Managerial Remuneration</b>		
	Mr. Satyen J. Mamtara (Managing Director)	1.65	3.41
	Mr. Jitendra U. Mamtara (Chairman & M.D.)	3.18	3.39
	Mrs. Karuna J. Mamtara (Director) .	0.36	0.40
	Mr Bhaskar sen	0.57	-
	Mr. Hitendra M. Doshi	0.41	0.20
<b>B</b>	<b>Purchase of Goods (Including Capital Goods, Job Works)</b>		
	Transformers & Rectifiers (India)	-	19.98
	Allied Electrical Industries	0.43	-
<b>C</b>	<b>Sale of Goods (Including Capital Goods, Job Works)</b>		
	Transformers & Rectifiers (India)	-	2.57
	Allied Electrical Industries	-	0.56
<b>D</b>	<b>Service Received</b>		
	Transformers & Rectifiers (India)	-	0.01
	Allied Electrical Industries .	0.26	0.58
<b>E</b>	<b>Service Rendered</b>		
	Transformers & Rectifiers (India)	-	3.01
<b>F</b>	<b>Loan Taken/Repaid and Interest On Loan (From Directors &amp; Inter Company Deposit) Mr. Jitendra U. Mamtara</b>		
	Loan Taken. .	-	45.89
	Loan Repaid.	0.04	36.34
	Interest.	0.47	0.75
	Closing Balance	11.03	10.59
	Opening Balance	10.59	0.29

## TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

(Rs. in Million)

PARTICULARS		For Six Months Period Ended 30th Sept 2007	Year Ended 31st March 2007
	<b>Mr. Satyen J. Mamtora</b>		
	Loan Taken	-	2.03
	Loan Repaid	-	1.96
	Interest	-	-0.04
	Closing Balance	0.04	0.04
	Opening Balance	0.04	0.01
	<b>Mrs. Karuna J. Mamtora</b>		
	Loan Taken	-	2.19
	Loan Repaid	0.02	0.04
	Interest	0.11	0.06
	Closing Balance	2.45	2.37
	Opening Balance	2.37	0.15
	<b>Mr. Jitendra U. Mamtora (HUF)</b>		
	Loan Taken	1.00	18.71
	Loan Repaid	1.91	-
	Interest	0.81	0.43
	Closing Balance	19.05	19.15
	Opening Balance	19.15	-
<b>H</b>	<b>Dividend Paid</b>		
	Mr. Jitendra U. Mamtora	-	20.59
	Mr. Satyen. J. Mamtora	-	0.23
	Mrs. Karuna J. Mamtora	-	0.63
	Mr. Jitendra U. Mamtora (HUF)	-	1.49
	Ms. Janki J. Mamtora	-	0.05
	Mr. Hitendra Doshi	-	2.13
<b>J</b>	<b>Equity Contribution</b>		
	Mr. Jitendra U. Mamtora	-	10.01
	Mr. Jitendra U. Mamtora (HUF)	-	10.43
<b>L</b>	<b>Balance at the end of the period</b>		
	Current Liabilities		
	Allied Electrical Industries	1.84	1.15

## **MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

You should read the following discussion of our financial condition and results of operations together with our audited financial statements (as restated) for the five financial years ended March 31, 2007, 2006, 2005, 2004, 2003 and the stub period of six months dated September 30, 2007 including the Schedules, Annexure and Notes thereto and the Reports thereon, which appear in the section titled "Financial Statements" beginning on page no. 124 of this Red Herring Prospectus. You are also advised to read the section titled "Risk Factors" beginning on page xii of this Red Herring Prospectus, which discusses a number of factors and contingencies that could impact our financial condition, results of operations and cash flows. These financial statements are prepared in accordance with Indian GAAP, the Companies Act and the SEBI (DIP) Guidelines and restated as described in Auditors' Report of M/s C.C Choksi & Co.

The following discussions is based on our restated financial statements for the five financial years ended March 31, 2007, 2006, 2005, 2004, 2003 and the stub period of six months ending September 30, 2007 which have been prepared in accordance with Indian GAAP, the Companies Act and the SEBI (DIP) Guidelines and on information available from other sources. Our fiscal year ends on March 31 each year, so all references to a particular year are to the twelve-month period ended on March 31 of that year.

### **TRANSFORMER MANUFACTURING SECTOR IN INDIA**

#### **Transformer industry**

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

The Indian transmission sector has evolved over time mainly on account of improvements in technology and systems. The transmission and distribution system today consists of 400kV networks that support state transmission systems; 66 kV, 33kV and 22 kV networks that act as sub-transmission systems; 11 kV networks that provide the primary distribution systems; and 400/230V networks for local distribution. At the transition between these levels, transformers are required to ensure a smooth change of voltages with minimum loss of energy.

### **BUSINESS OVER VIEW**

We believe that we are one of the major players in the Indian markets manufacturing a wide range of transformers ranging from power generation, transmission and distribution transformers, industrial transformers and a wide range of speciality transformers, focusing on quality, timely delivery and customization. We have developed our products based on our in-house design and engineering capabilities, and we believe that we are perhaps one of the few players to have developed this wide range without any third party technical collaboration or assistance.

We manufacture transformers upto 220 kV Class, having an installed capacity of 7,200 MVA transformers per annum. Our Promoter, Mr. Jitendra U. Mamtora who is also our Chairman and Managing Director is a technocrat who has experience of over 38 years in the transformer industry.

We currently operate through two manufacturing units, located at Changodar, near Ahmedabad and Odhav, in Ahmedabad, both in Gujarat. Our Changodar facility is ISO 9001-2000 compliant, and our certification for the same is valid up to September, 1, 2010. In fiscal 2007, we took over the business of M/s. Transformers and Rectifiers (India), a proprietorship concern promoted by Mr. Jitendra U. Mamtora engaged in the business of transformer manufacturing. To further integrate our operations we have acquired stakes in Transweld Mechanical Engineering Works Limited and Transpares Limited, which were Promoter Group companies so as to make them our subsidiaries. Transweld Mechanical Engineering Works Limited is engaged in the business of manufacturing of transformer tanks and core channels mainly for our own projects and also to a range of third party public and private sector clients, while Transpares Limited is engaged in the business of pressed steel radiators, which is one of the components involved in transformer manufacturing. We have developed a strong domestic marketing network, and have our marketing personnel in Chennai, Delhi, Kolkata, Pune and Mumbai.

We have catered to a wide spectrum of transformer users in various industries such as petrochemicals, oil refining,

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cement, paper and pulp, pharmaceuticals, automobiles, steel, alloy plant, power plant, railway applications, mining, minerals, among others. Our customer base is also well-diversified both geographically and by end-user markets.

Our key customers include utilities and power transmission companies. Our client base covers various state electricity boards and PSU's like Transmission Corporation of Andhra Pradesh Limited, Maharashtra State Electricity Transmission Company Limited and Gujarat Energy Transmission Corporation Limited, and other private sector customers like Rohit Ferro-Tech Limited, Monnet Ispat & Energy Limited, Inductotherm (India) Private Limited and many others. We have exported transformers to countries such as the England, Canada, United Arab Emirates, South Africa, Saudi Arabia and Indonesia. We supply to a wide range of customers which include both, utilities and other industries. The break-up of our revenues based on categories of customers for FY 2007, 2006, and 2005 (unconsolidated) was as under:

(Rs. In Million)

	For the Period Ended 30.09.2007		Fiscal 2007		Fiscal 2006		Fiscal 2005	
	Rs. In million	(% )	Rs. In million	(% )	Rs. In million	(% )	Rs. In million	(% )
Utilities	570.25	45.52	1,106.01	50.98	595.42	46.42	258.24	34.60
Industries & Others	682.55	54.48	1,063.46	49.02	687.24	53.58	488.05	65.40
Total	1252.80	100	2,169.47	100	1,282.66	100	746.29	100
Total Sales in MVA	2305		4348		2789		2082	

Our core competencies are our in-house technical and design expertise, skilled workforce and well equipped manufacturing facilities which enables us to manufacture a wide range of transformers, to meet diverse client requirements.

During the six months ended 30th September, 2007 ( first half of the fiscal year) our unconsolidated net sales were Rs. 1252.80 million and our unconsolidated net profit before taxes and extraordinary items was Rs. 195.25 million as compared to unconsolidated net sales of Rs, 2169.47 million and unconsolidated net profit before taxes and extraordinary items of Rs. 280.89 million during fiscal 2007.

The performance of the first half of the fiscal year is not indicative of the Annual performance as per the trend of the seasonality of the Business as shown at para 6(vii) of this section-page 206 of the RHP. To elaborate our Sales Turnover of first six months ended 30th September, 2006 of fiscal 2007 stood at around 33% of total turnover of fiscal 2007. Similarly our Sales Turnover of first six months ended 30th September, 2005 of fiscal 2006 stood at around 26% of total turnover of fiscal 2006.

In fiscal 2007, our unconsolidated net sales were Rs. 2169.47 million and our unconsolidated net profit before taxes and extraordinary items was Rs. 280.89 million as compared to unconsolidated net sales of Rs, 1,282.66 million and unconsolidated net profit before taxes of Rs. 125.38 million during fiscal 2006. Thus there is increase in sales turnover and net profit before taxes by 69% and 124% respectively over the last fiscal. Our unconsolidated net sales were at Rs. 282.48 million and our unconsolidated net profit before taxes stood at Rs. 15.57 million in fiscal 2003, and the CAGR of our unconsolidated net sales and unconsolidated net profit before taxes and extraordinary items over the last five fiscal years stood at 66% and 105%. For details of the financial statements refer to the section titled "Financial Statements" beginning on page 124 of this Red Herring Prospectus.

### 1) SIGNIFICANT ACCOUNTING POLICIES

#### 1) Accounting Convention:

The accounts are prepared on historical cost basis and based on accrual method of accounting and applicable Accounting Standards.

#### 2) Use of Estimates:

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on date of the financial statement and the reported amount of

revenues and expenses during the reporting period. Difference between the actual result and estimates are recognized in the period in which the results are known/ materialized.

**3) Fixed Assets:**

- a) Tangible Fixed Assets are stated at cost of acquisition or construction less accumulated depreciation. The cost of fixed assets includes non-refundable taxes and levies, freight and other incidental expenses related to acquisition and installation of the respective assets.
- b) Certain computer software costs are capitalized and recognized as intangible assets in terms of Accounting Standard 26 on intangible assets based on materiality, accounting prudence and significant economic benefits expected to flow therefrom for a period longer than 1 year. Capitalized cost includes direct cost of implementation and expenses directly attributable to the implementation.
- c) The Company evaluates the impairment losses on the fixed assets whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. If such assets are considered to be impaired the impairment loss is then recognized for the amount by which the carrying amount of the assets exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the smallest levels for which there are separately identifiable cash flows.

**4) Depreciation and Amortisation:**

- a) Depreciation on fixed assets is provided on Straight Line Method in accordance with Section 205 (2) (b) of the Companies Act, 1956 at the rate and in the manner prescribed in schedule XIV of the said Act.
- b) Computer software costs capitalized are amortized using the Straight Line Method over estimated useful life of 3 to 5 years, as estimated at the time of capitalization.

**5) Investments:**

- a) Long Term investments are stated at cost and provision is made to recognize any diminution in value, other than that of temporary nature.
- b) Current investments are carried at lower of cost and market value. Diminution in value is charged to the profit and loss account.

**6) Inventories:**

- a) Raw materials, Process stock and Finished Goods are valued at lower of cost or net realisable value.
- d) Cost for Raw materials is determined on Weighted Average/FIFO basis, net of cenvat credit availed.
- e) Cost for Finished Goods and Process Stock is determined taking material cost [Net of cenvat credit availed] labour and relevant appropriate overheads and cenvat duty.

**7) Revenue Recognition:**

In appropriate circumstances, Revenue (income) is recognised when no significant uncertainty as to determination or realisation exists.

**8) Sales/Service Income:**

Sales are accounted on despatch of goods. Export sales are accounted on the basis of date of Bill of lading. Sales value is inclusive of Cenvat Duty and but does not include other recoveries such as insurance charges, transport charges etc. Service income excludes service tax.

**9) Cenvat credit:**

Cenvat credit is accounted for on accrual basis on purchase of eligible inputs, capital goods and services.

**10) Foreign Currency Transactions:**

Transactions in foreign currency are recorded at the exchange rates prevailing at the time the transactions



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are effected. The gain or loss due to exchange rates prevailing at the year end, if any, is taken into account. Exchange difference related to fixed assets is recognised in Profit and Loss account.

### 11) Prior Period Expenses/Income:

Material items of prior period expenses/income are disclosed separately.

### 12) Employees Benefits:

#### a) Defined Contribution Plan

The Company's contributions paid / payable for the year to Provident Fund are recognised in the profit and loss account.

#### b) Defined Benefit Plan

The Company's liabilities towards gratuity, and leave encashment are determined using the projected unit credit method which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past services are recognised on a straight line basis over the average period until the amended benefits become vested. Actuarial gain and losses are recognised immediately in the profit and loss account as income or expense. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields at the balance sheet date on Government bonds where the currency and terms of the Government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

### 13) Borrowing Cost:

Interest and other costs in connection with the borrowings of the funds to the extents related/attribution to the acquisition/construction of qualifying Fixed Assets are capitalized upto the date when such assets are ready for their intended use and other borrowing costs are charged to Profit and Loss Account.

### 14) Miscellaneous Expenditure:

a) Preliminary expenses are amortized over a period of ten years.

b) Exhibition expenses are amortized over a period of five years.

c) Shares issue expenses incurred are amortized over a period of five years.

### 15) Taxes on Income :

Current Tax is the amount of tax payable on the taxable income for the year as determined in accordance with provision of Income Tax Act, 1961.

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

### 16) Leases

Lease transaction entered into on or after April 1, 2001:

a) Assets acquired under lease where the company has substantially all risk and rewards incidental to ownership are classified as finance leases. Such assets are capitalized at the inception of lease at the lower of fair value or the present value of minimum lease payment and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability of each period.

b) Assets acquired on lease where a significant portion of risk and rewards incidental to ownership is retained by the lessor are classified as operating lease. Lease rental are charged to the profit and loss account on accrual basis.

**17) Earnings Per Share:**

The Company reports basic and diluted Earnings Per Share (EPS) in accordance with Accounting Standard 20 on Earnings Per Share. Basic EPS is computed by dividing the net profit or loss for the year by the weighted average number of equity shares outstanding during the year.

**18) Provisions, Contingent Liabilities and Contingent Assets:**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

**Order Book**

Our Order Book consists of Power and Distribution Transformers for which we have received orders and commenced or yet to commence manufacturing. For the purpose of this section, the term "order book" shall include orders booked with us as on standalone bases.

While our order book is indicative of the Transformers that we will execute in the future and is also indicative of the revenues that may be generated from such delivery of transformers, the orders in our order book may not fructify as they are subject to cancellation and modifications by our clients. For risks associated with treating our Order Book as being indicative of our future growth and revenues, refer to "Risk Factors" on page xii.

As of November 15, 2007, the total value of our Order Book that we currently constructing or yet to commence construction is Rs. 3600 million. The table below indicates the division of our order book between our business segments:

(Rs. In Million)

Type of Transformer	Order Book as on November 15, 2007
Power Transformer	3250
Distribution Transformer	350
<b>Total</b>	<b>3600</b>

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- 2) a) COMPARISON OF VARIOUS ITEMS (STAND ALONE) BETWEEN FINANCIAL STATEMENTS FOR FISCAL YEAR FY 2007 OVER FY 2006 AND FY 2006 OVER FY 2005 AND THE PERIOD OF SIX MONTH ENDED SEPTEMBER 30, 2007

(Rs. in million)

PARTICULARS	For the Period Ended 30.09.2007		FY 2007		FY 2006		FY 2005		FY 2004	
	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%
Net Sales	1252.80	98.74%	2169.47	99.14%	1282.66	97.54%	746.29	97.85%	503.48	98.01%
Trading Sales	-	0.00%	1.19	0.05%	12.72	0.97%	-	0.00%	-	0.00%
Service Income	10.40	0.82%	9.30	0.42%	12.89	0.98%	11.83	1.55%	2.08	0.40%
Other Income	5.57	0.44%	8.59	0.39%	6.66	0.51%	4.55	0.60%	8.17	1.59%
Total Income	1268.77	100%	2188.55	100%	1314.93	100%	762.67	100%	513.73	100%
Raw Material Consumed	981.72	77.38%	1692.04	77.31%	1103.09	83.89%	595.95	78.14%	371.89	72.39%
Trading Purchases	-	0.00%	1.72	0.08%	18.65	1.42%	-	0.00%	-	0.00%
Employee Cost	25.60	2.02%	35.76	1.63%	24.62	1.87%	15.96	2.09%	10.88	2.12%
Power & Fuel	3.71	0.29%	8.25	0.38%	6.57	0.50%	6.5	0.85%	6.32	1.23%
Other Manufacturing Cost	20.20	1.59%	27.54	1.26%	13.36	1.02%	14.91	1.95%	16.03	3.12%
Selling, Distribution & Administration Expenses	94.95	7.48%	179.47	8.20%	79.07	6.01%	42.78	5.61%	30.16	5.87%
(Increase) / Decrease in Stock	-102.07	-8.04%	-105.49	-4.82%	-85.36	-6.49%	15.97	2.10%	31.99	6.23%
Total Expenses	1024.11	80.72%	1839.29	84.04%	1160.00	88.22%	692.07	90.74%	467.27	90.96%
EBIDTA	244.66	19.28%	349.26	15.96%	154.93	11.78%	70.60	9.26%	46.46	9.04%
Finance Charge	40.29	3.17%	52.52	2.41%	21.18	1.60%	13.53	1.78%	16.14	3.14%
Depreciation	9.12	0.72%	15.85	0.72%	8.37	0.64%	5.35	0.70%	5.00	0.97%
PBT & Extraordinary Item	195.25	15.39%	280.89	12.83%	125.38	9.54%	51.72	6.78%	25.32	4.93%
Extra Ordinary Items	-	0.00%	18.15	0.82%	-	0.00%	-	0.00%	-	0.00%
PBT & Extraordinary Item	195.25	15.39%	262.74	12.01%	125.38	9.54%	51.72	6.78%	25.32	4.93%
Tax	70.18	5.53%	95.58	4.37%	44.11	3.36%	19.90	2.61%	7.56	1.47%
<b>PAT (As Restated)</b>	<b>125.07</b>	<b>9.86%</b>	<b>167.16</b>	<b>7.64%</b>	<b>81.27</b>	<b>6.18%</b>	<b>31.82</b>	<b>4.17%</b>	<b>17.76</b>	<b>3.46%</b>

b) CONSOLIDATED

We have two subsidiary Companies namely M/s Transweld Mechanical Engineering Works Limited and M/s Transpares Limited. Since this being first year of acquisition of the subsidiary companies, we have provided the consolidated figures for Fiscal year 2007.

The summarised key figures of our consolidated operations for Fiscal year 2007 and six month period ended September 30, 2007 are given below:

(Rs. In million)

PARTICULARS	For the Period Ended 30.09.2007		FY 2007	
	Rs.	%	Rs.	%
Net Sales	1262.43	98.47%	2,201.52	99.19%
Trading Sales	-	0%	1.19	0.05%
Service Income	13.32	1.04%	9.3	0.42%
Other Income	6.34	0.49%	7.59	0.34%
Total Income	1282.09	100.00%	2219.6	100%
Raw Material Consumed	979.35	76.39%	1,679.26	75.65%
Trading Purchases	-	0%	1.72	0.08%
Employee Cost	26.61	2.08%	36.58	1.65%
Manufacturing Cost	34.89	2.72%	49.84	2.25%
Selling, Distribution & Administration Expenses	96.96	7.56%	182.63	8.23%
(Increase) / Decrease in Stock	-109.2	-8.52%	-105.1	-4.74%
Total Expenses	1028.61	80.23%	1844.93	83.12%
EBIDTA	253.48	19.77%	374.67	16.88%
Finance Charge	43.09	3.36%	54.96	2.48%
Depreciation	10.07	0.79%	16.85	0.76%
PBT & Extraordinary Item	200.32	15.62%	302.86	13.64%
Extra Ordinary Items	-	0%	18.15	0.81%
PBT & Extraordinary Item	200.32	15.62%	284.71	12.83%
Tax	71.41	5.57%	103.59	4.67%
PAT & Before Minority Interest	128.91	10.05%	181.12	8.16%
Minority Interest	1.30	0.10%	4.26	0.19%
PAT (As Restated)	127.61	9.95%	176.86	7.97%

#### REVENUE FROM OPERATIONS

The following table sets forth the information with respect to our income from the sale of Transformers bifurcated into Business categories for the period indicated below:

(Rs. In Million)

Sr. No.	Particulars	Six month period ended September 30, 2007	FY 2007	FY 2006	FY 2005
1.	Sales-Utilities	570.25	1,106.01	595.42	258.24
2.	Sales-Industry/others	682.55	1,063.46	687.24	488.05
3.	Trading sales	-	1.19	12.72	-
4.	Service Income	10.40	9.30	12.89	11.83
5.	Other Income	5.57	8.59	6.66	4.55
	<b>TOTAL</b>	<b>1268.77</b>	<b>2,188.55</b>	<b>1,314.93</b>	<b>762.67</b>

Our income constitutes income from sales of transformers for the utility purpose and industrial purpose. The income from sales of transformers to utility companies has grown at CAGR of 106.95 % from Rs. 258.24 Million in FY 2005 to Rs. 1,106.01 Million in FY 2007.

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The income from sales of transformers to the industry grew at CAGR of 47.62% from Rs.488.05 Million in FY 2005 to Rs. 1,063.46 Million in FY 2007.

Trading sales represents the products not manufactured by us but supplied to our customers after sourcing them from outside.

Our other income mainly consists of interest income on fixed deposits kept with the banks, sale of scraps, dividend income received from investment in shares of subsidiary companies, etc.

Our total revenues from the utility segment have increased from Rs.258.24 million in FY 2005 to Rs.1106.01 million in FY 2007. Our total revenues from the industry /others segment have increased from Rs. 488.05million in FY 2005 to Rs. 1063.46 million in FY 2007.

The table below shows the break up of sales turnover between domestic and export revenue. The domestic sales are accounted for exclusive of excise duty, sales-tax and sales return. The export sales are accounted on the basis of Free on Board (FOB) value of the transaction.

(Rs. in million)

PARTICULARS	For the Period Ended 30th Sept 2007				FY 2006		FY 2005		FY 2004	
	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%
Exports	26.16	2.09%	68.17	3.14%	60.09	4.68%	17.96	2.41%	15.87	3.15%
Domestic	1226.64	97.91%	2101.30	96.86%	1222.57	95.32%	728.33	97.59%	487.61	96.85%
Total	1252.80	100%	2169.47	100%	1282.66	100%	746.29	100%	503.48	100%

The export revenue increased from Rs.17.96 million in FY2005 to Rs.68.17 million in FY 2007.

### 4) QUANTITATIVE ANALYSIS OF OUR REVENUES

The break-up of our production for the FY 2007, 2006 and 2005 respectively is given below:

Sr. No	Particulars	Six month period ended September 30, 2007	FY 2007	FY 2006	FY 2005
1.	Installed Capacity(MVA)	7200	7200	5400	4000
2.	Production quantity	2305	4706	2630	2394
3.	% Capacity Utilization	64%	80%	64%	60%

Our average capacity utilisation over the last three fiscal years stands at 68%

The capacity utilization percentages specified above have been calculated by:

- dividing the production during the year by 12 to arrive at average monthly production
- dividing the total installed capacity for the year by 12 to arrive at average monthly installed capacity
- Dividing the average monthly production as per (a) above by the average monthly installed capacity as per (b) above

In terms of quantity, our production has increased from 2394 MVA in FY 2005 to 4706 MVA in FY 2007.

The additional capacity in FY 2007 has become operational effectively from December, 2006. Hence the percentage utilization of the capacity in FY2007 is not representative of the annual Capacity Utilization.

### 5) EXPENDITURE

Although the raw material consumption constitutes a major part of our expenditure, there are other expenses namely employees cost, power and fuel, selling and distributions expenses etc.

### **Raw Material consumption**

Our main raw materials for transformers are CRGO Steel Sheets, Electrolytic Grade Copper, Transformer Oil etc. We also use structural and special graded steel for transformer tanks and radiators. We use accessories like OLTC, Bushings, Magnetic Oil Level Gauge, Flow Meters, Heat Exchangers, Oil Pumps etc. The consumption of raw materials amounted to Rs. 595.95 million, Rs.1103.09 million and Rs. 1692.04 million in FY 2005, FY 2006 and FY 2007 respectively. The raw materials consumption as a percentage of total income increased from 78.14% in FY 2005 to 83.89% in FY 2006. However, the same reduced to 77.31% in FY 2007. The increase in the consumption percentage in FY 2006 was on account of the increase in the copper and CRGO prices. The reduction in percentage in FY 2007 is on account of a better product mix and also marginal reduction in the prices of copper and CRGO as compared to FY 2006. More importantly, since FY 2007 we started opting incorporation of the price variation clauses in the some of the tenders so as to partially pass on the escalation in the cost of critical inputs namely Copper and CRGO in accordance with the price escalation formula accepted by our association - IEEMA.

### **Power and Fuel**

We use electricity supplied by Gujarat Electricity Board (GEB) to meet our energy requirements. We have incurred expenses for power and fuel amounting to Rs.6.50 million, Rs.6.57 million and Rs.8.25 million in FY 2005, FY 2006 and FY 2007 respectively. The power and fuel expenses as a percentage of total income reduced from 0.85% in FY 2005 to 0.38% in FY 2007.

### **Other manufacturing cost**

Other manufacturing cost include repairs and maintenance, tools, testing charges, workers wages, Cenvat duty provided on stocks and certain other manufactured expenses etc. Our other manufacturing expenses amounted to Rs.14.91 million, Rs.13.36 million and Rs.27.54 million in FY 2005, FY 2006 and FY 2007 respectively. The other manufacturing expenses as a percentage of total income reduced from 1.95% in FY 2005 to 1.26% in FY 2007.

### **Selling and Distribution & Administrative expenses**

The selling and distribution expenses include sales promotion expenses, advertisement expenses, Sales commission, traveling and conveyance, late delivery charges etc.

The administrative cost pertains to expenses incurred for general administration. This includes stationery & printing, postage & telephone, insurance, legal and professional expenses, rent and taxes, foreign exchange losses(net of gains) etc.

We have incurred selling, distribution and administrative expenses of Rs.42.78 million, Rs.79.07 million and Rs.179.47 million in FY 2005, FY 2006 and FY 2007 respectively. The said expenses as a percentage of total income increased from 5.61% in FY 2005 to 7.79% in FY 2007. The increase is attributable to higher outgo on sales commission, promotional expenses as well as late delivery charges etc.

### **Finance charges:**

The finance charges incurred by us include interest charges payable by us for short term and long term loans including working capital loans. We have incurred finance charges of Rs.13.53 million, Rs.21.18 million and Rs.52.52 million in FY 2005, FY 2006 and FY 2007 respectively.

### **Depreciation**

Except for freehold land, lease hold land capital work in progress; depreciation is charged on straight line method as per the rates prescribed in schedule XIV of the Companies Act. Depreciation on building, plant and machinery, furniture and fixtures and other misc. fixed assets etc. amounted to Rs.5.35 million, Rs.8.37 million and Rs.15.85 million in FY 2005, FY 2006 and FY 2007 respectively.

### **Results of Operation - Six Months ended September 30, 2007**

#### **Turnover**

Our turnover was Rs. 1252.80 million for the six months period from April 1, 2007 to September 30, 2007 as

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compared to Rs. 2169.47 million for the year ended March 31, 2007.

### **Other Income**

Other Income was Rs. 5.57 million for the six months period from April 1, 2007 to September 30, 2007 as compared to Rs. 8.59 million for the year ended March 31, 2007.

### **Raw Material**

Raw Material consumed was Rs. 981.72 million for the six months period from April 1, 2007 to September 30, 2007 as compared to Rs. 1692.04 million for the year ended March 31, 2007.

### **Employee Cost**

Employee Cost was Rs. 25.60 million for the six months period from April 1, 2007 to September 30, 2007 as compared to Rs. 35.76 million for the year ended March 31, 2007.

### **Manufacturing Cost**

Manufacturing Cost was Rs. 20.20 million for the six months period from April 1, 2007 to September 30, 2007 as compared to Rs. 27.54 million for the year ended March 31, 2007.

### **Selling Distribution**

Selling distribution was Rs. 94.95 million for the six months period from April 1, 2007 to September 30, 2007 as compared to Rs. 179.47 million for the year ended March 31, 2007.

### **Earnings before Interest Depreciation Tax and Amortization (EBIDTA)**

EBIDTA was Rs. 244.66 million for the six months period from April 1, 2007 to September 30, 2007 as compared to Rs. 349.26 million for the year ended March 31, 2007.

### **Financial Charges**

Financial Charges is Rs. 40.29 million for the six months period from April 1, 2007 to September 30, 2007 as compared to Rs. 52.52 million for the year ended March 31, 2007.

### **Depreciation**

Depreciation is Rs. 9.12 million for the six months period from April 1, 2007 to September 30, 2007 as compared to Rs. 15.85 million for the year ended March 31, 2007.

### **Profit After Tax**

Profit After Tax is Rs. 125.07 million for the six months period from April 1, 2007 to September 30, 2007 as compared to Rs. 167.16 million for the year ended March 31, 2007.

### **Comparison of FY 2007 with FY 2006**

#### **Turnover**

Our turnover comprising of export and domestic sales including goods traded by us after adjustment for Excise duty registered a growth of 69.14% from Rs. 1,282.66 million in FY 2006 to Rs. 2,169.47 million in FY 2007. This was mainly on account of volume growth.

#### **Other Income**

The other income increased by 28.98% from Rs. 6.66 million in FY 2006 to Rs.8.59 million in FY 2007.

#### **Raw Material Consumption**

Our expenditure on raw material consumption increased by 53.39% from Rs. 1,103.09 million in FY 2006 to Rs. 1,692.04 million in FY 2007. This increase was mainly due to increase in turnover by 69.14% in FY 2007 as compared to the FY 2006.

#### **Employee Cost**

Our employee cost has increased by 45.25% from Rs. 24.62 million in FY 2006 to Rs. 35.76 million in FY 2007. But as a percentage of total income employee cost has reduced to 1.63% in FY 2007 compared to 1.87% in FY 2006, this is due to increase in total income and efficient manpower management.

#### **Manufacturing Cost**

Our manufacturing cost has significantly increased by 79.58% in FY 2007 to Rs. 35.79 million from Rs. 19.93 million in FY 2006. This as a percentage of total income marginally increased from 1.52% in FY 2006 to 1.64% in FY 2007.

#### **Selling, Distribution and Administrative Expenses**

Our Selling, distribution and Administrative expenses have increased by 126.98% from Rs 79.07 million in FY 2006 to Rs. 179.47 million in FY 2007. This significant increase has been on account of higher outgo on sales commission, promotional expenses as well as late delivery charges and increase in overall operations of the company.

#### **Earnings before Interest Depreciation Tax and Amortization (EBIDTA)**

Our EBIDTA increased by 125.43% from Rs. 154.93 million in FY 2006 to Rs. 349.26 million in FY 2007. The increase in EBIDTA was due to marginal reduction in operating and other expenses and increase in sales of transformers.

#### **Finance Charges**

Finance charges increased by 147.97% from Rs. 21.18 million in FY 2006 to Rs. 52.52 million in FY 2007. This was mainly due to higher utilization of working capital limits by us.

#### **Depreciation**

Depreciation increased by 89.37% from Rs. 8.37 million in FY 2006 to Rs. 15.85 million in FY 2007. This increase was on account of an increase in gross block of fixed assets and depreciation charged on three shift basis as company worked for three shifts during the year.

#### **Profit after Tax**

The profit after tax increased by 105.68% from Rs. 81.27 million in FY 2006 to Rs. 167.16 million in FY 2007. This significant growth has been on account of increase in sale of transformers and effective cost reduction measures taken up by us.

#### **Comparison of FY 2006 with FY 2005**

##### **Turnover**

Our turnover comprising of export and domestic sales including goods traded by us after adjustment for Excise Duty registered a growth of 71.87% from Rs. 746.29 million in the FY 2005 to Rs. 1,282.66 million in FY 2006. This was primarily due to increase in sale of transformers and significant investments in the power sector.

##### **Other Income**

The Other Income increased by 46.37% from Rs. 4.55 million in FY 2005 to Rs. 6.66 million in FY 2006.

##### **Raw Material Consumption**

Our expenditure on raw material consumption increased by 85.10% from Rs. 595.95 million in FY 2005 to Rs. 1,103.09 million in FY 2006. This increase was mainly due to increase in turnover by 71.87% in FY 2006 as compared to the FY2005 and also due to the increase in the raw material costs.

##### **Employee Cost**

Our employee cost has increased substantially by 54.26% from Rs 15.96 million in FY 2005 to Rs. 24.62 million in FY 2006. This is primarily due to increase in our work force and expenditure incurred on in house training of our employees.

##### **Manufacturing Cost**



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Our manufacturing cost has seen a decrease of 6.91% from Rs. 21.41 million in FY 2005 to Rs. 19.93 million in FY 2006. Our manufacturing cost as a proportion of Total Income has reduced to 1.52% in FY 2006 from 2.80% in FY 2005. This primarily is due to efficient cost management techniques and reducing our manufacturing cycle time.

### **Selling, Distribution and Administrative Expenses**

Our Selling, Distribution and Administrative expenses have seen a significant rise of 84.83% from Rs. 42.78 million in FY 2005 compared to Rs. 79.07 million FY 2006. This is primarily due to higher outlay of sales commission, promotional activities taken up by the company, late delivery charges and overall increase of turnover of our company.

### **Earnings before Interest Depreciation Tax and Amortization (EBIDTA)**

Our EBIDTA increased by 119.48% from Rs. 70.60 million in FY 2005 to Rs.154.93 million in FY 2006. This is primarily due to increase in sale of transformers and operational efficiency achieved by us.

### **Finance Charges**

Finance charges increased by 56.54% from Rs. 13.53 million in FY 2005 to Rs. 21.18 million in FY 2006. This is primarily due to higher utilisation of working capital limit by us.

### **Depreciation**

Depreciation increased by 56.45% from Rs. 5.35 million in FY 2005 to Rs. 8.37 million in FY 2006, corresponding to the increase in gross block of fixed assets.

### **Profit after tax**

The profit after tax increased by 155.41% from Rs. 31.82 million in FY 2005 as compared to profit after tax of Rs. 81.27 million in FY 2006. This is primarily due to increase in sales and cost cutting measures undertaken by us.

### **Comparison of FY 2005 with FY 2004**

#### **Turnover**

Our turnover comprising of export and domestic sales including goods traded by us after adjustment for Excise Duty registered a growth of 48.22% from Rs. 503.48 million in the FY 2004 to Rs. 746.28 million in FY 2005. The growth was on account of increase in the sales and significant investment in the power sector.

#### **Raw Material Consumption**

Our expenditure on raw material consumption increased by 60.25% from Rs. 371.89 million in FY 2004 to Rs. 595.95 million in FY 2005. This increase in consumption was on account of increase in turnover by 48.22 % in FY 2005 as compared to the FY 2004 and also due to the increase in the raw material costs.

#### **Employee Cost**

Our employee cost has increased significantly by 46.69% from Rs. 10.88 million in FY 2004 to Rs. 15.96 million in FY 2005. This increase was due to increase in workforce and expenditure incurred for training of our employees and management personnel.

#### **Manufacturing Cost**

Our manufacturing cost has marginally decreased by 4.21% from Rs. 22.35 million in FY 2004 to Rs. 21.41 million in FY 2005. Our manufacturing cost as a percentage of Total Income has reduced to 2.80% in FY 2005 from 4.35% in FY 2004. This is primarily due to our debottlenecking steps taken by us.

### **Selling, Distribution and Administrative Expenses**

Our Selling, Distribution and Administrative expenses have seen a significant rise of 41.84% from Rs. 30.16 million in FY 2005 compared to Rs. 42.78 million FY 2006. This is primarily due to higher outlay of sales commission, promotional activities taken up by the company, late delivery charges and overall increase of turnover of our company.

### **Earnings before Interest Depreciation Tax and Amortization (EBIDTA)**

Our EBIDTA increased by 51.96% from Rs. 46.46 million in FY 2004 to Rs. 70.60 million in FY 2005. This is due increase in sale of Transformers.

### **Finance Charges**

Finance charges decreased by 16.17% from Rs. 16.14 million in FY 2004 to Rs. 13.53 million in FY 2005. This is primarily due to repayment of unsecured loan in form of Inter Corporate Loans and part repayment of loan from directors.

### **Depreciation**

Depreciation increased by 7.00% from Rs. 5.00 million in FY 2004 to Rs. 5.35 million in FY 2005. This is primarily due to marginal increase in Gross Block of the company.

### **Profit after tax**

The profit after tax increased by 79.17% from Rs. 17.76 million in FY 2004 to Rs. 31.82 million in FY 2005. This is due increase in sale of Transformers and reduction in interest cost.

## **6) INFORMATION REQUIRED AS PER CLAUSE 6.10.5.5 OF SEBI**

### **(i) Unusual or infrequent events or transactions**

In the month of August, 2006 because of unusually heavy rain in and around Ahmedabad, our factor premises at Changodar were flooded with rain water, causing damage to our stocks of raw materials and work in progress; as well as to our property in the form of damage to building, furniture and fixtures etc.

We have accounted for the loss due to flood of Rs.18.15 million in the fiscal year 2007 after taking into consideration the interim insurance claim amount of Rs.25.00 million received in FY 2007. We are yet to receive the full and final settlement amount of our insurance claim.

### **(ii) Significant economic regulatory changes:**

There are no significant economic regulatory changes which would have a material impact on our operations.

### **(iii) Known-trends or uncertainties**

We are basically manufacturing capital equipments. Historically, the sales of the first quarter of the fiscal year are lower as compared to the sales of the remaining quarters. Again the sales of the 4th quarter are generally the highest as compared to the remaining three quarters. This can be evidenced from the quarterly sales trends relating to FY2006 and FY 2007 as given below:

### **(iv) Future Relationship with Cost and Revenue:**

Other than as described in the section titled "Risk Factors" and "Management Discussion & /analysis of Financial Conditions and the Result of Operations on Page xii and 193 of this RHP to our knowledge there are no future relationship between costs and income that have or had or are expected to have a material adverse impact on our operational and finances.

### **(v) Total Turnover of each major Industry Segment:**

We operate in only one segment i.e. transformers. However the break-up of our Turnover by end user Industry segments is given below:

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Rs. In Million

Sr. No.	Particulars	For the period ended on 30.09.2007	FY 2007	FY 2006	FY 2005
1.	Sales-Utilities	570.25	1,106.01	595.42	258.24
2.	Sales-Industry/others	682.55	1,063.46	687.24	488.05
3.	Trading sales	-	1.19	12.72	-
4.	Service Income	10.40	9.30	12.89	11.83
5.	Other Income	5.57	8.59	6.66	4.55
	<b>TOTAL</b>	<b>1,268.77</b>	<b>2,188.55</b>	<b>1,314.93</b>	<b>762.67</b>

(vi) New Products or Business Segment

We intend manufacturing transformers of 220 kV class and above at our Moraiya Unit.

(vii) Seasonality of Business

As explained above, being capital equipment manufacturers, generally our fourth quarter sales are higher owing to the pressure exerted by our customers in finishing the capitalization of our equipments before the end of a particular financial year.

Fiscal Year	As on 30th Sept 2007	FY 2007		FY 2006	
Quarterly Sales of Transformers	Rs. In Million	Rs. In Million	%	Rs. In Million	%
Q1	537.87	255.85	11.83%	88.36	6.93%
Q2	714.93	457.65	21.16%	242.55	19.02%
Q3	NA	522.44	24.16%	402.88	31.59%
Q4	NA	926.87	42.85%	541.67	42.46%
Total	1252.80	2162.81	100.00%	1275.46	100.00%

(viii) Dependence on single or few Suppliers / Customers

Our top ten customers in the last two years have accounted for 75.62% and 67.81% of our revenues respectively for the last two years.

It may be noted that even for a particular customer, there could be supply relating to different types of transformers for a particular site or relating to different sites. The total no. of customers to whom we supplied transformers during the financial year 2007 stood at 180. We are thus, fairly diversified in terms of customers.

(ix) Competitive Conditions

Please refer to the section "Our Business" on page No. 66 of the RHP.

(x) Significant Developments after Fiscal Year 2007

To our knowledge, no circumstances have arisen since the date of the last financial statement as disclosed in the Red Herring Prospectus which materially and adversely affect or is likely to affect the trading or profitability of the Company, or the value of its assets, or its ability to pay its liability within the next twelve months.

Save as stated elsewhere in the Prospectus, there is no subsequent development after the date of the auditors' report, which will have a material impact on reserves, profits, earnings per share and book value of the company.

## 7) LIQUIDITY AND CAPITAL RESOURCES

### Cash Flows

(Rs. In Million)

Particulars	Six months period September 30, 2007	FY 2007	FY 2006	FY 2005	FY 2004
Net cash flow from Operating activities (A)	-76.58	46.17	-11.53	53.93	-15.44
Net cash from Investing Activities (B)	-69.24	-82.79	-41.62	-15.41	-3.93
Net cash from Financing Activities (C)	144.94	43.32	52.94	-38.36	18.82
Net Increase / (decrease) in cash & cash equivalents (A+B+C)	-0.88	6.70	-0.21	0.17	-0.56
Cash and Cash Equivalents at beginning of the year	6.87	0.18	0.39	0.23	0.77
Cash and Cash Equivalents at the end of the year	5.99	6.88	0.18	0.40	0.21

#### Cash Flows from Operating Activities

Net Cashflow from Operating activities for six months period ended September 30, 2007 is negative Rs. 76.58 million on account of increase in Debtors and Inventory.

Our Net Cash Outflow from Operating activities were declined in FY 2004 and FY 2006 on account of deployment of operating funds towards meeting working capital requirements of our company.

#### Cash Flows from Investing Activities

Net Cash Flow from Investing Activity for six months period ended September 30, 2007 is negative Rs. 69.24 million on account of investment in fixed assets

Our net cash flow from investment activities are negative during FY 2004, FY 2005, FY 2006 and FY 2007 is negative as we have consistently invested in fixed assets over the years. More so during FY 2007, we have acquired stakes in Transweld Mechanical Engineering Works Limited and Transpares Limited, which were Promoter Group companies so as to make them our subsidiaries. Transweld Mechanical Engineering Works Limited is engaged in the business of manufacturing of transformer tanks and core channels mainly for our own projects and also to a range of third party public and private sector clients, while Transpares Limited is engaged in the business of pressed steel radiators, which is one of the components involved in transformer manufacturing. Total amount paid towards the above takeover and acquisitions amounted to Rs. 16.97 millions.

#### Cash Flows from Financing Activities

Net Cash Flow from Financing Activities for six months period ended September 30, 2007 is Rs. 144.94 million on account of increase in borrowing.

Our cash Outflow from Financing Activities in FY 2005 were declined due to repayment of borrowings in form of unsecured loans

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### 8) WORKING CAPITAL REQUIREMENTS

The position of our working capital for the fiscal years ended March 31, 2007, 2006 and 2005 and for the six months ended September 30, 2007 is given below.

