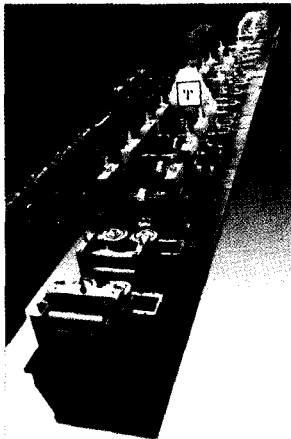
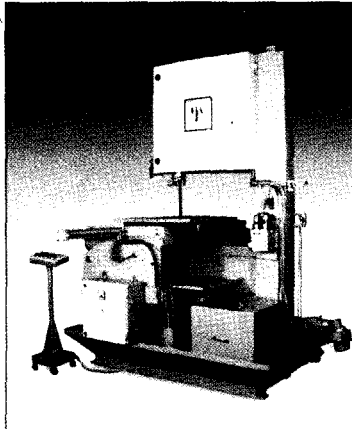




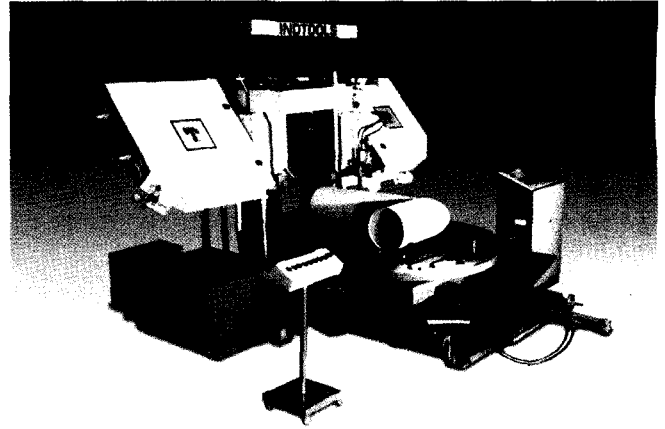
Key products at a glance



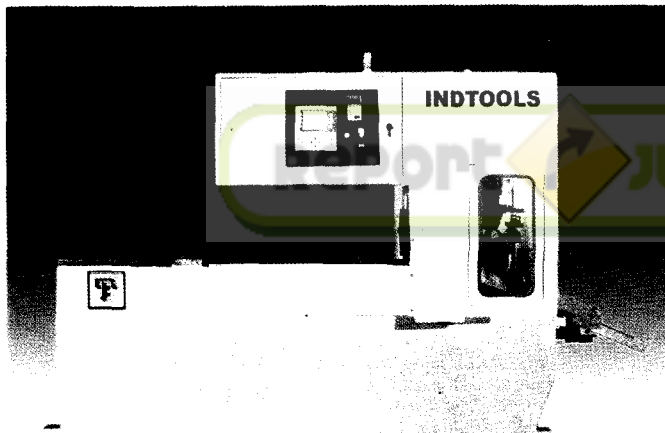
IT - FORMING SECTION OF
SS TUBE MILL 0.5" TO 4"



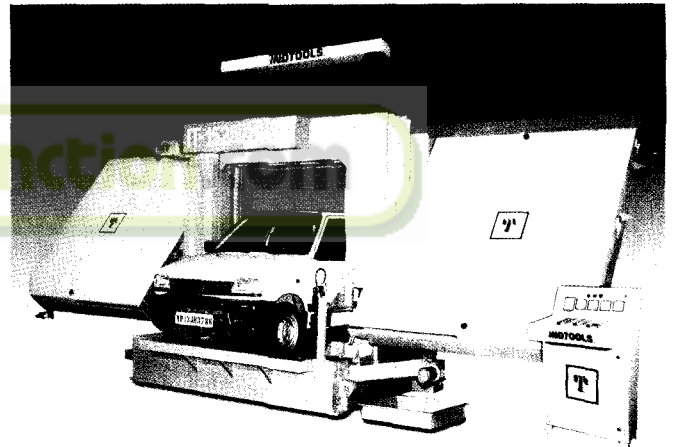
IT-300 V3 VERTICAL METAL CUTTING
BANDSAW MACHINE