(Rs. In Million)

Particulars	As on 30th Sept 2007	FY 2007	FY 2006	FY 2005
<b>(A) CURRENT ASSETS</b>				
Inventory	496.40	393.65	310.06	174.68
Sundry Debtors	821.34	689.66	518.12	220.26
Cash and Bank Balance	120.53	142.69	65.26	40.40
Loans & Advances	92.90	55.65	36.06	47.05
Other Current Assets	6.12	1.10	1.23	0.89
<b>Total Current Assets (A)</b>	<b>1537.29</b>	<b>1,282.75</b>	<b>930.73</b>	<b>483.28</b>
<b>(B) CURRENT LIABILITIES</b>				
Liabilities & Provisions	819.12	811.38	648.83	313.63
<b>Total Current Liabilities (B)</b>	<b>819.12</b>	<b>811.38</b>	<b>648.83</b>	<b>313.63</b>
Net Working Capital	718.17	471.37	281.90	169.65
<b>Current Ratio</b>	<b>1.88</b>	<b>1.58</b>	<b>1.43</b>	<b>1.54</b>

### 9) INDEBTNESS

Our total indebtedness as of September 30, 2007 was Rs. 1282.18 million. The total borrowings as on September 2007 included the following:

- Borrowings for working capital finance amounting to Rs. 247.72 million consisting of fund based facilities from Banks.
- Other borrowings include current liabilities, provisions and Term Loans totalling to Rs. 1034.46 million.

## FINANCIAL INDEBTEDNESS

### DETAILS OF SECURED LOANS

(Rs. In Million)

Particulars	Amount as at 30th Sept 2007	Interest Rate	Security	Repayment Schedule
<b>A Term Loan</b>				
1 State Bank of India Capex Loan	1.89	14.75%	Secured by hypothecation of specific fixed assets acquired under the term loan and also collaterally secured by legal mortgage on paripassu basis on immovable property situated at Changodar and in addition to above secured by pledge of equity shares of promoters and personal guarantee of some directors.	4 Quarterly Instalments of Rs. 1 million each
2 State Bank of India.	40.42	12.25%	----- do -----	4 Quarterly Instalments of Rs. 10 million each starting from 01.04.2007
3 State Bank of India (Car term loan)	8.34	11.25%	----- do -----	13 Quarterly Instalments of Rs. 3.30 million each starting from 01.04.2008
<b>Total</b>	<b>50.65</b>			
<b>B Working Capital</b>				
1 State Bank of India	111.25	13.75%	Secured by hypothecation of current assets of the company on paripassu basis and also collaterally secured by legal mortgage on paripassu basis on immovable property situated at Changodar and in addition to above secured by pledge of equity shares of promoters and personal guarantee of some directors.	Payable on Demand
2 Andhra Bank	34.62	13.75%	----- do -----	Payable on Demand
3 Bank of Baroda	70.62	12.75%	----- do -----	Payable on Demand
4 State Bank of India (WCDL)	16.16	12.00%	----- do -----	Payable on Demand
5 SBI SLC	15.07	14.25%	----- do -----	Payable on Demand
<b>Total</b>	<b>247.72</b>			

## TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

(Rs. In Million)

Particulars	Amount as at 30th Sept 2007	Interest Rate	Security	Repayment Schedule
<b>C Vehicle Loan</b>				
1 ICICI Bank Ltd	0.21	6.5 -11.85%	Secured by lien on vehicles purchase under hire purchase agreement.	Equated Monthly Instalments
2 HDFC Bank Ltd	3.69	5.85- 9.43%		
<b>Total</b>	<b>3.90</b>			
<b>Grand Total</b>	<b>302.27</b>			

### DETAILS OF UNSECURED LOAN

(Rs. In Million)

Particulars	Amount as at 30th Sept 2007	Interest Rate	Repayment Schedule
1 Loan from Directors	32.57	10%	On Demand
2 Indusind Bank	60.00	12%	Payable on 1.3.2008
3 Citi Bank	68.22	12.50%	Payable on Demand
<b>Total</b>	<b>160.79</b>		

Mentioned below are the salient details in relation to the agreement entered into for the pledge of the Equity Shares held by our Promoter, Mr. Jitendra U. Mamtara, with the SBI Consortium:

Particulars	
<b>Agreement</b>	Deed of Pledge dated November 23, 2006
<b>Parties to the Agreement</b>	Mr Jitendra U. Mamtara ("Pledgor") and and SBI, Andhra Bank and Bank of Baroda. (the SBI Consortium)
<b>Details of Loan</b>	Fund based and non fund based amounts of upto Rs. 115.23 crores from the SBI Consortium.
<b>Security Provided</b>	Pledge of 30% shares of the Promoter held by the Pledgor namely Mr Jitendra U.Mamtara. The shares have been pledged along with the transfer deeds to the same which have been executed in favour of the SBI Consortium
<b>Restrictive Covenants and other clauses</b>	<ol style="list-style-type: none"> <li>1) SBI Consortium may at any time at their sole discretion complete and register the transfer of the shares or any of them and the Pledgor shall execute all such instruments and do all such acts as may be necessary to enable the bank to do so.</li> <li>2) If any rights shares are issued after execution of this Agreement, the Pledgor shall subject to the approval of the concerned authority being obtained, subscribed to the same and shares so subscribed as also bonus shares if any issued to the Pledgor shall be pledged to the SBI Consortium for further securing repayment by the Company of the advance/credit facilities.</li> <li>3) The SBI Consortium is irrevocably authorised to attend any general meeting of members or meeting of any class of members or meetings of creditors or share/debenture holders of the Company whose shares have been pledged by the Pledgor and to exercise voting rights in respect of the shares, in any manner as the SBI Consortium may chose in its discretion.</li> <li>4) Pledgor shall also arrange for forwarding copies of notices of meetings, to the SBI Consortium</li> <li>5) In the event of failure of the Company/ Pledgor to abide by the terms of the term loan sanctioned the SBI Consortium may sell the shares pledged with them</li> </ol>

## SECTION VI - LEGAL AND REGULATORY INFORMATION

### OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

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

#### (A) OUTSTANDING LITIGATION AND CONTINGENT LIABILITIES OF OUR COMPANY

##### CONTINGENT LIABILITIES OF OUR COMPANY AS ON SEPTEMBER 30, 2007

PARTICULARS	As at 30th Sept 2007	As at 31st March 2007
Contingent liability not provided for in respect of:		
Disputed demand of Central Excise Department	12.18	2.71
Guarantee given by bankers on behalf of company	584.57	487.11
Performance guarantee given by company	6.98	20.66
Import duty benefit towards duty free import of raw materials made in respect of which export obligations are yet to be discharged	7.74	3.14
Claims against company not acknowledged as debts	Not Ascertained	Not Ascertained
Disputed demand of Income Tax Department	-	-
Bills Discounted with Banks	60.00	-
Capital commitments	94.88	6.41

#### I. Outstanding litigation involving Our Company

##### A. Cases filed against our Company

#### 1. Income Tax

##### 1.1 Assessment Year 2003 - 2004 Transformers and Rectifiers (India) Limited v. the Additional Commissioner of Income Tax, Circle - 8

The Deputy Commissioner of Income Tax, Circle - 8, [the 'DCIT'] has filed an appeal being Appeal number 348/M07 before the Income Tax Appellate Tribunal, against the order of the Commissioner of Income Tax (Appeals) [the 'CIT (A)']. The grounds as stated in the appeal preferred by the DCIT, were that the CIT (A) had erred in directing the assessing officer to give deduction under section 80IB of the Income Tax Act, 1961 (the 'Act'), amounting to Rs. 3,865,350/- without netting of deduction under section 80HHC Act, amounting to Rs. 150,218/-; and that the CIT (A) had incorrectly directed the assessing officer to levy interest under sections 234B/C after giving credit for MAT payment amounting to Rs. 85,444/-. The matter is pending for hearing and final disposal before the Income Tax Appellate Tribunal. The total taxable income as per the assessment stood at Rs. 9,479,150/-.

**Note: Transformers and Rectifiers (India) Limited has preferred an appeal to the Income Tax Appellate Tribunal against the aforementioned order of the Commissioner of Income Tax (Appeals). Kindly refer to the section titled 'Litigation by Our Company.'**



## TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

### 2. Labour Cases

The following table demonstrates the various labour disputes filed against Transformers and Rectifiers (India) Limited, M/s Allied Electricals Industries and Transformers and Rectifiers (India):

Sr. No	Name of the Party / Claimant	Particulars of Dispute	Stage of the proceedings	Authority before whom the matter is pending & Case No.	Companies filed against / Defendant(s)*
1.	Vinodbhai Dashrathbhai Chauhan	The Claimant wants to be reinstated on his original post with full back-wages and with continuity of service. Hence he has raised this dispute under Section 10 (1) of the Industrial Dispute Act, 1947 which has been referred to Labour Court at Ahmedabad.	The Claimant had filed his statement of claim on February 3, 2000, in response to which we had filed our written statement on October 16, 2002. We have also filed our documents in support of our case on December 22, 2003	Labour Court at Ahmedabad Case No. Ref (LCA) No. 188/99	<ul style="list-style-type: none"> <li>● Transformers and Rectifiers (India)*,</li> <li>● Allied Electricals Industries; and</li> <li>● Transformers and Rectifiers (India) Ltd.</li> </ul>
2.	(i) Bharatbhai Sakaraji Thakor, (ii) Shailesh Jugaji Thakor; and (iii) Bhikhaji Dolaji Chauhan	The Claimants want to be reinstated on their original posts with full back-wages and with continuity of service. Hence they have raised this dispute under Section 10 (1) of the Industrial Dispute Act, 1947 which has been referred to Labour Court at Ahmedabad.	<p>The Claimants had filed their statement of claim on July 23, 1999. Written statements were filed by Allied Electricals Industries on November 14, 2000, by Transformers and Rectifiers (India) on November 14, 2000 and by Transformers and Rectifiers (India) Ltd. on November 24, 2003. We have also filed our documents on February 25, 2002 and November 23, 2005.</p> <p>Note : Out of above three claimants (i) Shri Sailash Jugaji Thakor &amp; (ii) Bhikhaji Dolaji Chauhan have settled their case directly with the company</p>	Labour Court at Ahmedabad Case No. Ref (LCA) No. 418/99	<ul style="list-style-type: none"> <li>● Transformers and Rectifiers (India)*,</li> <li>● Allied Electricals Industries; and</li> <li>● Transformers and Rectifiers (India) Ltd.</li> </ul>

Sr. No	Name of the Party / Claimant	Particulars of Dispute	Stage of the proceedings	Authority before whom the matter is pending & Case No.	Companies filed against / Defendant(s)*
3.	Yogeshbhai Amarsingh Vaghela	The Claimant wants to be reinstated on his original post with full back-wages and with continuity of service. Hence he has raised this dispute under Section 10 (1) of the Industrial Dispute Act, 1947 which has been referred to Labour Court at Ahmedabad.	The Claimant had filed his statement of claim on June 4, 1998. Written statements were filed by Allied Electricals Industries on November 19, 1998, by Transformers and Rectifiers (India) on November 19, 1998 and by Transformers and Rectifiers (India) Ltd. on October 7, 1999.	Labour Court at Ahmedabad Case No. Ref (LCA) No. 1412/97	<ul style="list-style-type: none"> <li>● Transformers and Rectifiers (India)*,</li> <li>● Allied Electricals Industries; and</li> <li>● Transformers and Rectifiers (India) Ltd.</li> </ul>
4.	(i) Patelia Hasmukhbhai Somchand, (ii) Bhavanji Jivanji thakor ; and (iii) Pratapji Ramaji Khant	The Claimants want to be reinstated on their original posts with full back-wages and with continuity of service. Hence they have raised this dispute under Section 10 (1) of the Industrial Dispute Act, 1947 which has been referred to Labour Court at Ahmedabad.	The Claimants had filed their statement of claim on July 23, 1999. Written statements were filed by Allied Electricals Industries on February 25, 2002, by Transformers and Rectifiers (India) on January 19, 2000 and by Transformers and Rectifiers (India) Ltd. on February 25, 2001. We have filed our reply on September 16, 2002.	Labour Court at Ahmedabad Case No. Ref (LCA) No.155/99	<ul style="list-style-type: none"> <li>● Transformers and Rectifiers (India)*,</li> <li>● Allied Electricals Industries; and</li> <li>● Transformers and Rectifiers (India) Ltd.</li> </ul>
5.	Babubhai Gafurbhai Bharvad	The Claimant wants to be reinstated on his original post with full back-wages and with continuity of service. Hence he has raised this dispute under Section 10 (1) of the Industrial Dispute Act, 1947 which has been referred to Labour Court at Ahmedabad.	The Claimant had filed his statement of claim on March 10, 2003. Written statements were filed by Allied Electricals Industries on June 10, 2003, by Transformers and Rectifiers (India) on June 10, 2003 and by Transformers and Rectifiers (India) Ltd. on June 10, 2003.	Labour Court at Ahmedabad Case No. Ref (LCA) No.423/99	<ul style="list-style-type: none"> <li>● Transformers and Rectifiers (India)*,</li> <li>● Allied Electricals Industries; and</li> <li>● Transformers and Rectifiers (India) Ltd.</li> </ul>

## TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

Sr. No	Name of the Party / Claimant	Particulars of Dispute	Stage of the proceedings	Authority before whom the matter is pending & Case No.	Companies filed against / Defendant(s)*
6.	Bhupendrasing Pratapsing	The Claimant wants to be reinstated on his original post with full back-wages and with continuity of service. Hence he has raised this dispute under Section 10 (1) of the Industrial Dispute Act, 1947 which has been referred to Labour Court at Ahmedabad.	The Claimant had filed his statement of claim on April 20, 2000. Written statements were filed by Allied Electricals Industries on January 21, 2002, by Transformers and Rectifiers (India) on August 29, 2000 and by Transformers and Rectifiers (India) Ltd. on January 21, 2002.	Labour Court at Ahmedabad Case No. Ref (LCA) No. 487/99	<ul style="list-style-type: none"> <li>● Transformers and Rectifiers (India)*,</li> <li>● Allied Electricals Industries; and</li> <li>● Transformers and Rectifiers (India) Ltd.</li> </ul>
7.	(i) Sharmabhai Jyantibhai Chauhan, (ii) Vinodbhai Kantilal Chauhan, (iii) Jashavantgiri Saburgiri, (iv) Lalaji Gabhaji Thakor, (v) Karaji Ataji Thakor, (vi) Ramesh M Bodane; and (vii) Mahendrasingh Chatur Singh Solanki Ref (LCA) No. 117/99	The Claimants want to be reinstated on their original posts with full back-wages and with continuity of service. Hence they have raised this dispute under Section 10 (1) of the Industrial Dispute Act, 1947 which has been referred to Labour Court at Ahmedabad.	The Claimants had filed their statement of claim on January 23, 2001. Written statements were filed by Allied Electricals Industries on September 21, 2001, by Transformers and Rectifiers (India) on September 21, 2001 and by Transformers and Rectifiers (India) Ltd. on September 21, 2001. We have filed our reply on September 21, 2001. <b>Note :</b> During pendency of this case (i) Jashavantgiri Saburgiri, (ii) Lalaji Gabhaji Thakor, (iii) Karaji Ataji Thakor, and (iv) Mahendrasingh Chatur Singh Solanki have directly settled their dispute with the company.	Labour Court at Ahmedabad Case No. Ref (LCA) No. 117/99	<ul style="list-style-type: none"> <li>● Transformers and Rectifiers (India)*,</li> <li>● Allied Electricals Industries; and</li> <li>● Transformers and Rectifiers (India) Ltd.</li> </ul>
8.	Natvarbhai Jethabhai Solanki	The Claimant wants to be reinstated on his original post with full back-wages and with continuity of service. Hence he has raised this dispute under Section 10 (1) of the Industrial Dispute Act, 1947 which has been referred to Labour Court at Ahmedabad.	The Claimant has filed his statement of claim on August 8, 2001. Written statements were filed by Allied Electricals Industries on October 23, 2001, by Transformers and Rectifiers (India) on August 24, 2004 and by Transformers and Rectifiers (India) Ltd. on August 24, 2004.	Labour Court at Ahmedabad Case No. Ref (LCA) No. 195/99	<ul style="list-style-type: none"> <li>● Transformers and Rectifiers (India)*,</li> <li>● Allied Electricals Industries; and</li> <li>● Transformers and Rectifiers (India) Ltd.</li> </ul>

Sr. No	Name of the Party / Claimant	Particulars of Dispute	Stage of the proceedings	Authority before whom the matter is pending & Case No.	Companies filed against / Defendant(s)*
9.	(i) Pratapji Ramaji Khant, (ii) Vinodbhai Dashrathbhai Chauhan; and (iii) Rameshbhai Tikaji Thakor	The Claimants want to be reinstated on their original posts with full back-wages and with continuity of service. Hence they have raised this dispute under Section 10 (1) of the Industrial Dispute Act, 1947 which has been referred to Labour Court at Ahmedabad.	The Claimants has filed his statement of claim on June 4, 1998. Written statements were filed by Allied Electricals Industries on September 24, 1999, by Transformers and Rectifiers (India) on January 10, 2001 and by Transformers and Rectifiers (India) Ltd. on September 24, 1999. We have filed our reply on November 28, 2001.  <b>Note :</b> Shri Pratapji Ramaji Khant and Shri Vinodbhai Dashrathbhai Chauhan have raised similar disputes which have been referred to Labour Court vide Ref (LCA) No. 155/99 and Ref (LCA) No. 188/99 details of which are shown in Sr. No. 4 & Sr No.1 respectively in this table.	Labour Court at Ahmedabad  Case No. Ref (LCA) No. 6/98	<ul style="list-style-type: none"> <li>● Transformers and Rectifiers (India)*,</li> <li>● Allied Electricals Industries; and</li> <li>● Transformers and Rectifiers (India) Ltd.</li> </ul>
10.	(i) Rasikbhai Somaji Khant; and (ii) Girishbhai Jethabhai Solanki	The Claimants want to be reinstated on their original posts with full back-wages and with continuity of service. Hence they have raised this dispute under Section 10 (1) of the Industrial Dispute Act, 1947 which has been referred to Labour Court at Ahmedabad.	The Claimants have filed their statements of claim on February 25, 2002. Written statements were filed by Allied Electricals Industries on April 22, 2002, by Transformers and Rectifiers (India) on April 22, 2002 and by Transformers and Rectifiers (India) Ltd. on April 22, 2002.	Labour Court at Ahmedabad  Case No. Ref (LCA) No. 156/99	<ul style="list-style-type: none"> <li>● Transformers and Rectifiers (India)*,</li> <li>● Allied Electricals Industries; and</li> <li>● Transformers and Rectifiers (India) Ltd</li> </ul>

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Sr. No	Name of the Party / Claimant	Particulars of Dispute	Stage of the proceedings	Authority before whom the matter is pending & Case No.	Companies filed against / Defendant(s)*
11.	(i) Jigneshbhai Ganapatbhai Vaghela; and (ii) Girishbhai Jethabhai Solanki	The Claimants want to be reinstated on their original posts with full back-wages and with continuity of service. Hence they have raised this dispute under Section 10 (1) of the Industrial Dispute Act, 1947 which has been referred to Labour Court at	The Claimants have filed their statements of claim on November 9, 1998. Written statements were filed by Allied Electricals Industries on April 16, 2002, by Transformers and Rectifiers (India) on April 16, 2002 and by Transformers and Rectifiers (India) Ltd. on October 7, 1999. We have filed our document on July 31, 2002. Note : Shri Girishbhai Jethabhai Solanki has raised similar dispute which has been referred to Labour Court vide Ref (LCA) No. 156/99 details of which is shown in Sr. No.10 in this table.	Labour Court at Ahmedabad Case No. Ref (LCA) No.1404/97	<ul style="list-style-type: none"> <li>● Transformers and Rectifiers (India)*,</li> <li>● Allied Electricals Industries; and</li> <li>● Transformers and Rectifiers (India) Ltd</li> </ul>

\* - Vide Agreement dated July 10, 2006, the business of the proprietary concern, M/s. Transformers And Rectifiers (India) was taken over on a going concern basis by our Company with effect from August 1, 2006, in consideration of which 117,085 Equity Shares at the price of Rs. 130/- per share have been issued to its proprietor, Mr. Jitendra U. Mamtara, who is also our Promoter and Chairman and Managing Director.

The proprietary concern, M/s. Transformers and Rectifiers (India) has discontinued all business activities and does not carry on any business as on date. Therefore, the litigations detailed aforesaid as pending against M/s. Transformers and Rectifiers (India) would be deemed as pending against its proprietor, Mr. Jitendra U. Mamtara, who is also our Chairman and Managing Director.

### 3. Excise Disputes

#### 3.1 Show Cause Notice dated February 28, 2004, bearing number F.No.08/81/040/244/AM- 02/981.

The Joint Director General of Foreign Trade, Ministry of Commerce, Government of India had issued a Show Cause Notice F.No.08/81/040/244/AM-02/981 dated February 28, 2004, to our Company for alleged non-fulfilment of export obligation against Advance License Number 0810015112 dated December 13, 2001 of CIF value of US\$ 119,934 and FOB value of US\$ 130,000/- on account of alleged non-submission of documentation towards discharge of the export obligations within two months from the date of expiry of the export obligation period and our Company was directed to surrender the license and Duty Exemption Entitlement Certificate. We have in our reply dated November 7, 2006, to the Director General of Foreign Trade contended that we have been unable to submit a copy of the MODVAT non-availment certificate as there existed an anomaly in serial number 1.v of the Public Notice No. 79 (RE - 2005) / 2004 - 2009, [the 'Public Notice'] dated January 2, 2006 and that under an advance license, if the additional duty of customs is exempted then central value added tax ['CENVAT'] credit cannot be availed as the relevant bill of entry will show the additional duty of customs as Nil. The amount involved in the matter is Rs. 255,000/-.

The matter is currently pending before the Director General of Foreign Trade.

3.2 Show Cause Notice dated January 31, 2007, bearing number F.No.:V.85/15-70/Dem/2006/1202

The Additional Commissioner of Central Excise, Ahmedabad - II, Paldi, Ahmedabad had issued a Show Cause Notice F. No.:V.85/15-70/Dem/2006/1202 dated January 31, 2007 directing our Company to show cause as to reasons for alleged non-payments by our Company of basic duty of Rs 613,548/- and educational cess of Rs. 9172/- (the "amounts"), and as to why the amounts should not be recovered from our Company along with charge of interest and penalty under sections 11AB and 11AC of the Central Excise Act, 1944. We have responded to their notice vide letter dated March 16, 2007 contending that that installation and commissioning charges cannot be included in the value of the goods, and further that since charges recovered in connection with the service provided for installation and erection are not includable in the assessable value, imposition of penalty and recovery of interest in not warranted.

The matter is currently pending before the ACCE.

3.3 Show Cause Notice dated April 26, 2007, bearing number F.No.:V.85/15-10/Dem/07/131

The Additional Commissioner of Central Excise, Ahmedabad - II, Paldi, Ahmedabad (the "ACCE") had issued a Show Cause Notice F.No.:V.85/15-10/Dem/07/131 dated April 26, 2007 directing our Company to show cause as to reasons for alleged non-payments by our Company of CENVAT duty of Rs 823,854/- and educational cess of Rs. 16,477/- (the "amounts"), and as to why the amounts should not be recovered from our Company along with charge of interest and penalty under sections 11AB and 11AC of the Central Excise Act, 1944. We have responded to their notice vide letter dated June 26, 2007 contending that that installation and commissioning charges cannot be included in the value of the goods, and further that since charges recovered in connection with the service provided for installation and erection cannot be considered in calculation of the assessable value, imposition of penalty and recovery of interest in not warranted.

The matter is currently pending before the ACCE.

3.4 Show Cause Notice dated January 31, 2007, bearing number F.No.:V.85/15- 69/Dem/2006/1201

The Additional Commissioner of Central Excise, Ahmedabad - II, Paldi, Ahmedabad (the "ACCE") had issued a Show Cause Notice F.No.:V.85/15-69/Dem/2006/1201 dated January 31, 2007 directing our Company to show cause as to reasons for alleged non-payments by our Company of basic excise duty of Rs 1,328,221/- and educational cess of Rs. 25,156/- (the "amounts"), and as to why the amounts should not be recovered from our Company along with charge of interest and penalty under sections 11AB and 11AC of the Central Excise Act, 1944. We have responded to their notice vide our letter dated April 23, 2007 stating that the amounts charged for conducting special tests, as required by the customer, would not form part of the assessable value and further the charges levied for conducting the tests do not form part of the assessable value and as such, penalty and recovery of interest does not come into play.

The matter is currently pending before the ACCE.

3.5 Show Cause Notice dated February 8, 2007, bearing number F.No.:V.85/3-7/D/07/689

The Assistant Commissioner of Central Excise, Ahmedabad - II, Paldi, Ahmedabad (the "ACCE") had issued a Show Cause Notice F.No.:V.85/3-7/D/07/689 dated February 8, 2007 directing our Company to show cause as to reasons for alleged non-payments by our Company of CENVAT duty of Rs 23,113/- and educational cess of Rs. 462/- (the "amounts"), and as to why the amounts should not be recovered from our Company along with charge of interest and penalty under sections 11AB and 11AC of the Central Excise Act, 1944. We have responded to their notice vide letter dated April 23, 2007 contended that the amounts charged by us for conducting special tests, as required by the customer, would not form part of the assessable value. Further the charges levied for conducting the tests do not form part of the assessable value and as such, penalty and recovery of interest does not come into play.

The matter is currently pending before the ACCE.

3.6 Show Cause Notice dated January 15, 2007, bearing number F.No.:DGCEI/MZU/I & IS 'C/' 12 (4) 25 / 2004/Pt-III/939

The Assistant Director, Directorate General of Central Excise Intelligence Department of Revenue, Central Board of Excise and Customs, Ministry of Finance, Government of India had issued a Show Cause Notice



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F.No.: DGCEI/MZU/I & IS 'C'/ 12(4)25/2004/Pt-III/939 dated January 15, 2007 and, in the same matter, the Office of Commissioner of Central Excise, Shillong, has issued a show cause notice bearing C. No. V-CH-74/1/ADJ/2006 dated September 26, 2006. The cumulative effect of both these notices is that our Company has been directed to show cause as to reasons for alleged wrong availment of Central Value Added Tax credit by our Company of Central Excise duty amounting to Rs. 336,360/-, and as to why the amount should not be recovered from our Company along with charge of interest under section 11AB and penalty under sections 11AC of the Central Excise Act, 1944 and erstwhile Rule 25 of the Central Excise Rules, 2002. We have responded to the DGCEI notice vide letter dated March 16, 2007 contending that since goods were purchased under the cover of valid central excise invoice for which payment was made by way of an account payee cheque; CENVAT credit cannot be recovered from us. Penalty under Rule 25 of the Central Excise Rules, 2002 and 11AC of the Act, read with Rule 13(2) of the Rules cannot be levied against our Company, as there did not exist any suppression of facts. Both Show Cause Notices have been transferred to Commissioner of Central Excise, Commissioner of Central Excise (Adjudication), Mumbai by the Central Board of Excise and Customs vide its order No. 18/2007 dated August 1, 2007 for adjudication. The matter is scheduled to come up for hearing on December 11, 2007 before the Commissioner of Central Excise (Adjudication), Mumbai.

3.7 Show Cause Notice dated April 23, 2007, bearing number F.No.:V.85/15-68/Dem/06

The Additional Commissioner of Central Excise, Ahmedabad - II, Ahmedabad (the "ACCE") had issued a Show Cause Notice F.No.:V.85/15-68/Dem/06 dated April 23, 2007 directing our Company to show cause as to reasons for alleged non-payments by our Company of basic excise duty of Rs 3,326,575/- and educational cess of Rs. 40,921/- (the "amounts"), and as to why the amounts should not be recovered from our Company along with charge of interest and penalty under sections 11AB and 11AC of the Central Excise Act, 1944.

We are in the process of filing a reply.

3.8 Show Cause Notice dated April 20, 2007, bearing number F.No.:V.85/15-67/Dem/06

Our Company had received a Show Cause Notice [the 'Notice'] dated April 20, 2007, bearing number F.No.:V.85/15-67/Dem/06 from the Office of the Additional Commissioner of Central Excise, Ahmedabad - II, Ahmedabad [the 'ACCE']. The ACCE had asked our Company to show cause as to why; (a) Basic excise duty of Rs. 1,439,977/- and educational cess amounting to Rs. 19,957/- not paid by our Company should not be recovered Section 11A(1) of the Central Excise Act, 1944 [the 'Act'] by invoking the extended period of five years, (b) why appropriate interest should not be charged and recovered from our Company under section 11AB of the Act; and (c) why penalty should not be imposed upon our Company under section 11 AC of the Act.

We are currently in the process of replying to the same.

3.9 Show Cause Notice dated April 23, 2007, bearing number F.No.:V.85/15-64/Dem/2006

The Additional Commissioner of Central Excise, Ahmedabad - II, Ahmedabad (the "ACCE") had issued a Show Cause Notice, F. No.: V.85/15-64/Dem/2006, dated April 23, 2007, directing our Company to show cause for non-payments by our Company of CENVAT credit of Rs 3,742,613/- and educational cess amounting to Rs. 63,648/-; and as to why the amounts should not be recovered from our Company along with charging applicable interest and penalties under sections 11AB and 11AC of the Central Excise Act, 1944.

We are currently in the process of filing a reply to the same.

### **B Litigation by our Company**

1. Income Tax

1.1 Transformers and Rectifiers (India) Limited v. the Additional Commissioner of Income Tax, Circle - 8 for the Assessment Year 2003 - 2004

For AY 2003-04 our Company has preferred an appeal dated May 3, 2007, bearing number 950/AHD before the Income Tax Appellate Tribunal, against the order of the Commissioner of Income Tax (Appeals) [the 'CIT (A)']. The grounds for appeal as stated by our Company were that, the CIT (A) had incorrectly

confirmed the disallowance made by the Additional Commissioner of Income Tax, for payments made in cash of an amount of Rs. 460,000 /- (being 20% of Rs. 2,300,000) under section 40A(3) of the Income Tax Act, 1961. Our Company has paid a sum of Rs 85,444/- under protest.

The matter is currently pending before the Income Tax Appellate Tribunal.

## 2. Excise Cases

### 2.1 Show Cause Notice dated September 5, 2006, bearing number F.No.:V.85/3/3-44/D/06/5314

Our Company had filed an appeal being Appeal No. 68/2007 (Ahd-II) CERAJU / Commr / Ahd., before the Commissioner of Appeals- III, Ahmedabad (the "COA") against order in original number 14/D/2007 passed by the Assistant Commissioner of Central Excise (the "ACCE") dated March 20, 2007 interalia demanding payment of Rs. 11,294/- as basic duty along with interest payment on the amount from the date of clearance till date of payment and imposing penalty of Rs. 11, 294/- under section 11 of the Central Excise Act, 1944. The ACCE has applied rule 6 of the Central Excise Valuation Rules, 2000 which we contended, is applicable to the manufacture of new transformers. Our Company has appealed against the same, as they were involved in the repair of transformers. Our Company has not paid any demand amount as on date. Vide order dated July 16, 2007, the COA has set aside the order of the ACCE and the matter has been remanded to the ACCE.

The matter is currently pending before the ACCE for hearing.

## 3. Criminal Cases

### 3.1 Transformers and Rectifiers (India) Limited v. M/s Sheffali Rolls Limited for an amount of Rs. 21,37,395/-

Our Company has filed criminal complaint being CC No. 25/07 before the Judicial Magistrate (First Class) Court and Senior Division, Sanand, against Sheffali Rolls Limited, its Chairman-cum-Managing Director Mr. Prakash Shah and its directors - Mrs. Sangita Shah, Mr. Hariprasad Bhattacharaya, Mr. Jagdishnarayan Sapru, Mr. Vipulkumar Shah and Mr. Dilip Patel for alleged offences under Sections 406, 420, 422, 423 and 120(b) of the Indian Penal Code, 1860 for alleged non-payment of outstanding monies amounting to Rs 2,137,395/- due from the defendants to our Company in respect of purchase of transformer from our Company, alleged breach of trust, for allegedly causing wrongful loss to our Company, and allegedly cheating our Company.

## II. Outstanding Litigations involving our Promoters/Directors

Note: Vide Agreement dated July 10, 2006, the business of the proprietary concern, M/s. Transformers And Rectifiers (India) was taken over on a going concern basis by our Company with effect from August 1, 2006, in consideration of which 117,085 Equity Shares at the price of Rs. 130/- per share have been issued to its proprietor, Mr. Jitendra U. Mamtara, who is also our Promoter and Chairman and Managing Director.

The proprietary concern, M/s. Transformers and Rectifiers (India) has discontinued all business activities and does not carry on any business as on date. Therefore, the litigations detailed above in this section under the heading "Labour Cases" as pending against M/s. Transformers and Rectifiers (India) would be deemed as pending against its proprietor, Mr. Jitendra U. Mamtara, who is also our Chairman and Managing Director.

## 1. Income Tax

### 1.1 Mr. Jitendra U. Mamtara v. the Assistant Commissioner of Income Tax, Circle - 8 for the Assessment Year 2003 - 2004

The Assistant Commissioner of Income Tax, Circle - 8, [the 'ACIT'] Ahmedabad, issued a demand notice, being notice number, Add CIT R8/Recovery /29/AC/ 2006-07, under section 156 of the Income Tax Act, 1961, pursuant to assessment to Mr. Jitendra U. Mamtara [the 'Assessee'] dated March 30, 2006. The tax payable as per the demand notice stood at Rs. 25,493/-, being interest. The Assessee replied to the aforesaid demand notice vide his reply dated December 28, 2006 wherein he contended that the interest has been incorrectly computed. The Assessee has filed an application under section 154 of the Income Tax Act, 1961 for rectifying the error in calculation of the interest.

The matter is currently pending before the ACIT for hearing.



## TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

- 1.2 Mr. Jitendra U. Mamtora v. the Deputy Commissioner of Income Tax, Circle - 8 for the Assessment Year 2004 - 2005

The Deputy Commissioner of Income Tax, Circle - 8, Ahmedabad, [the 'DCIT'] by his order dated December 29, 2006 stated that the payment of Rs. 815,022/- towards payment of consultancy charges, in the returns filed by the Mr. Jitendra Mamtora [the 'Assessee'], was disallowed and penalty proceedings under section 271(1)(c) were to be initiated. Depreciation amounting to Rs. 33,523 charged at the rate of 50% on a new car, a Honda CR-V, purchased by the Assessee was disallowed as the car was allegedly put to use only for a period of 180 days. ESIC and PF payments were disallowed for allegedly being made after the due time, whereby an addition of Rs. 33,523/- was made to the total income of the Assessee. The total income as per the said order stood at Rs. 5,395,090/-. The tax payable by the Assessee stood at Rs. 565,189/- of which a sum of Rs. 200,000/- has been paid under protest. An appeal has been filed before the Commissioner of Income Tax (Appeals) XIV, Ahmedabad (the "CIT"). The CIT vide its order dated October 17, 2007, has partly allowed the appeal by allowing addition of Rs.770,022/- as against DCIT additions of Rs.8,15,022/-, disallowing additions made by DCIT of Rs.88,373/- on account of depreciation and restricting additions made by DCIT of Rs.33,523/- on account of late payment in respect of P.F. & E.S.I.C. to Rs.13,595/-. The revised demand notice is still awaited.

- 1.3 Mr. Jitendra U. Mamtora v. the Deputy Commissioner of Income Tax, Circle - 8 for the Assessment Year 2005 - 2006

Mr. Jitendra U. Mamtora had received an intimation under section 143(1) of the Income Tax Act, 1961 dated March 29, 2006 wherein a demand for Rs. 11,66,401/- was made by the Assistant Commissioner of Income Tax, Circle 8, Ahmedabad. Mr. Mamtora has vide his reply dated March 22, 2007 stated that credit for a payment of advance tax amounting to Rs. 1,000,000/- had not been taken into consideration at the time of computation of the income tax payable.

The matter is currently pending before the ACIT.

### III. Outstanding Litigations involving our Directors

Other than as mentioned in the paragraph titled "Outstanding Litigations involving our Promoters" in this section there are no other outstanding litigations by or against our Directors as on date of filing the Red Herring Prospectus

### IV. Outstanding Litigations by/or against our Subsidiaries

In addition to the proceedings mentioned in "Outstanding Litigation against our Company" the following are the pending litigations by/against our subsidiaries ie i.e. Transweld Engineering Mechanical Works Limited and Transpares Limited

#### Litigation against Transweld Mechanical Engineering Works Limited

The Gujarat Pollution Control Board ('GPCB') had issued a notice dated July 25, 2007, under section 24 of the Air (Prevention and Control of Pollution) Act, 1981 bearing number PC/ABD/CCA/GEN-426/21094 to Transweld Mechanical Engineering Works Limited ("TMEWL") directing TMEWL to show cause as to why, (a) TMEWL had provided only 5 feet and 25 feet high stacks for the shot blasting units and the paint booth respectively; and (b) why SMF was not provided. Further GPCB issued a notice under section 33A of the Water (Prevention and Control of Pollution) Act, 1974 bearing number PC/ABD/CCA/GEN-426/21092 directing TMEWL, to clarify as to why, (a) TMEWL should not be prohibited from carrying on further manufacturing activities, (b) TMEWL's operations should not be closed down till they obtain adequate treatment facilities and the same are efficiently operated; and (c) why the appropriate authorities should not be intimated so as to cut off the electricity supply to the unit. TMEWL had vide its reply to the two notices dated August 13, 2007, stated that since the unit was engaged in manufacturing activities being engineering and mechanical activities, which were small in scale, no chemical effluent was generated during the manufacturing process, and that TMEWL had further taken steps to ensure that the pollution control and effluent treatment plant related work was carried out so as to meet compliance as required by GPCB within thirty to forty - five days. The GPCB vide its order dated September 17, 2007 has approved the application for authorization but refused the application of the company for CC&A approval on grounds that the TMEWL has allegedly given an unsatisfactory explanation to the Board as to fulfillment of requirements of the notice. The GPCB while approving the application for authorisation, has refused approval of the CC&A unless compliance under the Air and Water Act, is ensured. TMEWL has made a fresh application to the GPCB vide its letter dated November 28, 2007 requesting for grant of CC&A and that no legal action be taken against the unit..

#### Litigation against Transpares Limited

On July 2, 2007, the Gujarat Pollution Control Board ('GPCB') had issued a notice under section 24 of the Air (Prevention and Control of Pollution) Act, 1981, bearing number PC/ABD/CCA/GEN-427/19119 to our subsidiary Transpares Limited ('TL') directing TL to show cause as to why, (a) TL had provided only 5 feet and 25 feet high stacks for the shot blasting units and the paint booth respectively; and (b) why SMF was not provided. TL had vide its reply dated August 13, 2007 wherein they stated since the unit was engaged in manufacturing activities being engineering and mechanical activities, which were small in scale, no chemical effluent is generated during the manufacturing process, and had further taken steps to ensure that the pollution control and ETP related work was carried out so as to meet compliance as required by GPCB within thirty to forty - five days. The GPCB has vide its order dated August 31, 2007 has approved the application for authorization but refused the application of the company for CC&A approval on grounds that the TL has allegedly given an unsatisfactory explanation to the Board as to fulfillment of requirements of the notice. Further the GPCB while approving the application for Authorisation, has refused approval of the CCA unless compliance under the Air and Water Act is ensured, and has directed Transpares to apply for authorization for all applicable waste within 15 days. TL has made a fresh application to the GPCB vide its letter dated November 28, 2007 requesting for grant of CC&A.

#### V. Outstanding Litigations by/or against other group companies and ventures promoted by Promoters

Except as mentioned earlier in this section under the heading titled "Labour Cases", there are no other litigations by or against any of our Promoter Group Entities or ventures promoted by our Promoters as on the date of filing of the Red Herring Prospectus, except as mentioned below:

Sr. No	Name of the Party / Claimant	Particulars of Dispute	Stage of the proceedings	Authority before whom the matter is pending & Case No.	Companies filed against / Defendant(s)*
12.	1. Gujarat Majdur Panchayat	The Union has demanded that in computation of 240 days for eligibility to earn leave with wages authorized leave enjoyed be taken into consideration.  This Demand has been raised under Section 10 (3) of the Industrial Dispute Act, 1947.	The union has so far not filed its Statement of Claim.	Labour Court at Ahmedabad  Case No.  Ref (LCA D) No. 52/99	Allied Electricals Industries
13.	Gujarat Majdur Panchayat	The Union has demanded for permanency in employment of Mr. Kanti Atmaram Makwana. and it has further demanded that all benefits and wages which are paid to permanent employees of the company be paid to Shri Kanti A t m a r a m Makwana also  This Demand has been raised under Section 10 (3) of the Industrial Dispute Act, 1947.	The union has so far not led its oral evidence.	Labour Court at Ahmedabad  Case No.  Ref (LCA D) No. 11/99	Allied Electricals Industries

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### VI. Past penalties levied in the last five years.

Penalties levied on our Company in the last five years are as follows:

Sr. No.	Amount of penalty (in Rs.)	Brief particulars regarding penalty	Remarks (paid/payable)
1.	200.00	Penalty for late filing of sales tax returns under the Gujarat Sales Tax Act	Paid
2.	9,889.00	Penalty paid for clearing some repaired transformers without payment of duty on parts used in repairing of transformer.	Paid

### VII. Material developments

In the opinion of the Board of Directors of our Company, there have not arisen, since the date of the last financial statements disclosed in the Red Herring Prospectus, any circumstance that materially or adversely affect or are likely to affect the profitability of our Company or the value of its assets or its ability to pay its material liabilities within the next twelve months.

### VIII - Names of small scale undertakings to whom our Company owes a sum exceeding Rs. 1 lakh which is outstanding for more than 30 days as on September 30, 2007:

1. Skyjet Engineering Company
2. Baroda Bushing & Insulator
3. Ravi enterprises

The aforesaid list is based on intimation received from vendors regarding their status and registration under applicable laws, and thus, would not contain those vendors who have not replied to our Company as to their status and registration with applicable laws.

## GOVERNMENT AND OTHER STATUTORY APPROVALS

Except for pending approvals mentioned under this heading, our Company has received the necessary material consents, licenses, permissions and approvals from the Government/RBI and various Government agencies required for our present business. Further, except for pending approvals as detailed herein, our Company can undertake all our present activities, in view of the present approvals and no further material approvals from any statutory body are required by our Company to undertake the present activities. Except as mentioned in this section, we have not applied for any licenses/ approvals in relation to the Objects of the Issue.