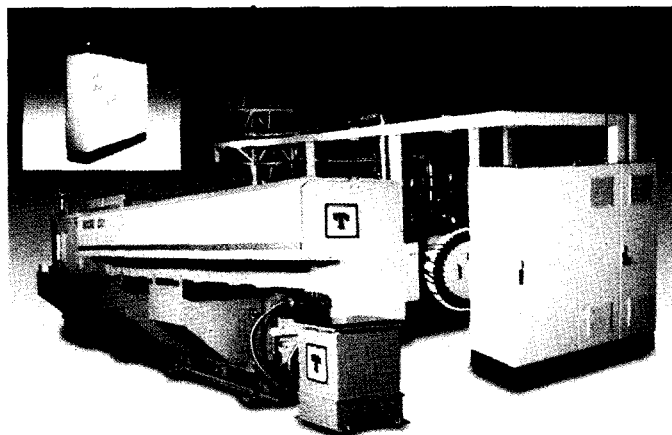
IT-650 DCTV PIPE FITTING & CUTTING MACHINE



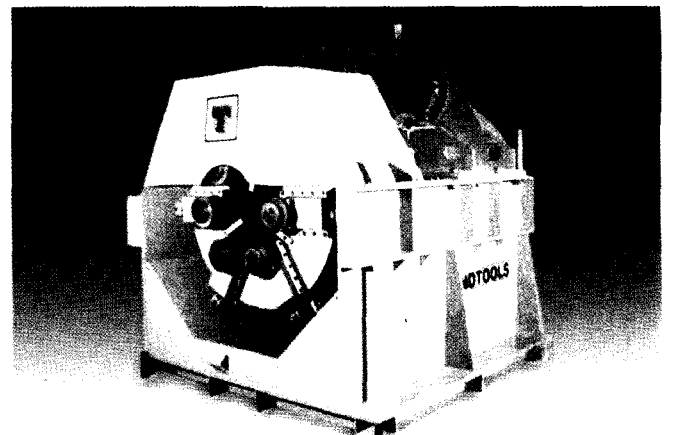
IT - CNC HIGH SPEED CIRCULAR SAWING MACHINE



IT 1525 - DOUBLE COLUMN BANDSAW MACHINE



IT- GENERATOR STATOR BAR PRESS FOR 1000 MW



T-069-IT-Rotary Disc Cutter

Dear shareholders,

My Word



As on today, with a great measure of pride, we see our country rise up to the ranks of the powers in the global economy. We have grabbed the world's attention and imagination. For the third consecutive year, our GDP has recorded a near 8 per cent growth which is amongst the fastest in the world. To sustain the current growth rate and to push it closer to double digit level at the earliest the Government seems committed to an aggressive agenda of economic reforms. While economical reforms provide a strong structural foundation for future growth, these are undeniably instrumental to substantive productivity improvements and in creating an overall positive mindset.

Concrete steps in economy have reflected in high turnover and strong order book of your company in manufacturing division resulting into one of the best financial performance of your company since its inception.

Cost reduction, better cash management, quality improvement, reducing delivery time, reduction in development time for new products; have been amongst the major points of focus in the company's performance. If the Company is to achieve its higher longer term goals, it is essential that it produces and sells world-class quality products and provides best services along with customer support of a much higher order.

You are well aware that ITL is an established leading metal cutting solution provider offering wide range of machines tools & cutting lubricants. Your Company has developed and manufactured India's first high speed CNC circular sawing machine last year and the same have been very well accepted by the market. We are very optimistic about the success of this product based on the current enquiries & orders.

Enthused by fast developments in economy as well as by inflow of inquiries & orders from domestic & export markets, your company undertook the expansion and modernization worth Rs.250 lacs in the previous year keeping in view the need of improvement in product quality, reduction in delivery time & anticipated rise in turnover. I am pleased to inform that the same is almost completed by now. In addition to the above your company has acquired the land in the SEZ in Pithampur for meeting the global opportunities.