### APPROVALS FOR OUR BUSINESS

We have received the following major Government and other statutory approvals pertaining to our business

Sr. No.	Name of License/ Registration/ Authority	Number and Date of License/ Registration	Validity period		Purpose/ Testing Agency	Granting Authority
			From	Upto		
I	General Corporate					
1.	Certificate of Incorporation in the name of Triveni Electric Company Limited	No. : 0422460 of 1994 - 1995 July 11, 1994	July 11, 1994	-	Incorporation	Issued under the Companies Act, 1956 by the Assistant Registrar of Companies, Gujarat, Dadra and Nagar Haveli
2.	Certificate of Commencement of Business	Dated : August 11, 1994	August 11, 1994	-	Commencement of business	Pursuant to section 149(3) of the Companies Act, 1956
3.	Fresh Certificate of Incorporation consequent to change in name from Triveni Electric Company Limited to Transformers and Rectifiers (India) Limited	Dated : March 29, 1995	March 29, 1995	-	Change in name	Issued under the Companies Act, 1956 by the office of the Registrar of Companies, Gujarat, Dadra and Nagar Haveli
II Industrial Approvals and Licenses						
4.	IEM Acknowledgement	No. : 104 / SIA / IMO / 96 Dated : January 8, 1996	January 8, 1996	Upto modification or cancellation	Issued in respect of the manufacture of the following: (1) Item Code - 8504 2301: 60 Electrical Transformers with a Power Handling Capacity of 10 MVA to 50 MVA, (2) Item Code - 8504 2302: 15 Electrical Transformers with a Power Handling Capacity of 50 MVA to 100 MVA, (3) Item Code - 8504 2303: 6 Electrical Transformers with a Power Handling	Ministry of Industry, Secretariat for Industrial Approvals, Entrepreneurial Assistance Unit

## TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

Sr. No.	Name of License/ Registration/ Authority	Number and Date of License/ Registration	Validity period		Purpose/ Testing Agency	Granting Authority
			From	Upto		
					<p>Capacity of 100 MVA to 250 MVA,</p> <p>(4) Item Code - 8504 2200: 200 Electrical Transformers with a Power Handling Capacity of 650 KVA to 10 MVA,</p> <p>(5) Item Code - 8504 2100: 300 Electrical Transformers (EHT Transformers) with a Power Handling Capacity of not more than 650 KVA</p> <p>(6) Item Code - 8504 3201: 50 Transformers for electronic equipments (other than EHT Transformer),</p> <p>(7) Item Code - 8504 3209: 20 falling under the ITC - broad description of others,</p> <p>(8) Item Code - 8504 3300: Electrical Transformers with a Power Handling Capacity exceeding 16 KVA but not more than 500 KVA,</p> <p>(9) Item Code - 8504 3400: Electrical Transformers with a Power Handling Capacity not exceeding 500 KVA,</p> <p>(10) Item Code - 8504 4401: 24 Electric Inverters</p>	
5.	IEM Acknowledgement	No. : 2279 / SIA / IMO / 95 Dated : May 4, 1995	May 4, 1995	Valid upto modification or cancellation	<p>Issued in respect for manufacture of the following:</p> <p>(1) Item Code - 8504 4002: Static converters DIP bridge rectifiers of manufacture,</p> <p>(2) Item Code - 8504 4003: Static converters and other rectifiers of manufacture,</p>	Ministry of Industry, Secretariat for Industrial Approvals, Entrepreneurial Assistance Unit

Sr. No.	Name of License/ Registration/ Authority	Number and Date of License/ Registration	Validity period		Purpose/ Testing Agency	Granting Authority
			From	Upto		
					(3) Item Code - 8504 4009: Static converters others of manufacture (4) Item Code - 8504 5001: Other inductors choke coils (chokes) of manufacture, (5) Item Code - 8504 5009: Parts of transformers of manufacture, (6) Item Code - 8504 9001: Parts of transformers of manufacture, (7) Item Code - 8504 9002: Parts of other electric power machinery of heading of manufacture 85.04	
6.	Certificate for iron and steel issued to the erstwhile Transformers and Rectifiers (India) for the unit situated at Odhav	No. DIC / AMD / Iron & Steel / 1544 Dated : September 24, 1984	September 25, 1984	Valid upto cancellation	For the purpose of obtaining iron and steel for industrial use	General Manager and Joint Commissioner of Industries, D.I.C. Ahmedabad
7.	Factory Registration and License for Transformers and Rectifiers (India) Limited for the factory located at Changodar	Registration No. : 36(360.2)5187 A/1297/4459/ 1-2/36(360.2) Dated : April 4, 1996 License No. : 091852 Dated: March 23, 1995	February 12, 2007	December 31, 2007	Registration and License to operate a factory	Chief Inspector of Factories, Gujarat under the Factories Act, 1948
8.	Factory Registration and License for Transformers and Rectifiers (India) Limited for the factory located at Odhav	Registration No. : 36(360.2) 3301/A Dated : February 23, 1989 License No. : 013193 Dated: February 23, 1989	February 23, 1989	December 31, 2007	Registration and License to operate a factory	Chief Inspector of Factories, Gujarat under the Factories Act, 1948
9.	Factory Registration and License for Transpares Private Limited	Registration No. : 31102/1213A/ 2M(1) License No. : 08375 Dated: October 20, 1999	February 12, 2007	December 31, 2007	Registration and License to operate a factory	Chief Inspector of Factories, Gujarat under the Factories Act, 1948

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Sr. No.	Name of License/ Registration/ Authority	Number and Date of License/ Registration	Validity period		Purpose/ Testing Agency	Granting Authority
			From	Upto		
10.	Certificate of Permanent Registration in the Small Scale Industrial Undertaking category given to Transpares Limited	Number: SSI/ GSI(SIDO/ NON SIDO) Permanent Registration No: 24/07/55658 Issue date: April 18, 2006	April 18, 2006	5 years from the Issue date	Certifying that Transpares is permanently registered in the category of a Small Scale Industry having a permanent Registration Number 24/07/55658	Manager (R.M.),  District Industries Centre, Ahmedabad
11.	Factory Registration and License for Transweld	Registration No. : 29199/1386-8/ 2M(1) License No. : 012225 Dated: January 11, 2001	February 12, 2007	December 31, 2007	Registration and License to operate a factory	Chief Inspector of Factories, Gujarat under the Factories Act, 1948
12.	Registration cum Membership Certificate with the Engineering Export Promotion Council	Registration No. : RCMC:B:MFG: 7003:2005-06 Dated : March 13, 2006	March 13, 2006	March 31, 2009	Registration for the purpose of facilitating exports	Deputy Director, Engineering Export Promotion Council, Ministry of Commerce, Government of India
13.	Certificate of Importer - Exporter Code (IEC)	IEC No. : 0895001268	June 8, 1995	Valid upto cancellation	Certificate of importer exporter code was allotted to our Company for the purpose of enabling our Company to import and export	Foreign Trade Development Officer, Ministry of Commerce, Government of India
14.	N.D.T. Form issued as per the Indian Explosives Act, 1984 Air Compressor Receiver Sr. No. 3513 - Report of examination of thickness of pressure vessel or plant constructed on July 17, 1995	Report No. : 122119  Dated : February 2, 2007	-	-	Routine check up of the air compressor receiver installed at Sarkhej - Bavla Highway, village Changodar, taluka Sanand, Ahmedabad - 382 210; to ensure that the Air Compressor Receiver bearing Serial number 3513 is in appropriate working order. The thicknesses of the walls of the apparatus were examined to warrant safety for future use.	Tested and report prepared by An authorised agency
15.	Form Number 11 (prescribed under Rule 61) of the Static and Mobile Pressure Vessels (Unfired) Rules, 1981 Air Compressor Receiver Sr. No. 3513 - Report of examination of thickness of pressure	Report No. : 122120 Registration No. : 36(360.2) 5187/A License No. : 091852 N.I.C. Code No. : 36(360.2)	-	-	Certifying that the air compressor receiver was thoroughly cleaned and made accessible for thorough examination. The vessel including the fittings were examined and are to the satisfaction as	Tested and report prepared by an authorised agency

Sr. No.	Name of License/ Registration/ Authority	Number and Date of License/ Registration	Validity period		Purpose/ Testing Agency	Granting Authority
			From	Upto		
	vessel or plant constructed on July 17, 1995	Dated : February 2, 2007			required by the competent person	
16.	N.D.T. Form issued as per the Indian Explosives Act, 1984 Air Compressor Receiver Sr. No. 28129 - Report of examination of thickness of pressure vessel or plant constructed on April 3, 1996	Report No. : 122121  Dated : February 2, 2007	-	-	Routine check up of the air compressor receiver installed at Sarkhej - Bavla Highway, village Changodar, taluka Sanand, Ahmedabad - 382 210; to ensure that the Air Compressor Receiver bearing Serial number 28129 is in appropriate working order. The thicknesses of the walls of the apparatus were examined to warrant safety for future use.	Tested and report prepared by An authorised agency
17.	Form Number 11 (prescribed under Rule 61) of the Static and Mobile Pressure Vessels (Unfired) Rules, 1981 Air Compressor Receiver Sr. No. 28129 - Report of examination of thickness of pressure vessel or plant constructed on April 3, 1996	Report No. : 122120 Registration No. : 36(360.2) 5187/A License No. : 091852 N.I.C. Code No. : 36(360.2) Dated : February 2, 2007	-	-	Certifying that the air compressor receiver was thoroughly cleaned and made accessible for thorough examination. The vessel including the fittings were examined and are to the satisfaction as required by the competent person	Tested and report prepared by An authorised agency
18.	N.D.T. Form issued as per the Indian Explosives Act, 1984 Air Compressor Receiver Sr. No. 28115 - Report of examination of thickness of pressure vessel or plant constructed on April 3, 1996	Report No. : 122123  Dated : February 2, 2007	-	-	Routine check up of the air compressor receiver installed at Sarkhej - Bavla Highway, village Changodar, taluka Sanand, Ahmedabad - 382 210; to ensure that the Air Compressor Receiver bearing Serial number 28115 is in appropriate working order. The thicknesses of the walls of the apparatus were examined to warrant safety for future use.	Tested and report prepared by An authorised agency
19.	Form Number 11 (prescribed under Rule 61) of the Static and Mobile Pressure Vessels (Unfired) Rules, 1981 Air Compressor Receiver Sr. No. 28115 - Report of examination of	Report No. : 122123 Registration No. : 36(360.2) 5187/A License No. : 091852 N.I.C. Code No. :	-	-	Certifying that the air compressor receiver was thoroughly cleaned and made accessible for thorough examination. The vessel including the fittings were examined and are to	Tested and report prepared by An authorised agency



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Sr. No.	Name of License/ Registration/ Authority	Number and Date of License/ Registration	Validity period		Purpose/ Testing Agency	Granting Authority
			From	Upto		
	thickness of pressure vessel or plant constructed on April 3, 1996	36(360.2) Dated : February 2, 2007			the satisfaction as required by the competent person	
20.	N.D.T. Form issued as per the Indian Explosives Act, 1984 Air Bottle of D. G. Set Code No. A05 - Report of examination of thickness of pressure vessel or plant constructed on April, 2002	Report No. : 122125  Dated : February 2, 2007	-	-	Routine check up of the Air Bottle of D. G. Set installed at Sarkhej - Bavla Highway, village Changodar, taluka Sanand, Ahmedabad - 382 210; to ensure that the Air Bottle of D. G. Set bearing code number A05 is in appropriate working order. The thicknesses of the walls of the apparatus were examined to warrant safety for future use.	Tested and report prepared by An authorised agency
21.	Form Number 11 (prescribed under Rule 61) of the Static and Mobile Pressure Vessels (Unfired) Rules, 1981 Air Bottle of D. G. Set, Code No. A05 - Report of examination of thickness of pressure vessel or plant constructed on April, 2002	Report No. : 122126  Registration No. : 36(360.2) 5187/A License No. : 091852  N.I.C. Code No. : 36(360.2) Dated : February 2, 2007	-	-	Certifying that the air Bottle of D. G. Set was thoroughly cleaned and made accessible for thorough examination. The vessel including the fittings were examined and are to the satisfaction as required by the competent person	Tested and report prepared by An authorised agency
22.	N.D.T. Form issued as per the Indian Explosives Act, 1984 Air receiver, Serial No. 139 - Report of examination of thickness of pressure vessel or plant constructed on September 19, 1990	Report No. : 122128  Dated : February 2, 2007	-	-	Routine check up of the Air Receiver installed at Sarkhej - Bavla Highway, village Changodar, taluka Sanand, Ahmedabad - 382 210; to ensure that the Air Receiver bearing code number A04 and serial number F90013, is in appropriate working order. The thicknesses of the walls of the apparatus were examined to warrant safety for future use.	Tested and report prepared by An authorised agency

Sr. No.	Name of License/ Registration/ Authority	Number and Date of License/ Registration	Validity period		Purpose/ Testing Agency	Granting Authority
			From	Upto		
23.	Form Number 11 (prescribed under Rule 61) of the Static and Mobile Pressure Vessels (Unfired) Rules, 1981 Air receiver, Serial No. 139 - Report of examination of thickness of pressure vessel or plant constructed on September 19, 1990	Report No. : 122128 Registration No. : 36(360.2) 5187/A License No. : 091852 N.I.C. Code No. : 36(360.2) Dated : February 2, 2007	-	-	Certifying that the Air Receiver was thoroughly cleaned and made accessible for thorough examination. The vessel including the fittings were examined and are to the satisfaction as required by the competent person	Tested and report prepared by An authorised agency
24.	N.D.T. Form issued as per the Indian Explosives Act, 1984 Air Compressor Receiver, Serial No. 9054 - Report of examination of thickness of pressure vessel or plant constructed on August, 2006	Report No. : 122129 Dated : February 2, 2007	-	-	Routine check up of the Air Compressor Receiver installed at Sarkhej - Bavla Highway, village Changodar, taluka Sanand, Ahmedabad - 382 210; to ensure that the Air Compressor Receiver bearing serial number 9054, working is in appropriate order. The thicknesses of the walls of the apparatus were examined to warrant safety for future use.	Tested and report prepared by An authorised agency
25.	Form Number 11 (prescribed under Rule 61) of the Static and Mobile Pressure Vessels (Unfired) Rules, 1981 Air Compressor Receiver, Serial No. 9054 - Report of examination of thickness of pressure vessel or plant constructed on August 2006	Report No. : 122129 Registration No. : 36(360.2) 5187/A License No. : 091852 N.I.C. Code No. : 36(360.2) Dated : February 2, 2007	-	-	Certifying that the Air Compressor Receiver was thoroughly cleaned and made accessible for thorough examination. The vessel including the fittings were examined and are to the satisfaction as required by the competent person	Tested and report prepared by An authorised agency
26.	Form Number 10 (prescribed under Rule 60) of the Static and Mobile Pressure Vessels (Unfired) Rules, 1981 100/20 tonne capacity EOT crane of 20 ton auxillary hook - Report of examination of the lifting machine ropes and lifting tackles First used in 1996 in the factory	Report No. : 122131 Registration No. : 36(360.2) 5187/A License No. : 091852 N.I.C. Code No. : 36(360.2) Dated : February 2, 2007	-	-	Certifying that the 100/20 tonne capacity EOT crane of 20 ton auxillary hook was thoroughly examined and was to the satisfaction as required by the competent person	Tested and report prepared by An authorised agency

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Sr. No.	Name of License/ Registration/ Authority	Number and Date of License/ Registration	Validity period		Purpose/ Testing Agency	Granting Authority
			From	Upto		
27.	Form Number 10 (prescribed under Rule 60) of the Static and Mobile Pressure Vessels (Unfired) Rules, 1981 15 tonne capacity EOT crane - Report of examination of the lifting machine ropes and lifting tackles First used in March, 1996 in the factory	Report No. : 122132 Registration No. : 36(360.2) 5187/A License No. : 091852 N.I.C. Code No. : 36(360.2) Dated : February 2, 2007	-	-	Certifying that the 15 tonne capacity EOT crane auxillary hook was thoroughly examined and was to the satisfaction as required by the competent person	Tested and report prepared by An authorised agency
28.	Form Number 10 (prescribed under Rule 60) of the Static and Mobile Pressure Vessels (Unfired) Rules, 1981 5 tonne capacity EOT crane - Report of examination of the lifting machine ropes and lifting tackles First used in November, 1996 in the factory	Report No. : 122133 Registration No. : 36(360.2) 5187/A License No. : 091852 N.I.C. Code No. : 36(360.2) Dated : February 2, 2007	-	-	Certifying that the 5 tonne capacity EOT crane was thoroughly examined and was to the satisfaction as required by the competent person	Tested and report prepared by An authorised agency
29.	Form Number 10 (prescribed under Rule 60) of the Static and Mobile Pressure Vessels (Unfired) Rules, 1981 10 tonne capacity EOT crane No. 43 - Report of examination of the lifting machine ropes and lifting tackles First used in November, 1996 in the factory	Report No. : 122134 Registration No. : 36(360.2) 5187/A License No. : 091852 N.I.C. Code No. : 36(360.2) Dated : February 2, 2007	-	-	Certifying that the 10 tonne capacity EOT crane was thoroughly examined and was to the satisfaction as required by the competent person	Tested and report prepared by An authorised agency
30.	Form Number 10 (prescribed under Rule 60) of the Static and Mobile Pressure Vessels (Unfired) Rules, 1981 5 tonne capacity EOT crane - Report of examination of the lifting machine ropes and lifting tackles First used in November, 1996 in the factory	Report No. : 122135 Registration No. : 36(360.2) 5187/A License No. : 091852 N.I.C. Code No. : 36(360.2) Dated : February 2, 2007	-	-	Certifying that the 5 tonne capacity EOT crane was thoroughly examined and was to the satisfaction as required by the competent person	Tested and report prepared by An authorised agency

Sr. No.	Name of License/ Registration/ Authority	Number and Date of License/ Registration	Validity period		Purpose/ Testing Agency	Granting Authority
			From	Upto		
31.	Form Number 10 (prescribed under Rule 60) of the Static and Mobile Pressure Vessels (Unfired) Rules, 1981 100/20 tonne capacity EOT crane of 100 ton main hook - Report of examination of the lifting machine ropes and lifting tackles First used in March, 1996 in the factory	Report No. : 122136 Registration No. : 36(360.2) 5187/A License No. : 091852 N.I.C. Code No. : 36(360.2) Dated : February 2, 2007	-	-	Certifying that the 100/20 tonne capacity EOT crane of 100 ton main hook, was thoroughly examined and was to the satisfaction as required by the competent person	Tested and report prepared by An authorised agency
32.	Form Number 10 (prescribed under Rule 60) of the Static and Mobile Pressure Vessels (Unfired) Rules, 1981 100/25 tonne capacity EOT crane of 100 ton main hook - Report of examination of the lifting machine ropes and lifting tackles First used in 2006 in the factory	Report No. : 122137 Registration No. : 36(360.2) 5187/A License No. : 091852 N.I.C. Code No. : 36(360.2) Dated : February 2, 2007	-	-	Certifying that the 100/25 tonne capacity EOT crane of 100 ton main hook, was thoroughly examined and was to the satisfaction as required by the competent person	Tested and report prepared by An authorised agency
33.	Form Number 10 (prescribed under Rule 60) of the Static and Mobile Pressure Vessels (Unfired) Rules, 1981 100/25 tonne capacity EOT crane of 20 ton auxillary hook - Report of examination of the lifting machine ropes and lifting tackles First used in 2006 in the factory	Report No. : 122138 Registration No. : 36(360.2) 5187/A License No. : 091852 N.I.C. Code No. : 36(360.2) Dated : February 2, 2007	-	-	Certifying that the 100/25 tonne capacity EOT crane of 20 ton auxillary hook, was thoroughly examined and was to the satisfaction as required by the competent person	Tested and report prepared by An authorised agency
34.	N.D.T. Form issued as per the Indian Explosives Act, 1984 Air Compressor Receiver - Report of examination of thickness of pressure vessel or plant	Report No. : 125171 Dated : March 03, 2007	-	-	Routine check up of the air compressor receiver installed at 166, G.V.M.M. Industrial Estate, Odhav, Ahmedabad - 382 410; to ensure that the Air Compressor Receiver is in appropriate working order. The thicknesses of the walls of the apparatus were examined to warrant safety for future use.	Tested and report prepared by An authorised agency

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Sr. No.	Name of License/ Registration/ Authority	Number and Date of License/ Registration	Validity period		Purpose/ Testing Agency	Granting Authority
			From	Upto		
35.	Form Number 11 (prescribed under Rule 61) of the Static and Mobile Pressure Vessels (Unfired) Rules, 1981 Air Compressor Receiver - Report of examination of thickness of pressure vessel or plant	Report No. : 125171 Registration No. : 36(360.2) 5187/A License No. : 091852 N.I.C. Code No. : 36(360.2) Dated : March 03, 2007	-	-	Certifying that the air compressor receiver was thoroughly cleaned and made accessible for thorough examination. The vessel including the fittings were examined and are to the satisfaction as required by the competent person	Tested and report prepared by An authorised agency
36.	N.D.T. Form issued as per the Indian Explosives Act, 1984 Air Compressor Receiver - Report of examination of thickness of pressure vessel or plant	Report No. : 125247 Dated : March 26, 2007	-	-	Routine check up of the air compressor receiver installed at 166, G.V.M.M. Industrial Estate, Odhav, Ahmedabad - 382 410; to ensure that the Air Compressor Receiver is in appropriate working order. The thicknesses of the walls of the apparatus were examined to warrant safety for future use.	Tested and report prepared by An authorised agency
37.	Form Number 11 (prescribed under Rule 61) of the Static and Mobile Pressure Vessels (Unfired) Rules, 1981 Air Compressor Receiver - Report of examination of thickness of pressure vessel or plant	Report No. : 125248 Registration No. : 36(360.2) 5187/A License No. : 091852 N.I.C. Code No. : 36(360.2) Dated : March 26, 2007	-	-	Certifying that the air compressor receiver was thoroughly cleaned and made accessible or thorough examination. The vessel including the fittings were examined and are to the satisfaction as required by the competent person	Tested and report prepared by An authorised agency
38.	Form Number 10 (prescribed under Rule 60) of the Static and Mobile Pressure Vessels (Unfired) Rules, 1981 1 tonne capacity EOT crane - Report of examination of the lifting machine ropes and lifting tackles First used in 1995 in the factory	Report No. : 122249 Registration No. : 36(360.2) 5187/A License No. : 091852 N.I.C. Code No. : 36(360.2) Dated : March 26, 2007	-	-	Certifying that the 1 tonne capacity EOT crane, was thoroughly examined and was to the satisfaction as required by the competent person	Tested and report prepared by An authorised agency

Sr. No.	Name of License/ Registration/ Authority	Number and Date of License/ Registration	Validity period		Purpose/ Testing Agency	Granting Authority
			From	Upto		
39.	Form Number 10 (prescribed under Rule 60) of the Static and Mobile Pressure Vessels (Unfired) Rules, 1981 3 tonne capacity EOT crane - Report of examination of the lifting machine ropes and lifting tackles First used in 1995 in the factory	Report No. : 125250 Registration No. : 36(360.2) 5187/A License No. : 091852 N.I.C. Code No. : 36(360.2) Dated : March 26, 2007	-	-	Certifying that the 3 tonne capacity EOT crane, was thoroughly examined and was to the satisfaction as required by the competent person	Tested and report prepared by An authorised agency
40.	Form Number 10 (prescribed under Rule 60) of the Static and Mobile Pressure Vessels (Unfired) Rules, 1981 15 tonne capacity EOT crane - Report of examination of the lifting machine ropes and lifting tackles First used on August 1, 2006 in the factory	Report No. : 125251 Registration No. : 36(360.2) 5187/A License No. : 091852 N.I.C. Code No. : 36(360.2) Dated : March 26, 2007	-	-	Certifying that the 15 tonne capacity EOT crane, was thoroughly examined and was to the satisfaction as required by the competent person	Tested and report prepared by An authorised agency
41.	Form Number 10 (prescribed under Rule 60) of the Static and Mobile Pressure Vessels (Unfired) Rules, 1981 15 tonne capacity EOT crane - Report of examination of the lifting machine ropes and lifting tackles First used in 2006 in the factory	Report No. : 125252 Registration No. : 36(360.2) 5187/A License No. : 091852 N.I.C. Code No. : 36(360.2) Dated : March 26, 2007	-	-	Certifying that the 15 tonne capacity EOT crane, was thoroughly examined and was to the satisfaction as required by the competent person	Tested and report prepared by An authorised agency
42.	Form Number 10 (prescribed under Rule 60) of the Static and Mobile Pressure Vessels (Unfired) Rules, 1981 2 tonne capacity EOT crane - Report of examination of the lifting machine ropes and lifting tackles First used in 2006 in the factory	Report No. : 125253 Registration No. : 36(360.2) 5187/A License No. : 091852 N.I.C. Code No. : 36(360.2) Dated : March 26, 2007	-	-	Certifying that the 2 tonne capacity EOT crane, was thoroughly examined and was to the satisfaction as required by the competent person	Tested and report prepared by An authorised agency

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Sr. No.	Name of License/ Registration/ Authority	Number and Date of License/ Registration	Validity period		Purpose/ Testing Agency	Granting Authority
			From	Upto		
43.	Form Number 11 (prescribed under Rule 81) of the Static and Mobile Pressure Vessels (Unfired) Rules, 1981 Auto Clave No. 1, Heating coil, size 48 mm (OD) MOC:MS - Report of examination of thickness of pressure vessel or plant constructed in 2006	Report No. : 826 Registration No. : 36(360.2) 5187/A License No. : 091852 N.I.C. Code No. : 36(360.2) Dated : April 22, 2007	-	-	Certifying that the air compressor receiver was thoroughly cleaned and made accessible for thorough examination. The vessel including the fittings were examined and are to the satisfaction as required by the competent person	Tested and report prepared by An authorised agency
44.	Form Number 11 (prescribed under Rule 81) of the Static and Mobile Pressure Vessels (Unfired) Rules, 1981 Auto Clave No. 2, Heating coil, size 48 mm (OD) MOC:MS - Report of examination of thickness of pressure vessel or plant constructed in 2006	Report No. : 827 Registration No. : 36(360.2) 5187/A License No. : 091852 N.I.C. Code No. : 36(360.2) Dated : April 22, 2007	-	-	Certifying that the air compressor receiver was thoroughly cleaned and made accessible for thorough examination. The vessel including the fittings were examined and are to the satisfaction as required by the competent person	Tested and report prepared by An authorised agency
45.	Form Number 11 (prescribed under Rule 81) of the Static and Mobile Pressure Vessels (Unfired) Rules, 1981 Auto Clave No. 3, Heating coil, size 48 mm (OD) MOC:MS - Report of examination of thickness of pressure vessel or plant constructed in 2006	Report No. : 828 Registration No. : 36(360.2) 5187/A License No. : 091852 N.I.C. Code No. : 36(360.2) Dated : April 22, 2007	-	-	Certifying that the air compressor receiver was thoroughly cleaned and made accessible for thorough examination. The vessel including the fittings were examined and are to the satisfaction as required by the competent person	Tested and report prepared by An authorised agency
46.	Report of examination or test of Thermic Fluid Heater for the Vertical, capacity 4,00,00,000 Kcal/Hr. Model TP-04/ 1001-ON, LDO fired 3 pass located at Sarkhej - Bavla Highway, village Changodar, Taluka Sanand, District Ahmedabad - 382 213	Report No. : 76 Dated : April 15, 2007	-	-	Certifying that the thermaic fluid heater was thoroughly cleaned and made accessible for thorough examination. The vessel including the fittings were examined and are to the satisfaction as required by the competent person	Certified and inspected by S. K. Patel, a Chartered Engineer
47.	Certificate of inspection of the Electrical Installation of 1 X 1000 KVA diesel generation Set under Rule 47A of the Indian Electricity Rules, 1956 issued to Transformers and Rectifiers (India) Limited - Changodar Unit	No.:/EIA/CERT/ 3902 / 2007 Dated: September 11, 2007	September 11, 2007	-	Certifying that the inspection of the Electrical Installation of 1 X 1000 KVA diesel generation set under Rule 47A of the Indian Electricity Rules, 1956	Electricity Inspector, Ahmedabad

Sr. No.	Name of License/ Registration/ Authority	Number and Date of License/ Registration	Validity period		Purpose/ Testing Agency	Granting Authority
			From	Upto		
48.	Certificate of inspection of the Electrical Installation of 1 X 1000 KVA diesel generation set under Rule 47A of the Indian Electricity Rules, 1956 issued to Transformers and Rectifiers (India) Limited - Changodar Unit	No. : /EIA/CERT /3901 / 2007 Dated: September 11, 2007	September 11, 2007	-	Certifying that the inspection of the Electrical Installation of 1 X 1000 KVA diesel generation set under Rule 47A of the Indian Electricity Rules, 1956	Electricity Inspector, Ahmedabad
49.	Certificate of inspection of the Electrical Installation of 1 X 750 KVA transformer under Rule 63 of the Indian Electricity Rules, 1956 was issued to Transformers and Rectifiers (India) Limited - Changodar Unit	No. : /EIA/CERT /3893 / 2007 Dated: September 11, 2007	September 11, 2007	-	Certifying that the inspection of the Electrical Installation of 1 X 750 KVA transformer under Rule 63 of the Indian Electricity Rules, 1956	Electricity Inspector, Ahmedabad
50.	Certificate of inspection of the Electrical Installation of 1 X 750 KVA transformer under Rule 63 of the Indian Electricity Rules, 1956 was issued to Transformers and Rectifiers (India) Limited - Changodar Unit	No. : /EIA/CERT /3892 / 2007 Dated: September 11, 2007	September 11, 2007	-	Certifying that the inspection of the Electrical Installation of 1 X 750 KVA transformer under Rule 63 of the Indian Electricity Rules, 1956	Electricity Inspector, Ahmedabad
51.	Letter dated September 26, 2006, from the Office of the Electrical Inspector, Ahmedabad to Transweld Mechanical Engineering Private Limited	Letter No.: EIA/ PLAN/4288/2006 Dated : September 26, 2006	September 26, 2006	-	Letter from the Office of the Electrical Inspector, stating that the plan for approval, submitted to them by Transweld Mechanical Engineering Private Limited, for the 1 X 500 KVA transformer and 1 X 125 KVA standby diesel generation set has been approved by them	Electricity Inspector, Ahmedabad
<b>III Taxation</b>						
52.	Registration Certificate to cure / produce / manufacture / carryon wholesale trade / business / broker or commission agent or obtain excisable goods for Special Industrial Purposes issued under Rule numbers 174 and 192 of the Central Excise Rules, 1944 for our subsidiary Transpares	Serial No. : 23011 613888 Dated : December 24, 1997	December 24, 1997	Valid upto Cancellation	Registration for production of electric press steel radiator and transformer parts	Rural Commissioner, Ahmedabad II



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Sr. No.	Name of License/ Registration/ Authority	Number and Date of License/ Registration	Validity period		Purpose/ Testing Agency	Granting Authority
			From	Upto		
53.	Permanent Account Number for our Company	No. : AAAFD 9000B Dated: July 11, 1994	July 11, 1994	Valid upto cancellation	Registration under the Income Tax Act, 1961	Commissioner of Income Tax, Ahmedabad
54.	Permanent Account Number for Transpares	No. : AACCT 0642A Dated : March 2, 1995	March 2, 1995	Valid upto cancellation	Registration under the Income Tax Act, 1961	Commissioner of Income Tax, Ahmedabad
55.	Permanent Account Number for Transweld	No. : AACCT 0641D Dated: May 25, 1995	May 25, 1995	Valid upto cancellation	Registration under the Income Tax Act, 1961	Commissioner of Income Tax, Ahmedabad
56.	Value Added Tax Registration for Transweld	No. : 2407460 0634 Dated : July 1, 2002	July 1, 2002	Valid upto cancellation	Registration as manufacturer, reseller and exporter	Sales Tax Officer (1) Unit 12, Ahmedabad issued under Rule 9 of the Gujarat Sales Tax Rules, 1959
57.	Central Sales Tax Registration for Transpares	No. GUJ/11D/ 626 Dated: December 24, 1994 and endorsed in the name of Transpares Limited with effect from January 17, 2007	December 24, 1994	Valid upto cancellation	Registration under the Central Sales Tax Act, 1956	Sales Tax Officer under 5(1) of the Central Sales Tax (Registration and Turnover) Rules, 1957
58.	Central Sales Tax Registration for Transweld	No. GUJ/11D/ 979 Dated: November 18, 1999	November 18, 1999	Valid upto cancellation	Registration under the Central Sales Tax Act, 1956	Sales Tax Officer under 5(1) of the Central Sales Tax (Registration and Turnover) Rules, 1957
59.	Central Sales Tax Registration for Transformers and Rectifiers (India) Limited for the unit located at Changodar	No. GUJ/11D/ 494 Dated: May 5, 1995	April 24, 1996	Valid upto cancellation	Registration under the Central Sales Tax Act, 1956	Sales Tax Officer under 5(1) of the Central Sales Tax (Registration and Turnover) Rules, 1957
60.	Sales Tax Registration for Transpares	No. : 074510458 Dated : July 1, 2002	July 1, 2002	Valid upto cancellation	Registration as manufacturer, reseller and exporter	Sales Tax Officer (1) Unit 12, Ahmedabad issued under Rule 9 of the Gujarat Sales Tax Rules, 1959
61.	Gujarat Value Added Tax Registration for Transpares	No. : 245745 01045 Dated : July 1, 2002	July 1, 2002	Valid upto cancellation	Registration as manufacturer, reseller and exporter	Sales Tax Officer (1) Unit 12, Ahmedabad issued under Rule 9 of the Gujarat Sales Tax Rules, 1959

Sr. No.	Name of License/ Registration/ Authority	Number and Date of License/ Registration	Validity period		Purpose/ Testing Agency	Granting Authority
			From	Upto		
62.	Sales Tax Registration for Transformers and Rectifiers (India) Limited, unit located at Odhav	No. : 0751012475 Dated : July 1, 2002	July 1, 2002	Valid upto cancellation	Registration as manufacturer, reseller and exporter	Sales Tax Officer (1) Unit 12, Ahmedabad issued under Rule 9 of the Gujarat Sales Tax Rules, 1959
63.	Value Added Tax Registration for Transformers and Rectifiers (India) Limited unit located at Odhav	No. : 24075101247 Dated : July 1, 2002	September 12, 2005	Valid upto cancellation	Registration as manufacturer, reseller and exporter	Sales Tax Officer (1) Unit 12, Ahmedabad issued under Rule 9 of the Gujarat Sales Tax Rules, 1959
64.	Sales Tax Registration for Transformers and Rectifiers (India) Limited unit located at Changodar	No. : GUJ/11D/494 Dated : July 1, 2002	July 1, 2002	Valid upto cancellation	Registration as manufacturer, reseller and exporter	Sales Tax Officer (1) Unit 12, Ahmedabad issued under Rule 9 of the Gujarat Sales Tax Rules, 1959
65.	Gujarat Value Added Tax Registration for Transformers and Rectifiers (India) Limited unit located at Changodar	No. : 240745009928 Dated : July 1, 2002	July 1, 2002	Valid upto cancellation	Registration as manufacturer, reseller and exporter	Sales Tax Officer (1) Unit 12, Ahmedabad issued under Rule 9 of the Gujarat Sales Tax Rules, 1959
66.	Central Excise Registration Certificate for Transpares under Rule 9 of the Central Excise Rules, 2002	Registration No.: AACCT0642 AXM001 Dated : April 9, 2007	April 9, 2007	Valid upto cancellation	Registration for manufacturing of excisable goods at Ashwamegh Industrial Estate, 14 - 15, Sarkhej Bavla Highway, Changodar, Chanerdar, Ahmedabad, Gujarat, 382213	A s s i s t a n t Commissioner, Central Excise Division - IV, Ahmedabad 11
67.	Central Excise Registration Certificate for our Company under Rule 9 of the Central Excise Rules, 2002	Registration No. : AAFT9000 BXM002 Dated : August 11, 2006	August 11, 2006	Valid upto cancellation	Registration for manufacturing of excisable goods at 233, GVMM Industrial Estate, Odhav, Ahmedabad, Gujarat, 382410	A s s i s t a n t Commissioner of Central Excise Division IV, Ahmedabad
68.	Central Excise Registration Certificate for our Company under Rule 9 of the Central Excise Rules, 2002	Registration No. : AAFT9000 BXM001 Dated : January 3, 2001	August 11, 2006	Valid upto cancellation	Registration for manufacturing of excisable goods at 340 - 350, Sarkhej Bavla Highway, Village Changodar, Sarkhej, Ahmedabad, Gujarat, 382210	A s s i s t a n t Commissioner of Central Excise Division IV, Ahmedabad
69.	Central Excise Registration Certificate for our Company under Rule 9 of the Central Excise Rules, 2002	Registration No : AAABFT0995 LXM001 Dated : January 21, 2001	January 21, 2001	Valid upto cancellation	Registration for manufacturing of excisable goods at 44/C, Ashwamegh, Industrial Estate, Sarkejh Bavla Highway Changodar Ahmedabad, Gujarat, 382213	A s s i s t a n t Commissioner of Central Excise Division IV, Ahmedabad

## TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

Sr. No.	Name of License/ Registration/ Authority	Number and Date of License/ Registration	Validity period		Purpose/ Testing Agency	Granting Authority	
			From	Upto			
IV Labour							
70.	Contract labour registration for Transformers and Rectifiers (India) Limited for the unit located at Odhav	Registration No. : Zone 3/29/2003 Dated : February 6, 2003	February 6, 2003	Valid upto cancellation	For employing contract labour at the factory located at Odhav	Contract Labour Act, 1970	
71.	Contract labour registration for Transformers and Rectifiers (India) Limited for the unit located at Changodar	Registration No. : Zone 3/22-2002 Dated : January 13, 2003	January 13, 2003	Valid upto cancellation	For employing contract labour at the factory located at Changodar	Contract Labour Act, 1970	
72.	Contract labour registration for Transweld	Registration No. : Zone 4/5/2003 Dated : January 21, 2003	January 21, 2003	Valid upto cancellation	For employing contract labour at the factory located at Changodar	Contract Labour Act, 1970	
73.	Contract labour registration for Transpares	Registration No. : Zone 3/21/2002 Dated : January 13, 2003	January 13, 2003	Valid upto cancellation	For employing contract labour at the factory located at Changodar	Contract Labour Act, 1970	
V Environmental Clearances							
74.	Letter from the Gujarat Pollution Control Board to Transweld	Correspondence No. : 14806 Dated May 21, 2005	-	-	Letter stating that the Gujarat Pollution Control Board has no objection to Transweld setting up a plant at 44-c, Ashwamegh Industrial Estate, Surkhej Bavla Highway, Village Changodar, Taluka Sanand, district Ahmedabad for the manufacture of complete transformer tanks	Gujarat Control	Pollution Board
75.	Letter from the Gujarat Pollution Control Board to Transpares	Correspondence No. : 13639 Dated May 8, 2005	-	-	Letter stating that the Gujarat Pollution Control Board has no objection to Transpares setting up a plant at 14 - 15, Ashwamegh Industrial Estate, Surkhej Bavla Highway, Village Changodar, Taluka Sanand, district Ahmedabad for the manufacture of complete transformer tanks	Gujarat Control	Pollution Board

Sr. No.	Name of License/ Registration/ Authority	Number and Date of License/ Registration	Validity period		Purpose/ Testing Agency	Granting Authority
			From	Upto		
76.	Letter from the Gujarat Pollution Control Board to Transformers and Rectifiers (India) Limited unit at Odhav regarding the No - Objection Certificate	Letter No. : PC/ SK-NOC-264/3268 Dated : February 18, 1995	February 18, 1995	-	Vide this letter the Gujarat Pollution Control Board clarified that they had no - objection to Transformers and Rectifiers (India) Limited not making applications to various boards constituted under the Water (prevention and Control of Pollution) Act, 1974, the Air (Prevention and Control of Pollution) Act, 1981 and the Environment Protection Act, 1986; as the same were not applicable to them	
77.	Consent to Establish (No Objection Certificate) issued in respect of Transformers And Rectifiers (India) Limited Odhav	No.GPCB/CE/ NOC/ABD-OD-2454 dated September 10, 2007	September 13, 2007	Valid for a period of five years.	Consent under the Water (Prevention And Control of Pollution) Act, 1974 the Air Act 1981 and the Environment Protection Act, 1986	Gujarat Pollution Control Board

In addition to the above, we have also been issued ISO 9001:2000 certificate by Bureau Veritas Certification (India) Private Limited in relation to our Changodar Unit for "Design, manufacturing and servicing of distribution transformers, power transformers (upto 200 MVA 220 KV class), furnace transformers, converter duty transformers (upto 63 MVA 33 KV class) and series and shunt reactors (upto 100 MVAR)."

**Licenses applied for but not received:**

Sr. No.	Name of the Application	Date of Application	Purpose	Granting Authority / Testing Agency
1	Form TM - 1 filed for the registration of the Trade mark in class 9 of the Trade Marks Act, 1999	Dated August 13, 2007	Application for registration of the trademark in Class 9 of the Trade Marks Act, 1999, which has been in use since the past 9 years, that is since July 11, 1994 by the applicant, our Company.	As per section 18(1), Rule 25(2) of the Trade Marks Act, 1999
2	Letter from Transpares, to the Member Secretary, GPCB, Sec - 10A, Gandhinagar	Dated : April 11, 2007	Transpares clarified that all the processes undertaken by them were mechanical or electrical in nature and there was no involvement of any hazardous chemicals or treatment involved in the process. Hence they have asked for a no objection certificate from the Gujarat Pollution Control Board requesting that they be exempt from obtaining licenses under the Water (prevention and Control of Pollution) Act, 1974, Air (Prevention and Control of Pollution) Act, 1981 and Hazardous Waste (Management and Handling) Rules, 1989 under the Gujarat Pollution Control Board Rules	Member Secretary, Gujarat Pollution Control Board, under the Gujarat Pollution Control Board Rules
3	Letter from Transweld, to the Member Secretary, GPCB, Sec - 10A, Gandhinagar	Dated : April 11, 2007	Transweld clarified that all the processes undertaken by them were mechanical or electrical in nature and there was no involvement of any hazardous chemicals or treatment involved in the process. Hence they have asked for a no objection certificate from the Gujarat Pollution Control Board requesting that they be exempt from obtaining licenses under the Water (prevention and Control of Pollution) Act, 1974, Air	Member Secretary, Gujarat Pollution Control Board, under the Gujarat Pollution Control Board Rules

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Sr. No.	Name of the Application	Date of Application	Purpose	Granting Authority / Testing Agency
			(Prevention and Control of Pollution) Act, 1981 and Hazardous Waste (Management and Handling) Rules, 1989 under the Gujarat Pollution Control Board Rules	
4	Letter from Transformers and Rectifiers (India) Limited, for the unit located at Changodar, to the Member Secretary, GPCB, Sec - 10A, Gandhinagar	July 26, 2007	Our Company clarified that all the processes undertaken by them were mechanical or electrical in nature and there was no involvement of any hazardous chemicals or treatment involved in the process. Hence they have asked for a no objection certificate from the Gujarat Pollution Control Board requesting that they be exempt from obtaining licenses under the Water (prevention and Control of Pollution) Act, 1974, Air (Prevention and Control of Pollution) Act, 1981 and Hazardous Waste (Management and Handling) Rules, 1989 under the Gujarat Pollution Control Board Rules.	Member Secretary, Gujarat Pollution Control Board, under the Gujarat Pollution Control Board Rules
5	Contract labour license by Dilipbhai Girdharibhai Bhatt for Transformers and Rectifiers (India) Limited for the unit located at Changodar	Dated : June 8, 2007	For employing ten contract labour at the factory located at Changodar	Contract Labour Act, 1970
6	Contract labour license by Shivaji Becharji Solanki for Transformers and Rectifiers (India) Limited for the unit located at Changodar	Dated : July 19, 2006	For employing 25 contract labourers at the factory located at Changodar	Contract Labour Act, 1970
7	Contract labour license by Brahmani Construction for Transformers and Rectifiers (India) Limited for the unit located at Changodar	Dated : July 19, 2006	For employing 10 contract labourers at the factory located at Changodar	Contract Labour Act, 1970
8	Letter to the member secretary, GPCB, Gandhinagar consent for the discharge of effluent granted to Transformers and Rectifiers (India) Limited granted to the plant located at Changodar	Dated July 26, 2007	Request for the no objection Certificate under the Gujarat Pollution Control Board Rules for the discharge of effluents from the industrial plant located at village Changodar under the Water (prevention and Control of Pollution) Act, 1974, Air (Prevention and Control of Pollution) Act, 1981 and Hazardous Waste (Management and Handling) Rules, 1989. The Gujarat Pollution Control Board vide its letter dated October 30, 2007 has refused grant of No Objection Certificate in respect of the unit alleging that the unit is operating without consent, and has directed the unit not to start any expansion activities without its prior permission. Gujarat Pollution Control Board has also directed our Changodar unit to make applications for obtaining the CC&A for the existing production. We have vide our letter dated November 28, 2007 replied to the Gujarat Pollution Control Board, informing them that we are in the process of making the application for the CC& A, and further requesting them to re-consider our No Objection application.	Gujarat Pollution Control Board
9	Letter to the member secretary, GPCB, Gandhinagar regarding the CC & A consent under	Dated April 11, 2007	Request for the CC&A approval under the Gujarat Pollution Control Board Rules for the discharge of effluents under the Water (prevention and Control of Pollution) Act, 1974, Air (Prevention and Control of	Gujarat Pollution Control Board

Sr. No.	Name of the Application	Date of Application	Purpose	Granting Authority / Testing Agency
	GPCB Rules by Transpares		Pollution) Act, 1981 and Hazardous Waste (Management and Handling) Rules, 1989. With reference to the same the GPCB has vide its order dated August 31, 2007 refused the application of the company for CC&A approval. Further the GPCB while approving the application for Authorisation, has refused approval of the CC&A unless compliance under the Air and Water Act is ensured, and has directed Transpares to apply for authorization for all applicable waste within 15 days. TL has made a fresh application to the GPCB vide its letter dated November 28, 2007 requesting for grant of CC&A.	
10	Letter to the member secretary, GPCB, Gandhinagar regarding the CC & A consent under GPCB Rules by Transweld	Dated April 11, 2007	Request for the CC&A approval under the Gujarat Pollution Control Board Rules for the discharge of effluents under the Water (prevention and Control of Pollution) Act, 1974, Air (Prevention and Control of Pollution) Act, 1981 and Hazardous Waste (Management and Handling) Rules, 1989. With reference to the same the Gujarat Pollution Control Board vide its order dated September 17, 2007 has approved authorization but refused the application of the company for CC&A approval. The Gujarat Pollution Control Board while approving the application for Authorisation, has refused approval of the CC&A unless compliance under the Air and Water Act, is ensured. Transweld has made a fresh application to the Gujarat Pollution Control Board vide its letter dated November 28, 2007 requesting for grant of CC&A.	Gujarat Pollution Control Board
11	Letter to the Assistant Labour Commissioner, Khanpur, Ahmedabad by our Company regarding their registration as a principal employer	May 29, 2007	Application made for registration as the principal employer for the purpose of hiring 250 contract labourers for the unit named Transformers and Rectifiers India limited, Moraiya, Ahmedabad, commencing on April 1, 2007	Assistant Labour Commissioner, Khanpur, Ahmedabad under the Contract Labour (R & A) Act, 1970
12	Letter from our Company to the deputy director of Industrial Health and Safety, regarding the application for factory plan, license and registration number for the Moraiya factory	Dated : August 24, 2007	Application made for approval of the factory plan, new factory license and registration number for the Moraiya factory.	Deputy Director of Industrial Health and Safety, under the Factories Act, 1948

## B. LICENSES AND APPROVALS FOR OBJECTS OF THE ISSUE

The following are the major licenses and approvals, which are yet to be applied for setting up our Moraiya Unit:

Sr. No.	Approval / Consent	Authority	Status
1	Central Excise Registration	Central Excise Department	Will be applied in due course
2	Local Sales Tax/ VAT Registration	Sales Tax Department	Will be applied in due course
3	Central Sales Tax Registration	Sales Tax Department	Will be applied in due course
4	Service Tax Registration	Central Excise Department	Will be applied in due course
5	Consent to establish and operate under Water (Prevention and Control of Pollution) Act 1974, Air (Prevention and Control of Pollution) Act 1981 and Environment (Protection) Act 1986	Regional Officer, Gujarat State Pollution Control Board, Gujarat	Will be applied in due course

# TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

## OTHER REGULATORY AND STATUTORY DISCLOSURES

### Authority for This Issue

The Board of Directors have, pursuant to a resolution passed at its meeting held on August 13 2007, authorised this Issue, subject to the approval of the shareholders of our Company under Section 81 (1A) of the Companies Act, 1956.

Our shareholders have authorised this Issue by a special resolution adopted under Section 81 (1A) of the Companies Act, passed at the Extraordinary General Meeting held on September 13, 2007

We have also obtained all necessary contractual approvals required for this Issue. For further details, please refer section titled "Government And Other Statutory Approvals" beginning on page 223 of the Red Herring Prospectus.

### Prohibition by SEBI

Our Company, our Directors, our subsidiaries, our Promoters, our Promoter Group, associates of our group companies and other companies promoted by our Promoter and companies with which our Company's Directors are associated as directors or Promoters have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI, and there are no violations of securities laws committed by them in the past or pending against them. Further, our Company, our Promoters, their relatives(as per Companies Act, 1956), our Promoter Group entities have confirmed that they have not been named in the list of defaulters notified by the RBI.

### ELIGIBILITY FOR THIS ISSUE

Our Company is eligible for the Issue in accordance with Clause 2.2.1 of the SEBI Guidelines as explained hereunder, eligibility criteria calculated in accordance with financial statements under Indian GAAP:

- (a) Our Company has net tangible assets of at least Rs.30 million in each of the preceding three full years (of 12 months each) of which not more than 50% are held in monetary assets and is compliant with Clause 2.2.1(a) of the SEBI Guidelines;
- (b) Our Company has a track record of distributable profits in accordance with Section 205 of Companies Act, for at least three out of immediately preceding five years and is compliant with Clause 2.2.1(b) of the SEBI Guidelines;
- (c) Our Company has a net worth of at least Rs.10 million in each of the preceding three full years of 12 months each and is compliant with Clause 2.2.1(c) of the SEBI Guidelines;
- (d) There has been no change in the name of our Company in the last one year and is therefore Clause 2.2.1(d) of the SEBI guidelines is not applicable.
- (e) The aggregate of the proposed Issue size and all previous issues made in the same financial year is not expected to exceed five times the pre-Issue net worth of our Company and is compliant with Clause 2.2.1(e) of the SEBI Guidelines.

In terms of a certificate issued by M/s C.C Choksi & Co., our statutory auditors dated October 16, 2007 our Company satisfies the above eligibility criteria as follows

	Fiscal 2007	Fiscal 2006	Fiscal 2005	Fiscal 2004	Fiscal 2003
Net Tangible Assets**	665.45	401.72	254.55	252.07	222.22
Monetary Assets**	142.69	65.26	40.40	13.75	11.62
Distributable Profits***	166.70	82.36	31.58	17.76	11.83
Networth, as restated	403.06	214.87	128.43	101.92	84.34

\*Net tangible assets is defined as the sum of fixed assets (including capital work in progress and excluding revaluation reserves), current assets (excluding deferred tax assets) less current liabilities (excluding deferred tax liabilities and long term liabilities),

\*\*Monetary assets include cash on hand and bank. Detailed figures are given in the section titled "Financial Statements" on page 124 of the Red Herring Prospectus.

\*\*\* The distributable profits of our Company as per Section 205 of the Companies Act have been made calculated from the audited financial statements of the respective years/period after making adjustments for restatement of financial statements.



Further, in accordance with Clause 2.2.2A of the SEBI DIP Guidelines, we undertake that the number of allottees, i.e., persons receiving allotment in the Issue shall be at least 1,000; otherwise, the entire application money will be refunded forthwith. In case of delay, if any, in refund, our Company shall pay interest on the application money at the rate of 15% per annum for the period of delay.

Further, the Issue is subject to the fulfillment of the following conditions as required by the Securities Contracts (Regulations) Rules, 1957 under Rule 19 (2)(b)

- A minimum of 2,000,000 Equity Shares (excluding reservations, firm allotments and promoters contribution) are offered to the public;
- The Issue size, which is the Offer Price multiplied by the number of Equity Shares offered to the public, is a minimum of Rs. 1,000 million; and
- The Issue is made through the Book Building Method with allocation of atleast 60% of the Issue to Qualified Institutional Buyers, as defined under DIP Guidelines.

For a complete explanation of the above figures please refer to the section entitled "Financial Statements" beginning on page 124 of the Red Herring Prospectus.

#### **DISCLAIMER CLAUSE OF SEBI**

**AS REQUIRED, A COPY OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGER, ENAM SECURITIES PRIVATE LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURES AND INVESTOR PROTECTION) GUIDELINES, 2000 AS FOR THE TIME BEING IN FORCE. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE WE ARE PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT WE DISCHARGE OUR RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGER, ENAM SECURITIES PRIVATE LIMITED HAS FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED SEPTEMBER 27, 2007 AND DECEMBER 3, 2007 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992, WHICH READS AS FOLLOWS:**

1. **"WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE.**
2. **ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY.**
3. **WE CONFIRM THAT:**
  - **THE DRAFT RED HERRING PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**
  - **ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH;**



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- THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELLINFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE;
  - BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID; AND
  - WHEN UNDERWRITTEN, WE SHALL SATISFY OURSELVES ABOUT THE WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS."
4. WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SECURITIES AS PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN AND THE SECURITIES PROPOSED TO FORM PART OF THE PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN, WILL NOT BE DISPOSED/SOLD/TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH THE SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS. ALL LEGAL REQUIREMENTS PERTAINING TO THE ISSUE WILL BE COMPLIED WITH AT THE TIME OF FILING OF THE RED HERRING PROSPECTUS WITH THE REGISTRAR OF COMPANIES, GUJARAT, DADRA AND NAGAR HAVELI AT AHMEDABAD IN TERMS OF SECTION 60B OF THE COMPANIES ACT, 1956.

ALL LEGAL REQUIREMENTS PERTAINING TO THE ISSUE WILL BE COMPLIED WITH AT THE TIME OF REGISTRATION OF THE PROSPECTUS WITH THE REGISTRAR OF COMPANIES, GUJARAT, DADRA AND NAGAR HAVELI AT AHMEDABAD IN TERMS OF SECTION 56, SECTION 60 AND SECTION 60B OF THE COMPANIES ACT.

THE FILING OF THE DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE US FROM ANY LIABILITIES IN THE NATURE OF LIABILITIES UNDER SECTION 63 AND SECTION 68 OF THE COMPANIES ACT OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE BOOK RUNNING LEAD MANAGER ANY IRREGULARITIES OR LAPSES IN THE DRAFT RED HERRING PROSPECTUS.

### Disclaimer Statement from our Company and the BRLM

We, our Directors and the BRLM accept no responsibility for statements made otherwise than in the Red Herring Prospectus or in any advertisements or any other material issued by or at instance of the above mentioned entities and anyone placing reliance on any other source of information, including the website, [www.transformerindia.com](http://www.transformerindia.com), would be doing so at his or her own risk.

The BRLM accepts no responsibility, save to the limited extent as provided in the memorandum of understanding entered into among the BRLM, and us dated September 24, 2007 and the Underwriting Agreement to be entered into among the Underwriters and us.

All information shall be made available by us and the BRLM to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports or at Bidding centres.

We shall not be liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

### Disclaimer in Respect of Jurisdiction

This Issue is being made in India to Persons resident in India (including Indian nationals resident in India), who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian Mutual Funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under the applicable trust law and who are authorised under their constitution to hold and invest in shares, permitted insurance companies and pension funds and to permitted non residents including FIIs, NRIs and other eligible foreign investors. The Red Herring Prospectus does not, however, constitute an offer to sell or an invitation to subscribe to or purchase Equity Shares offered hereby in any other jurisdiction to any Person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any Person into

whose possession the Red Herring Prospectus comes is required to inform himself or herself about and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Ahmedabad, India only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that the Red Herring Prospectus has been filed with SEBI for observations and SEBI has given its observations vide observation letter no. CFD/DIL/ISSUES/SM/108365/2007 dated November 15, 2007. Accordingly, the Equity Shares, represented thereby may not be offered or sold, directly or indirectly, and the Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of the Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in our affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

#### **Disclaimer Clause of BSE**

Bombay Stock Exchange Limited ("the Exchange") has given vide its letter no. DCS/IPO/NP/IPO-IP/1136/2007-08 dated October 22, 2007 permission to this Company to use the Exchange's name in this offer document as one of the stock exchanges on which this company's securities are proposed to be listed. The Exchange has scrutinized this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:

- i. warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or
- ii. warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or
- iii. take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed to mean that this offer document has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

#### **Disclaimer Clause of NSE**

As required, a copy of this Offer Document has been submitted to the National Stock Exchange of India Limited (hereinafter referred to as Exchange). NSE has given vide its letter ref.: NSE/LIST/58521-M dated October 18, 2007, permission to the Issuer to use the the Exchange's name in this Offer Document as one of the stock exchanges on which this Issuer's securities are proposed to be listed. The Exchange has scrutinized this draft offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by the Exchange should not in any way be deemed or construed to mean that the offer document has been cleared or approved by the Exchange; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquires any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

#### **Filing of Prospectus with SEBI and the Registrar of Companies**

A copy of the Red Herring Prospectus required to be filed under Section 60 and Section 60B of the Companies Act would be delivered for registration with Registrar of Companies, Gujarat.

A copy of the Draft Red Herring Prospectus has been filed with the Corporation Finance Department of SEBI at SEBI Bhavan, Plot No. C4-A, G Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051. A copy of the Red Herring Prospectus along with the documents required to be filed under section 60B of the Companies Act would be delivered

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for registration to the RoC, Gujarat atleast 3 (three) days before the Bid/Issue Opening Date. The final Prospectus would be filed with the Corporation Finance Department of SEBI and the RoC at the respective aforesaid addresses upon closure of the issue and on finalization of the Issue Price.

### Listing

The Equity Shares issued through the Red Herring Prospectus are proposed to be listed on BSE and NSE. In-principle approval for listing of the Equity Shares of our Company from BSE and NSE have been received vide their letters dated October 22, 2007 and October 18, 2007 respectively.

If the permission to deal in and for an official quotation of our Equity Shares are not granted by any of the Stock Exchanges mentioned above, our Company will forthwith repay, without interest all money received from the Bidders in pursuance of the Red Herring Prospectus. If such money is not repaid within eight days after our Company becomes liable to repay it. (i.e. from the date of refusal or within 15 days from the Bid/Issue Closing date, whichever is earlier), then our Company, and every Director of our Company who is an officer in default shall, on and from such expiry of eight days, be jointly and severally liable to repay the money with interest at the rate of 15% per annum on the Bid Amount, as prescribed under Section 73 of Companies Act.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges mentioned above are taken within seven working days of finalization and adoption of the Basis of Allotment for this Issue.

### Impersonation

**Attention of the Bidders is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, which is reproduced below:**

**"Any person who:**

- (a) makes in a fictitious name, a Bid to a company for acquiring or subscribing for, any shares therein, or**
- (b) otherwise induces a company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name,**

**shall be punishable with imprisonment for a term which may extend to five years."**

### Consents

Consents in writing of: (a) our Directors, our Company Secretary and Compliance Officer, the Auditors, Legal Advisors, the Banker to the Issue; and (b) Book Running Lead Managers, Syndicate Members, Escrow Collection Bank(s), Registrar to the Issue, CARE as the IPO Grading agency to act in their respective capacities, have been obtained and shall be filed along with a copy of the Red Herring Prospectus with the RoC and such consents have not been withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the RoC.

M/s C.C Chokshi & Co., Chartered Accountants, our Auditors have given their written consent to the inclusion of their report in the form and context in which it appears in the Red Herring Prospectus and such consent and report has not been withdrawn up to the time of delivery of the Red Herring Prospectus for registration with RoC.

M/s C.C Chokshi & Co., Chartered Accountants, have given their written consent to the tax benefits accruing to our Company and its members in the form and context in which it appears in the Red Herring Prospectus and has not withdrawn such consent up to the time of delivery of the Red Herring Prospectus for registration with RoC.

### Expert Opinion

We have not obtained any expert opinions, except for the IPO Grading Report of CARE Limited dated October 10, 2007, for which we have received their consent vide letter dated November 27, 2007 to be named in the Red Herring Prospectus as an "expert" with respect to the IPO Grading only.

### Expenses of the Issue

The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. The total expenses of the Issue are estimated to be approximately Rs. [●] million. The estimated Issue expenses are as follows:

(Rs. in Million)

Activity	Expenses*	% of Issue Expenses*	% of Issue Size*
Lead management, underwriting and selling commission	[●]	[●]	[●]
Advertisement and marketing expenses	[●]	[●]	[●]
Printing, stationery including transportation of the same	[●]	[●]	[●]
Other (Registrar's fees, legal fees, listing fees, etc.)	[●]	[●]	[●]
Total Estimated Issue Expenses	[●]	100%	[●]

\* Will be incorporated at the time of filing Prospectus with the RoC.

## Details of Fees Payable

### Fees Payable to the Book Running Lead Manager

The total fees payable to the Book Running Lead Manager will be as per the Engagement Letter dated August 13, 2007 and as stated in the Memorandum of Understandings executed between our Company and BRLM dated September 24, 2007, copy of which is available for inspection at our Registered Office.

### Fees Payable to the Registrar to this Issue

The fees payable to the Registrar to this Issue will be as per the memorandum of understanding dated September 24, 2007, a copy of which is available for inspection at our Registered Office.

The Registrar to the Issue will be reimbursed for all out of pocket expenses including cost of stationery, postage, stamp duty, and communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable them to make refunds in any of the modes described in the Red Herring Prospectus or send allotment advice by registered post/speed post/under certificate of posting.

### Underwriting Commission, Brokerage and Selling Commission

The Underwriting Commission and Selling Commission for this Issue is as set out in the Syndicate Agreement amongst our Company, the BRLM and Syndicate Members. The Underwriting Commission shall be paid as set out in the Underwriting Agreement based on the Issue Price and amount underwritten in the manner mentioned in the Red Herring Prospectus.

### Fees Payable to the Escrow Bankers

No fees is payable to the Escrow Bankers/ Bankers to the Issue.

### Bidding Period / Issue Period

**BID / ISSUE OPENS ON**                      **December 07, 2007**

**BID / ISSUE CLOSES ON**                      **December 12, 2007**

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

We reserve the right to revise the Price Band during the Bidding Period/Issue Period in accordance with SEBI Guidelines. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band disclosed in the Red Herring Prospectus.

In case of revision in the Price Band, the Bidding Period/Issue Period will be extended for three additional days after revision of Price Band subject to the Bidding Period/Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding Period/Issue Period, if applicable, will be widely disseminated by notification to BSE and NSE by issuing a press release, and also by indicating the change on the websites of the BRLM and at the

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terminals of the Syndicate.

## **Designated Date and allotment of Equity Shares**

- (a) We will ensure that the Allotment of Equity Shares is done within 15 days of the Bid Closing Date/Issue Closing Date. After the funds are transferred from the Escrow Accounts to the Issue Account on the Designated Date, we would ensure the credit to the successful Bidders depository account within two working days of the date of Allotment.
- (b) As per SEBI Guidelines, Equity Shares will be issued and Allotment shall be made only in the dematerialised form to the allottees. Allottees will have the option to re-materialise the Equity Shares, if they so desire, in the manner stated in the Depositories Act.

## **Companies under the same Management**

Except as stated in the sections titled "History And Certain Corporate Matters", "Our Promoters And their Background" and " Our Promoter Group" on pages 83, 110 and 112 respectively of the Red Herring Prospectus, there are no companies under the same management.

## **Previous Rights and Public Issues during the Last Five Years**

We have not made any previous rights or public issues during the last five years.

## **Promise versus Performance**

Our Company, our Subsidiaries, nor any Group or associate companies have made any previous public or rights issues.

## **Previous Issues of Shares otherwise than for Cash**

Except as stated in the section titled "Capital Structure" beginning on page 22 of the Red Herring Prospectus, we have not issued any Equity Shares for consideration otherwise than for cash.

## **Commission and Brokerage on Previous Issues**

Since this is the initial public offering of the Equity Shares, no sum has been paid or is payable as commission or brokerage for subscribing to or procuring for, or agreeing to procure subscription for any of the Equity Shares of our Company since its inception.

## **Outstanding Preference Shares**

Our Company does not have any outstanding preference shares.

## **Outstanding debentures or bond issues or preference shares**

We have no outstanding debentures or bonds or redeemable preference shares as of the date of the Red Herring Prospectus.

## **Stock market data for the Equity Shares**

This being the initial public Issue of the Equity Shares, the Equity Shares are not listed on any stock exchange.

## **Other Disclosures**

Our Promoter or our Directors have not purchased or sold any securities of our Company during a period of six months preceding the date on which the Red Herring Prospectus is filed with SEBI, except as disclosed in section titled "Capital Structure" beginning on page 22 of the Red Herring Prospectus.

## **Mechanism for redressal of investor grievance**

The Memorandum of Understanding between the Registrar to this Issue and our Company provides for retention of records with the Registrar to this Issue for a period of at least one year from the last date of despatch of the letters of allotment, demat credit and refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to this Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the Bidder, number of Equity Shares applied for, amount paid on Bid and the bank branch or collection centre where the Bid was submitted.

### Disposal of Investor Grievances by our Company

The average time required by our Company or the Registrar to the Issue for the redressal of routine investor grievances will be seven business days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

Our Board of Directors in its meeting held on September 17, 2007 constituted the Shareholders'/Investors' Grievance Committee consisting of Mr. Rajendra S. Shah, Mr. Bhaskar Sen and Mr. Satyen J. Mamtara as members and Tushar Shah as the Compliance Officer.

The Committee is authorised to primarily maintain a close watch on the investor's complaints and take steps to resolve the same to the satisfaction of the investors. All complainants/ requests received from the shareholders are attended expeditiously within 30 days from the date of receipt.

Our Company has appointed Mr. Tushar Shah, Company Secretary as the Compliance Officer and he may be contacted at

### Registered and Corporate Office:

Survey No. 344-350, Opposite P.W.D Stores,  
Village: Changodar, Sarkhej Bavla Highway, Taluka: Sanand  
District: Ahmedabad- 382210  
Tel: +91-2717-661661  
Fax: +91 91-2717-661716  
Compliance Officer : Mr Tushar Shah  
Email: ipo@transformerindia.com  
Website: www.transformerindia.com

Investors may contact him in case of any pre-Issue or post-Issue problems.

### Changes in Auditors during the last three financial years and reasons therefore

There has been a change in the Auditor of our Company as per the following details:

Past Auditors	Present Auditors	Date of Change	Reasons for Change
D.R Thakkar & Co, B-102, Adhunik Apartments, 58, Pritamnagar Society, Ellisbridge, Ahmedabad-380 006	C.C Chokshi & Co, Chartered Accountants, Heritage 3rd Floor, Nr Gujarat Vidhyapith, Off Ashram Road, Ahmedabad 380 014	May 16, 2005	Completion of tenure

### Capitalisation of Reserves or Profits

Except as stated in the section titled "Capital Structure" our Company has not capitalised its reserves or profits at any time since inception. For details on Capitalisation of Reserves and Profits please refer to section titled "Capital Structure" beginning on page 22 of the Red Herring Prospectus.

### Revaluation of Assets

Our Company has not revalued its assets in the last five years .

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## SECTION VII - ISSUE RELATED INFORMATION

### ISSUE STRUCTURE

Public Issue of 2,995,000 Equity Shares of Rs. 10/- each at a price of Rs. [●] per Equity Share aggregating Rs. [●] million (the "Issue") including a reservation for Eligible Employees of 150,000 Equity Shares aggregating Rs. [●] million and a Net Issue to the Public of 2,845,000 Equity Shares by our Company. The Issue would constitute 23.17 % of the fully diluted post-Issue paid-up capital of our Company. The Net Issue would constitute 22.01% of the fully diluted post-Issue paid-up capital of our Company.

If at least 60% of the Issue cannot be allotted to QIBs, then the entire application money shall be refunded forthwith.

	<b>Eligible Employees in the Employee Reservation Portion</b>	<b>QIBs</b>	<b>Non-Institutional Bidders</b>	<b>Retail Individual Bidders</b>
Number of Equity Shares*	Upto 150,000 Equity Shares	At least 1,707,000 Equity Shares must be allotted to QIBs. ***	Upto 284,500 Equity Shares shall be available for allocation aggregating Rs. [●] million.	Upto 853,500 Equity Shares shall be available for allocation aggregating Rs. [●] million.
Percentage of Issue Size available for allocation	Upto 5.01% of the Issue size available for allocation to Eligible Employees in the Employee Reservation Portion	At least 60% of the Net Issue (of which 5% shall be reserved for Mutual Funds) less allocation to Non-Institutional Bidders and Retail Individual Bidders.  * Mutual Funds participating in the 5% reservation in the QIB Portion (i.e. 85,350 Equity Shares aggregating Rs. [●] million) will also be eligible for allocation in the remaining QIB Portion. The unsubscribed portion, if any, in the Mutual Fund Portion will be available to QIBs.	Up to 10% of the Net Issue or Net Issue less allocation to QIBs and Retail Portion*	Up to 30% of the Net Issue or Net Issue less allocation to QIBs and Non-Institutional Portion *
Basis of allocation if respective category is oversubscribed	Proportionate	Proportionate as follows:  (a) 85,350 Equity Shares shall be allocated on a proportionate basis to Mutual Funds; and  (b) 1,621,650 Equity Shares shall be Allotted on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above.	Proportionate	Proportionate
Minimum Bid	15 Equity Shares and in multiples of 15 Equity Shares thereafter	Such number of Equity Shares that the Bid Amount exceeds Rs. 1,00,000/- and in multiples of 15 Equity Shares thereafter.	Such number of Equity Shares that the Bid Amount exceeds Rs. 1,00,000/- and in multiples of 15 Equity Shares thereafter.	15 Equity Shares and in multiples of 15 Equity Shares thereafter



	<b>Eligible Employees in the Employee Reservation Portion</b>	<b>QIBs</b>	<b>Non-Institutional Bidders</b>	<b>Retail Individual Bidders</b>
Maximum Bid	Such number of Equity Shares not exceeding the size of the Issue, subject to applicable limits.	Such number of Equity Shares not exceeding the size of the Issue, subject to applicable limits.	Such number of Equity Shares not exceeding the size of the Issue subject to applicable limits.	Such number of Equity Shares whereby the Bid Amount does not exceed Rs. 100,000.
Mode of Allotment	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.
Bid Lot	15 Equity Shares and multiples thereof	15 Equity Shares and multiples thereof	15 Equity Shares and multiples thereof	15 Equity Shares and multiples thereof
Allotment Lot	15 Equity Shares and in multiples of one thereafter	15 Equity Shares and in multiples of one thereafter	15 Equity Shares and in multiples of one thereafter	15 Equity Shares and in multiples of one thereafter
Trading Lot	One Equity Share	One Equity Share	One Equity Share	One Equity Share
Who can Bid **	"Eligible Employees" as defined in the section titled "Definitions and Abbreviations" beginning on page i of the Red Herring Prospectus.	Public financial institutions as specified in Section 4A of the Companies Act, FIIs registered with SEBI, scheduled commercial banks, mutual funds registered with SEBI, venture capital funds registered with SEBI, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million in accordance with applicable law.	Eligible NRIs, Resident Indian individuals, HUF (in the name of Karta), companies, corporate bodies, scientific institutions societies and trusts.	Resident Indian individuals, HUF (in the name of Karta), Eligible NRIs applying for Equity Shares such that the Bid Amount does not exceed Rs. 100,000/- in value.
Terms of Payment	Margin Amount applicable to Eligible Employees at the time of submission of Bid cum Application Form to the Member of Syndicate.	Margin Amount applicable to QIB Bidders at the time of submission of Bid cum Application Form to the Member of Syndicate.	Margin Amount applicable to Non-Institutional Bidder at the time of submission of Bid cum Application Form to the Member of Syndicate.	Margin Amount applicable to Retail Individual Bidder at the time of submission of Bid cum Application Form to the Member of Syndicate.
Margin Amount #	Full Bid Amount on Bidding	10% of the Bid Amount in respect of bids placed by QIB Bidder on Bidding.	Full Bid Amount on Bidding.	Full Bid Amount on Bidding.

\* Subject to valid Bids being received at or above the Issue Price. Under-subscription, if any, in any category except the QIB Portion would be allowed to be met with spillover inter-se from any of the other categories, at the sole discretion of our Company, the BRLM and subject to applicable provisions of the SEBI Guidelines.

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



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\*\*\* In terms of Rule 19(2)(b) of the SCRR, this being an Issue for less than 25% of the post-Issue capital of our Company, if at least 60% of the Issue cannot be allocated to QIB Bidders, then the entire application money will be refunded forthwith.

# After the Bid / Issue Closing Date, depending upon the level of subscription, additional margin amount, if any, may be called from the QIB Bidders.

If the aggregate demand by Mutual Funds is less than 85,350 Equity Shares aggregating Rs. [●] million, the balance Equity Shares available for allocation in the Mutual Fund reservation will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders in proportion to their Bids.

### **Bidding Period / Issue Period**

**BID / ISSUE OPENS ON                      December 07, 2007**

**BID / ISSUE CLOSES ON                    December 12, 2007**

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

**The Price Band has been decided by our Company in consultation with the BRLM at Rs. 425 to Rs. 465 per Equity Share.**

Our Company reserves the right to revise the Price Band during the Bidding/Issue Period in accordance with SEBI Guidelines. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band advertised at least one day prior to the Bid /Issue Opening Date.

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

## TERMS OF THE ISSUE

### Principal Terms and Conditions of the Issue

The Equity Shares now being issued are subject to the provisions of the Companies Act, the Memorandum and Articles of Association of our Company, if any, the terms of the Red Herring Prospectus, Bid-cum-Application Form, the Revision Form, the Confirmation of Allocation Note ("CAN") and other terms and conditions as may be incorporated in the allotment advice, and other documents/ certificates that may be executed in respect of the Equity Shares. Further to the above, the Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI/Government of India/Stock Exchanges and/or other authorities, as in force on the date of the Issue and to the extent applicable.

### Authority for the Issue

The present Issue has been authorized by the Board of Directors in their meeting on August 13, 2007, and by the shareholders of our Company at an Extra Ordinary Meeting held on September 13,, 2007.

### Ranking of Equity Shares

The Equity Shares to be issued shall, subject to the Memorandum and Articles of Association of our Company, rank pari passu in all respects with the other existing Equity Shares of our Company in all respects including rights in respect of dividend. The Allottees will be entitled to dividend, voting rights or any other corporate benefits, if any, declared by us after the date of allotment. See the section titled "Main Provisions of Articles of Association of Our Company" beginning on page 285 of the Red Herring Prospectus for a description of the Articles of Association.

### Mode of Payment of Dividend

The declaration and payment of dividend will be as per the provisions of the Companies Act and recommended by the Board of Directors and the shareholders at their discretion, and will depend on a number of factors, including but not limited to earnings, capital requirements and overall financial condition of our Company.

### Face Value and Issue Price

The Equity Shares with a face value of Rs. 10/- each will be offered in terms of the Red Herring Prospectus to be filed with RoC Gujarat at Ahmedabad at a price of Rs. [●] per Equity Share. At any given point of time, there shall be only one denomination for the Equity Shares of our Company, subject to applicable laws. The Issue Price is [●] times the face value of the Equity Shares.

### Compliance with SEBI Guidelines

We shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

### Rights of the Equity Shareholder

Subject to applicable laws, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act and Articles of Association of our Company.

For further details on the main provisions of our Company's Articles of Association dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation/splitting, see "Main Provisions of Articles of Association of Our Company" beginning on page 285 of the Red Herring Prospectus.

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## Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialized form. As per the existing SEBI Guidelines, the trading in the Equity Shares shall only be in dematerialised form for all investors and hence, the tradable lot is one Equity Shares. Allotment through this Issue will be done only in electronic form in multiples of 1 Equity Share subject to a minimum allotment of 15 Equity Shares in the Issue.

## Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with the competent courts/authorities in Ahmedabad, Gujarat, India.

## Nomination Facility to the Investor

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares transmitted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/ transfer/ alienation of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office of our Company or at the Registrar and Transfer Agents of our Company.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as the holder of the Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

**Since the allotment of Equity Shares in this Issue will be made only in dematerialized mode, there is no need to make a separate nomination with our Company. Nominations registered with respective Depository Participant of the Bidder would prevail. If the investors require changing the nomination, they are requested to inform their respective Depository Participant.**

## Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Net Issue amount including devolvement of Underwriters within 60 days from the Bid / Issue Closing Date, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after our Company becomes liable to pay the amount, our Company shall pay interest prescribed under Section 73 of the Companies Act, 1956.

Further, in accordance with Clause 2.2.2A of the SEBI Guidelines, our Company shall ensure that the number of prospective Allottees, to whom the Equity Shares will be Allotted will not be less than 1,000. If at least 60% of the Net Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith. . If there is a delay beyond 15 days after our Company becomes liable to pay the amount, our Company shall pay interest at the rate of 15% per annum for the delayed period.

## Withdrawal of the Issue

Our Company, in consultation with the BRLM reserves the right not to proceed with the Issue, including after the Bid/ Issue Closing Date, but at any time before Allotment in the Issue, without assigning any reason therefor.

**Arrangements for Disposal of Odd Lots**

Our Company's Equity Shares will be traded in dematerialized form only and therefore the marketable lot is one share. Therefore there is no possibility of odd lots.

**Restrictions, if any on Transfer and Transmission of Equity Shares**

There are no restrictions on transfers and transmission of shares/ debentures and on their consolidation/ splitting except as provided in our Articles. Please refer section titled "Main Provisions of our Articles of Association" beginning on page 383 of the Red Herring Prospectus.

**The Equity Shares have not been and will not be registered under the US Securities Act of 1933 (the "Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act.**

**The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.**

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## ISSUE PROCEDURE

### BOOK BUILDING PROCEDURE

In terms of Rule 19(2) (b) of the SCRR, this is an Issue for less than 25% of post Issue capital of our Company, therefore the Issue is being made through the 100% Book Building Process wherein at least 60% of the Net Issue shall be Allocated to Qualified Institutional Buyers ("QIBs"). 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. If at least 60% of the Net Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, upto 10% of the Net Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and up to 30% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Further, upto 150,000 Equity Shares shall be available for allocation on a proportionate basis to Eligible Employees subject to valid Bids being received at or above the Issue Price. This Issue does not have any reservations(other than Employee Reservation Portion), firm allotment or promoter's contribution, and the number of securities being offered is at least two million.

Bidders are required to submit their Bids through the members of the Syndicate. However, the Bids by QIB Bidders shall be submitted only to the BRLM. In case of QIB Bidders, our Company in consultation with the BRLM may reject Bids at the time of acceptance of the Bid-Cum-Application Form provided that the reasons for rejecting the same shall be provided to such Bidder in writing. In case of Non Institutional Bidders and Retail Individual Bidders our Company in consultation with the BRLM would have a right to reject the Bids only on technical grounds.

**Investors should note that Equity Shares will be allotted to successful Bidders only in the dematerialized form. Bidders will not have the option of getting allotment in physical form. The Equity Shares, on allotment shall be traded only in the dematerialized segment of the Stock Exchange(s).**

### BID-CUM-APPLICATION FORM

Bidders shall only use the specified Bid-cum-Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of the Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid-cum-Application Form and such options shall not be considered as multiple bids. Upon the allocation of Equity Shares, dispatch of the Confirmation of Allocation Note, ("CAN"), and filing of the Prospectus with the RoC, the Bid-cum-Application Form shall be considered as the Application Form. Upon completing and submitting the Bid-cum-Application Form to a member of the Syndicate, the Bidder is deemed to have authorized our Company to make the necessary changes in the Red Herring Prospectus and the Bid-cum-Application Form as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid cum Application Form for various categories is as follows:

Category	Colour of Bid cum Application Form
Indian public or NRI applying on a non-repatriation basis	White
Non-residents including Eligible NRIs, FIIs, Foreign Venture Capital Fund/Multilateral and Bilateral Development Financial Institutions applying on repatriation basis	Blue
Eligible Employees in the Employee Reservation Portion	Pink

### WHO CAN BID

- Indian nationals resident in India who are majors, in single or joint names (not more than three);
- HUFs, in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of Sole or First Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bids by HUFs would be considered at par with those from individuals;

- Companies, corporate bodies registered under the applicable laws in India and authorized to invest in equity shares;
- Mutual funds registered with SEBI;
- Eligible Employees
- Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI regulations and SEBI Guidelines and Regulations, as applicable);
- Eligible NRIs on a repatriation basis or on a non-repatriation basis subject to applicable laws. NRIs other than eligible NRIs are not eligible to participate in this Issue;
- Venture capital funds registered with SEBI;
- Foreign venture capital investors registered with SEBI;
- FIIs registered with SEBI , on a repatriation basis
- State Industrial Development Corporations;
- Multilateral and Bilateral Development Financial institutions on a repatriable basis.
- Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts/societies and who are authorised under their constitution to hold and invest in equity shares;
- Scientific and/or Industrial Research Organisations authorised to invest in equity shares;
- Insurance Companies registered with Insurance Regulatory and Development Authority, India;
- Subject to the applicable law, Provident Funds with minimum corpus of Rs. 250 million and who are authorised under their constitution to hold and invest in equity shares;
- Provident Funds and Pension Funds with minimum corpus of Rs. 250 million and who are authorised under their constitution to hold and invest in equity shares;

**According to existing Government policy, OCBs cannot participate in this issue.**

**Notes:**

1. Notwithstanding the aforesaid, in the Employee Reservation Portion, Bids can only submitted by the Eligible Employees.
2. The BRLM and the Syndicate Members shall not be entitled to participate in this Issue in any manner except towards fulfilling their underwriting obligation. However, associates and affiliates of the Book Runners and Syndicate Members are entitled to bid and subscribe to Equity Shares in the Issue either in the QIB Portion or in Non-Institutional Portion as may be applicable to such investors, where the allotment will be on a proportionate basis. Such bidding and subscription may be on their own account or on behalf of their clients.
3. Bidders are advised to ensure that any single Bid from them does not exceed the investment limit or maximum number of Equity Shares that can be held by them under applicable law, rules, regulations, guidelines and approvals.

In terms of the regulation 15A (1) of the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, the FIIs may issue, deal in or hold, off-shore derivative instruments such as Participatory Notes, Equity Linked Notes or any other similar instruments against underlying securities being allocated to such FIIs. Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under the relevant regulations or statutory guidelines.

**The information below is given for the benefit of the Bidders. Our Company and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.**

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## BIDS BY MUTUAL FUNDS

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Fund portion. In the event that the demand is greater than 85,350 Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund portion. The remaining demand by the Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the QIB portion, after excluding the allocation in the Mutual Fund portion.

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

## BIDS BY NRIs

- (1) Bid-cum-Application Forms will be made available for NRIs at our Registered Office., members of the Syndicate and the Registrar to the Issue.
- (2) NRI applicants may note that only such applications as are accompanied by payment in free foreign exchange shall be considered for Allotment. The NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians.

## BIDS BY FIIs

***As per current regulations, the following restrictions are applicable for investment by FIIs:***

The issue of Equity Shares to a single FII should not exceed 10% of our post-Issue issued capital (i.e. 10% of 12,923,611 Equity Shares) Equity Shares. In respect of an FII investing in our Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital or 5% of our total issued capital in case such sub-account is a foreign corporate or an individual. As of now, the aggregate FII holding in us cannot exceed 24% of our total issued capital. The said 24% limit can be increased up to 100% by passing a resolution by the Board followed by passing a special resolution to that effect by the shareholders of our Company.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations 1995, as amended, an FII or its sub account may issue, deal or hold, off shore derivative instruments such as Participatory Notes, equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed on any stock exchange in India only in favour of those entities which are regulated by any relevant regulatory authorities in the countries of their incorporation or establishment subject to compliance of "know your client" requirements. An FII or sub-account shall also ensure that no further downstream issue or transfer of any instrument referred to hereinabove is made to any person other than a regulated entity.

## BIDS BY SEBI REGISTERED VENTURE CAPITAL FUNDS AND FOREIGN VENTURE CAPITAL INVESTORS

***As per the current regulations, the following restrictions are applicable for investments by SEBI registered Venture Capital Funds and foreign venture capital investors.***

The SEBI (Venture Capital) Regulations, 1996 prescribe investment restrictions on venture capital funds registered with SEBI. Accordingly, whilst the holding by any individual venture capital fund registered with SEBI in one company should not exceed 25% of the corpus of the venture capital fund, a Foreign Venture Capital Investor can invest its entire funds committed for investments into India in one company. Further, Venture Capital Funds and Foreign Venture Capital Investors can invest only up to 33.33% of the investible funds by way of subscription to an initial public offer.

## Bids in the Employee Reservation Portion

- a. Bids in the Employee Reservation Portion may be made by Eligible Employees only.



- b. In case of Bids by Eligible Employees, Bids must be made only in the prescribed Bid Cum Application Form (pink in colour).
- c. The sole/first Bidder should be the Eligible Employee.
- d. The Eligible Employee should mention his or her employee number at the relevant place in the Bid Cum Application Form.
- e. Bids by Eligible Employees in the Employee Reservation Portion have to be received at or above the Issue Price for being considered for allocation in the Employee Reservation Portion.
- f. Bids by Eligible Employees can also be in the "Net Issue to the Public", and such bids will not be considered as multiple Bids.
- g. The Bid should be for a minimum of 15 Equity Shares and in multiples of 15 Equity Shares thereafter
- h. The maximum Bid by the Eligible Employee under the Employee Reservation Portion shall not exceed 150,000 Equity Shares.
- i. Eligible Employees who apply or bid for securities of or for a value of not more than Rs. 100,000 in any of the bidding options can apply at Cut-Off. This facility is not available to other Eligible Employees whose minimum Bid Amount exceeds Rs. 100,000 .
- j. Allotment in the Employee Reservation Portion would be on a proportionate basis.

#### **INFORMATION FOR BIDDERS**

1. Our Company will file the Red Herring Prospectus with the Registrar of Companies, at least 3 (three) days before the Bid/Issue Opening Date.
2. Our Company, and the BRLM shall declare the Bid/Issue Opening Date, Bid/Issue Closing Date and Price Band at the time of filing the Red Herring Prospectus with the RoC and also publish the same in three widely circulated newspapers (one each in English, Hindi and regional language). This advertisement, subject to the provisions of S. 66 of the Companies Act shall be in the format prescribed in Schedule XX - A of the SEBI DIP guidelines, as amended by SEBI Circular No. SEBI/CFD/DIL/DIP/14/2005/25/1 date January 25, 2005.
3. The members of the Syndicate will circulate copies of the Red Herring Prospectus along with the Bid-cum-Application Form to potential investors.
4. Any investor (who is eligible to invest in our Equity Shares) desirous of obtaining a copy of the Red Herring Prospectus and/or the Bid-cum- Application Form can obtain the same from our Registered Office or from any of the members of the Syndicate.
5. The Members of the Syndicate shall accept Bids from the Bidder during the Issue Period in accordance with the terms of the Syndicate Agreement.
6. The Bids should be submitted on the prescribed Bid-cum-Application Form only. Bid-cum-Application Forms should bear the stamp of a member of the Syndicate. Bid-cum-Application Forms, which do not bear the stamp of the members of the Syndicate, will be rejected.
7. The Bidding/Issue Period shall be for a minimum of three working days and not exceeding seven working days. In case of revision in the Price Band, the Bidding/ Issue Period will be extended for three additional days after revision of Price Band subject to a maximum of 10 working days. Any revision in the Price Band and the revised Bidding/ Issue Period, if applicable, will be widely disseminated by notification to BSE and NSE, by issuing a public notice in three widely circulated newspapers (one each in English and Hindi) and one newspaper in the regional language, and also by indicating the change on the websites of the BRLM and at the terminals of the Syndicate Members.
8. The Price Band has been fixed at Rs. 425 to Rs. 465 per Equity Share. The Bidders can bid at any price within the Price Band, in multiples of Re. 1.
9. Our Company in consultation with the BRLM reserves the right to revise the Price Band, during the Bidding/Issue Period, in accordance with SEBI Guidelines. The higher end of the Price Band should not be more than 20% of the lower end of the Price Band. Subject to compliance with the immediately preceding sentence, the lower end of



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the Price Band can move up or down to the extent of 20% of the lower end of the Price Band disclosed in the Red Herring Prospectus.

10. Our Company in consultation with the BRLM can finalise the Issue Price within the Price Band, without the prior approval of, or intimation, to the Bidders.