The company's present turnover along with the pending orders has already surpassed the last year's total sales turnover. Here, I would like to emphasize that the order book not only quantitatively but qualitatively too is much better which makes us confident, barring unforeseen circumstances, that the company is likely to end the current financial year with excellent result ever produced.

We remain committed to improve Shareholder's value and towards this end we are consciously looking for opportunities and upgrading the infrastructure befitting to the same.

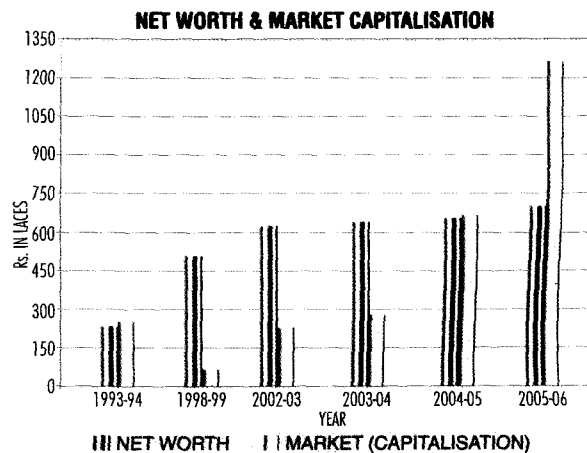
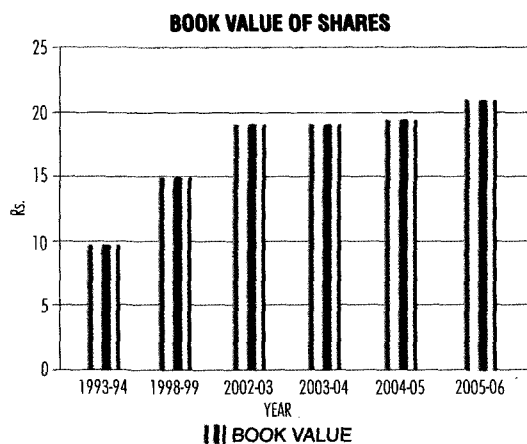
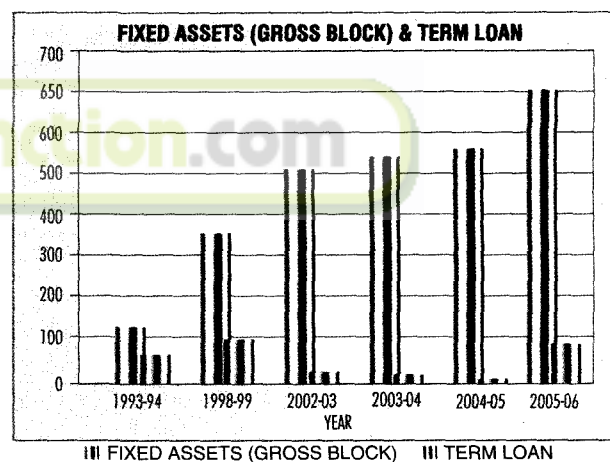
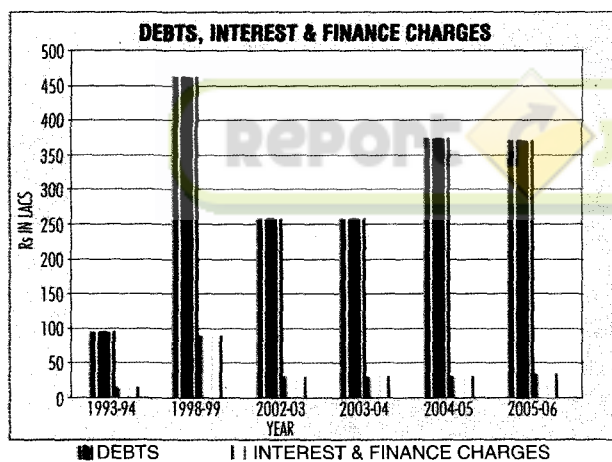
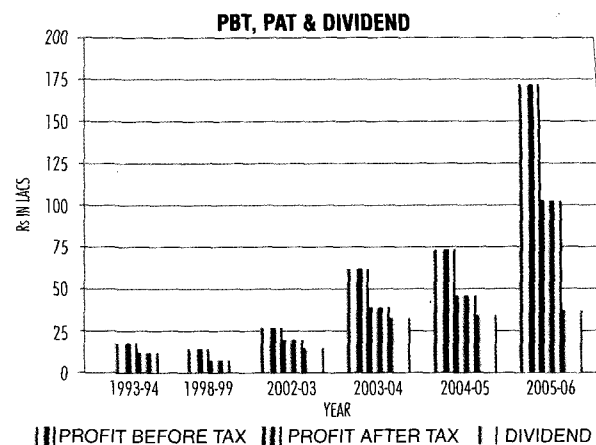
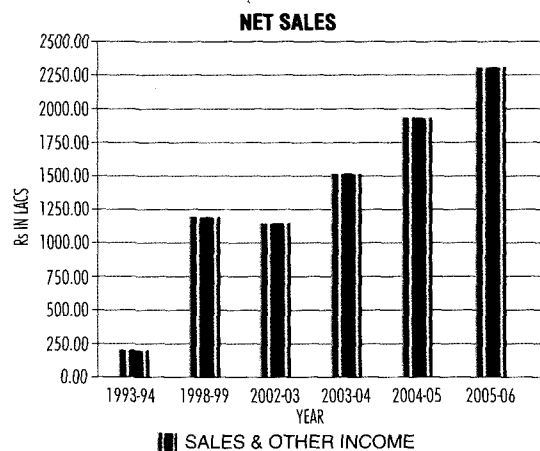
The support of our shareholders, customers, business associates and financial institutions has always been a source of strength to us and we thank all of them wholeheartedly for remaining integral part of our growth story. I also wish to thank all the employees for their devoted efforts in bringing the company to the level we are today.