### MAXIMUM AND MINIMUM BID SIZE

- a. **For Retail Individual Bidders:** The Bid must be for a minimum of 15 Equity Shares and in multiples of 15 Equity Shares thereafter, so as to ensure that the Bid amount payable by the Bidder does not exceed Rs. 1,00,000/-. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs. 1,00,000. In case the Bid amount is more than Rs. 1,00,000 due to revision of the Bid, or revision of the Price Band or on exercise of Cut-off option, the Bid would be considered for allocation under the Non-Institutional Bidders category. The Cut-off option is given only to the Retail Individual Bidders and Eligible Employees bidding for an amount not exceeding Rs. 1,00,000 indicating their agreement to Bid and purchase at the final Issue Price as determined at the end of the Book Building Process.

- b. **For Non-Institutional Bidders and QIB Bidders:** For Other Bidders (Non-Institutional Bidders and QIBs): The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 100,000 and in multiples of 15 Equity Shares thereafter. A Bid cannot be submitted for more than the Issue. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. **Under existing SEBI Guidelines, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date and is required to pay QIB Margin upon submission of Bid.**

In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs. 100,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to Rs. 100,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion. Non-Institutional Bidders and QIBs are not allowed to Bid at 'Cut-off'.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in the Red Herring Prospectus. Refund amounts following a permitted withdrawal of a Bid shall be paid in the manner described under paragraph "Payment of Refund".

- c. **For Bidders in the Employee Reservation Portion:** The Bid must be for a minimum of 15 Equity Shares and in multiples of 15 Equity Shares thereafter. Bidders in the Employee Reservation Portion applying for a maximum Bid in any of the bidding options not exceeding Rs. 1,00,000 may bid at Cut-off Price. The allotment in the Employee Reservation Portion will be on a proportionate basis.

**Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in the Red Herring Prospectus.**

### METHOD AND PROCESS OF BIDDING

- a) Our Company, and the BRLM shall declare the Bid/Issue Opening Date, Bid/Issue Closing Date and Price Band at the time of filing the Red Herring Prospectus with Registrar of Companies, Gujarat and also publish the same in three widely circulated newspapers (one English national newspaper, one Hindi national newspaper and one regional language newspaper). This advertisement shall contain the disclosures as prescribed in Schedule XX-A of the SEBI Guidelines, as amended from time to time. The BRLM and Syndicate Members shall accept Bids from the Bidders during the Issue Period.
- b) The Bidding Period shall be a minimum of three working days and shall not exceed seven working days. In case the Price Band is revised, the revised Price Band and Bidding Period will be published in two national newspapers (one each in English and Hindi) and one regional language newspaper by indicating on the websites of the BRLM and at the terminals of the members of the Syndicate. The Bidding Period may be extended, if required, by an additional three working days, subject to the total Bidding Period not exceeding 10 working days.

Each Bid-cum-Application Form will give the Bidder the choice to bid for up to three optional prices (for details

refer to the paragraph titled "Bids And Revision of Bids" below on page 268 of the Red Herring Prospectus) and specify the demand (i.e. the number of Equity Shares bid for) in each option. The price and demand options submitted by the Bidder in the Bid-cum-Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares bid for by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid(s), irrespective of the Bid Price, will become automatically invalid.

- c) The Bidder cannot Bid on another Bid-cum-Application Form after his or her Bids on one Bid-cum-Application Form have been submitted to any member of the Syndicate. Submission of a second Bid-cum-Application Form to either the same or to another member of the Syndicate will be treated as multiple bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph "Build up of the Book and Revision of Bids" on page 268 of the Red Herring Prospectus.
- d) The Members of the Syndicate will enter each bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip, ("TRS"), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid-cum-Application Form. It is the responsibility of the Bidder to obtain the TRS from the Members of the Syndicate.
- e) During the Bidding Period, Bidders may approach the members of the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients / investors who place orders through them and shall have the right to vet the Bids subject to the terms of the Syndicate Agreement and the Red Herring Prospectus.
- f) Along with the Bid-cum-Application Form, all Bidders will make payment in the manner described under the paragraph "Terms of Payment And Payment Into Escrow Accounts" on page 269 of the Red Herring Prospectus.

#### **Build Up Of The Book And Revision Of Bids**

The Issue Price will be determined by our Company in consultation with the BRLM, on the basis of assessment of the market demand for the Equity Shares, by way of the Book Building Process. The Price Band will be decided by us in consultation with the BRLM and inserted in the Red Herring Prospectus filed with RoC or will be announced and advertised at least one day prior to the Bid/Issue Opening date

- (a) Bids registered by various Bidders through the members of the Syndicate shall be electronically transmitted to the BSE or NSE mainframe on a regular basis.
- (b) The book gets built up at various price levels. This information will be available with the BRLM on a regular basis.
- (c) The Bidder can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders, applying for a maximum Bid in any of the bidding options not exceeding Rs. 100,000 may bid at Cut-off Price. However, bidding at Cut-off Price is prohibited for QIB, Non-Institutional Bidders, bidding in excess of Rs. 100,000 and such Bids shall be rejected.
- (d) Retail Individual Bidders and Eligible Employees, who bid at the Cut-Off, agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders and Eligible Employees bidding at Cut-Off shall deposit the Bid Amount based on the Cap Price in the Escrow Account. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders and Eligible Employees concerned (i.e. the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), Retail Individual Bidders shall receive the refund of the excess amounts from the Escrow Account or the Refund Account as the case may be.
- (e) The Bidding/Issue Period shall be for a minimum of three working days and not exceeding seven working days. In case of revision in the Price Band, the Bidding/ Issue Period will be extended for three additional days after revision of Price Band subject to a maximum of 10 working days. Any revision in the Price Band and the revised Bidding/ Issue Period, if applicable, will be widely disseminated by notification to BSE and NSE, by issuing a public notice in three widely circulated newspapers (one each in English and Hindi) and one newspaper in the regional language, and also by indicating the change on the websites of the BRLM and at the terminals of the Syndicate Members.
- (f) In case of an upward revision in the Price Band announced as above, Retail Individual Bidders and Eligible Employees, who had bid at Cut-off Price could either (i) revise their Bid or (ii) make additional payment based on

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the higher end of the Revised Price Band (such that the total amount i.e., original Bid Price plus additional payment does not exceed Rs. 1,00,000 for Retail Individual Bidders, if such Bidder wants to continue to bid at Cut-off Price), with the Syndicate Members to whom the original Bid was submitted. In case the total amount (i.e., original Bid Price plus additional payment) exceeds Rs. 100,000 for Retail Individual Bidders the Bid will be considered for allocation under the Non-Institutional Portion in terms of the Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the higher end of the Price Band prior to revision, the number of Equity Shares bid for shall be adjusted downwards for the purpose of Allotment, such that the no additional payment would be required from such Bidder and such Bidder is deemed to have approved such revised Bid at Cut-off Price.

- (g) In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders and Eligible Employees, who have bid at Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Account.
- (h) In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain [o] Equity Shares irrespective of whether the Bid Price payable on such minimum application is not in the range of Rs. 5,000 to Rs. 7,000.
- (i) During the Bidding/Issue Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form, which is a part of the Bid cum Application Form.
- (j) Revisions can be made in both the desired number of Equity Shares and the Bid price by using the Revision Form. Apart from mentioning the revised options in the revision form, the Bidder must also mention the details of all the options in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid cum Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being revised, in the Revision Form. The members of the Syndicate will not accept incomplete or inaccurate Revision Forms.
- (k) The Bidder can make this revision any number of times during the Bidding/Issue Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he or she had placed the original Bid. (i) Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.
- (l) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of the Red Herring Prospectus. In case of QIB Bidders, the BRLM and/or their affiliates shall collect the payment in the form of cheque or demand draft for the incremental amount in the QIB Margin Amount, if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions by the QIB Bidders.
- (m) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.
- (n) Only Bids are uploaded on the online IPO system of the BSE and NSE shall be considered for allocation/allotment. In case of discrepancy of data between BSE or NSE and the Syndicate Member, the decision of the BRLM based on physical records of Bid-cum-Application Forms shall be final and binding to all concerned.

### **Bids and revisions of Bids must be:**

- (a) Made only in the prescribed Bid cum Application Form or Revision Form, as applicable (white colour for Resident Indians, blue colour for NRIs and FIIs applying on a repatriation basis, Pink colour for Eligible Employees).
- (b) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid cum Application Form or in the Revision Form. Incomplete Bid cum Application Forms or Revision Forms are liable to be rejected.
- (c) For Retail Individual Bidders, the Bid must be for a minimum of 15 Equity Shares and in multiples of 15 Equity Shares, thereafter subject to a maximum Bid Amount of Rs. 100,000.

- (d) For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares that the Bid Price exceeds or equal to Rs. 100,000 and in multiples of 15 Equity Shares thereafter. Bids cannot be made for more than the Issue Size. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of shares that can be held by them under the applicable laws or regulations.
- (e) Eligible NRIs for a Bid Price of up to Rs. 100,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Price of more than Rs. 100,000 would be considered under Non-Institutional Portion for the purposes of allocation; by other eligible Non Resident Bidders for a minimum of such number of Equity Shares and in multiples of 15 Equity Shares thereafter that the Bid Price exceeds Rs. 100,000.
- (f) Bids by Non Residents, NRIs, FVCIs, FIIs etc. on a repatriation basis shall be in the names of individuals, or in the names of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.
- (g) In single name or in joint names (not more than three, and in the same order as their Depository Participant details).
- (h) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

#### **Electronic Registration Of Bids**

- (a) The members of the Syndicate will register the Bids using the on-line facilities of BSE and NSE. There will be at least one on-line connectivity to each city where a stock exchange is located in India and where Bids are accepted.
- (b) BSE and NSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the members of the Syndicate and their authorised agents during the Bidding Period. Members of the Syndicate can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently download the off-line data file into the on-line facilities for book building on a regular basis. On the Bid/Issue Closing Date, the member of the Syndicate shall upload the Bids till such time as may be permitted by the Stock Exchanges. This information will be available with the BRLM on a regular basis Bidders are cautioned that a high inflow of bids typically experienced on the last day of the bidding may lead to some Bids received on the last day not being uploaded due to lack of sufficient uploading time, and such bids that could not be uploaded may not be considered for allocation.
- (c) Aggregate demand and price for bids registered on the electronic facilities of BSE and NSE will be uploaded on a half hourly basis, consolidated and displayed on-line at all bidding centers and the website of BSE and NSE. A graphical representation of consolidated demand and price would be made available at the bidding centers during the Bidding Period.
- (d) At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the online system:
  - Name of the investor (Investors should ensure that the name given in the Bid cum Application form is exactly the same as the Name in which the Depository Account is held. In case, the Bid cum Application Form is submitted in joint names, investors should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form).
  - Investor Category -Individual, Corporate, NRI, FII, or Mutual Fund, etc.
  - Numbers of Equity Shares bid for
  - Bid price
  - Bid-cum-Application Form number
  - Whether Margin Amount has been paid upon submission of Bid cum Application Form.
  - Margin Amount; and
  - Depository Participant Identification No. and Client Identification No. of the Demat Account of the Bidder

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- (e) A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate. The registration of the Bid by the member of the Syndicate does not guarantee that the Equity Shares shall be allocated either by the members of the Syndicate or our Company
- (f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind
- (g) In case of QIB Bidders, the BRLM and/or its affiliates have the right to accept the bid or reject the Bids. However, such rejection should be made at the time of receiving the bid and only after assigning a reason for such rejection in writing. In case of Non-Institutional Bidders, Retail Individual Bidders and Eligible Employees, Bids would not be rejected except on the technical grounds listed on page 271.
- (h) The members of the Syndicate have the right to review the Bid. The Syndicate Members have right to reject a bid received from a QIB at the receipt of Bids. However, a Syndicate Members shall disclose the reason for not accepting the Bid to the Bidder. In case of Non-Institutional Bidders and Retail Individual Bidders, Bids shall not be rejected except on the technical grounds listed on page 367 in the Red Herring Prospectus
- (i) It is to be distinctly understood that the permission given by BSE and NSE to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company, BRLM are cleared or approved by BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, its promoters, its management or any scheme or project of our Company
- (j) It is also to be distinctly understood that the approval given by BSE and NSE should not in any way be deemed or construed that the Red Herring Prospectus has been cleared or approved by the BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on BSE and NSE.
- (k) Only bids that are uploaded on the online IPO system of the NSE and BSE shall be considered for allocation/ Allotment. In case of discrepancy of data between the BSE or the NSE and the members of the Syndicate, the decision of the BRLM based on the physical records of Bid Application Forms shall be final and binding on all concerned.

### GENERAL INSTRUCTIONS

#### Do's:

- a) Check if you are eligible to apply;
- b) Complete the Bid-cum-Application Form after reading all the instructions carefully;
- c) Ensure that the details about Depository Participant and Beneficiary Account are correct as Equity Shares will be allotted in the dematerialized form only;
- d) Ensure that the Bids are submitted at the bidding centers only on forms bearing the stamp of a Syndicate Member;
- e) Ensure that you have been given a TRS for all your Bid options;
- f) Submit Revised Bids to the same member of the Syndicate through whom the Original Bid was placed and obtain a revised TRS;
- g) Ensure that the Bid is within Price Band;
- h) Investors must ensure that the name given in the Bid-cum-Application Form is exactly the same as the name in which the Depository Account is held. In case, the Bid-cum- Application Form is submitted in joint names, investors should ensure that the Depository Account is also held in the same sequence as they appear in the Bid-cum- Application Form;
- i) Each of the Bidders should mention their PAN allotted under the IT Act.. If you have mentioned "Applied for" or "Not Applicable", in the Bid cum Application Form in the section dealing with PAN number, ensure that you submit Form 60 or 61, as the case may be, together with permissible documents as address proof;
- j) Ensure that demographic details (as defined hereinbelow) are updated, true and correct in all respects.



#### **Don'ts:**

- a) Do not Bid for lower than the minimum Bid size;
- b) Do not Bid/ revise Bid price to less than the lower end of the price band or higher than the higher end of the price band;
- c) Do not Bid on another Bid-cum-Application Form after you have submitted a Bid to the members of the Syndicate;
- d) Do not pay the Bid amount in cash;
- e) Do not send Bid-cum-Application Forms by post; instead submit the same to Syndicate Member only;
- f) Do not Bid at Cut-Off price (for QIBs and non-institutional bidders);
- g) Do not fill up the Bid-cum-Application Form such that the Equity Shares bid for exceeds the Issue size and/ or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;
- h) Do not submit Bid accompanied with Stock invest;
- i) Do not submit GIR number instead of PAN as Bid is liable to be rejected on this ground; and
- j) Do not submit the Bid without the QIB Margin Amount incase of a Bid by a QIB.

#### **INSTRUCTIONS FOR COMPLETING THE BID-CUM-APPLICATION FORM**

Bidders can obtain Bid-cum-Application Forms and / or Revision Forms from the BRLM or Syndicate Members.

#### **Bidder's Depository Account Details And Bank Account Details**

**Bidders must note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant's Identification Number, Beneficiary Account number provided by them in the Bid-Cum-Application Form, the Registrar will obtain, from the Depositories, the Bidders' bank account details, including the nine digit Magnetic Ink Character Recognition ("MICR") code as appearing on a cheque leaf. These Bank Account details would be used for giving refunds (including through physical refund warrants, direct credit, ECS, NEFT and RTGS) to the Bidders. Hence, Bidders are advised to immediately update their Bank Account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in despatch/ credit of refunds to Bidders at the Bidders sole risk and neither the BRLM or the Registrar or the Escrow Collection Banks nor our Company shall have any responsibility and undertake any liability for the same. Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application Form.**

**IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.**

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository demographic details of the Bidders such as address, bank account details for printing on refund orders and occupation ("Demographic Details"). Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application Form.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the refund orders/ CANs/Allocation Advice and printing of bank particulars on the refund orders or for refunds through electronic transfer of funds, as applicable. The Demographic Details given by Bidders in the Bid cum Application Form would not be used for these purposes by the Registrar.

Hence, Bidders are advised to update their Demographic Details as provided to their Depository Participants and ensure that they are true and correct.

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By signing the Bid cum Application Form, Bidder would have deemed to authorize the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Bidders may note that receiving refunds through electronic transfer of funds, delivery of refund orders/allocation advice/CANs may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk and neither the Bank nor the BRLM shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected.

Our Company in their absolute discretion, reserve the right to permit the holder of the power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund order / CANs / allocation advice / refunds through electronic transfer of funds, the Demographic Details given on the Bid-cum-Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar shall use Demographic Details as given in the Bid-cum-Application Form instead of those obtained from the depositories.

**Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid-cum-Application Form. Our Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.**

**As per the RBI regulations, OCBs are not permitted to participate in the Issue.**

**All applicants will be treated on the same basis with other categories for the purpose of allocation.**

### **Bids Under Power Of Attorney**

- (a) In case of Bids made pursuant to a Power of Attorney or by limited companies, corporate bodies, registered societies, a certified copy of the Power of Attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum and Articles of Association and/or Bye Laws must be lodged along with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.
- (b) In case of Bids made pursuant to a power of attorney by FIIs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.
- (c) In case of Bids made by Insurance Companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.
- (d) In case of Bids made by provident funds with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged along with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.
- (e) In case of Bids made by Mutual Fund registered with SEBI, venture capital fund registered with SEBI and foreign venture capital investor registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.

**We, in our absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the Power of Attorney along with the Bid-cum-Application form, subject to such terms that BRLM may deem fit.**

#### **BIDS BY ELIGIBLE NRIs AND FIIs ON A REPATRIATION BASIS**

##### **Bids and revision to Bids must be made:**

1. On the Bid-cum-Application Form or the Revision Form, as applicable (blue in color), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
2. In a single name or joint names (not more than three).
3. By FIIs for a minimum of such number of Equity Shares and in multiples of 15 thereafter that the Bid Amount exceeds Rs. 1,00,000. For further details see section titled "Issue Procedure" on page 256 of the Red Herring Prospectus.
4. Bids by NRIs for a Bid Amount of up to or less than Rs. 1,00,000 would be considered under the Retail Individual Bidders Portion for the purposes of allocation and Bids for a Bid Amount of more than Rs. 1,00,000 would be considered under Non Institutional Bidder Portion for the purposes of allocation; by FIIs or Foreign Venture Capital Fund registered with SEBI, Multilateral and Bilateral Development Financial Institutions for a minimum of such number of Equity Shares and in multiples of 15 Equity Shares thereafter so that the Bid Amount exceeds Rs. 1,00,000; for further details see "Maximum and Minimum Bid Size".
5. In the names of individuals or in the names of FIIs or in the names of Foreign Venture Capital Fund registered with SEBI, Multilateral and Bilateral Development Financial Institutions but not in the names of minors, firms or partnerships, foreign nationals or their nominees or OCB's.
6. Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Bidders who remit money payable upon submission of the Bid-cum-Application Form or Revision Form through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post/speed post. We will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

It is to be distinctly understood that there is no reservation for Eligible NRIs and FIIs. All Eligible NRIs and FIIs will be treated on the same basis with other categories for the purpose of allocation.

#### **PAYMENT INSTRUCTIONS**

We, the BRLM and the Syndicate Members shall open an Escrow Account with the Escrow Collection Bank(s) for the collection of the Bid Amounts payable upon submission of the Bid-cum-Application Form and for amounts payable pursuant to allocation in the Issue.

Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation as per the following terms:

##### **PAYMENT INTO ESCROW ACCOUNT:**

- (a) The Bidders for whom the applicable margin is equal to 100% shall, with the submission of the Bid-cum-Application Form draw a payment instrument for the Bid Amount in favor of the Escrow Account and submit the same to the members of the Syndicate.
- (b) In case the above Margin Amount paid by the Bidders during the Bidding Period is less than the Issue Price multiplied by the equity shares allocated to the Bidder, the balance amount shall be paid by the Bidders into the Escrow Account within the period specified in the CAN which shall be subject to a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLM.
- (c) All cheques / bank drafts accompanying the Bid should be crossed "A/c Payee Only" and made payable to the Escrow Collection Banks and marked:

In case of Eligible Employees bidding in the Employee Reservation Portion: " Escrow Account - TRIL IPO - Employee".



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In case of Resident QIB Bidders: " Escrow Account - TRIL IPO - QIB - R"

In case of Non Resident QIB Bidders: "- Escrow Account - TRIL IPO - QIB - NR"

In case of Resident Non-Institutional and Retail Individual Bidders: " Escrow Account - TRIL IPO - R"

In case of Non-resident Non-Institutional and Retail Individual Bidders: "Escrow Account - Escrow Account - TRIL IPO - NR"

- (d) In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee Drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorized to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of a Non-Resident Ordinary (NRO) Account of a Non-Resident bidder bidding on a repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR Account.
- (e) In case of Bids by FIIs, the payment should be made out of funds held in a Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting the Special Rupee Account.
- (f) Where a Bidder has been allocated a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Refund Account.
- (g) The monies deposited in the Escrow Account will be held for the benefit of the Bidders until Designated Date.
- (h) On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account as per the terms of the Escrow Agreement into the Public Issue Account with one of the Escrow Collection Banks and the surplus amount shall be transferred into the Refund Account maintained with the Refund Bank.
- (i) On the Designated Date and no later than 15 days from the Bid/Issue Closing Date, the Refund Bank shall also refund all amounts payable to unsuccessful bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation to the Bidders.

Payments should be made by cheque, or demand draft drawn on any bank (including a Co-operative bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/ stock invest/money orders/ postal orders will not be accepted.

### PAYMENT BY STOCK INVEST

In terms of Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the option to use the stock invest instrument in lieu of cheques or bank drafts for payment of bid money has been withdrawn.

### Bids and Revision of Bids

Bids and revision of Bids must be:

- (a) Made only in the prescribed Bid-cum-Application Form or Revision Form, as applicable (white colour for resident Indians, blue for Non-residents including NRIs, FIIs, Foreign Venture Capital Fund/Multilateral and Bilateral Development Financial Institutions applying on repatriation basis, pink in colour for the Bidders in the Employee Reservation Portion).
- (b) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid-cum-Application Form or in the Revision Form. Incomplete Bid-cum-Application Forms or Revision Forms are liable to be rejected.
- (c) The Bids from the Retail Individual Bidders must be for a minimum of 15 Equity Shares and in multiples of 15 thereafter subject to a maximum Bid amount of Rs. 1,00,000/-. For Eligible Employees bidding in the Employee

Reservation Portion, Bids must be for a minimum of 15 Equity Shares and in multiples of 15 Equity Shares thereafter.

- (d) For Non-institutional and QIB Bidders, Bids must be for a minimum of such number of Equity Shares in multiples of 15 Equity Shares so that the Bid Amount exceeds or equal to Rs. 1,00,000/-. Bids cannot be made for more than the Issue size. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of Equity Shares that can be held by them under the applicable laws or regulations.
- (e) In single name or in joint names (not more than three and in the same order as their Depository Participant details).
- (f) In the names of individuals or in the names of FII's or in the names of Foreign Venture Capital Fund, Multilateral and Bilateral Development Financial Institutions but not in the names of minors, firms or partnerships, foreign nationals (excluding NRIs) or their nominees or OCB's.
- (g) Thumb impressions and signatures other than in the languages specified in the eighth schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

### **Submission Of Bid-Cum-Application Form**

All Bid-cum-Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid.

No separate receipts shall be issued for the money payable on the submission of Bid-cum-Application Form or Revision Form. However, the collection center of the members of the Syndicate will acknowledge the receipt of the Bid-cum-Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid-cum-Application Form for the records of the Bidder.

### **Option to Subscribe**

Equity Shares being offered through the Red Herring Prospectus can be applied for in dematerialized form only.

Pursuant to the existing regulations, OCBs are not eligible to participate in the Issue.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under the relevant regulations or statutory guidelines.

## **ESCROW MECHANISM**

### **Escrow Account**

Our Company shall open Escrow Accounts with one or more Escrow Collection Banks in whose favor the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the Bid. Cheques or demand drafts received for the full Bid Amount from Bidders in a certain category would be deposited in the Escrow Account. The Escrow Collection Banks will act in terms of the Red Herring Prospectus and an Escrow Agreement. The monies in the Escrow Account shall be maintained by the Escrow Collection Bank(s) for and on behalf of the Bidders. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the monies from the Escrow Account to the Public Issue Account with one of the Escrow Collection Bank as per the terms of the Escrow Agreement with our Company. Payments of refunds to the Bidders shall also be made from the Refund Account as per the terms of the Escrow Agreement and the Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between the Escrow Collection Bank(s), our Company, the Registrar, BRLM and Syndicate Members to facilitate collections from the Bidders.

Payment of refund, if any, to the Bidders shall also be made from the Refund Account by the Escrow Collection Banks, as per the terms of the Escrow Agreement and the Red Herring Prospectus.

## **TERMS OF PAYMENT AND PAYMENT INTO THE ESCROW COLLECTION ACCOUNT**

Each Bidder shall pay the applicable Margin Amount with the Bid Cum Application Form through a cheque or demand draft for the maximum amount of his/ her Bid in favour of the Escrow Account of the Escrow Collection Bank(s) (for details please see the sub-section titled "Payment Instructions" beginning on page 267 of the Red Herring Prospectus)

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and submit the same to the member of the Syndicate to whom the Bid is being submitted. Bid Cum Application Forms accompanied by cash or stockinvest shall not be accepted. The maximum Bid price has to be paid at the time of submission of the Bid Cum Application Form based on the highest bidding option of the Bidder.

The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold the monies for the benefit of the Bidders till such time as the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with one of the Escrow Collection Banks. . The balance amount after transfer to the Public Issue Account shall be transferred to the Refund Account maintained by the Refund Bank, and not later than 15 days from the Bid/Issue Closing Date , the Refund Bank shall refund all monies to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for Allotment to the Bidders.

Each category of Bidders (i.e. Eligible Employees bidding in the Employee Reservation Portion, QIB Bidders, Non Institutional Bidders and Retail Individual Bidders) would be required to pay their applicable Margin Amount at the time of submission of the Bid Cum Application Form. The Margin Amount payable by each category of Bidders is mentioned in the section titled "Issue Structure" beginning on page 250 of the Red Herring Prospectus. After the Bid Closing Date, the level of subscription in all categories shall be determined. Based on the level of subscription, additional margin money, if any, shall be called from the QIB Bidders. If such additional margin money is not paid into the appropriate Escrow Account within the time and in the manner stipulated above, the Bid of such QIB Bidder is liable to be rejected. Further we may call for additional Margin amount over and above the minimum prescribed 10% Margin amount from certain QIBs at our discretion prior to acceptance of the Bid anytime upto the Bid/Issue Closing date and shall have the right to reject such bids on technical ground in case of non-receipt of such additional margin. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Amount, any difference between the amount payable by the Bidder for Equity Shares allocated at the Issue Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in-Date, which shall be a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLM, and would be specified in the CAN. If the payment is not made favouring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled. However, if the members of the Syndicate do not accept such margin payment, the full amount of payment has to be made at the time of submission of the Bid Cum Application Form.

Where the Bidder has been allocated lesser number of Equity Shares than he or she had bid for, the excess amount paid on bidding, if any, after adjustment for allocation, will be refunded to such Bidder within 15 days from the Bid/Issue Closing Date, failing which and our Company shall pay interest at 15% per annum for any delay beyond the periods as mentioned above.

### **OTHER INSTRUCTIONS**

#### **Joint Bids in the case of Individuals**

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all payments will be made out in favor of the Bidder whose name appears first in the Bid-cum-Application Form or Revision Form ("First Bidder"). All communications will be addressed to the First Bidder and will be dispatched to his or her address.

#### **Multiple Bids**

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

Eligible Employees bidding in the Employee Reservation Portion can also Bid in the "Net Issue to the Public" Portion and such Bids shall not be treated and as multiple Bids.

We reserve the right to reject, in our absolute discretion to accept or reject, all or any multiple Bids in any or all categories.

### **PERMANENT ACCOUNT NUMBER (PAN)**

SEBI has recently issued a circular directing that with effect from July 2, 2007 PAN would be the sole identifiable number for participants transacting in the securities market, irrespective of the amount of transaction.

Therefore, irrespective of the amount of the Bid, the Bidder or in the case of an Bid in joint names, each of the Bidders, should mention his/her Permanent Account Number (PAN) allotted under the I.T. Act. Applications without this information will be considered incomplete and are liable to be rejected. **It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.** In case the sole/first Bidder and joint Bidder(s) is/are not required to obtain PAN, each of the Bidder(s) shall mention "Not Applicable" and in the event that the sole Bidder and/or the joint Bidder(s) have applied for PAN which has not yet been allotted each of the Bidder(s) should mention "Applied for" in the Bid-cum-Application Form. Further, where the Bidder(s) has mentioned "Applied for" or "Not Applicable", the sole/first Bidder and each of the joint Bidder(s), as the case may be, would be required to submit Form 60 (Form of declaration to be filed by a person who does not have a permanent account number and who enters into any transaction specified in rule 114B), or, Form 61 (form of declaration to be filed by a person who has agricultural income and is not in receipt of any other income chargeable to income-tax in respect of transactions specified in rule 114B), as may be applicable, duly filled along with a copy of any one of the following documents in support of the address: (a) Ration Card (b) Passport (c) Driving license (d) Identity card issued by any institution (e) Copy of the electricity bill or telephone bill showing residential address (f) Any document or communication issued by any authority of the Central Government, State Government or local bodies showing residential address (g) Any other documentary evidence in support of address given in the declaration. **It may be noted that Form 60 and Form 61 have been amended vide a notification issued on December 1, 2004 by the Ministry of Finance, Department of Revenue, Central Board of Direct Taxes. All Bidders are requested to furnish, where applicable, the revised Form 60 or 61 as the case may be.**

#### **UNIQUE IDENTIFICATION NUMBER - MAPIN**

SEBI has, with effect from July 2, 2007 declared that the PAN would be the sole identification number for participants transacting in the securities market, irrespective of the amount of transaction. Thus, the use of UIN has been discontinued.

#### **OUR RIGHT TO REJECT BIDS**

In case of QIB Bidders, our Company, in consultation with the BRLM may reject a bid placed by a qualified QIB for reasons to be recorded in writing, provided that such rejection shall be made at the time of submission of the Bid and the reasons therefore shall be disclosed to the QIB Bidders. In case of, Non-Institutional Bidders, Retail Individual Bidders, we have a right to reject Bids based on technical grounds. Consequent refunds shall be made by cheque or pay order or draft and will be sent to the Bidder's address at the Bidder's risk.

#### **GROUND FOR TECHNICAL REJECTIONS**

Bidders are advised to note that Bids are liable to be rejected inter alia on the following technical grounds:

- 1) Amount paid doesn't tally with the amount payable for the highest number of Equity Shares bid for;
- 2) Age of First Bidder not given;
- 3) Bids by Persons not competent to contract under the Indian Contract Act, 1872, including minors, insane persons;
- 4) PAN / Form 60 or Form 61 declaration along with documentary evidence in support of address given in the declaration, not given;
- 5) Bids for lower number of Equity Shares than specified for that category of investors;
- 6) Bids at a price less than lower end of the Price Band;
- 7) Bids at a price more than the higher end of the Price Band;
- 8) Bids at cut-off price by Non-Institutional and QIB Bidders;
- 9) Bids for number of Equity Shares which are not in multiples of 15;
- 10) Category not ticked;
- 11) Multiple bids as defined in the Red Herring Prospectus;
- 12) In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;

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- 13) Bids accompanied by Stock invest/ money order/postal order/cash;
- 14) Signature of sole and / or joint bidders missing;
- 15) Bid-cum-Application Form does not have the stamp of the BRLM or Syndicate Members;
- 16) Bid-cum-Application Form does not have Bidder's depository account details;
- 17) In case no corresponding record is available with the Depository that matches three parameters: name of Bidder (including sequence of names of joint holders), depository participant identification number and beneficiary account number;
- 18) Bid-cum-Application Forms are not delivered by the Bidders within the time prescribed as per the Bid-cum-Application Form, Bid/Issue Opening Date advertisement and the Red Herring Prospectus and as per the instructions in the Red Herring Prospectus and the Bid-cum-Application Form;
- 19) Bids for amounts greater than the maximum permissible amounts prescribed by the regulations.;
- 20) Bids by OCBs;
- 21) Bid by U.S. residents or U.S persons.
- 22) In case of partnership firms Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
- 23) Bids for amounts greater than the maximum permissible amounts prescribed by the regulations; and
- 24) If GIR number is mentioned instead of PAN Number

### PRICE DISCOVERY AND ALLOCATION

- (a) After the Bid/Issue Closing Date, the BRLM will analyze the demand generated at various price levels and discuss pricing strategy with us.
- (b) Our Company, BRLM shall finalise the Issue Price and the number of Equity Shares to be allotted.
- (c) The allocation to QIBs will be at least 60% of the Net Issue and allocation to Non-Institutional and Retail Individual Bidders will be up to 10% and 30% of the Net Issue, respectively, on proportionate basis, in the manner specified in the SEBI Guidelines and the Red Herring Prospectus and in consultation with Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price. **However, if the aggregate demand by Mutual Funds is less than 85,350 Equity Shares (assuming QIB Portion is 60% of the Issue size, i.e. 1,707,000 Equity Shares), the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders.** If a minimum allotment of atleast 60% of the Issue is not made to the QIBs, the entire subscription monies shall be refunded.
- (d) Under-subscription, if any, in the Non-Institutional category and the Retail Individual category or the Employee Reservation Portion would be met with spill over from any other category at the sole discretion of our Company in consultation with the BRLM.
- (e) The BRLM, in consultation with us, shall notify the Syndicate Member of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.
- (f) Our Company reserves the right to cancel the Issue any time after the Bid/Issue Opening Date but before allotment.
- (g) In terms of SEBI Guidelines, QIB Bidders shall not be allowed to withdraw their Bid after the closure of Bidding.
- (h) The allotment details shall be put on the website of the Registrar to the Issue.

### SIGNING OF UNDERWRITING AGREEMENT AND ROC FILING

- (a) Our Company, the BRLM and the Syndicate Members shall enter into an Underwriting Agreement on finalization of the Issue Price and allocation(s) to the Bidders.
- (b) After signing the Underwriting Agreement, we would update and file the updated Red Herring Prospectus with

RoC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Issue Size, underwriting arrangements and would be complete in all material respects.

#### **ADVERTISEMENT REGARDING ISSUE PRICE AND PROSPECTUS**

We will issue a statutory advertisement after the filing of the Prospectus with RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price. Any material updates between the date of Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

#### **ISSUANCE OF CONFIRMATION OF ALLOCATION NOTE (CAN)**

After the determination of Issue Price, the following steps would be taken

- (a) Upon approval of the basis of allotment by the Designated Stock Exchange, the BRLM or Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated Equity Shares in the Issue. The approval of the Designated Stock Exchange for QIB Bidders may be done simultaneously with or prior to the approval of the basis of allocation for the Retail Individual and Non-Institutional Bidders. However, Bidders should note that our Company shall ensure that the date of Allotment of the Equity Shares to all Bidders, in all categories, shall be done on the same date.
- (b) The BRLM or Syndicate Members would then send the CAN to their Bidders who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid into the Escrow Account at the time of bidding shall pay in full the amount payable into the Escrow Account by the Pay-in Date specified in the CAN.
- (i) Bidders who have been allocated Equity Shares and who have already paid the Bid Amount into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realization of their cheque or demand draft paid into the Escrow Account. The dispatch of a CAN shall be a deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares to be allotted to such Bidder.
- (j) The issuance of CAN is subject to "Allotment Reconciliation and Revised CANs" as mentioned below.

#### **Notice to QIBs: Allotment Reconciliation and Revised CANs**

After the Bid/Issue Closing Date, an electronic book will be prepared by the Registrar on the basis of Bids uploaded on the BSE/ NSE system. This shall be followed by a physical book prepared by the Registrar on the basis of Bid-cum-Application Forms received. Based on the electronic book or the physical book, as the case may be, QIBs may be sent a CAN, indicating the number of Equity Shares that may be allocated to them. This CAN is subject to the basis of final Allotment, which will be approved by the Designated Stock Exchange and reflected in the reconciled book prepared by the Registrar. Subject to SEBI Guidelines, certain Bid applications may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciliation and basis of Allotment as approved by the Designated Stock Exchange. As a result, a revised CAN may be required to be sent to QIBs and the allocation of Equity Shares in such revised CAN may be different from that specified in the earlier CAN. QIBs should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN, for any increased allocation of Equity Shares. The CAN will constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the QIB to pay the entire Issue Price for all the Equity Shares allocated to such QIB. The revised CAN, if issued, will supersede in entirety the earlier CAN.

#### **DESIGNATED DATE AND ALLOTMENT OF EQUITY SHARES**

- (a) After the funds are transferred from the Escrow Account to the Issue Account on the Designated Date, we would ensure allotment of the Equity Shares to the allottees within two days of the finalization of the basis of allotment.
- (b) All allottees will receive credit for the Equity Shares directly in their depository account. **Equity Shares will be issued only in the dematerialized form to the allottees.** Allottees will have the option to re-materialize the Equity Shares so allotted, if they so desire, as per the provisions of the Companies Act and the Depositories Act.



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**Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated to them pursuant to this Issue.**

We would ensure the allotment of Equity Shares within 15 days of Bid/Issue Closing Date and also ensure that credit is given to the allottees' depository accounts within two working days from the date of allotment. In case, our Company fails to make allotment or transfer within 15 days of the Bid/Issue Closing Date, interest would be paid to the investors at the rate of 15% p.a.

### **Disposal of Applications and Applications Money and Interest in Case of Delay in Dispatch of Allotment Letters/ Refund Orders**

We shall ensure dispatch of allotment advice and/or refund orders/refund advice (in case refunds made through ECS/ Direct Credit, RTGS, NEFT) as the case may be giving credit to the Beneficiary Account of the bidders with their respective Depository Participant and submission of the allotment and listing documents to the Stock Exchanges within two working days of finalization of the basis of allotment of Equity Shares. The mode of dispatch of refunds shall be as mentioned in the paragraph titled "Mode of Making Refunds" beginning on page 280 of the Red Herring Prospectus.

Where refunds are made through electronic transfer of funds, a suitable communication will be sent to the bidders within 15 days of closure of the issue, giving details of the Bank where refund will be credited along with amount and expected date of electronic credit of refund.

**The bank account details for ECS, Direct Credit, RTGS, National Electronic Funds Transfer (NEFT) credit will be directly taken from the depositories' database and hence bidders are required to ensure that bank details including the nine digit MICR code (Magnetic Ink Character Recognition) maintained at the depository level are updated and correct.**

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges where the Equity Shares are proposed to be listed are taken within 7 (seven) working days of finalisation of the basis of allotment.

In accordance with the Companies Act, the requirements of the Stock Exchanges and SEBI Guidelines, our Company further undertakes that:

- allotment shall be made only in dematerialised form within 15 (fifteen) days of the Bid/Issue Closing Date;
- dispatch of refund orders and/or making of demat credits within 15 (fifteen) days of the Bid/Issue Closing Date would be ensured; and
- our Company shall pay interest at 15% (fifteen) per annum (for any delay beyond the 15 (fifteen)-day time period as mentioned above), if allotment is not made and refund orders are not dispatched to investors (or if, in case that the refund or a portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner) within the 15 (fifteen)-day time prescribed above.

### **Impersonation**

**Attention of the Bidders is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, which is reproduced below:**

**"Any person who:**

- (a) makes in a fictitious name, a Bid to a company for acquiring or subscribing for, any shares therein, or**
- (b) otherwise induces a company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name,**

**shall be punishable with imprisonment for a term which may extend to five years."**

### **BASIS OF ALLOTMENT**

#### **A. For Bidders in the Employee Reservation Portion**

- Bids received from Eligible Employees at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allocation to all successful Bidders in the Employee Reservation Portion will be made at Issue Price.

- If the aggregate demand in the Employee Reservation Portion is less than or equal to 150,000 Equity Shares at or above the Issue Price, full Allocation shall be made to such Bidders in the Reservation portion to the extent of the demand.
- If the aggregate demand in the Employee Reservation Portion is more than 150,000 Equity Shares at or above the Issue Price the Allocation shall be made on a proportionate basis.
- For the definition of term "Eligible Employee" for the purposes of the Employee Reservation Portion please refer to section titled "Definitions and Abbreviation" beginning on page i of the Red Herring Prospectus.

#### **B. For Retail Individual Bidders**

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The allocation to all the successful Retail Individual Bidders will be made at the Issue Price.
- The Issue less allocation to Non-Institutional and QIB Bidders and Eligible Employees shall be available for allocation to Retail Individual Bidders who have bid in the Issue at a price, which is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 853,500 Equity Shares at or above the Issue Price, full allocation shall be made to the Retail Individual Bidders to the extent of their demand.
- If the aggregate demand in this category is greater than 853,500 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of 15 Equity Shares. For the method of proportionate basis of allotment, refer below.

#### **C. For Non Institutional Bidders**

- Bids received from Non Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The allocation to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Issue less allocation to QIBs, Retail Individual Bidders and Eligible Employees shall be available for allocation to Non-Institutional Bidders who have bid in the Issue at a price, which is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 284,500 Equity Shares at or above the Issue Price, full allocation shall be made to Non-Institutional Bidders to the extent of their demand.
- In case the aggregate demand in this category is greater than 284,500 Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis up to a minimum of 15 Equity Shares. For the method of proportionate basis of allotment refer below.

#### **D. For QIBs**

- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to all the QIB Bidders will be made at the Issue Price.\
- At least 60% of the Net Issue, that is 1,707,000 Equity Shares, shall be available for allotment to QIBs who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- In terms of Rule 19(2)(b) of the SCRR, this being an Issue for less than 25% of the post-Issue capital, the Issue is being made through the 100% Book Building Process wherein at least 60% of the Net Issue shall be allocated on a proportionate basis to QIB Bidders, out of which 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds, subject to valid Bids being received at or above Issue Price. If at least 60% of the Net Issue cannot be allocated to QIB Bidders, then the entire application money will be refunded forthwith.
- The QIB Portion shall be available for allocation to QIB Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.



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- Allotment shall be undertaken in the following manner:
  - a. In the first instance allocation to Mutual Funds for 5% of the QIB Portion shall be determined as follows;
    - (i) In the event that Mutual Fund Bids exceeds 5% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for 5% of the QIB Portion.
    - (ii) In the event that the aggregate demand for Mutual Funds is less than 5% of the QIB Portion then all Mutual Funds shall get full allotment to the extent of valid Bids received above the Issue Price.
    - (iii) Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available to all QIB Bidders as set out in (b) below;
  - b. In the second instance allocation to all QIBs shall be determined as follows:
    - (i) In the event that the over subscription in the QIB Portion, all QIB Bidders who have submitted Bids above the Issue Price shall be allotted Equity Shares on a proportionate basis for up to 95% of the QIB Portion.
    - (ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.
    - (iii) Under-subscription below 5% of the QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.

Except for any shares allocated to QIB Bidders due to under subscription in the Retail Portion Non Institutional Portion and/or Employee Reservation Portion , the aggregate allocation to QIB Bidders shall be made on a proportionate basis at least to the extent of [●] Equity Shares and in multiples of 15 Equity Shares thereafter. For the method of proportionate basis of allocation refer below.
  - c. The aggregate Allocation to QIB Bidders shall not be less than 1,707,000 Equity Shares.

### METHOD OF PROPORTIONATE BASIS OF ALLOCATION IN THE ISSUE

In the event of the Issue being oversubscribed, our Company shall finalize the basis of allotment in consultation with the Designated Stock Exchange. The Executive Director (or any other Senior official nominated by them) of the Designated Stock Exchange along with the BRLM and the Registrar to the Issue shall be responsible for ensuring that basis of allotment is finalized in a fair and proper manner. The allotment shall be in marketable lots, on a proportionate basis as explained below.

- a. Bidders will be categorized according to the number of Equity Shares applied for by them.
- b. The total number of Equity Shares to be allotted to each category, as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.
- c. Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.

In all Bids where the proportionate allotment is less than [●] Equity Shares per Bidder, the allotment shall be made as follows:

- Each successful Bidder shall be allotted a minimum of 15 Equity Shares ; and
- The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above.

If the proportionate allotment to a Bidder is a number that is more than 15 but is not a multiple of one (which is the market lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower whole number. All Bidders in such categories would be allotted Equity Shares arrived at after such rounding off.

If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for allotment shall be first adjusted against any other category, where the allotted Equity Shares are not sufficient for proportionate allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares. The basis of allocation on a proportionate basis shall be finalised in consultation with the Designated Stock Exchange.

#### **Illustration of Allotment to QIBs and Mutual Funds ("MF") (this illustration is not specific to this Issue)**

##### **I Issue details**

<b>Sr No.</b>	<b>Particulars</b>	<b>Issue Details</b>
	Issue size	200 million Equity Shares
	Allocation to QIB (60% of the Net Issue)	120 million equity shares
	Of which: a. Reservation for Mutual Funds (5%) b. Balance for all QIBs including Mutual Funds	6 million equity shares 114 million
	Number of QIB applicants	10
	Number of Equity Shares applied for	500 million Equity Shares

##### **II Details of QIB Bids**

<b>S.No</b>	<b>Type of QIB bidders#</b>	<b>No. of shares bid for (in million)</b>
1.	A1	50
2.	A2	20
3.	A3	130
4.	A4	50
5.	A5	50
6.	MF1	40
7.	MF2	40
8.	MF3	80
9.	MF4	20
10.	MF5	20
	<b>TOTAL</b>	<b>500</b>

# A1-A5: (QIB Bidders other than Mutual Funds), MF1-MF5 (QIB Bidders which are Mutual Funds)

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## Details of Allotment to QIB Bidders/Applicants

(Number of Equity Shares in million)

Type of QIB Bidder	Shares bid for	Allocation of 5 million equity shares	Allocation of balance 95 million equity shares to MFs proportionately (please see note 2 below)	Aggregate allocation to MFs Equity Shares to QIBS proportionately (please see Note 4 below)
(I)	(II)	(III)	(IV)	(V)
A1	50	0	11.40	0
A2	20	0	4.56	0
A3	130	0	29.64	0
A4	50	0	11.40	0
A5	50	0	11.40	0
MF1	40	1.2	9.12	8.48
MF2	40	1.2	9.12	8.48
MF3	80	2.4	18.24	16.97
MF4	20	0.6	4.56	4.24
MF5	20	0.6	4.56	4.24
	500	6	114	51.64

Please note:

1. The illustration presumes compliance with the requirements specified in the Red Herring Prospectus in the section titled "Issue Structure" beginning on page 250.
2. Out of 120 million Equity Shares allocated to QIBs, 6 million (i.e. 5%) will be allocated on proportionate basis among five Mutual Fund applicants who applied for 200million shares in the QIB Portion.
3. The balance 114 million Equity Shares [i.e. 100 - 5 (available for Mutual Funds only)] will be allocated on proportionate basis among 10 QIB Bidders who applied for 500 Equity Shares (including five Mutual Fund applicants who applied for 200 million Equity Shares).
4. The figures in the fourth column titled "Allocation of balance 114 million Equity Shares to QIBs proportionately" in the above illustration are arrived as under:
  - a. For QIBs other than Mutual Funds (A1 to A5) = Number of Equity Shares Bid for X 95/495.
  - b. For Mutual Funds (MF1 to MF5) = [(No. of shares bid for (i.e., in column II of the table above) less Equity Shares Allotted ( i.e., column III of the table above)] X 95/495.
  - c. The numerator and denominator for arriving at allocation of 114 million Equity Shares to the 10 QIBs are reduced by 6 million shares, which have already been Allotted to Mutual Funds in the manner specified in column III of the table above.

## PROCEDURE AND TIME SCHEDULE FOR ALLOTMENT OF EQUITY SHARES AND DEMAT CREDIT OF EQUITY

The Issue will be conducted through a "100% Book Building Process" pursuant to which the Underwriters will accept bids for the Equity Shares during the Bidding Period. The Bidding Period will commence on December 07, 2007 and expire on December 12, 2007. Following the expiration of the Bidding Period, our Company, in consultation with the BRLM, will determine the Issue Price, and, in consultation with the BRLM, the basis of allocation and entitlement to

allotment based on the bids received and subject to the confirmation by the Designated Stock Exchange. Successful bidders will be provided with a confirmation of their allocation and will be required to pay any unpaid amount for the Equity Shares within a prescribed time. The Prospectus will be filed with SEBI and the Registrar of Companies and will be made available to investors. SEBI Guidelines require our Company to complete the allotment to successful bidders within 15 days of the expiration of the Bidding Period. The Equity Shares will then be credited and allotted to the investors' demat accounts maintained with the relevant depository participant. Upon approval by the Stock Exchanges, the Equity Shares will be listed and trading will commence. This typically takes three trading days from the date of crediting the investor's demat account, subject to final approval by the Stock Exchanges.

#### **METHOD OF PROPORTIONATE BASIS OF ALLOTMENT**

In the event the Issue is over-subscribed, we shall finalize the basis of allotment to Retail Individual Bidders and Non-Institutional Bidders, Eligible Employees and QIB's in consultation with the Designated Stock Exchange. The Executive Director or Managing Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLM and the Registrar to the Issue shall be responsible for ensuring that basis of allotment is finalised in a fair and proper manner. Allotment to Bidders shall be as per the basis of allocation as set out in this Prospectus under "Issue Structure".

- a) Bidders will be categorized according to the number of Equity Shares applied for.
- b) The total number of Equity Shares to be allotted to each category, as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of bidders in the category multiplied by number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.
- c) Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio in that category subject to minimum allotment of 15 Equity Shares. The minimum allotment lot shall be the same as the minimum application lot irrespective of any revisions to the Price Band.
- d) In case the proportionate allotment to any Bidders is in fractions, then the same would be rounded off to nearest integer.
- e) In all bids where the proportionate allotment is less than 15 Equity Shares per Bidder, the allotment shall be made as follows:
  - Each successful Bidder shall be allotted a minimum of 15 Equity Shares; and
  - The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above.
- f) If the proportionate allotment to a Bidder is a number that is more than 15 Equity Shares but is not a multiple of 1 (which is the marketable lot), the number in excess of the multiple of 1 would be rounded off to the higher multiple of 1 if that number is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower multiple of 1. All Bidders in such categories would be allotted Equity Shares arrived at after such rounding off.
- g) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for allotment shall be first adjusted against any other category, where the allotted Equity Shares are not sufficient for proportionate allotment to the successful bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising of bidders applying for minimum number of Equity Shares.

#### **LETTERS OF ALLOTMENT OR REFUND ORDERS**

We shall give credit to the beneficiary account with Depository Participants and submit the documents pertaining to the allotment to the Stock Exchanges within two working days of finalization of the basis of allotment of Equity Shares. Bidders having bank accounts at any of the 15 centres where clearing houses are managed by the Reserve Bank of India (RBI) will get refunds through Electronic Credit Service (ECS) only, except where Bidder is otherwise disclosed as eligible to get refunds through direct credit or Real Time Gross Settlement (RTGS). In case of other Bidders, we shall despatch refund orders, if any, of value up to Rs. 1,500, by "Under Certificate of Posting", and will despatch refund orders above Rs. 1,500, if any, by registered post only at the sole or First Bidder's sole risk within 15 days of the Bid/Issue

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Closing Date and adequate funds for the purpose shall be made available to the Registrar by us. Bidders to whom refunds are made through Electronic transfer of funds will be send a letter through "Under Certificate of Posting" within 15 days of closure of Issue, intimating them about the mode of credit of refund, the bank where refunds shall be credited along with the amount and the expected date of electronic credit of refund.

Our Company shall ensure despatch of refund orders / refund advice, if any, by "Under Certificate of Posting" or registered post or speed post or Electronic Clearing Service or Direct Credit or RTGS, as applicable, only at the sole of First Bidder's sole risk within 15 days of the Bid/Issue Closing Date, and adequate funds for making refunds to unsuccessful Bidders as per the mode(s) disclosed shall be made available to the Registrar by the Issuer.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI DIP Guidelines, we undertake that:

- a. Allotment of Equity Shares will be made only in dematerialized form within 15 days from the Bid/Issue Closing Date;
- b. Dispatch of refund orders will be done within 15 days from the Bid/Issue Closing Date;
- c. We shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if allotment is not made, refund orders / credit intimation are not despatched and in case the where a refund is made through electronic mode, the refund instructions have not been given to the clearing system, and demat credit within the 15 day time prescribed above provided that the beneficiary particulars relating to such Bidders as given by the Bidders is valid at the time of the upload of the electronic transfer.

Our Company will provide adequate funds required for the cost of despatch of refund orders/ refund advice/ allotment advice to the Registrar to the Issue.

Save and except refunds effected through the electronic mode i.e ECS, direct credit, NEFT or RTGS, refunds will be made by cheques, pay orders or demand drafts drawn on the Refund Bank and payable at par at places where Bids are received. The bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders. **However, charges levied by the Refund Bank for for electronic payments such as ECS, direct credit, RTGS or NEFT would be borne by our Company.**

### Payment of Refund

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the Bidders bank account details including nine digit MICR code as appearing on a cheque leaf. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in credit of refunds to Bidders at the Bidders sole risk and neither the BRLM, the Refund Bank, our Company nor the Registrar shall have any responsibility and undertake any liability for the same.

### Mode of Making Refunds

The payment of refund, if any, would be done through various modes in the following order of preference

- (a) ECS - Payment of refund would be done through ECS for Bidders having an account at one of the 15 centers, where clearing houses for ECS are managed by Reserve Bank of India namely Ahmedabad, Bangalore, Bhuvaneshwar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram. This would be subject to availability of complete Bank Account Details including MICR code from the depository. The payment of refund through ECS is mandatory for Bidders having a bank account at any of the 15 centres named herein above, except where Bidder is otherwise disclosed as eligible to get refunds through Direct Credit or RTGS.
- (b) Direct Credit - Investors having their Bank Account with the Escrow Bankers, i.e. [●], shall be eligible to receive funds, if any, through Direct Credit. The refund amount, if any, would be credited directly to their Bank Account with the Escrow Banker.
- (c) RTGS - Bidders having a bank account at any of the 15 centres detailed above, and whose bid amount exceeds Rs. 1 million, shall be eligible to exercise the option to receive refunds, if any, through RTGS. All Bidders eligible to exercise this option shall mandatorily provide the IFSC code in the Bid cum Application form. In the event of

failure to provide the IFSC code in the Bid cum Application form, the refund shall be made through the ECS or Direct Credit, if eligibility is disclosed.

- (d) NEFT (National Electronic Fund Transfer) - Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants 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 Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency.
- (e) For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be despatched under certificate of posting for value up to Rs. 1,500 and through Speed Post/Registered Post for refund orders of Rs. 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

**Please note that only Bidders having a bank account at any of the 15 centres where clearing houses for ECS are managed by RBI are eligible to receive refunds through the modes detailed in (a), (b) and (c) hereinabove. For all the other Bidders, including Bidders who have not updated their bank particulars alongwith the nine digit MICR Code, the refund orders would be despatched "Under Certificate of Posting" for refund orders of value up to Rs. 1,500 and through Speed Post / Registered Post for refund orders of Rs. 1,500 and above.**

For all the other Bidders excepts for whom payment of refund is possible through (a), (b) and (c) the refund orders would be despatched "Under Certificate of Posting" for refund orders less than Rs. 1500 and through Speed Post/Registered Post for refund orders exceeding Rs. 1500.

#### ISSUE PROGRAMME

BID/ISSUE OPENS ON:	December 07, 2007
BID/ISSUE CLOSSES ON:	December 12, 2007

Bids and any revision in Bids shall be accepted only between 10 a.m. and 5 p.m. (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form and uploaded till such time as may be permitted by the BSE and NSE on the Bid/Issue Closing Date.

**In case of revision in the Price Band, the Bidding/Issue Period will be extended for three additional working days after revision of Price Band. Any revision in the Price Band and the revised Bid/Issue Period, if applicable, will be widely disseminated by notification to the BSE and NSE, by issuing a press release, and also by indicating the change on the web site of the BRLM and at the terminals of the Syndicate.**

#### UNDERTAKING BY OUR COMPANY

Our Company undertakes as follows:

- that the complaints received in respect of this Issue shall be attended to expeditiously and satisfactorily;
- that all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the stock exchanges where the Equity Shares are proposed to be listed within seven working days of finalisation of the basis of allotment;
- that funds required for making refunds to unsuccessful Bidders as per the mode(s) disclosed under the section "Issue Procedure" on page 256 of the Red Herring Prospectus, shall be made available to the Registrar to the issue by the Issuer.
- that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Bidder within 15 days of closure of the issue giving the details of the bank where refunds shall be credited along with the amount and expected date of electronic credit of refund.



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- That the refund orders to the Non-Resident Indians shall be dispatched within specified time.
- that no further issue of Equity Shares shall be made till the Equity Shares issued through the Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.

**We will provide adequate funds required for dispatch of refund orders / electronic transfer of funds for refunds or allotment advice to the Registrar to the Issue.**

### UTILIZATION OF ISSUE PROCEEDS

The Board of Directors of our Company certifies that:

- (a) all monies received out of the Issue shall be credited/ transferred to a separate Bank Account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
- (b) details of all monies utilized out of this Issue referred above shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such unutilized monies have been invested; and
- (c) Details of all unutilized monies out of this Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested.
- (d) The details of all unutilized monies out of the funds received under the Employee Reservation Portion shall be disclosed under a separate head in the balance sheet of our Company indicating then form in which such unutilized monies have been invested.

### EQUITY SHARES IN DEMATERIALIZED FORM WITH NSDL OR CDSL

**As per the provisions of Section 68B of the Companies Act, the Equity Shares in this Issue shall be allotted only in a dematerialized form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).**

In this context, two agreements have been signed among us, the respective Depositories and the Registrar to the Issue:

- a) a tripartite agreement dated October 24, 2007 with NSDL, us and Registrar to the Issue;
- b) a tripartite agreement dated October 30, 2007 with CDSL, us and Registrar to the Issue

**All bidders can seek allotment only in dematerialized mode. Bids from any investor without relevant details of his or her depository account are liable to be rejected.**

- a) A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Bid.
- b) The Bidder must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's Identification number) appearing in the Bid-cum-Application Form or Revision Form.
- c) Equity shares allotted to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder
- d) Names in the Bid-cum-Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.
- e) Non-transferable allotment advice or refund orders will be directly sent to the Bidder by the Registrar to this Issue.
- f) If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid-cum-Application Form or Revision Form, it is liable to be rejected.
- g) The Bidder is responsible for the correctness of his or her demographic details given in the Bid-cum-Application Form vis-à-vis those with his or her Depository Participant.
- h) It may be noted that Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.

- i) The trading of the Equity Shares of our Company would be in dematerialized form only for all investors.

#### **COMMUNICATIONS**

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or first Bidder, Bid-cum-Application Form number, number of Equity Shares applied for, date, bank and branch where the Bid was submitted and cheque, number and issuing bank thereof.

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

#### **Rectification of Register of Members**

Our Company, under Section 111A of the Act will have the right to rectify the register of members to comply with the Act.



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### RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. Under the current foreign investment policy applicable to us, foreign equity participation up to 100% is permissible under the automatic route.

By way of Circular No. 53 dated December 17, 2003, the RBI has permitted FIIs to subscribe to shares of an Indian company in a public offer without prior RBI approval, so long as the price of equity shares to be issued is not less than the price at which equity shares are issued to residents. In our Company, as of date the aggregate FII holding cannot exceed 24% of the total post-Issue share capital.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations 1995, as amended, Indian law does not prohibit an FII or its sub-account to issue, deal or hold, offshore derivative instruments such as Participatory Notes, equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed in any stock exchange in India only in favor of those entities which are regulated by any relevant regulatory authorities in the countries of their incorporation or establishment subject to compliance of "Know Your Client" requirements, which stipulate fortnightly disclosures by the FII to SEBI informing them about the name, location, type of investor (hedge fund, corporate, individual, pension fund or trust), quantity and value of investment made on behalf of the investor. An FII or sub-account shall also ensure that no further downstream issue or transfer of any instrument referred to hereinabove is made to any person other than a regulated entity.

**Note:**

As per the existing policy of the Government of India, OCBs cannot participate in this Issue.

**Registration of Equity Shares under US Laws**

The Equity Shares have not been and will not be registered under the U.S. Securities Act 1933, as amended or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S of the U.S. Securities Act, 1933), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares will be offered and sold only

- (i) in the United States to "qualified institutional buyers", as defined in Rule 144A of the Securities Act, and
- (ii) outside the United States in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales occur.

**The above information is given for the benefit of the Bidders and neither our Company nor the BRLM are liable for any changes in the regulations after the date of the Red Herring Prospectus.**

## SECTION VIII - MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Pursuant to the provisions of Schedule II of the Companies Act and the SEBI Guidelines, the main provisions of the Articles of Association relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares and other main provisions are as detailed below. Each provision herein below is numbered as per the corresponding article number in the Articles of Association and capitalized terms used in this section have the meaning that has been given to such terms in the Articles of Association of our Company.

<b>Title of Article</b>	<b>Article Number and contents</b>
Share Capital	3. The authorized share capital of the Company is as per Clause V of the Memorandum of Association of the Company as amended from time to time.
Increase of capital by the Company how carried into effect	4. The Company may in General Meeting from time to time by Ordinary Resolution increase its capital by creation of new Shares which may be unclassified and may be classified at the time of issue in one or more classes and of such amount or amounts as may be deemed expedient. The new Shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the resolution shall prescribe and in particular, such Shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company and with a right of voting at General Meeting of the Company in conformity with Section 87 and 88 of the Act. Whenever the capital of the Company has been increased under the provisions of this Article the Directors shall comply with the provisions of Section 97 of the Act
Non Voting Shares	6 The Board shall have the power to issue a part of authorised capital by way of non-voting Shares at price(s) premia, dividends, eligibility, volume, quantum, proportion and other terms and conditions as they deem fit, subject however to provisions of law, rules, regulations, notifications and enforceable guidelines for the time being in force.
Redeemable Preference Shares	7 Subject to the provisions of Section 80 of the Act, the Company shall have the power to issue preference shares which are or at the option of the Company, liable to be redeemed and the resolution authorising such issue shall prescribe the manner, terms and conditions of redemption.
Provisions to apply on issue of Redeemable Preference Shares	9. On the issue of redeemable preference shares under the provisions of Article 6 hereof, the following provisions-shall take effect. (a) No such Shares shall be redeemed except out of profits of the Company, which would otherwise be available for dividend or out of proceeds of a fresh issue of shares made for the purpose of the redemption. (b) No such Shares shall be redeemed unless they are fully paid. (c) The premium, if any payable on redemption shall have been provided for out of the profits of the Company or out of the Company's share premium account, before the Shares are redeemed. (d) Where any such Shares are redeemed otherwise then out of the proceeds of a fresh issue, there shall out of profits which would otherwise have been available for dividend, be transferred to a reserve fund, to be called "the Capital Redemption Reserve Account", a sum equal to the nominal amount of the Shares redeemed, and the provisions of the Act relating to the reduction of the share capital of the Company shall, except as provided in

## TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

Title of Article	Article Number and contents
	<p>Section 80 of the Act apply as if the Capital Redemption Reserve Account were paid-up share capital of the Company.</p> <p>(e) Subject to the provisions of Section 80 of the Act. The redemption of preference shares hereunder may be effected in accordance with the terms and conditions of their issue and in the absence of any specific terms and conditions in that behalf, in such manner as the Directors may think fit.</p>
Reduction of capital	<p>10. The Company may (subject to the provisions of section 78, 80 and 100 to 105, both inclusive, and other applicable provisions, if any, of the Act) from time to time by Special Resolution reduce</p> <p>(a) the share capital;</p> <p>(b) any capital redemption reserve account; or</p> <p>(c) any share premium account</p> <p>in any manner for the time being, authorised by law and in particular capital may be paid off on the footing that it may be called up again or otherwise. This Article is not to derogate from any power the Company would have, if it were omitted.</p>
Purchase of own Shares	<p>11. The Company shall have power, subject to and in accordance with all applicable provisions of the Act, to purchase any of its own fully paid Shares whether or not they are redeemable and may make a payment out of capital in respect of such purchase.</p>
Sub-division consolidation and cancellation of Shares	<p>12 Subject to the provisions of Section 94 and other applicable provisions of the Act, the Company in General Meeting may, from time to time, sub-divide or consolidate its Shares, or any of them and the resolution whereby any Share is sub-divided may determine that, as between the holders of the Shares resulting from such sub-divisions, one or more of such Shares shall have some preference or special advantage as regards dividend, capital or otherwise over or as compared with the other(s). Subject as aforesaid, the Company in General Meeting may also cancel shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the Shares so cancelled.</p>
Title of Article Modification of rights	<p>Article Number and contents</p> <p>13. Whenever the capital, by reason of the issue of preference shares or otherwise, is divided into different classes of Shares, all or any of the rights and privileges attached to each class may, subject to the provisions of Sections 106 and 107 of the Act, be modified, commuted, affected, abrogated, dealt with or varied with the consent in writing of the holders of not less than three-fourth of the issued capital of that class or with the sanction of a Special Resolution passed at a separate General Meeting of the holders of Shares of that class, and all the provisions hereafter contained as to General Meeting shall mutatis mutandis apply to every such Meeting. This Article is not to derogate from any power the Company would have if this Article was omitted.</p> <p>The rights conferred upon the holders of the Shares (including preference shares, if any) of any class issued with preferred or other rights or privileges shall, unless otherwise expressly provided by the terms of the issue of Shares of that class, be deemed not to be modified, commuted, affected, dealt with or varied by the creation or issue of further Shares ranking pari passu therewith.</p>

## SHARES, CERTIFICATES AND DEMATERIALISATION

Title of Article	Article Number and contents
Restriction on allotment and return of allotment	<p>14.</p> <p>The Board of Directors shall observe the restrictions on allotment of Shares to the public contained in Sections 69 and 70 of the Act, and shall cause to be made the returns as to allotment provided for in Section 75 of the Act.</p>
Further issue of shares	<p>15.</p> <p>(1) Where at any time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of Shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further Shares whether out of unissued share capital or out of increased share capital then:</p> <p>(a) Such further Shares shall be offered to the persons who at the date of the offer are holders of the equity shares of the Company, in proportion, as nearly as circumstances admit, to the capital paid up on those Shares at that date</p> <p>(b) Such offer shall be made by a notice specifying the number of Shares offered and limiting a time not being less than thirty days from the date of the offer and the offer, if not accepted, will be deemed to have been declined.</p> <p>(c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the Shares offered to them in favour of any other person, and the notice referred to in sub-clause (b) shall contain a statement of this right, PROVIDED THAT the Directors may decline, without assigning any reason, to allot any Shares to any person in whose favour any Member may renounce the Shares offered to him.</p> <p>(d) After the expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given declines to accept the Shares offered, the Board of Directors may dispose them off in such manner and to such person(s) as they may think in their sole discretion fit.</p> <p>(2) Notwithstanding anything contained in sub-clause (1) hereof, the further Shares aforesaid may be offered to any person(s) (whether or not those persons include the persons referred to in clause (a) sub-clause (1) hereof) in any manner whatsoever.</p> <p>(a) If a Special Resolution to that effect is passed by the Company in the General Meeting; or</p> <p>(b) Where no such Special Resolution is passed, if the votes cast (whether on a show of hands, or on a poll, as the case may be) in favour of the proposal contained in the resolution moved in that General Meeting, (including the casting vote, if any, of the Chairman) by Members who, being entitled to do so, vote in person, or where proxies are allowed by proxy, exceed the votes, if any, cast against the proposal by Members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the Company.</p> <p>(3) Nothing in sub-clause (c) of clause (1) hereof shall be deemed;</p>

## TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

Title of Article	Article Number and contents
	<p>(a) To extend the time within which the offer should be accepted; or</p> <p>(b) To authorise any person to exercise the right of renunciation for a second time, on the ground that the persons in whose favour the renunciation was first made has declined to take the Shares comprised in the renunciation.</p> <p>(4) Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the debenture issued or loans raised by the Company:</p> <p>(i) To convert such debentures or loans into Shares in the Company; or</p> <p>(ii) to subscribe for Shares in the Company (whether such option is conferred in these Articles or otherwise)</p> <p>PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:</p> <p>(a) either has been approved by the Central Government before the issue of the debentures or the raising of the loans, or is in conformity with the rules, if any, made by that government in this behalf, and</p> <p>(b) in the case of debentures or loans other than debentures issued to, or loans obtained from government or any institution specified by the Central Government in this behalf, has also been approved by a Special Resolution passed by the Company in the General Meeting before the issue of the debentures or the raising of the loans.</p>
Shares under control of Directors	<p>16.</p> <p>Subject to the provisions of the Act and these Articles, the Shares in the capital of the Company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of Section 79 of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the Company in the General Meeting to give to any person or persons the option or right to call for any Shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot Shares in the capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any Shares which may so be allotted may be issued as fully paid up Shares and if so issued, shall be deemed to be fully paid Shares. Provided that option or right to call for Shares shall not be given to any person or persons without the sanction of the Company in the General Meeting.</p>
Power to offer Shares/options to acquire Shares	<p>16A</p> <p>(i) Without prejudice to the generality of the powers of the Board under Article 13 or in any other Article of these Articles of Association, the Board or any Committee thereof duly constituted may, subject to the applicable provisions of the Act, rules notified thereunder and any other applicable laws, rules and regulations, at any point of time, offer existing or further Shares (consequent to increase of share capital) of the Company, or options to acquire such Shares at any point of time, whether such options are granted by way of warrants or in any other manner (subject to such consents and permissions as may be required) to its employees, including Directors (whether whole-</p>

Title of Article	Article Number and contents
	<p>time or not), whether at par, at discount or at a premium, for cash or for consideration other than cash, or any combination thereof as may be permitted by law for the time being in force.</p> <p>(ii) In addition to the powers of the Board under Article 13A(i), the Board may also allot the Shares referred to in Article 13A(i) to any trust, whose principal objects would inter alia include further transferring such Shares to the Company's employees [including by way of options, as referred to in Article 13A(i)] in accordance with the directions of the Board or any Committee thereof duly constituted for this purpose. The Board may make such provision of moneys for the purposes of such trust, as it deems fit.</p> <p>(iii) The Board, or any Committee thereof duly authorised for this purpose, may do all such acts, deeds, things, etc. as may be necessary or expedient for the purposes of achieving the objectives set out in Articles 13A(i) and (ii) above.</p>
Application of premium received on Shares	<p>17.</p> <p>(1) where the Company issues Shares at a premium whether for cash or otherwise, a sum equal to the aggregate amount or value of the premium on these Shares shall be transferred to an account, to be called "the share premium account" and the provisions of the Act relating to the reduction of the share capital of the Company shall except as provided in this Article, apply as if the share premium account were paid up share capital of the Company.</p> <p>(2) The share premium account may, notwithstanding anything in clause (1) thereof be applied by the Company:</p> <p>(a) In paying up unissued Shares of the Company, to be issued to the Members of the Company as fully paid bonus;</p> <p>(b) In writing off the preliminary expenses of the Company;</p> <p>(c) In writing off the expenses of or the commission paid or discount allowed or any issue of Shares or debentures of the Company ; or</p> <p>(d) In providing for the premium payable on the redemption of any redeemable preference shares or of any debentures of the Company.</p>
Power also to Company in General Meeting to issue Shares	<p>18.</p> <p>In addition to and without derogating from the powers for that purpose conferred on the Board under these Articles, the Company in General Meeting may, subject to the provisions of Section 81 of the Act, determine that any Shares (whether forming part of the original capital or of any increased capital of the Company) shall be offered to such persons (whether Members or not) in such proportion and on such terms and conditions and either (subject to compliance with the provisions of Sections 78 and 79 of the Act) at a premium or at par or at a discount as such General Meeting shall determine and with full power to give any person (whether a Member or not) the option or right to call for or buy allotted Shares of any class of the Company either (subject to compliance with the provisions of Sections 78 and 79 of the Act) at a premium or at par or at a discount, such option being exercisable at such times and for such consideration as may be directed by such General Meeting or the Company in General Meeting may make any other provision whatsoever for the issue, allotment, or disposal of any Shares.</p>
Power of General Meeting to authorize Board to offer Shares/Options to employees	<p>18A</p> <p>(i) Without prejudice to the generality of the powers of the General Meeting under Article 15 or in any other Article of these Articles of Association, the General Meeting may, subject to the applicable provisions of the Act, rules notified thereunder and any other applicable laws, rules and regulations,</p>

## TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

Title of Article	Article Number and contents
	<p>determine, or give the right to the Board or any Committee thereof to determine, that any existing or further Shares (consequent to increase of share capital) of the Company, or options to acquire such Shares at any point of time, whether such options are granted by way of warrants or in any other manner (subject to such consents and permissions as may be required) be allotted/granted to its employees, including Directors (whether whole-time or not), whether at par, at discount or a premium, for cash or for consideration other than cash, or any combination thereof as may be permitted by law for the time being in force. The General Meeting may also approve any Scheme/ Plan/ other writing, as may be set out before it, for the aforesaid purpose</p> <p>(ii) In addition to the powers contained in Article 15A(i), the General Meeting may authorise the Board or any Committee thereof to exercise all such powers and do all such things as may be necessary or expedient to achieve the objectives of any Scheme/Plan/other writing approved under the aforesaid Article.</p>
Shares at a discount	<p>19. The Company may issue at a discount Shares in the Company of a class already issued, if the following conditions are fulfilled, namely:</p> <p>(a) The issue of the Shares at discount is authorised by resolution passed by the Company in the General Meeting and sanctioned by the Company Law Board;</p> <p>(b) The resolution specifies the maximum rate of discount (not exceeding ten percent or such higher percentage as the Company Law Board may permit in any special case) at which the Shares are to be issued; and</p> <p>(c) The Shares to be issued at a discount are issued within two months after the date in which the issue is sanctioned by the Company Law Board or within such extended time as the Company Law Board may allow.</p>
Installments of Shares to be duly paid	<p>20. If by the conditions of any allotment of any Shares the whole or any part of the amount or issued price thereof shall, be payable by installments, every such installment shall when due, be paid to the Company by the person who for the time being and from time to time shall be the registered holder of the Shares or his legal representatives, and shall for the purposes of these Articles be deemed to be payable on the date fixed for payment and in case of non-payment the provisions of these Articles as to payment of interest and expenses forfeiture and like and all the other relevant provisions of the Articles shall apply as if such installments were a call duly made notified as hereby provided.</p>
The Board may issue Shares as fully paid-up	<p>21. Subject to the provisions of the Act and these Articles, the Board may allot and issue Shares in the Capital of the Company as payment for any property purchased or acquired or for services rendered to the Company in the conduct of its business or in satisfaction of any other lawful consideration. Shares which may be so issued may be issued as fully paid-up or partly paid up Shares.</p>
Acceptance of Shares	<p>22. Any application signed by or on behalf of an applicant for Share(s) in the Company, followed by an allotment of any Share therein, shall be an acceptance of Share(s) within the meaning of these Articles, and every person who thus or otherwise accepts any Shares and whose name is therefore placed on the Register of Members shall for the purpose of this Article, be a Member.</p>



<b>Title of Article</b>	<b>Article Number and contents</b>
Deposit and call etc., to be debt payable	<p>23.</p> <p>The money, if any which the Board of Directors shall on the allotment of any Shares being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any Shares allotted by them</p> <p>shall immediately on the inscription of the name of the allottee in the Register of Members as the holder of such Shares, become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.</p>
Liability of Members	<p>24.</p> <p>Every Member, or his heirs, executors or administrators to the extent of his assets which come to their hands, shall be liable to pay to the Company the portion of the capital represented by his Share which may, for the time being, remain unpaid thereon in such amounts at such time or times and in such manner as the Board of Directors shall, from time to time, in accordance with the Company's requirements require or fix for the payment thereof.</p>
Dematerialisation of securities	<p>25.(A)</p> <p>Either on the Company or on the investor exercising an option to hold his securities with a depository in a dematerialised form, the Company shall enter into an agreement with the depository to enable the investor to dematerialise the Securities, in which event the rights and obligations of the parties concerned shall be governed by the Depositories Act.</p>
Options to receive security certificates or hold securities with depository	<p>25.(C)</p> <p>Every person subscribing to securities offered by the Company shall have the option to receive the Security certificates or hold securities with a depository. Where a person opts to hold a Security with a depository, the Company shall intimate such depository the details of allotment of the Security, and on receipt of such information the depository shall enter in its record the name of the allotted as the Beneficial Owner of that Security.</p>
Securities in depositories to be in fungible form	<p>25.(D)</p> <p>All Securities held by a Depository shall be dematerialised and shall be in a fungible form; nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372 of the Act shall apply to a Depository in respect of the Securities held by it on behalf of the Beneficial Owners.</p>
Rights of depositories and beneficial owners	<p>25.(E)</p> <ol style="list-style-type: none"> <li>(1) Notwithstanding anything to the contrary contained in the Articles, a Depository shall be deemed to be a registered owner for the purposes of effecting transfer of ownership of Security on behalf of the Beneficial Owner;</li> <li>(2) Save as otherwise provided in (1) above, the Depository as a registered owner shall not have any voting rights or any other rights in respect of Securities held by it;</li> <li>(3) Every person holding equity share capital of the Company and whose name is entered as Beneficial Owner in the Records of the Depository shall be deemed to be a Member of the Company. The Beneficial Owner shall be entitled to all the rights and benefits and be subjected to all the liabilities in respect of the Securities held by a Depository.</li> </ol>
Option to Opt out in respect of any security	<p>25.(G)</p> <p>If a Beneficial Owner seeks to opt out of a Depository in respect of any Security, the Beneficial Owner shall inform the Depository accordingly. The Depository shall on receipt of information as above make appropriate entries in its Records and shall inform the Company. The Company shall, within thirty (30) days of the receipt of</p>



## TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

Title of Article	Article Number and contents
	intimation from the depository and on fulfillment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the Beneficial Owner or the transferee as the case may be.
Share certificate	<p>26.</p> <p>(a) Every Member or allottee of Shares is entitled, without payment, to receive one certificate for all the Shares of the same class registered in his name.</p> <p>(b) Any two or more joint allottees or holders of Shares shall, for the purpose of this Article, be treated as a single Member and the certificate of any Share which may be the subject of joint ownership may be delivered to any one of such joint owners, on behalf of all of them.</p>
Limitation of time for issue of certificates	<p>26A.</p> <p>Every Member shall be entitled, without payment to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the directors so approve (upon paying such fee as the Directors so time determine) to several certificates, each for one or more of such shares and the Company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within two months of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its Shares as the case may be. Every certificate of Shares shall be under the seal of the company and shall specify the number and distinctive numbers of Shares in respect of which it is issued and amount paid-up thereon and shall e in such form as the directors may prescribe and approve, provided that in respect of a Share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate of Shares to one or several joint holders shall be a sufficient delivery to all such holder.</p>
Renewal of share certificates	<p>27.</p> <p>No certificate of any Share or Shares shall be issued either in exchange for those, which are sub-divided or consolidated or in replacement of those which are defaced, torn or old, decrepit, worn out, or where the pages on the reverse for recording transfer have been duly utilised unless the certificate in lieu of which it is issued is surrendered to the Company.</p> <p>PROVIDED THAT no fee shall be charged for issue of new certificate in replacement of those which are old, decrepit or worn out or where the pages on the reverse for recording transfer have been fully utilized.</p>
New certificate to be granted on delivery of the old certificates	<p>28.</p> <p>If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new Certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the company deem adequate, being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed Certificate. Every certificate under the article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs.2/- for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.</p> <p>Provided that notwithstanding what is stated above the Directors shall comply with such rules or regulation or requirements of any Stock Exchange or the rules made</p>

<b>Title of Article</b>	<b>Article Number and contents</b>
	<p>under the Act or rules made under Securities Contracts (Regulation) Act 1956 or any other Act, or rules applicable thereof in this behalf.</p> <p>The provision of this Article shall mutatis mutandis apply to Debentures of the Company.</p>
The first name joint holder deemed sole holder	<p>29.</p> <p>If any Share(s) stands in the name of two or more persons, the person first named in the Register of Members shall, as regards receipt of dividends or bonus or service of notice and all or any other matters connected with Company except voting at Meetings and the transfer of the Shares be deemed the sole holder thereof but the joint holders of a Share shall severally as well as jointly be liable for the payment of all incidents thereof according to the Company's Articles.</p>
Company not bound to recognize any interest in Shares other than of registered holder	<p>35.</p> <p>Except as ordered by a Court of competent jurisdiction or as by law required, the Company shall not be bound to recognise, even when having notice thereof any equitable, contingent, future or partial interest in any Share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a Share other than an absolute right thereto, in accordance with these Articles, in the person from time to time registered as holder thereof but the Board shall be at liberty at their sole discretion to register any Share in the joint names of any two or more persons (but not exceeding 4 persons) or the survivor or survivors of them.</p>
Trust recognised	<p>35.</p> <p>(a) Except as ordered, by a Court of competent jurisdiction or as by law required, the Company shall not be bound to recognise, even when having notice thereof, any equitable, contingent, future or partial interest in any Share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a Share other than an absolute right thereto, in accordance with these Articles, in the person from time to time registered as holder thereof but the Board shall be at liberty at their sole discretion to register any Share in the joint names of any two or more persons (but not exceeding 4 persons) or the survivor or survivors of them.</p> <p>(b) Shares may be registered in the name of an incorporated Company or other body corporate but not in the name of a minor or of a person of unsound mind (except in case where they are fully paid) or in the name of any firm or partnership.</p>
Funds of Company not to be applied in purchase of Shares of the Company	<p>38.</p> <p>No funds of the Company shall except as provided by Section 77 of the Act, be employed in the purchase of its own Shares, unless the consequent reduction of capital is effected and sanction in pursuance of Sections 78, 80 and 100 to 105 of the Act and these Articles or in giving either directly or indirectly and whether by means of a loan, guarantee, the provision of security or otherwise, any financial assistance for the purpose of or in connection with a purchase or subscription made or to be made by any person of or for any Share in the Company in its holding Company.</p>

#### **UNDERWRITING AND BROKERAGE**

<b>Title of Article</b>	<b>Article Number and contents</b>
Commission may be paid	<p>39.</p> <p>Subject to the provisions of Section 76 of the Act, the Company may at anytime pay commission to any person in consideration of his subscribing or agreeing to</p>

## TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

Title of Article	Article Number and contents
	subscribe (whether absolutely or conditionally) for any Shares in or debentures of the Company but so that the commission shall not exceed in the case of the Shares five percent of the price at which the Shares are issued and in the case of debentures two and half percent of the price at which the debenture are issued. Such commission may be satisfied by payment of cash or by allotment of fully or partly paid Shares or debentures as the case may be or partly in one way and partly in the other.
Brokerage	40. The Company may on any issue of Shares or Debentures or on deposits pay such brokerage as may be reasonable and lawful.
Commission to be included in the annual return	41. Where the Company has paid any sum by way of commission in respect of any Shares or Debentures or allowed any sums by way of discount in respect to any Shares or Debentures, such statement thereof shall be made in the annual return as required by Part I of Schedule V to the Act.

### INTEREST OUT OF CAPITAL

Title of Article	Article Number and contents
Interest out of capital	42. Where any Shares are issued for the purpose of raising money to defray the expenses of the construction of any work or building, or the provisions of any plant which cannot be made profitable for lengthy period, the Company may pay interest on so much of that share capital as is for the time being paid-up, for the period at the rate and subject to the conditions and restrictions provided by Section 208 of the Act and may charge the same to capital as part of the cost of construction of the work or building or the provisions of the plant.

### DEBENTURES

Title of Article	Article Number and contents
Debentures with voting rights not to be issued	43. <ul style="list-style-type: none"> <li>(a) The Company shall not issue any debentures carrying voting rights at any Meeting of the Company whether generally or in respect of particular classes of business.</li> <li>(b) The Company shall have power to reissue redeemed debentures in certain cases in accordance with Section 121 of the Act.</li> <li>(c) Payments of certain debts out of assets subject to floating charge in priority to claims under the charge may be made in accordance with the provisions of Section 123 of the Act.</li> <li>(d) Certain charges (which expression includes mortgage) mentioned in Section 125 of the Act, shall be void against the Liquidator or creditor unless registered as provided in Section 125 of the Act.</li> <li>(e) A contract with the Company to take up and pay debentures of the Company may be enforced by a decree for specific performance.</li> <li>(f) Unless the conditions of issue thereof otherwise provide, the Company shall (subject to the provisions of Section 113 of the Act) within three months after the allotment of its debentures or debenture-stock and within one month after the application for the registration of the transfer of any such debentures or debentures-stock have completed and ready for delivery the certificate of all debenture-stock allotted or transferred.</li> <li>(g) The Company shall comply with the provisions of Section 118 of the Act, as</li> </ul>

Title of Article	Article Number and contents
	<p>regards supply of copies of debenture Trust Deed and inspection thereof.</p> <p>(h) The Company shall comply with the provisions of Section 124 to 145 (inclusive) of the Act as regards registration of charges.</p>

## CALLS

Title of Article	Article Number and contents
Directors may make calls	<p>44.</p> <p>(a) Subject to the provisions of Section 91 of the Act, the Board of Directors may from time to time by a resolution passed at a meeting of a Board (and not by a circular resolution) make such calls as it thinks fit upon the Members in respect of all moneys unpaid on the Shares or by way of premium, held by them respectively and not by conditions of allotment thereof made payable at fixed time and each Member shall pay the amount of every call so made on him to person or persons and at the times and places appointed by the Board of Directors. A call may be made payable by installments. A call may be postponed or revoked as the Board may determine. No call shall be made payable within less than one month from the date fixed for the payment of the last preceding call.</p> <p>(b) The joint holders of a Share shall be jointly and severally liable to pay all calls in respect thereof.</p>
Notice of call when to be given	<p>45.</p> <p>Not less than one month notice in writing of any call shall be given by the Company specifying the time and place of payment and the person or persons to whom such call shall be paid.</p>
Call deemed to have been made	<p>46.</p> <p>A call shall be deemed to have been made at the time when the resolution authorising such call was passed at a meeting of the Board of Directors and may be made payable by the Members of such date or at the discretion of the Directors on such subsequent date as shall be fixed by the Board of Directors.</p>
Directors may extend time	<p>47.</p> <p>The Board of Directors may, from time to time at its discretion, extend the time fixed for the payment of any call and may extended such time to call or any of the Members, the Board of Directors may deem fairly entitled to such extension but no Member shall be entitled to such extension as of right except as a matter of grace and favour.</p>
Amount payable at fixed time or by installments to be treated as calls	<p>48.</p> <p>If by the terms of issue of any Share or otherwise any amount is made payable at any fixed time or by installments at fixed time (whether on account of the amount of the Share or by way of premium) every such amount or installment shall be payable as if it were a call duly made by the Directors and of which due notice has been given and all the provisions herein contained in respect of calls shall apply to such amount or installment accordingly.</p>
When interest on call or installment payable	<p>49.</p> <p>If the sum payable in respect of any call or installment is not paid on or before the day appointed for the payment thereof, the holder for the time being or allottee of the Share in respect of which the call shall have been made or the installment shall be due, shall pay interest on the same at such rate not exceeding eighteen percent per annum as Directors shall fix from the day appointed for the payment</p>

## TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

Title of Article	Article Number and contents
	thereof upto the time of actual payment but the Directors may waive payment of such interest wholly or in part.
Evidence in action by Company against share holder	<p>50.</p> <p>On the trial of hearing of any action or suit brought by the Company against any Member or his Legal Representatives for the recovery of any money claimed to be due to the Company in respect of his Shares, it shall be sufficient to prove that the name of the Member in respect of whose Shares the money is sought to be recovered is entered on the Register of Members as the holder or as one of the holders at or subsequent to the date at which the money sought to be recovered is alleged to have become due on the Shares in respect of which the money is sought to be recovered, that the resolution making the call is duly recorded in the minute book and the notice of such call was duly given to the Member or his legal representatives sued in pursuance of these Articles and it shall not be necessary to prove the appointment of Directors who made such call, nor that a quorum of Directors was present at the Board meeting at which any call was made nor that the meeting at which any call was made was duly convened or constituted nor any other matter whatsoever but the proof of the matters aforesaid shall be conclusive evidence of the debt.</p>
Payment in anticipation of calls may carry interest	<p>51.</p> <p>The Directors may, if they think fit, subject to the provisions of Section 92 of the Act, agree to and receive from any Member willing to advance the same whole or any part of the moneys due upon the shares held by him beyond the sums actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate, as the member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced.</p> <p>The Members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable.</p> <p>The provisions of these Articles shall mutatis mutandis apply to the calls on Debentures of the Company.</p>

### LIEN

Title of Article	Article Number and contents
Partial payment not to preclude forfeiture	<p>52.</p> <p>Neither the receipt by the Company of a portion of any money which shall, from time to time be due from any Member to the Company in respect of his Shares, either by way of principal or interest, or any indulgence granted by the Company in respect of the payment of such money, shall preclude the Company from thereafter proceeding to enforce a forfeiture of such Shares as hereinafter provided.</p>
Company to have lien on Shares/ Debentures	<p>53.</p> <p>The Company shall have first and paramount lien upon all Shares/ Debentures (other than fully paid up Shares/ Debentures) registered in the name of each Member whether solely or jointly with others and upon the proceeds of sale thereof, for all moneys (whether presently payable or not), called or payable at a fixed time in respect of such Shares/ Debentures and no equitable interests in any Share/ Debenture shall be created except upon the footing and condition that this Article</p>

<b>Title of Article</b>	<b>Article Number and contents</b>
	is to have full legal effect. Any such lien shall extend to all dividends and bonuses from time to time declared in respect of such Shares/ Debentures; PROVIDED THAT the Board of Directors may, at any time, declare any Share/ Debenture to be wholly or in part exempt from the provisions of this Article. Unless otherwise agreed the registration of a transfer of Shares/ Debentures shall operate as a waiver of the Company's lien if any, on such Shares.
As to enforcing lien by sale	<p>54.</p> <p>The Company may sell, in such manner as the Board thinks fit, any Shares on which the Company has lien for the purpose of enforcing the same PROVIDED THAT no sale shall be made:-</p> <p>(a) Unless a sum in respect of which the lien exists is presently payable; or</p> <p>(b) Until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is /presently payable has been given to the registered holder for the time being of the Share or the person entitled thereto by reason of his death or insolvency.</p> <p>For the purpose of such sale the Board may cause to be issued a duplicate certificate in respect of such Shares and may authorise one of their members to execute a transfer there from behalf of and in the name of such Members</p> <p>(c) The purchaser shall not be bound to see the application of the purchase money, nor shall his title to the Shares be affected by any irregularity, or invalidity in the proceedings in reference to the sale.</p>
Application of proceeds of sale	<p>55.</p> <p>(a) The net proceeds of any such sale shall be received by the Company and applied in or towards satisfaction of such part of the amount in respect of which the lien exists as is presently payable, and</p> <p>(b) The residue if any, after adjusting costs and expenses if any incurred shall be paid to the person entitled to the Shares at the date of the sale (subject to a like lien for sums not presently payable as existed on the Shares before the sale).</p>

## **FORFEITURE OF SHARES**

<b>Title of Article</b>	<b>Article Number and contents</b>
If money payable on Shares not paid notice to be given	<p>56.</p> <p>If any Member fails to pay the whole or any part of any call or any installments of a call on or before the day appointed for the payment of the same or any such extension thereof, the Board of Directors may, at any time thereafter, during such time as the call for installment remains unpaid, give notice to him requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.</p>
Sum payable on allotment to be deemed a call	<p>57.</p> <p>For the purposes of the provisions of these Articles relating to forfeiture of Shares, the sum payable upon allotment in respect of a share shall be deemed to be a call payable upon such Share on the day of allotment.</p>
Form of notice	<p>58.</p> <p>The notice shall name a day, (not being less than fourteen days from the day of the notice) and a place or places on and at which such call in installment and such interest thereon at such rate not exceeding eighteen percent per annum as the Directors may determine and expenses as aforesaid are to be paid. The notice shall also state that in the event of the non-payment at or before the time and at the</p>

## TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

Title of Article	Article Number and contents
	place appointed, Shares in respect of which the call was made or installment is payable will be liable to be forfeited.
In default of payment Shares to be forfeited	59. If the requirements of any such notice as aforesaid are not complied with, any Share or Shares in respect of which such notice has been given may at any time thereafter before payment of all calls or installments, interests and expenses due in respect thereof, be forfeited by a resolution of the Board of Directors to that effect. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited Shares and not actually paid before the forfeiture.
Notice of forfeiture to a Member	60. When any Share shall have been so forfeited, notice of the forfeiture shall be given to the Member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register of Members, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make any such entry as aforesaid.
Forfeited Shares to be the property of the Company and may be sold etc.	61. Any Share so forfeited, shall be deemed to be the property of the Company and may be sold, re-allotted or otherwise disposed of, either to the original holder or to any other person, upon such terms and in such manner as the Board of Directors shall think fit.
Member still liable for money owing at the time of forfeiture and interest	62. Any Member whose Shares have been forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company on demand all calls, installments, interest and expenses owing upon or in respect of such Shares at the time of the forfeiture together with interest thereon from the time of the forfeiture until payment, at such rate not exceeding eighteen percent per annum as the Board of Directors may determine and the Board of Directors may enforce the payment of such moneys or any part thereof, if it thinks fit, but shall not be under any obligation to do so.
Effects of forfeiture	63. The forfeiture of a Share shall involve the extinction at the time of the forfeiture, of all interest in and all claims and demand against the Company in respect of the Share and all other rights incidental to the Share, except only such of those rights as by these Articles are expressly saved.
Power to annul forfeiture	64. The Board of Directors may at any time before any Share so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as it thinks fit.
Declaration of forfeiture	65 (a) A duly verified declaration in writing that the declarant is a Director, the Managing Director or the Manager or the Secretary of the Company, and that Share in the Company has been duly forfeited in accordance with these Articles, on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the Share.  (b) The Company may receive the consideration, if any, given for the Share on any sale, re-allotment or other disposal thereof and may execute a transfer of the Share in favour of the person to whom the Share is sold or disposed off.



<b>Title of Article</b>	<b>Article Number and contents</b>
	<p>(c) The person to whom such Share is sold, re-allotted or disposed of shall thereupon be registered as the holder of the Share.</p> <p>(d) Any such purchaser or allottee shall not (unless by express agreement) be liable to pay calls, amounts, installments, interests and expenses owing to the Company prior to such purchase or allotment nor shall be entitled (unless by express agreement) to any of the dividends, interests or bonuses accrued or which might have accrued upon the Share before the time of completing such purchase or before such allotment.</p> <p>(e) Such purchaser or allottee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the Share be effected by the irregularity or invalidity in the proceedings in reference to the forfeiture, sale re-allotment or other disposal of the Shares.</p>
Provisions of these articles as to forfeiture to apply in case of nonpayment of any sum.	<p>66.</p> <p>The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which by the terms of issue of a Share becomes payable at a fixed time, whether on account of the nominal value of Share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.</p>
Cancellation of shares certificates in respect of forfeited Shares	<p>67.</p> <p>Upon sale, re-allotment or other disposal under the provisions of these Articles, the certificate or certificates originally issued in respect of the said Shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting Member) stand cancelled and become null and void and of no effect and the Directors shall be entitled to issue a new certificate or certificates in respect of the said Shares to the person or persons entitled thereto.</p>
Evidence of forfeiture	<p>68.</p> <p>The declaration as mentioned in Article 56(a) of these Articles shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the Share.</p>
Validity of sale	<p>69.</p> <p>Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board may appoint some person to execute an instrument of transfer of the Shares sold and cause the purchaser's name to be entered in the Register of Members in respect of the Shares sold, and the purchasers shall not be bound to see to the regularity of the proceedings or to the application of the purchase money, and after his name has been entered in the Register of Members in respect of such Shares, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.</p>
Surrender of Shares	<p>70.</p> <p>The Directors may subject to the provisions of the Act, accept a surrender or any share from any Member desirous of surrendering on such terms and conditions as they think fit.</p>

#### **TRANSFER AND TRANSMISSION OF SHARES**

<b>Title of Article</b>	<b>Article Number and contents</b>
No transfers to minors etc.	<p>71.</p> <p>No Share which is partly paid-up or on which any sum of money is due shall in any circumstances be transferred to any minor, insolvent or person of unsound mind.</p>



## TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

Title of Article	Article Number and contents
Form of transfer	72. The instrument of transfer shall be in writing and all provisions of Section 108 of the Companies Act, 1956 and statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof.
Application for transfer	73. (a) An application for registration of a transfer of the Shares in the Company may be either by the transferor or the transferee. (b) Where the application is made by the transferor and relates to partly paid Shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of the notice (c) For the purposes of clause (b) above notice to the transferee shall be deemed to have been duly given if it is dispatched by prepaid registered post to the transferee at the address, given in the instrument of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered in the ordinary course of post.
Execution of transfer	74. The instrument of transfer of any Share shall be duly stamped and executed by or on behalf of both the transferor and the transferee and shall be witnessed. The transferor shall be deemed to remain the holder of such Share until the name of the transferee shall have been entered in the Register of Members in respect thereof. The requirements of provisions of Section 108 of the Companies Act, 1956 and any statutory modification thereof for the time being shall be duly complied with.
Transfer by legal representatives	75. A transfer of Share in the Company of a deceased Member thereof made by his legal representative shall, although the legal representative is not himself a Member be as valid as if he had been a Member at the time of the execution of the instrument of transfer.
Register of Members etc when closed	76. The Board of Directors shall have power on giving not less than seven days previous notice by advertisement in some newspaper circulating in the district in which the registered office of the Company is situated to close the Register of Members and/or the Register of debentures holders at such time or times and for such period or periods, not exceeding thirty days at a time, and not exceeding in the aggregate forty five days at a time, and not exceeding in the aggregate forty five days in each year as it may seem expedient to the Board.
Directors may refuse to register transfer	77. Subject to the provisions of Section 111A these Articles and other applicable provisions of the Act or any other law for the time being in force, the Board may refuse whether in pursuance of any power of the company under these Articles or otherwise to register the transfer of, or the transmission by operation of law of the right to, any shares or interest of a Member in or debentures of the Company. The Company shall within one month from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to Company, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be, giving reasons for such refusal. Provided that the registration of a transfer shall not be refused person or persons indebted to the Company on any account whatsoever except where the Company has a lien on shares.

<b>Title of Article</b>	<b>Article Number and contents</b>
Death of one or more joint holders of Shares	78. In case of the death of any one or more of the persons named in the Register of Members as the joint holders of any Share, the survivor or survivors shall be the only persons recognised by the Company as having any title or interest in such Share, but nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on Shares held by him with any other person.
Titles of Shares of deceased Member	79. The Executors or Administrators of a deceased Member or holders of a Succession Certificate or the Legal Representatives in respect of the Shares of a deceased Member (not being one of two or more joint holders) shall be the only persons recognized by the Company as having any title to the Shares registered in the name of such Members, and the Company shall not be bound to recognize such Executors or Administrators or holders of Succession Certificate or the Legal Representative unless such Executors or Administrators or Legal Representative shall have first obtained Probate or Letters of Administration or Succession Certificate as the case may be from a duly constituted Court in the Union of India provided that in any case where the Board of Directors in its absolute discretion thinks it, the Board upon such terms as to indemnity or otherwise as the Directors may deem proper dispense with production of Probate or Letters of Administration or Succession Certificate and register Shares standing in the name of a deceased Member, as a Member. However, provisions of this Article are subject to Sections 109A and 109B of the Companies Act.
Notice of application when to be given	80. Where, in case of partly paid Shares, an application for registration is made by the transferor, the Company shall give notice of the application to the transferee in accordance with the provisions of Section 110 of the Act.
Registration of persons entitled to Shares otherwise than by transfer (Transmission Clause)	81. Subject to the provisions of the Act and Article 69 hereto, any person becoming entitled to Share in consequence of the death, lunacy, bankruptcy insolvency of any Member or by any lawful means other than by a transfer in accordance with these Articles may, with the consent of the Board (which it shall not be under any obligation to give), upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of such title as the Board thinks sufficient, either be registered himself as the holder of the Share or elect to have some person nominated by him and approved by the Board registered as such holder; provided nevertheless, that if such person shall elect to have his nominee registered as a holder, he shall execute an instrument of transfer in accordance with the provisions herein contained, and until he does so, he shall not be freed from any liability in respect of the Shares. This clause is hereinafter referred to as the "Transmission Clause".
Refusal to register nominee	82. Subject to the provisions of the Act and these Articles, the Directors shall have the same right to refuse to register a person entitled by transmission to any Share of his nominee as if he were the transferee named in an ordinary transfer presented for registration.
Person entitled may receive dividend without being registered as a Member	83. A person entitled to a Share by transmission shall subject to the right of the Directors to retain dividends or money as is herein provided, be entitled to receive and may give a discharge for any dividends or other moneys payable in respect of the Share.

## TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

Title of Article	Article Number and contents
No fees on transfer or transmissions	84. No fee shall be charged for registration of transfer, transmission Probate, Succession Certificate & Letters of Administration, Certificate of Death or Marriage, Power of Attorney or other similar documents.
Transfer to be presented with evidence of title	85. Every instrument of transfer shall be presented to the Company duly stamped for registration accompanied by such evidence as the Board may require to prove the title of the transferor, his right to transfer the Shares and generally under and subject to such conditions and regulations as the Board may, from time to time prescribe, and every registered instrument of transfer shall remain in the custody of the Company until destroyed by order of the Board.
Company not liable for disregard of a notice prohibiting registration of transfer	86. The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of Shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of Members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the said Shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice, or referred thereto, in any book of the Company, and the Company shall not be bound to be required to regard or attend to give effect to any notice which may be given to it of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting to do so, though it may have been entered or referred to in some book of the Company, but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto if the Board shall so think fit.

### SHARE WARRANTS

Title of Article	Article Number and contents
Power to issue share warrants	87. The Company may issue warrants subject to and in accordance with provisions of Sections 114 and 115 of the Act and accordingly the Board may in its discretion with respect to any Share which is fully paid upon application in writing signed by the persons registered as holder of the Share, and authenticated by such evidence(if any) as the Board may, from time to time, require as to the identity of the persons signing the application and on receiving the certificate (if any) of the Share, and the amount of the stamp duty on the warrant and such fee as the Board may, from time to time, require, issue a share warrant.
Deposit of share warrants	88. (a) The bearer of a share warrant may at any time deposit the warrant at the Office of the Company, and so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition for call in a meeting of the Company, and of attending and voting and exercising the other privileges of a Member at any meeting held after the expiry of two clear days from the time of deposit, as if his name were inserted in the Register of Members as the holder of the Share included in the deposit warrant  (b) Not more than one person shall be recognized as depositor of the Share warrant  (c) The Company shall, on two day's written notice, return the deposited share warrant to the depositor

Title of Article	Article Number and contents
Privileges and disabilities of the holders of share warrant	<p>89.</p> <p>(a) Subject as herein otherwise expressly provided, no person, being a bearer of a share warrant, shall sign a requisition for calling a meeting of the Company or attend or vote or exercise any other privileges of a Member at a meeting of the Company, or be entitled to receive any notice from the Company.</p> <p>(b) The bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he were named in the Register of Members as the holder of the Share included in the warrant, and he shall be a Member of the Company.</p>
Issue of new share warrant coupons	<p>90.</p> <p>The Board may, from time to time, make bye-laws as to terms on which (if it shall think fit), a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction.</p>

#### CONVERSION OF SHARES INTO STOCK AND RECONVERSION

Title of Article	Article Number and contents
Share may be converted into stock	<p>91.</p> <p>The Company may, by Ordinary Resolution:</p> <p>(a) Convert any fully paid up Share into stock, and</p> <p>(b) reconvert any stock into fully paid-up Shares.</p>
Transfer of stock	<p>92.</p> <p>The several holders of such stock may transfer there respective interest therein or any part thereof in the same manner and subject to the same regulations under which the stock arose might before the conversion, have been transferred, or as near thereto as circumstances admit.</p> <p>PROVIDED THAT the Board may, form time to time, fix the minimum amount of stock transferable, so however that such minimum shall not exceed the nominal amount of the Shares from which stock arose.</p>
Right of stock holders	<p>93.</p> <p>The holders of stock shall, according to the amount of stock held by them, have the same right, privileges and advantages as regards dividends, voting at meeting of the Company, and other matters, as if they held them Shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in Shares, have conferred those privileges or advantages.</p>
Regulation applicable to stock and share warrant	<p>94.</p> <p>Such of the regulations of the Company as are applicable to the paid up Shares shall apply to stock and the words "Share" and "Share holder" in these regulations shall include "stock" and "stock holder" respectively.</p>

#### BORROWING POWERS

Title of Article	Article Number and contents
Power to borrow	<p>95.</p> <p>Subject to the provisions of Sections 58A, 292 and 370 of the Act and these Articles, the Board of Directors may, from time to time at its discretion by a resolution passed at a meeting of the Board, borrow, accept deposits from Members either in advance of calls or otherwise and generally raise or borrow or secure the</p>

## TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

Title of Article	Article Number and contents
	<p>payment of any such sum or sums of money for the purposes of the Company from any source. PROVIDED THAT, where the moneys to be borrowed together with the moneys already borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate of the paid up capital of the Company and its free reserves (not being reserves set apart for any specific purpose) the Board of Directors shall not borrow such money without the sanction of the Company in General Meeting. No debts incurred by the Company in excess of the limit imposed by this Article shall be valid or effectual unless the lender proves that he advanced the loan in good faith and without knowledge that the limit imposed by this Article had been exceeded.</p>
The payment or repayment of moneys borrowed	<p>96. The payment or repayment of moneys borrowed as aforesaid may be secured in such manner and upon : such terms and conditions in all respects as the Board of Directors may think fit, and in particular in pursuance of a resolution passed at a meeting of the Board (and not by circular resolution) by the issue of bonds, debentures or debentures stock of the Company, charged upon all or any part of the property of the Company, (both present and future), including its un-called capital for the time being and the debentures and the debenture stock and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.</p>
Terms of issue of Debentures	<p>98. Any debenture, debenture stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into Shares of any denomination, and with any privileges and conditions as to redemption, surrender, drawing, allotment of Shares, attending (but not voting) at General Meeting, appointment of Directors and otherwise; however, Debentures with the right to conversion into or allotment of Shares shall be issued only with the consent of the Company in General Meeting by a Special Resolution.</p>
Mortgage of uncalled capital	<p>99. If any uncalled capital of the Company is included in or charged by mortgage or other security, the Directors may, subject to the provisions of the Act and these Articles, make calls on the Members in respect of such uncalled capital in trust for the person in whose favour such mortgage or security has been executed.</p>

### MEETING OF MEMBERS

Title of Article	Article Number and contents
Statutory Meeting	<p>100. The statutory meeting shall be held in accordance with the provisions of Section 165 of the Act within a period of not less than one month and not more than six months from the date on which the Company shall be entitled to commence business.</p>
Annual General Meeting	<p>101. The Company shall in each year hold a General Meeting as its Annual General Meeting in addition to any other Meeting in that year. All General Meetings other than Annual General Meetings shall be called Extra-ordinary General Meetings. An Annual General Meeting of the Company shall be held within six months after the expiry of each financial year, provided that not more than fifteen months shall lapse between the date of one Annual General Meeting and that of next. Nothing contained in the foregoing provisions shall be taken as affecting the right</p>

Title of Article	Article Number and contents
	<p>conferred upon the Register under the provisions of Section 166 (1) of the Act to extend the time with which any Annual General Meeting may be held. Every Annual General Meeting shall be called at a time during business hours, on a day that is not a public holiday, and shall be held at the office of the Company or at some other place within the city in which the Registered Office of the Company is situated as the Board may determine and the notices calling the Meeting shall specify as the Annual General Meeting. Then company may in any one Annual General Meeting fix the time for its subsequent Annual General Meeting. Every Member of the Company shall be entitled to attend, either in person or by proxy and the Auditors of the Company, shall have the right to attend and be heard at any General Meeting which he attends on any part of the business which concerns him as an Auditor. At every Annual General Meeting of the Company there shall be laid on the table the Director's Report and audited statement of accounts, the Proxy Register with proxies and the Register of Director's Shareholding, which Registers shall remain open and accessible during the continuance of the Meeting. The Board shall cause to be prepared the annual list of Members, summary of share capital, balance sheet and profit and loss account and forward the same to the Registrar in accordance with Sections 159, 161 and 220 of the Act.</p>
Report statement and registers to be laid before the Annual General Meeting	<p>102. The Company shall in every Annual General Meeting in addition to any other Report or Statement lay on the table the Director's Report and audited statement of accounts, Auditor's Report (if not already incorporated in the audited statement of accounts), the Proxy Register with proxies and the Register of Director's Shareholdings, which Registers shall remain open and accessible during the continuance of the Meeting.</p>
Extra-Ordinary General Meeting	<p>103. All General Meeting other than Annual General Meeting shall be called Extra-Ordinary General Meeting.</p>
Requisitionists' meeting	<p>104.</p> <ol style="list-style-type: none"> <li>(1) Subject to the provisions of Section 188 of the Act, the Directors shall on the requisition in writing of such number of Members as is hereinafter specified and (unless the General Meeting otherwise resolves) at the expense of the requisitionists:- <ol style="list-style-type: none"> <li>(a) Give to the Members of the Company entitled to receive notice of the next Annual General Meeting, notice of any resolution which may properly be moved and is intended to be moved at that meeting.</li> <li>(b) Circulate to the Members entitled to have notice of any General Meeting sent to them, any statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or any business to be dealt with at that Meeting.</li> </ol> </li> <li>(2) The number of Members necessary for a requisition under clause (1) hereof shall be <ol style="list-style-type: none"> <li>(a) Such number of Members as represent not less than one-twentieth of the total voting power of all the Members having at the date of the resolution a right to vote on the resolution or business to which the requisition relates; or</li> <li>(b) not less than one hundred Members having the rights aforesaid and holding Shares in the Company on which there has been paid up an aggregate sum of not less than Rupees one lac in all.</li> </ol> </li> </ol>

## TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

Title of Article	Article Number and contents
	<p>(3) Notice of any such resolution shall be given and any such statement shall be circulated, to Members of the Company entitled to have notice of the Meeting sent to them by serving a copy of the resolution or statement to each Member in any manner permitted by the Act for service of notice of the Meeting and notice of any such resolution shall be given to any other Member of the Company by giving notice of the general effect of the resolution in any manner permitted by the Act for giving him notice of meeting of the Company. The copy of the resolution shall be served, or notice of the effect of the resolution shall be given, as the case may be in the same manner, and so far as practicable, at the same time as notice of the Meeting and where it is not practicable for it to be served or given at the time it shall be served or given as soon as practicable thereafter.</p> <p>(4) The Company shall not be bound under this Article to give notice of any resolution or to circulate any statement unless:</p> <p>(a) A copy of the requisition signed by, the requisitionists (or two or more copies which between them contain the signature of all the requisitionists) is deposited at the Registered Office of the Company.</p> <p>(i) in the case of a requisition, requiring notice of resolution, not less than six weeks before the Meeting.</p> <p>(ii) the case of any other requisition, not let than two weeks before the Meeting, and</p> <p>(b) There is deposited or tendered with the requisition sum reasonably sufficient to meet the Company expenses in giving effect thereto.</p> <p>PROVIDED THAT if after a copy of the requisition requiring notice of a resolution has been deposited at the Registered Office of the Company, and an Annual General Meeting is called for a date six weeks or less after such copy has been deposited, the copy although not deposited within the time required by this clause, shall be deemed to have been properly deposited for the purposes also thereof.</p> <p>(5) The Company shall also not be bound under this Article to circulate any statement, if on the application either of the Company or of any other person who claims to be aggrieved, the Court is satisfied that the rights conferred by this Article are being abused to secure needless publicity for defamatory matter.</p> <p>(6) Notwithstanding anything in these Articles, the business which may be dealt with at Annual General Meeting shall include any resolution for which notice is given in accordance with this Article, and for the purposes of this clause, notice shall be deemed to have been so given, notwithstanding the accidental omission in giving it to one or more Members.</p>
<p>Extra-Ordinary General Meeting by Board and by requisition</p> <p>When a Director or any two Members may call an Extra Ordinary General Meeting</p>	<p>105.</p> <p>(a) The Directors may, whenever they think fit, convene an Extra-Ordinary General Meeting and they shall on requisition of the Members as herein provided, forthwith proceed to convene Extra-Ordinary General Meeting of the Company.</p> <p>(b) If at any time there are not within India sufficient Directors capable of acting to form a quorum, or if the number of Directors be reduced in number to less than the minimum number of Directors prescribed by</p>



Title of Article	Article Number and contents
	<p>these Articles and the continuing Directors fail or neglect to increase the number of Directors to that number or to convene a General Meeting, any Director or any two or more Members of the Company holding not less than one-tenth of the total paid up share capital of the Company may call for an Extra-Ordinary General Meeting in the same manner as nearly as possible as that in which meeting may be called by the Directors. Contents of requisition, and number of requisitionists</p>
Contents of requisition, and	<p>106.</p> <p>(1) In case of requisition the following provisions shall have effect:</p> <p>(a) The requisition shall set out the matter for the purpose of which the Meeting is to be called and shall be signed by the requisitionists and shall be deposited at the Registered Office of the Company.</p> <p>(b) The requisition may consist of several documents in like form each signed by one or more requisitionists.</p> <p>(c) The number of Members entitled to requisition a Meeting in regard to any matter shall be such number as hold at the date of the deposit of the requisition, not less than one-tenth of such of the paid-up share capital of the Company as that date carried the right of voting in regard to that matter.</p> <p>(d) Where two or more distinct matters are specified in the requisition, the provisions of sub-clause (3) shall apply separately in regard to such matter, and the requisition shall accordingly be valid only in respect of those matters in regard to which the conditions specified in that clause are fulfilled.</p> <p>(e) If the Board does not within twenty-one days from the date of the deposit of a valid requisition in regard to any matters, proceed, duly to call a Meeting for the consideration of those matters on a day not later than forty-five days from the date of the deposit of the requisition, the Meeting may be called:</p> <p>(i) By the requisitionists themselves ; or</p> <p>(ii) by such of the requisitionists as represent either a majority in value of the paid up share capital held by all of them or not less than one tenth of the paid-up share capital of the Company as is referred to in sub clauses (c) of clause (1) which ever is less. PROVIDED THAT for the purpose of this sub-clause, the Board shall, in the case of a Meeting at which a resolution is to be proposed as a Special Resolution, be deemed not to have duly convened the Meeting if they do not give such notice thereof as is required by sub-section (2) of Section 189 of the Act.</p> <p>(2) A meeting called under sub-clause (c) of clause (1) by requisitionists or any of them:</p> <p>(a) shall be called in the same manner as, nearly as possible, as that in which meeting is to be called by the Board; but</p> <p>(b) shall not be held after the expiration of three months from the date of deposit of the requisition. PROVIDED THAT nothing in sub-clause (b) shall be deemed to prevent a Meeting duly commenced before the</p>



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Title of Article	Article Number and contents
	<p>expiry of the period of three months aforesaid, from adjourning to some days after the expiry of that period.</p> <p>(3) Where two or more Persons hold any Shares in the Company jointly; a requisition or a notice calling a Meeting signed by one or some only of them shall, for the purpose of this Article, have the same force and effect as if it has been signed by all of them.</p> <p>(4) Any reasonable expenses incurred by the requisitionists by reason of the failure of the Board to duly to call a Meeting shall be repaid to the requisitionists by the Company; and any sum repaid shall be retained by the Company out of any sums due or to become due from the Company by way of fees or other remuneration for their services to such of the Directors as were in default.</p>
Length of notice of Meeting	<p>107.</p> <p>(1) A General Meeting of the Company may be called by giving not less than twenty-one days notice in writing.</p> <p>(2) A General Meeting may be called after giving shorter notice than that specified in clause (1) hereof, if consent is accorded thereto:</p> <p style="padding-left: 40px;">(i) In the case of Annual General Meeting by all the Members entitled to vote thereat; and</p> <p style="padding-left: 40px;">(ii) In the case of any other Meeting, by Members of the Company holding not less than ninety-five percent of such part of the paid up share capital of the Company as gives a right to vote at the Meeting.</p> <p style="padding-left: 40px;">(i) By the requisitionists themselves ; or</p> <p>PROVIDED THAT where any Members of the Company are entitled to vote only on some resolution, or resolutions to be moved at a Meeting and not on the others, those Members shall be taken into account for the purposes of this clause in respect of the former resolutions and not in respect of the later.</p>
Contents and manner of	<p>108.</p> <p>(1) Every notice of a Meeting of the Company shall specify the place and the day and hour of the Meeting and shall contain a statement of the business to be transacted thereat.</p> <p>(2) Subject to the provisions of the Act notice of every General Meeting shall be given;</p> <p style="padding-left: 40px;">(a) to every Member of the Company, in any manner authorised by sub-sections (1) to (4) Section 53 of the Act;</p> <p style="padding-left: 40px;">(b) to the persons entitled to a Share in consequence of the death, or insolvency of a Member, by sending it through post in a prepaid letter addressed to them by name or by the title of representative of the deceased, or assignees of the insolvent, or by like description, at the address, if any in India supplied for ,the purpose by the persons claiming to be so entitled or until such an address has been so supplied, by giving the notice in any manner in which it might have been given if the death or insolvency had not occurred; and</p> <p style="padding-left: 40px;">(c) to the Auditor or Auditors for the time being of the Company in any manner authorised by Section 53 of the Act in the case of Members of the Company</p>



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Title of Article	Article Number and contents
Quorum	<p>112.</p> <p>Five Members entitled to vote and present in person shall be quorum for General Meeting and no business shall be transacted at the General Meeting unless the quorum requisite be present at the commencement of the Meeting. A body corporate being a Member shall be deemed to be personally present if it is represented in accordance with Section 187 of the Act. The President of India or the Governor of a State being a Member of the Company shall be deemed to be personally present if it is presented in accordance with Section 187 of the Act.</p>
If quorum not present when Meeting to be dissolved and when to be adjourned	<p>113.</p> <p>If within half an hour from the time appointed for holding a Meeting of the Company, a quorum is not present, the Meeting, if called by or upon the requisition of the Members shall stand dissolved and in any other case the Meeting shall stand, adjourned to the same day in the next week or if that day is a public holiday until the next succeeding day which is not a public holiday, at the same time and place or to such other day and at such other time and place as the Board may determine. If at the adjournment meeting also, a quorum is not present within half an hour from the time appointed for holding the Meeting, the Members present shall be a quorum and may transact the business for which the Meeting was called.</p>
Resolution passed at adjourned Meeting	<p>114.</p> <p>Where a resolution is passed at an adjourned Meeting of the Company, the resolution for all purposes is treated as having been passed on the date on which it was in fact passed and shall not be deemed to have been passed on any earlier date.</p>
Chairman of General Meeting.	<p>115.</p> <p>At every General Meeting the Chair shall be taken by the Chairman of the Board of Directors. If at any Meeting, the Chairman of the Board of Directors is not present within ten minutes after the time appointed for holding the Meeting or though present, is unwilling to act as Chairman, the Vice Chairman of the Board of Directors would act as Chairman of the Meeting and if Vice Chairman of the Board of Directors is not present or, though present, is unwilling to act as Chairman, the Directors present may choose one of themselves to be a Chairman, and in default or their doing so or if no Directors shall be present and willing to take the Chair, then the Members present shall choose one of themselves, being a Member entitled to vote, to be Chairman.</p>
Act for resolution sufficiently done or passed by Ordinary Resolution unless otherwise required.	<p>115(A)</p> <p>Any act or resolution which, under the provisions of these Articles or of the Act, is permitted or required to be done or passed by the Company in General Meeting shall be sufficiently done so or passed if effected by an Ordinary Resolution unless either the Act or the Articles specifically require such act to be done or resolution be passed by a Special Resolution.</p>
Business confined to election of Chairman whilst the Chair is vacant	<p>116.</p> <p>No business shall be discussed at any General Meeting except the election of a Chairman whilst the Chair is vacant.</p>
Chairman may adjourn Meeting	<p>117.</p> <p>(a) The Chairman may with the consent of Meeting at which a quorum is present and shall if so directed by the Meeting adjourn the Meeting from time to time and from place to place.</p> <p>(b) No business shall be transacted at any adjourned Meeting other than the business left unfinished at the Meeting from which the adjournment took place.</p>

<b>Title of Article</b>	<b>Article Number and contents</b>
	<p>(c) When a Meeting is adjourned for thirty days or more notice of the adjourned Meeting shall be given as in the case of an original Meeting.</p> <p>(d) Save as aforesaid, it shall not be necessary to give any notice of an adjournment of or of the business to be transacted at any adjourned Meeting.</p>
How questions are decided at Meetings	<p>118. Every question submitted to a General Meeting shall be decided in the first instance by a show of hands unless the poll is demanded as provided in these Articles.</p>
Chairman's declaration of result of voting on show of hands	<p>119. A declaration by the Chairman of the Meeting that on a show of hands, a resolution has or has not been carried either unanimously or by a particular majority, and an entry to that effect in the book containing the minutes of the proceeding of the Company's General Meeting shall be conclusive evidence of the fact, without proof of the number or proportion of votes cast in favour of or against such resolution.</p>
Appointment of scrutineers	<p>123. Where a poll is to be taken, the Chairman of the Meeting shall appoint two scrutineers to scrutinise the vote given on the poll and to report thereon to him. One of the scrutineers so appointed shall always be a Member (not being an officer or employee of the Company) present at the Meeting, provided such a Member is available and willing to be appointed. The Chairman shall have power, at any time before the result of the poll is declared, to remove a scrutineer from office and fill vacancies in the office of the scrutineer arising from such removal or from any other cause.</p>

## **DIRECTORS**

<b>Title of Article</b>	<b>Article Number and contents</b>
Number of Directors	<p>144. Until otherwise determined by a General Meeting of the Company and subject to the provisions of Section 252 of the Act, the number of Directors shall not be less than three and not more than twelve.</p>
First Directors	<p>145. The persons hereinafter named shall be the first Directors of the Company:-</p> <ol style="list-style-type: none"> <li>1. Jitendra Mamtara</li> <li>2. Karuna Mamtara</li> <li>3. Satyen Mamtara</li> </ol>
Debenture Directors	<p>146. Any Trust Deed for securing Debentures may if so arranged, provide for the appointment, from time to time by the Trustees thereof or by the holders of Debentures, of some person to be a Director of the Company and may empower such Trustees or holder of Debentures, from time to time, to remove and re-appoint any Director so appointed. The Director appointed under this Article is herein referred to as "Debenture Director" and the term "Debenture Director" means the Director for the time being in office under this Article. The Debenture Director shall not be liable to retire by rotation or be removed by the Company. The Trust Deed may contain such ancillary provisions as may be agreed between the Company and the Trustees and all such provisions shall have effect notwithstanding any of the other provisions contained herein.</p>

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Title of Article	Article Number and contents
Nominee Director or Corporation Director	<p>147.</p> <p>a) Notwithstanding anything to the contrary contained in these Articles, so long as any moneys remain owing by the Company to Industrial Finance Corporation of India (IFCI), ICICI Ltd. (ICICI), The Industrial Development Bank of India (IDBI) or any other financing company or body out of any loans granted or to be granted by them to the Company or so long as IFCI, ICICI, IDBI or any other financing corporation or credit corporation or any other financing company or body (each of which IFCI, ICICI, IDBI or any other financing corporation or credit corporation or any other financing company or body is hereinafter in this Article referred to as "The Corporation" ) continue to hold Debentures in the Company by direct subscription or private placement, or so long as the Corporation holds Shares in the Company as a result of underwriting or direct subscription or so long as any liability of the Company arising out of any guarantee furnished by the Corporation on behalf of the Company remains outstanding, the Corporation shall have a right to appoint from time to time any person or persons as a Director, whole time or non-whole time (which Director or Directors is/are hereinafter referred to as "Nominee Director(s)") on the Board of the Company and to remove from such office any persons so appointed and to appoint any person or persons in his/ their places.</p> <p>b) The Board of Directors of the Company shall have no power to remove from office the Nominee Director(s). Such Nominee Director(s) shall not be required to hold any Share qualification in the Company. Further Nominee Director shall not be liable to retirement by rotation of Directors. Subject as aforesaid, the Nominee Directors(s) shall be entitled to the same rights and privileges and be subject to the obligations as any other Director of the Company.</p> <p>c) The Nominee Director(s) so appointed shall hold the said office only so long as any moneys remain owing by the Company to the Corporation and the Nominee Director/s so appointed in exercise of the said power, shall ipso facto vacate such office immediately on the moneys owing by the Company to the Corporation being paid off</p> <p>d) The Nominee Director(s) appointed under this Article shall be entitled to receive all notices of and attend all General Meetings, Board Meetings and all the Meetings of the Committee of which the Nominee Director(s) is/are Member(s) as also the minutes of such Meetings. The Corporation shall also be entitled to receive all such notices and minutes.</p> <p>e) The sitting fees in relation to such Nominee Director(s) shall also accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation. Any other fees, commission, moneys or remuneration in any form is payable to the Nominee Director of the Company, such fees, commission, moneys and remuneration in relation to such Nominee Director(s) shall accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation. Any expenses that may be incurred by the Corporation or such Nominee Director(s), in connection with their appointment or Directorship, shall also be paid or reimbursed by the Company to the Corporation or as the case may be to such Nominee Director/s provided that if any such Nominee Director/s is/are an officer(s) of the Corporation..</p> <p>f) Provided also that in the event of the Nominee Director(s) being appointed as Whole-time Director(s); such Nominee Director/s shall exercise such power</p>

Title of Article	Article Number and contents
	<p>and duties as may be approved by the lenders and have such rights as are usually exercised or available to a whole-time Director in the management of the affairs of Company. Such Nominee Director shall be entitled to receive such remuneration, fees, commission and moneys as may be approved by the Corporation(s) nominated by him.</p>
Limit on number of retaining Directors	<p>148. The provisions of Articles 136, 137 and 138 are subject to the provisions of Section 256 of the Act and number of such Directors appointed under Article 137 shall not exceed in the aggregate one third of the total number of Directors for the time being in office.</p>
Alternate Director	<p>149. The Board may appoint, an Alternate Director recommended for such appointment by the Director (hereinafter in this Article called "the Original Director") to act for him during his absence for a period of not less than three months from the State in which the meetings of the Board are ordinarily held. Every such Alternate Director shall, subject to his giving to the Company an address in India at which notice may be served on him, be entitled to notice of meetings of Directors and to attend and vote as a Director and be counted for the purposes of a quorum and generally at such Meetings to have and exercise all the powers and duties and authorities of the Original Director. The Alternate Director appointed under this Article shall vacate office as and when the Original Director returns to the State in which the meetings of the Board are ordinarily held and if the term of office of the Original Director is determined before he returns to as aforesaid, any provisions in the Act or in these Articles for automatic reappointment of retiring Director in default of another appointment shall apply to the Original Director and not the Alternate Director.</p>
Additional Directors	<p>151. The Directors shall have the power at any time and from time to time to appoint any other person to be a Director as an addition to the Board ("Additional Director") so that the total number of Directors shall not at any time exceed the maximum fixed by these Articles. Any person so appointed as an Additional Director to the Board shall hold his office only upto the date of the next Annual General Meeting and shall be eligible for election at such Meeting.</p>
Qualification shares	<p>152. A Director need not hold any qualification shares.</p>
Directors' sitting fees	<p>153. The fees payable to a Director for attending each Board meeting shall be such sum as may be fixed by the Board of Directors not exceeding such sum as may be prescribed by the Central Government for each of the meetings of the Board or a Committee thereof and adjournments thereto attended by him. The Directors, subject to the sanction of the Central Government (if any required) may be paid such higher fees as the Company in General Meeting shall from time to time determine.</p>
Disqualification of the Director	<p>161. (1) A person shall not be capable of being appointed Director of the Company if:- (a) he has been found to be of unsound mind by a Court of competent jurisdiction and the finding is in force; (b) he is an undischarged insolvent;</p>

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	<ul style="list-style-type: none"> <li>(c) he has applied to be adjudged an insolvent and his application is pending;</li> <li>(d) he has been convicted by a Court of any offence involving moral turpitude sentenced in respect thereof to imprisonment for not less than six months and a period of five years has not elapsed form the date of expiry of the sentence;</li> <li>(e) he has not paid any call in respect of Shares of the Company held by him whether alone or jointly with others and six months have lapsed from the last day fixed for the payment of the call; or</li> <li>(f) an order disqualifying him for appointment as Director has been passed by a Court in pursuance of Section 203 of the Act and is in force; unless the leave of the Court has been obtained for his appointment in pursuance of that Section.</li> </ul>
Vacation of office by Directors	<p>162.</p> <p>(2) The office of Director shall become vacant if:-</p> <ul style="list-style-type: none"> <li>(a) he is found to be of unsound mind by a Court of competent jurisdiction; or</li> <li>(b) he applies to be adjudged an insolvent; or</li> <li>(c) he is adjudged an insolvent; or</li> <li>(d) he is convicted by a Court of any offence involving moral turpitude and sentenced in respect thereof to imprisonment for less than six months; or</li> <li>(e) he fails to pay any call in respect of Shares of the Company held by him, whether alone or jointly with others within six months from the last date fixed for the payment of the call unless the Central Government, by a notification in the Official Gazette removes the disqualification incurred by such failure; or</li> <li>(f) absents himself from three consecutive meetings of the Board of Directors, or from all meetings of the Board for a continuous period of three months, whichever is longer, without obtaining leave of absence from the Board; or</li> <li>(g) he(whether by himself or by any person for his benefit or on his account or any firm in which he is a partner or any private company of which he is a director), accepts a loan, or any guarantee or security for a loan, from the Company in contravention of Section 295 of the Act; or</li> <li>(h) he being in any way whether directly or indirectly concerned or interested in a contract or arrangement or proposed contract or arrangement, entered into or to be entered into by or on behalf of the Company fails to disclose the nature of his concern or interest at a meeting of the Board of Directors as required by Section 299 of the Act; or</li> <li>(i) he becomes disqualified by an order of the Court under Section 203 of the Act; or</li> <li>(j) he is removed by an Ordinary Resolution of the Company before the expiry of his period of notice; or</li> </ul>



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	<p>(k) if by notice in writing to the Company, he resigns his office, or</p> <p>(l) having been appointed as a Director by virtue of his holding any office or other employment in the Company, he ceases to hold such office or other employment in the Company.</p>
Vacation of office by Directors (contd.)	<p>163.</p> <p>(3) Notwithstanding anything contained in sub-clauses (c), (d) and (i) of sub clause (2) hereof, the disqualification referred to in these clauses shall not take effect:</p> <p>(a) for thirty days from the date of the adjudication, sentence or order;</p> <p>(b) where any appeal or petition is preferred within thirty days aforesaid against the adjudication, sentence or conviction resulting in the sentence or order until the expiry of seven days from the date on which such appeal or petition is disposed of; or</p> <p>(c) where within the seven days aforesaid, any further appeal or petition is preferred in respect of the adjudication, sentence, conviction or order, and the appeal or petition, if allowed, would result in the removal of the disqualification, until such further appeal or petition is disposed of.</p>
Removal of Directors	<p>164.</p> <p>(a) The Company may subject to the provisions of Section 284 and other applicable provisions of the Act and these Articles by Ordinary Resolution remove any Director not being a Director appointed by the Central Government in pursuance of Section 408 of the Act before the expiry of his period of office.</p> <p>(b) Special Notice as provided by these Articles or Section 190 of the Act; shall be required of any resolution to remove a Director under the Article or to appoint some other person in place of a Director so removed at the Meeting at which he is removed.</p> <p>(c) On receipt of notice of a resolution to remove a Director under this Article; the Company shall forthwith send a copy; thereof to the Director concerned and the Director (whether or not he is a Member of a Company) shall be entitled to be heard on the resolution at the Meeting.</p> <p>(d) where notice is given of a resolution to remove a Director under this Article and the Director concerned makes with respect thereto representations in writing to the Company (not exceeding reasonable length) and requests their notification to Members of the Company, the Company shall, unless the representations are, received by it too late for it to do so:</p> <p>(i) in the notice of the resolution given to the Members of the Company state the fact of the representations having been made, and</p> <p>(ii) send a copy of the representations to every Member of the Company to whom notice of the Meeting is sent (before or after the representations by the Company) and if a copy of the representations is not sent as aforesaid because they were received too late\ or because of the Company's default the Director may (without prejudice to his right to be heard orally) require that the representation shall be read out at the Meeting; provided that copies of the representation need not be sent or read out at the Meeting if on the application, either of the Company or of any other person who claims to be aggrieved by the Court is satisfied that the rights concerned by this sub-clause are being abused to secure needless publicity for defamatory matter.</p>



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	<p>(e) A vacancy created by the removal of the Director under this Article may, if he had been appointed by the Company in General Meeting or by the Board, in pursuance of Article 143 or Section 262 of the Act be filled by the: appointment of another Director in his place by the Meeting at which he is removed, provided special notice of the intended appointment has been given under sub clause (3) hereof. A Director so appointed shall hold office until the date upto which his predecessor would have held office if he had not been removed as aforesaid.</p> <p>(f) If the vacancy is not filled under sub-clause(e), it may be filled as a casual vacancy in accordance with the provisions, in so far as they are applicable of Article 143 or Section 162 of the Act, and all the provisions of that Article and Section shall apply accordingly</p> <p>(g) A Director who was removed from office under this Article shall not be re-appointed as a Director by the Board of Directors.</p> <p>(h) Nothing contained in this Article shall be taken:-</p> <p>(i) as depriving a person removed hereunder of any compensation of damages payable to him in respect of the termination of his appointment as Director, or</p> <p>(ii) as derogating from any power to remove a Director which may exist apart from this Article.</p>

### ROTATION AND APPOINTMENT OF DIRECTORS

Title of Article	Article Number and contents
Rotation of Directors	<p>168.</p> <p>Not less than two third of the total number of Directors shall (a) be persons whose period of the office is liable to termination by retirement by rotation and (b) save as otherwise expressly provided in the Articles be appointed by the Company in General Meeting.</p>
Retirement of Directors	<p>169.</p> <p>Subject to the provisions of Articles 138 and 140, the non-retiring Directors should be appointed by the Board for such period or periods as it may in its discretion deem appropriate.</p>
Retiring Directors	<p>170.</p> <p>Subject to the provisions of Section 256 of the Act and Articles 136 to 143, at every Annual General Meeting of the Company, one-third or such of the Directors for the time being as are liable to retire by rotation; or if their number is not three or a multiple of three the number nearest to one-third shall retire from office. The Debenture Directors, Nominee Directors, Corporation Directors, Managing Directors if any, subject to Article 169, shall not be taken into account in determining the number of Directors to retire by rotation. In these Articles a "Retiring Director" means a Director retiring by rotation.</p>
Ascertainment of Directors retiring by rotation and filling of vacancies	<p>172.</p> <p>Subject to Section 288 (5) of the Act, the Directors retiring by rotation under Article 160 at every Annual General Meeting shall be those, who have been longest in office since their last appointment, but as between those who became Directors on the same day, those who are to retire shall in default of and subject to any agreement amongst themselves be determined by the lot.</p>

Title of Article	Article Number and contents
Provision in default of appointment	<p>175.</p> <p>(a) If the place of retiring Director is not so filled up and the Meeting has not expressly resolved not to fill the vacancy, the Meeting shall stand adjourned till the same day in the next week, at the same time and place, or if that day is a public holiday, till the next succeeding day which is not a public holiday, at the same time and place.</p> <p>(b) If at the adjourned Meeting also, the place of the retiring Director is not filled up and the Meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been re-appointed at the adjourned Meeting, unless:</p> <p>(i) at that Meeting or the previous Meeting a resolution for the re-appointment of such Director has been put to the Meeting and lost.</p> <p>(ii) the retiring Director has by a notice in writing addressed to the Company or its Board of Directors expressed his unwillingness to be so re-appointed.</p> <p>(iii) he is not qualified or is disqualified for appointment</p> <p>(iv) a resolution, whether Special or Ordinary is required for his appointment or re-appointment by virtue of any provisions of the Act, or</p> <p>(v) the provision of the sub-section (2) of section 263 of the Act is applicable to the case.</p>
Company may increase or reduce the number of Directors or remove any Director	<p>176.</p> <p>Subject to the provisions of Section 252,255 and 259 of the Act, the Company may by Ordinary Resolution from time to time, increase or reduce the number of Directors and may alter qualifications.</p>
Appointment of Directors to be voted individually	<p>177.</p> <p>(a) No motion, at any General Meeting of the Company shall be made for the appointment of two or more persons as Directors of the Company by a single resolution unless a resolution that it shall be so made has been first agreed to by the Meeting without any vote being given against it.</p> <p>(b) A resolution moved in contravention of clause (a) hereof shall be void, whether or not objection was taken at the time of its being so moved, provided where a resolution so moved has passed no provisions or the automatic re-appointment of retiring Directors in default of another appointment as therein before provided shall apply.</p> <p>(c) For the purposes of this Article, a motion for approving a person's appointment, or for nominating a person for appointment, shall be treated as a motion for his appointment.</p>

#### MANAGING DIRECTOR

Title of Article	Article Number and contents
Powers to appoint Managing Director	<p>181.</p> <p>Subject to the provisions of Section 267, 268, 269, 316 and 317 of the Act, the Board may, from time to time, appoint one or more Directors to be Managing Director or Managing Directors or Wholetime Directors of the Company, for a fixed term not exceeding five years as to the period for which he is or they are to hold such office, and may, from time to time (subject to the provisions of any contract between him or them and the Company) remove or dismiss him or them from office and appoint another or others in his or their place or places.</p>

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Title of Article	Article Number and contents
	<p>(a) The Managing Director shall perform such functions and exercise such powers as are delegated to him by the Board of Directors of the Company in accordance with the provisions of the Companies Act, 1956.</p> <p>(b) Subject to the provisions of Sections 255 of the Act, the Managing Director shall not be while he continues to hold that office, subject to retirement by rotation.</p>
Special position of Managing Director	<p>183.</p> <p>Subject to any contract between him and the Company, a Managing or Wholetime Director shall not, while he continues to hold that office, be subject to retirement by rotation and he shall not be reckoned as a Director for the purpose of determining the rotation of retirement of Directors or in fixing the number of Directors to retire but (subject to the provision of any contract between him and the Company), he shall be subject to the same provisions as to resignation and removal as the Directors of the Company and shall, ipso facto and immediately, cease to be a Managing Director if he ceases to hold the office of Director from any cause.</p>
Powers of Managing Director	<p>184.</p> <p>The Director may from time to time entrust to and confer upon a Managing Director or Wholetime Director for the time being such of the powers exercisable under these provisions by the Directors, as they may think fit, and may confer such powers for such time and to be exercised for such objects and purposes, and upon such terms and conditions and with such restrictions as they think expedient, and they may confer such powers, either collaterally with, or to the exclusion of and in substitution for, all or any of the powers of the Directors in that behalf and from time to time, revoke, withdraw, alter, or vary all or any of such powers.</p>
	<p>185.</p> <p>The Company's General Meeting may also from time to time appoint any Managing Director or Managing Directors or Wholetime Director or Wholetime Directors of the Company and may exercise all the powers referred to in these Articles.</p>
	<p>186.</p> <p>Receipts signed by the Managing Director for any moneys, goods or property received in the usual course of business of the Company or for any money, goods, or property lent to or belonging to the Company shall be an official discharge on behalf of and against the Company for the money, funds or property which in such receipts shall be acknowledged to be received and the persons paying such moneys shall not be bound to see to the application or be answerable for any misapplication thereof. The Managing Director shall also have the power to sign and accept and endorse cheques on behalf of the Company.</p>
	<p>187.</p> <p>The Managing Director shall be entitled to sub-delegate (with the sanction of the Directors where necessary) all or any of the powers, authorities and discretions for the time being vested in him in particular from time to time by the appointment of any attorney or attorneys for the management and transaction of the affairs of the Company in any specified locality in such manner as they may think fit.</p>
	<p>188.</p> <p>Notwithstanding anything contained in these Articles, the Managing Director is expressly allowed generally to work for and contract with the Company and especially to do the work of Managing Director and also to do any work for the</p>

Title of Article	Article Number and contents
Appointment and powers of Manager	<p>Company upon such terms and conditions and for such remuneration (subject to the provisions of the Act) as may from time to time be agreed between him and the Directors of the Company.</p> <p>188A The Board may, from time to time, appoint any Manager (under Section 2(24) of the Act) to manage the affairs of the Company. The Board may from time to time entrust to and confer upon a Manager such of the powers exercisable under these Articles by the Directors, as they may think fit, and may, confer such powers for such time and to be exercised for such objects and purposes, and upon such terms and conditions and with such restrictions as they think expedient.</p>

#### POWERS OF THE BOARD

Title of Article	Article Number and contents
General powers of management vested in the Board of Directors	<p>202. The Board may exercise all such powers of the Company and do all such acts and things as are not, by the Act, or any other Act or by the Memorandum or by the Articles of the Company required to be exercised by the Company in General Meeting, subject nevertheless to these Articles, to the provisions of the Act, or any other Act and to such regulations being not inconsistent with the aforesaid Articles, as may be prescribed by the Company in General Meeting but no regulation made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made. Provided that the Board shall not, except with the consent of the Company in General Meeting :-</p> <ol style="list-style-type: none"> <li>sell, lease or otherwise dispose of the whole, or substantially the whole, of the undertaking of the Company, or where the Company owns more than one undertaking of the whole, or substantially the whole, of any such undertaking;</li> <li>remit, or give time for the repayment of, any debt due by a Director,</li> <li>invest otherwise than in trust securities the amount of compensation received by the Company in respect of the compulsory acquisition or any such undertaking as is referred to in clause (a) or of any premises or properties used for any such undertaking and without which it cannot be carried on or can be carried on only with difficulty or only after a considerable time;</li> <li>borrow moneys where the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), will exceed the aggregate of the paid-up capital of the Company and its free reserves that is to say, reserves not set apart for any specific purpose;</li> <li>contribute to charitable and other funds not directly relating to the business of the Company or the welfare of its employees, any amounts the aggregate of which will, in any financial year, exceed fifty thousand rupees or five per cent of its average net profits as determined in accordance with the provisions of Section 349 and 350 of the Act during the three financial years immediately preceding whichever is greater, provided that the Company in the General Meeting or the Board of Directors shall not contribute any amount to any political party or for any political purposes to any individual or body;</li> </ol>

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Title of Article	Article Number and contents
	<p>(i) Provided that in respect of the matter referred to in clause (d) and clause (e) such consent shall be obtained by a resolution of the Company which shall specify the total amount upto which moneys may be borrowed by the Board under clause (d) of as the case may be total amount which may be contributed to charitable or other funds in a financial year under clause (e)</p> <p>(ii) Provided further that the expression "temporary loans" in clause (d) above shall mean loans repayable on demand or within six months from the date of the loan such as short term cash credit arrangements, the discounting of bills and the issue of other short term loans of a seasonal character, but does not include loans raised for the purpose of financing expenditure of a capital nature.</p>
Certain powers to be exercised by the Board only at Meetings	<p>203.</p> <p>(1) Without derogating from the powers vested in the Board of Directors under these Articles, the Board shall exercise the following powers on behalf of the Company and they shall do so only by means of resolutions passed at the meeting of the Board;</p> <p>(a) the power to make calls, on shareholders in respect of money unpaid on their Shares,</p> <p>(b) the power to issue Debentures,</p> <p>(c) the power to borrow moneys otherwise than on Debentures,</p> <p>(d) the power to invest the funds of the Company, and</p> <p>(e) the power to make loans</p> <p>Provided that the Board may, by resolution passed at a Meeting, delegate to any Committee of Directors, the Managing Director, the Manager or any other principal officer of the Company, the powers specified in sub-clause (c) (d) and (e) to the extent specified below:</p> <p>(2) Every resolution delegating the power referred to in sub-clause (1) (c) above shall specify the total amount outstanding at any one time, upto which moneys may be borrowed by the delegate.</p> <p>(3) Every resolution delegating the power referred to in sub-clause (1) (d) above shall specify the total amount upto which the funds of the Company may be invested, and the nature of the investments which may be made by the delegate.</p> <p>(4) Every resolution delegating the power referred to in sub-clause (1) (e) above shall specify the total amount upto which loans may be made and the maximum amount of loans which may be made for each such purpose in individual cases.</p>
Certain powers of the Board	<p>204.</p> <p>Without prejudice to the general powers conferred by the last preceding Article and so as not in any way to limit or restrict those powers, and without prejudice to the other powers conferred by these Articles, but subject to the restrictions contained in the last preceding Article, it is hereby declared that the Directors shall have the following powers, that is to say, power:</p> <p>(1) To pay the cost, charges and expenses preliminary and incidental to the promotion, formation, establishment and registration of the Company.</p>

Title of Article	Article Number and contents
	<p>(2) To pay and charge to the capital account of the Company any commission or interest lawfully payable thereon under the provisions of Sections 76 and 208 of the Act.</p> <p>(3) Subject to Section 292 and 297 and other provisions applicable of the Act to purchase or otherwise acquire for the Company any property, right or privileges which the Company is authorised to acquire, at or for such price or consideration and generally on such terms and conditions as they may think fit and in any such purchase or other acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfactory.</p> <p>(4) At their discretion and subject to the provisions of the Act to pay for any property, rights or privileges acquired by or services rendered to the Company, either wholly or partially in cash or in share, bonds, debentures, mortgages, or otherwise securities of the Company, and any such Shares may be issued either as fully paid-up or with such amount credited as paid-up thereon as may be agreed upon and any such bonds, debentures, mortgages or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged.</p> <p>(5) To secure the fulfillment of any contracts or engagement entered into by the Company by mortgage or charge of all or any of the property of the Company and its uncalled capital for the time being or in such manner as they may think fit.</p> <p>(6) To accept from any Member, as far as may be permissible by law to a surrender of his Shares or any part thereof, on such terms and conditions as shall be agreed.</p> <p>(7) To appoint any person to accept and hold in trust for the Company any property belonging to the Company, in which it is interested, or for any other purpose and to execute and do all such deeds and things as may be required in relation to any trust, and to provide for the remuneration of such trustee or trustees.</p> <p>(8) To institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its officers or otherwise concerning the affairs of the Company, and also to compound and allow time for payment or satisfaction of any debts due and of any claim or demands by or against the Company and to refer any differences to arbitration and observe and perform any awards made thereon either according to Indian law or according to foreign law and either in India or abroad and to observe and perform or challenge any award made thereon.</p> <p>(9) To act on behalf of the Company in all matters relating to bankruptcy and insolvency, winding up and liquidation of companies.</p> <p>(10) To make and give receipts, releases and other discharges for moneys payable to the Company and for the claims and demands of the Company.</p> <p>(11) Subject to the provisions of Sections 291, 292, 295, 370, 372 and all other applicable provisions of the Act, to invest and deal with any moneys of the Company not immediately required for the purpose thereof upon such security (not being Shares of this Company), or without security and in such manner as they may think fit and from time to time vary or realise such investments. Save as provided in Section 49 of the Act, all investments shall be made and held in the Company's own name.</p>

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Title of Article	Article Number and contents
	<p>(12) To execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any personal liability whether as principal or surety, for the benefit of the Company, such mortgages of the Company's property (present and future) as they think fit, and any such mortgage may contain a power of sale and such other powers, provisions, covenants and agreements as shall be agreed upon.</p> <p>(13) To open bank account and to determine from time to time who shall be entitled to sign, on the Company's behalf, bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts and documents and to give the necessary authority for such purpose.</p> <p>(14) To distribute by way of bonus amongst the staff of the Company a Share or Shares in the profits of the Company and to give to any, Director, officer or other person employed by the Company a commission on the profits of any particular business or transaction, and to charge such bonus or commission as a part of the working expenses of the Company.</p> <p>(15) To provide for the welfare of Directors or ex-Directors or employees or ex-employees of the Company and their wives, widows and families or the dependents or connections of such persons, by building or contributing to the building of houses, dwelling or chawls, or by grants of moneys, pension, gratuities, allowances, bonus or other payments, or by creating and from time to time subscribing or contributing, to provide other associations, institutions, funds or trusts and by providing or subscribing or contributing towards place of instruction and recreation, hospitals and dispensaries, medical and other attendance and other assistance as the Board shall think fit and subject to the provision of Section 293(1)(e) of the Act, to subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or other institutions or object which shall have any moral or other claim to support or aid by the Company, either by reason of locality of operation, or of the public and general utility or otherwise.</p> <p>(16) Before recommending any dividend, to set aside out of the profits of the Company such sums as they may think proper for depreciation or to depreciation fund, or to an insurance fund, or as reserve fund or any special fund to meet contingencies or to repay redeemable preference shares or debentures or debenture stock, or for special dividends or for equalising dividends or for repairing, improving, extending and maintaining any of the property of the Company and for such other purposes (including the purpose referred to in the preceding clause), as the Board may in their absolute discretion, think conducive to the interest of the Company and subject to Section 292 of the Act, to invest several sums so set aside or so much thereof as required to be invested, upon such investments (other than Shares of the Company) as they may think fit, and from time to time to deal with and vary such investments and dispose of and apply and expend all or any such part thereof for the benefit of the Company, in such a manner and for such purposes as the Board in their absolute discretion, think conducive to the interest of the Company notwithstanding that the matters to which the Board apply or upon which they expend the same or any part thereof or upon which the capital moneys of the Company might rightly be applied or expended; and to divide the general reserve or reserve fund into such special funds as the Board may think fit with full power to transfer the whole or any portion of reserve fund or division of a reserve fund and with full power to employ the</p>



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	<p>assets constituting all or any of the above funds, including the depreciation fund, in the business of the Company or in the purchase or repayment of redeemable preference shares or debentures or debenture stock, and without being bound to keep the same separate from the other assets and without being bound to pay interest on the same with power however, to the Board at their discretion to pay or allow to the credit of such funds interest at such rate as the Board may think proper.</p> <p>(17) To appoint, and at their discretion, remove or suspend, such general managers, managers, secretaries, assistants, supervisors, scientists, technicians, engineers, consultants, legal, medical or economic advisors, research workers, labourers, clerks, agents and servants for permanent, temporary or special services as they may from time to time think fit and to determine their powers and duties, and fix their salaries or emoluments or remuneration, and to require security in such instances and to such amount as they may think fit. And also from time to time to provide for the management and transaction of the affairs of the Company in any specified locality in India or elsewhere in such manner as they think and the provisions contained in the four next following sub-clauses shall be without prejudice to the general conferred by this sub-clause.</p> <p>(17A) To appoint or authorize appointment of officers, clerks and servants for permanent or temporary or special services as the Board may from time to time think fit and to determine their powers and duties and to fix their salaries and emoluments and to require securities in such instances and of such amounts as the Board may think fit and to remove or suspend any such officers, clerks and servants. Provided further that the Board may delegate matters relating to allocation of duties, functions, reporting etc. of such persons to the Managing Director or Manager.</p> <p>(18) From time to time and at any time to establish any local Board for managing any of the affairs of the Company in any specified locality in India or elsewhere and to appoint any person to be members of such local Boards, and to fix their remuneration or salaries or emoluments.</p> <p>(19) Subject to Section 292 of the Act, from time to time and at any time to delegate to any person so appointed any of the powers, authorities and discretions for the time being vested in the Board, other than their power to make calls or to make loans or borrow money, and to authorise the members for the time being of any such local Board, or any of them to fill up any vacancies therein and to act notwithstanding vacancies, and any such appointment or delegation may be made on such terms and subject to such terms and subject to such conditions as the Board may think fit, and Board may at any time remove any person so appointed, and may annul or vary any such delegation.</p> <p>(20) At any time and from time to time by Power of Attorney under the Seal of the Company, to appoint any person or person to be the Attorney or Attorneys of the Company, for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these presents and subject to the provisions of Section 292 of the Act) and for such period and subject to such conditions as the Board may from time to time think fit; and any such appointment may (if the Board thinks fit) be made in favour of any company, or the shareholders, directors, nominees, or managers of any company or firm or otherwise in favour of any fluctuating</p>



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	<p>body of persons whether nominated directly or indirectly by the Board and such Power of Attorney may contain such powers for the protection or convenience of persons dealing with such Attorneys as the Board may think fit, and may contain powers enabling any such delegates or attorneys as aforesaid to sub-delegate all or any of the powers authorities and discretions for the time being vested in them.</p> <p>(21) Subject to Sections 294 and 297 and other applicable provisions of the Act, for or in relation to any of the matters aforesaid or, otherwise for the purposes of the Company to enter into all such negotiations and contracts and rescind and vary all such contracts, and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient.</p> <p>(22) From time to time to make, vary and repeal bye-laws for the regulations of the business of the Company, its officers and servants.</p> <p>(23) To purchase or otherwise acquire any land, buildings, machinery, premises, hereditaments, property, effects, assets, rights, credits, royalties, business and goodwill of any joint stock company carrying on the business which the Company is authorized to carry on in any part of India.</p> <p>(24) To purchase, take on lease, for any term or terms of years, or otherwise acquire any factories or any land or lands, with or without buildings and out-houses thereon, situated in any part of India, at such price or rent and under and subject to such terms and conditions as the Directors may think fit. And in any such purchase, lease or other acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfactory.</p> <p>(25) To insure and keep insured against loss or damage by fire or otherwise for such period and to such extent as it may think proper all or any part of the buildings, machinery, goods, stores, produce and other movable property of the Company, either separately or co jointly, also to insure all or any portion of the goods, produce, machinery and other articles imported or exported-by the Company and to sell, assign, surrender or discontinue any policies of assurance effected in pursuance of this power.</p> <p>(26) To purchase or otherwise acquire or obtain license for the use of and to sell, exchange or grant license for the use of any trade mark, patent, invention or technical know-how.</p> <p>(27) To sell from time to time any articles, materials, machinery, plants, stores and other articles and thing belonging to the Company as the Board may think proper and to manufacture, prepare and sell waste and by-products.</p> <p>(28) From time to time to extend the business and undertaking of the Company by adding, altering or enlarging all or any of the buildings, factories, workshops, premises, plant and machinery, for the time being the property of or in the possession of the Company, or by erecting new or additional buildings, and to expend such sum of money for the purpose aforesaid or any of them as they be thought necessary or expedient.</p> <p>(29) To undertake on behalf of the Company any payment of rents and the performance of the covenants, conditions and agreements contained in or reserved by any lease that may be granted or assigned to or otherwise acquired by the Company and to purchase the reversion or reversions, and otherwise to acquire on free hold sample of all or any of the lands of the</p>

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	<p>Company for the time being held under lease or for an estate less than freehold estate.</p> <p>(30) To improve, manage, develop, exchange, lease, sell, resell and re-purchase, dispose off, deal or otherwise turn to account, any property (movable or immovable) or any rights or privileges belonging to or at the disposal of the Company or in which the Company is interested.</p> <p>(31) To let, sell or otherwise dispose of subject to the provisions of Section 293 of the Act and of the other Articles any property of the Company, either absolutely or conditionally and in such manner and upon such terms and conditions in all respects as it thinks fit and to accept payment in satisfaction for the same in cash or otherwise as it thinks fit.</p> <p>(32) Generally subject to the provisions of the Act and these Articles, to delegate the powers/authorities and discretions vested in the Directors to any person(s), firm, company or fluctuating body of persons as aforesaid.</p>

#### **DIVIDENDS AND CAPITALISATION OF RESERVES**

Title of Article	Article Number and contents
Division of profits	<p>211.</p> <p>(a) Subject to the rights of persons, if any, entitled to Shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the Shares in respect whereof the dividend is paid but if and so long as nothing is paid upon any of Share in the Company, dividends may be declared and paid according to the amounts of the Shares;</p> <p>(b) No amount paid or credited as paid on a Share in advance of calls shall be treated for the purpose of this Article as paid on the Shares.</p>
The Company at General Meeting may declare dividend	<p>212.</p> <p>The Company in General Meeting may declare dividends, to be paid to Members according to their respective rights and interest in the profits and may fix the time for payment and the Company shall comply with the provisions of Section 207 of the Act, but no dividends shall exceed the amount recommended by the Board of Directors. However, the Company may declare a smaller dividend than that recommended by the Board in General Meeting.</p>
Dividends out of profits only	<p>213.</p> <p>No dividend shall be payable except out of profits of the Company arrived at the manner provided for in Section 205 of the Act.</p>
Interim dividend	<p>214.</p> <p>The Board of Directors may from time to time pay to the Members such interim dividends as in their judgment the position of the Company justifies.</p>
Debts may be deducted	<p>215.</p> <p>(a) The Directors may retain any dividends on which the Company has a lien and may apply the same in or towards the satisfaction of the debts, liabilities or engagements in respect of which the lien exists.</p> <p>(b) The Board of Directors may retain the dividend payable upon Shares in respect of which any person is, under the Transmission Article, entitled to become a Member or which any person under that Article is entitled to transfer until such person shall become a Member or shall duly transfer the same.</p>

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Title of Article	Article Number and contents
Capital paid-up in advance as interest not to earn dividend	216. Where the capital is paid in advance of the calls upon the footing that the same shall carry interest, such capital shall not, whilst carrying interest, confer a right to dividend or to participate in profits.
Dividends in proportion to amounts paid-up	217. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the Shares during any portion or portions of the period in respect of which the dividend is paid, but if any Share is issued on terms provided that it shall rank for dividends as from a particular date such Share shall rank for dividend accordingly.
No Member to receive dividend while indebted to the Company and the Company's right in respect thereof	218 No Member shall be entitled to receive payment of any interest or dividend or bonus in respect of his Share or Shares, whilst any money may be due or owing from him to the Company in respect of such Share or Shares (or otherwise however either alone or jointly with any other person or persons) and the Board of Directors may deduct from the interest or dividend to any Member all such sums of money so due from him to the Company.
Effect of transfer of Shares	219. A transfer of Shares shall not pass the right to any dividend declared therein before the registration of the transfer.
Dividend to joint holders	220. Any one of several persons who are registered as joint holders of any Shares may give effectual receipts for all dividends or bonus and payments on account of dividends in respect of such Shares.
Dividend how remitted	221. The dividend payable in cash may be paid by cheque or warrant sent through post directly to registered address of the shareholder entitled to the payment of the dividend or in case of joint holders to the registered address of that one of the joint holders who is first named on the Register of Members or to such person and to such address as the holder or joint holders may in writing direct. The Company shall not be liable or responsible for any cheque or warrant or pay slip or receipt lost in transit or for any dividend lost, to the Member or person entitled thereto by forged endorsement of any cheque or warrant or forged signature on any pay slip or receipt or the fraudulent recovery of the dividend by any other means.
Notice of dividend	222. Notice of the declaration of any dividend whether interim or otherwise shall be given to the registered holders of Share in the manner herein provided.
Reserves	223. The Directors may, before recommending or declaring any dividend set aside out of the profits of the Company such sums as they think proper as reserve or reserves, which shall, at the discretion of the Directors, be applicable for meeting contingencies or for any other purposes to which the profits of the Company may be properly applied and pending such application, may at the like discretion, either be employed in the business of the Company or be invested in such investments (other than Shares of the Company) as the Directors may from time to time think fit.
Dividend to be paid within time required by law.	224. The Company shall pay the dividend, or send the warrant in respect thereof to the shareholders entitled to the payment of dividend, within such time as may be

Title of Article	Article Number and contents
	<p>required by law from the date of the declaration unless:-</p> <ul style="list-style-type: none"> <li>(a) where the dividend could not be paid by reason of the operation on any law; or</li> <li>(b) where a shareholder has given directions regarding the payment of the dividend and those directions cannot be complied with; or</li> <li>(c) where there is dispute regarding the right to receive the dividend; or</li> <li>(d) where the dividend has been lawfully adjusted by the Company against any sum due to it from shareholder; or</li> <li>(e) where for any other reason, the failure to pay the dividend or to post the warrant within the period aforesaid was not due to any default on the part of the Company.</li> </ul>
Unclaimed dividend	<p>225.</p> <p>Where the Company has declared a dividend but which has not been paid or claimed within 30 days from the date of declaration, transfer the total amount of dividend which remains unpaid or unclaimed within the said period of 30 days, to a special account to be opened by the company in that behalf in any scheduled bank, to be called "Unpaid Dividend Account".</p> <p>Any money transferred to the unpaid dividend account of a company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the company to the Fund known as Investor Education and Protection Fund established under section 205C of the Act.</p> <p>No unclaimed or unpaid dividend shall be forfeited by the Board.</p>
Set-off of calls against dividends	<p>226.</p> <p>Any General Meeting declaring a dividend may on the recommendation of the Directors make a call on the Members of such amount as the Meeting fixes but so that the call on each Member shall not exceed the dividend payable to him, and so that the call be made payable at the same time as the dividend, and the dividend may, if so arranged between the Company and the Members, be set off against the calls.</p>
Dividends in cash	<p>227.</p> <p>No dividends shall be payable except in cash, provided that nothing in this Article shall be deemed to prohibit the capitalisation of the profits or reserves of the Company for the purpose of issuing fully paid up bonus Shares or paying up any amount for the time being unpaid on any Shares held by Members of the Company.</p>
Capitalisation	<p>228.</p> <p>(1) The Company in General Meeting may, upon the recommendation of the Board, resolve:</p> <ul style="list-style-type: none"> <li>(a) That is desirable to capitalise any part of the amount for the time being standing to the credit of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution, and</li> <li>(b) that such sum be accordingly set free for distribution in the manner specified in clause (2) amongst the Members who would have been entitled thereto, if distributed by way of dividend and in the same proportion.</li> </ul>

## TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

Title of Article	Article Number and contents
	<p>(2) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provisions contained in clause (3) either in or towards;</p> <p>(a) paying up any amount for the time being unpaid on any Shares held by such Members respectively, or</p> <p>(b) paying up in full unissued Shares of the Company to be allocated and distributed, credited as fully paid up, to and amongst Members in the proportion aforesaid, or</p> <p>(c) partly in the way specified in sub clause (a) and partly in that specified in sub-clause(b)</p> <p>(3) A share premium account and capital redemption reserve account may, for the purpose of this Article, only be applied in the paying up of unissued Shares to be issued to Members of the Company as fully paid bonus shares.</p>
Board to give effect	<p>229.</p> <p>The Board shall give effect to the resolution passed by the Company in pursuance of above Article.</p>
Fractional certificates	<p>230.</p> <p>(1) Whenever such a resolution as aforesaid shall have been passed, the Board shall;</p> <p>(a) make all appropriations and applications of the undivided profits resolved to be capitalised thereby and all allotments and issues of fully paid Shares and</p> <p>(b) Generally do all acts and things required to give effect thereto.</p> <p>(2) The Board shall have full power:</p> <p>(a) to make such provision by the issue of fractional cash certificate or by payment in cash or otherwise as it thinks fit, in the case of Shares becoming distributable in fractions, also</p> <p>(b) to authorise any person to enter, on behalf of all the Members entitled thereto, into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further Shares to which they may be entitled upon such capitalisation or (as the case may require) for the payment by the Company on their behalf by the application thereof of the respective proportions of the profits resolved to be capitalised of the amounts remaining unpaid on their existing Shares.</p> <p>(3) Any agreement made under such authority shall be effective and binding on all such Members.</p> <p>(4) That for the purpose of giving effect to any resolution, under the preceding paragraph of this Article, the Directors may give such directions as may be necessary and settle any question or difficulties that may arise in regard to any issue including distribution of new Shares and fractional certificates as they think fit.</p>

## ACCOUNTS

Title of Article	Article Number and Contents
Statements of accounts to be furnished to General Meeting	<p>233.</p> <p>The Board of Directors shall from time to time in accordance with Sections 210,211,212, 216 and 217 of the Act, cause to be prepared and laid before each Annual General Meeting a profit and loss account for the financial year of the Company and a balance sheet made up as at the end of the financial year which shall be a date which shall not precede the day of the</p> <p>Meeting by more than six months or such extended period as shall have been granted by the Registrar under the provisions of the Act.</p>
Accounts to be audited	<p>235.</p> <p>Once at least in every year the accounts of the Company shall be examined, balanced and audited and the correctness of the profit and loss Account and the balance sheet ascertained by one or more Auditor or Auditors.</p>

## REGISTERS AND DOCUMENTS

Title of Article	Article Number and Contents
Registers and documents to be maintained by the Company	<p>242.</p> <p>The Company shall keep and maintain registers, books and documents required The Company shall keep and maintain registers, books and documents required by the Act or these Articles, including the following:</p> <ol style="list-style-type: none"> <li>Register of investments made by the Company but not held in its own name, as required by Section 49(7) of the Act</li> <li>Register of mortgages and charges as required by Section 143 of the Act and copies of instruments creating any charge requiring registration according to Section 136 of the Act.</li> <li>Register and index of Members and debenture holders as required by Sections 150, 151 and 152 of the Act.</li> <li>Foreign register, if so thought fit, as required by Section 157 of the Act</li> <li>Register of contracts, with companies and firms in which Directors are interested as required by Section 301 of the Act.</li> <li>Register of Directors and Secretaries etc. as required by Section 303 of the Act.</li> <li>Register as to holdings by Directors of Shares and/or Debentures in the Company as required by Section 307 of the Act.</li> <li>Register of investments made by the Company in Shares and Debentures of the bodies corporate in the same group as required by Section 372(2) of the Act.</li> <li>Copies of annual returns prepared under Section 159 of the Act together with the copies of certificates and documents required to be annexed thereto under Section 161 of the Act.</li> <li>Register of loans, guarantees, or securities given to the other companies under the same management as required by Section 370 of the Act.</li> </ol>
Inspection of Registers	<p>243.</p> <p>The registers mentioned in clauses (f) and (i) of the foregoing Article and the minutes of all proceedings of General Meetings shall be open to inspection and extracts may be taken therefrom and copies thereof may be required by any Member of the Company in the same manner to the same extent and on payment of the same fees as in the case of the Register of Members of the Company provided for in clause (c) thereof. Copies of entries in the registers mentioned in the foregoing article shall be furnished to the persons entitled to the same on such days and during such business hours as may be consistent with the provisions of the Act in that behalf as determined by the Company in General Meeting.</p>

## TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

### WINDING UP

Title of Article	Article Number and Contents
Distribution of assets	<p>244.</p> <p>If the Company shall be wound up, and the assets available for distribution among the Members as such shall be insufficient to repay the whole of the paid up capital, such assets shall be distributed so that as nearly as may be the losses shall be borne by the Members in the proportion to the capital paid up or which ought to have been paid up at the commencement of the winding up, on the Shares held by them respectively, and if in the winding up the assets available for distribution among the Members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the Members in proportion to the capital at the commencement of the winding up, paid up or which ought to have been paid up on the Shares held by them respectively. But this Article is to be without prejudice to the rights of the holders of Shares issued upon special terms and conditions.</p>
Distribution in specie or kind	<p>245.</p> <p>(a) If the Company shall be wound up, whether voluntarily or otherwise, the Liquidator may, with the sanction of a Special Resolution, divide amongst the contributories in specie or kind, any part of the assets of the Company and may, with the like sanction, vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories or any of them, as the liquidator, with the like sanction, shall think fit.</p> <p>(b) If thought expedient any such division may subject to the provisions of the Act be otherwise than in accordance with the legal rights of the contributions (except where unalterably fixed by the Memorandum of Association and in particular any class may be given preferential or special rights or may be excluded altogether or in part but in case any division otherwise than in accordance with the legal rights of the contributories, shall be determined on any contributory who would be prejudicial thereby shall have a right to dissent and ancillary rights as if such determination were a Special Resolution passed pursuant to Section 494 of the Act.</p> <p>(c) In case any Shares to be divided as aforesaid involve a liability to calls or otherwise any person entitled under such division to any of the said Shares may within ten days after the passing of the Special Resolution by notice in writing direct the Liquidator to sell his proportion and pay him the net proceeds and the Liquidator shall, if practicable act accordingly.</p>
Right of shareholders in case of sale	<p>246.</p> <p>A Special Resolution sanctioning a sale to any other Company duly passed pursuant to Section 494 of the Act may subject to the provisions of the Act in like manner as aforesaid determine that any Shares or other consideration receivable by the liquidator be distributed against the Members otherwise than in accordance with their existing rights and any such determination shall be binding upon all the Members subject to the rights of dissent and consequential rights conferred by the said sanction.</p>
Directors and others right to indemnity	<p>247.</p> <p>Subject to the provisions of Section 201 of the Act, every Director of officer, or servant of the Company or any person (whether an officer of the Company or not) employed by the Company as Auditor, shall be indemnified by the Company against and it shall be the duty of the Directors, out of the funds of the Company to pay all costs, charges, losses and damages which any such person may incur or become liable to pay by reason of any contract entered into or any act, deed, matter</p>



Title of Article	Article Number and contents
	<p>or thing done, concurred in or omitted to be done by him in any way in or about the execution or discharge of his duties or supposed duties (except such if any as he shall incur or sustain through or by his own wrongful act, neglect or default) including expenses, and in particular and so as not to limit the generality of the foregoing provisions against all liabilities incurred by him as such Director, officer or Auditor or other office of the Company in defending any proceedings whether civil or criminal in which judgment is given in his favour, or in which he is acquitted or in connection with any application under Section 633 of the Act in which relief is granted to him by the Court.</p>
<p>Director, officer not responsible for acts of others</p>	<p>248. Subject to the provisions of Section 201 of the Act no Director, Auditor or other officer of the Company shall be liable for the acts, receipts, neglects, or defaults of any other Director or officer or for joining in any receipt or other act for conformity or for any loss or expenses happening to the Company through the insufficiency or deficiency of the title to any property acquired by order of the Directors for on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested for any loss or damages arising from the insolvency or tortuous act of any person, firm or Company to or with whom any moneys, securities or effects shall be entrusted or deposited or any loss occasioned by any error of judgment, omission, default or</p>



# TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED

## MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of filing of the Draft Red Herring Prospectus) which are or may be deemed material have been entered or are to be entered into by our Company. These contracts, copies of which will be attached to the copy of the Red Herring Prospectus will be delivered to the Registrar of Companies, Gujarat for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company located at Survey No. 344-350, Opp P.W.D Stores, Village : Changodar, Sarkhej Bavla Highway, Taluka: Sanand, District: Ahmedabad- 382210, from 10.00 a.m. to 4.00 p.m. on working days from the date of filing of the Draft Red Herring Prospectus until the date of closure of this Issue.

### Material Contracts

1. Letter of Engagement dated August 13, 2007 of Enam Securities Private Limited offering its services to act as BRLM and Company's acceptance thereto.
2. Memorandum of Understanding dated September 24, 2007 between us and the BRLM.
3. Memorandum of Understanding dated September 24, 2007 between us and Intime Spectrum Registry Limited as Registrars to this Issue.
4. Escrow Agreement dated December 1, 2007 between us, the BRLM, Syndicate Member and the Registrar to this Issue.
5. Syndicate Agreement dated December 1, 2007 between us, BRLM and the Syndicate Member.
6. Underwriting Agreement dated [●] between us, BRLM and the Syndicate

### Material Documents

1. The Memorandum and Articles of Association of our Company, as amended from time to time.
2. Certificate of Incorporation of our Company dated July 11, 1994 .
3. Extraordinary General Meeting resolution dated September 13, 2007 and the resolution of the Board dated August 13, 2007 authorizing this Issue.
4. Copies of the Annual Reports of our Company for the years ended March 31 2003, 2004, 2005, 2006 and 2007
5. Copy of the tax benefit report dated November 23, 2007 of M/s C.C Chokshi & Co., Chartered Accountants.
6. Copy of Certificate of funds deployment dated November 23, 2007 from M/s. C. B. Shah & Co., Chartered Accountants.
7. Report of the Statutory Auditors dated November 23, 2007 from M/s C.C Chokshi & Co., Chartered Accountants on the restated standalone financial statements and dated November 23, 2007 from M/s C.C Chokshi & Co., Chartered Accountants on the restated consolidated financial statements.
8. Consents of Auditors, Bankers to our Company, BRLM, Syndicate Member, Legal Advisors to this Issue, Directors, Company Secretary, Registrar to this Issue, Bankers to this Issue, Compliance Officer as referred to, in their respective capacities.
9. Certified true copies of General meeting resolutions appointing/varying the terms of current appointment of all our whole-time Directors.
10. Listing application filed with the BSE and NSE
11. In-principle listing approvals from BSE dated October 22, 2007 and NSE dated October 18, 2007.
12. Tripartite agreement between the NSDL, our Company and Intime Spectrum Registry Limited dated October 24, 2007.
13. Tripartite agreement between the CDSL, our Company and Intime Spectrum Registry Limited dated October 30, 2007.
14. Due Diligence Certificate dated September 27, 2007 to SEBI from Enam Securities Private Limited.
15. IPO Grading Report of CARE Limited dated October 10, 2007.
16. SEBI Letter No. CFD/DIL/ISSUES/SM/105840/2007 dated October 11, 2007.
17. SEBI observation letter no. CFD/DIL/ISSUES/SM/108365/2007 dated November 15, 2007.
18. Consent of CARE to act as "expert" with respect of the IPO Grading in the Issue dated November 27, 2007

## DECLARATION

We, the Directors of our Company, hereby declare that, all the relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the guidelines issued by the Securities and Exchange Board of India, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made there under or guidelines issued, as the case may be. We further certify that all the disclosures and statements made in this Red Herring Prospectus are true and correct.

### **SIGNED BY ALL THE DIRECTORS OF TRANSFORMERS AND RECTIFIERS (INDIA) LIMITED**

**Mr. Jitendra U. Mamtora**

Chairman and Managing Director

**Mr. Satyen J. Mamtora**

Joint Managing Director

**Mrs. Karuna J. Mamtora**

Executive Director

**Mr. Bhaskar Sen**

Joint Managing Director

**Mr. Harish R Rangwala**

Independent Director

**Mr Michael B. Homawalla**

Independent Director

**Mr. Rajendra S. Shah**

Independent Director

**Mr. Sureshchandra Agarwal**

Independent Director

### **SIGNED BY THE GENERAL MANAGER (FINANCE AND ACCOUNTS)**

Mr. Rahul Shah

### **SIGNED BY THE COMPANY SECRETARY AND COMPLIANCE OFFICER**

Mr. Tushar Shah

Date: December 01, 2007

Place: Ahmedabad

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