Thanking you,

RAJENDRA SINGH JAIN
Chairman & Managing Director



Financial Highlights at a Glance





ITL INDUSTRIES LIMITED

ADDING VALUE:

ITL is creating stakeholders value as we successfully execute our strategic priorities focused on our value adding Custom Built Cutting Solution, Sawing Machines, Tube and Pipe Manufacturing Machines and Services.

We are offering more and more value to customers through innovative tailor made products, cutting edge technical expertise and through our services. Our strategic initiatives are delivering increased revenues and bottom line performance.

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ABOUT THE COVER PAGE :

IT-CSA 200 an indigenously designed and developed, fully automatic high speed tungsten carbide tipped Circular Sawing Machine, introduced for the first time in the Indian market to cut Steels bars, section and high tensile Rails etc.

ITL INDUSTRIES LIMITED**DIRECTORS**

Manohar Singh Jain

Rajendra Singh Jain

Mahendra Singh Jain

N.Chakraborty

Dinesh Jain

Dr.S.K.Kapoor

- *Managing Director*
 - *Whole Time Director*

AUDITORS

M/s. Mahaveer M.Jain & Co.

Chartered Accountants

105, Silver Sanchora Castle

7-8, R.N.T. Marg

INDORE-452001 (M.P.)

REGISTERED OFFICE & WORKS

111, Sector-B,

Sanwer Road,

Industrial Area,

INDORE-452015 (M.P.)

BANKERS**STATE BANK OF INDORE**

Industrial Finance Branch,

Khel Prashal,

Race Course Road,

INDORE (M.P.)

STATE BANK OF INDIA

S.S.I. Branch,

Pologround

INDORE (M.P.)

ADVISORS/CONSULTANTS

Mahendra Badjatya & Co.

Chartered Accountants

208, Mourya Centre

Race Course Road, INDORE (M.P.)

DIVISIONS

Indtools Sales & Services

ITL Saws & Tools

REGISTRAR & SHARE TRANSFER AGENT

M/s.Ankit Consultancy Pvt.Ltd.

2nd Floor, Alankar Point

Gita Bhawan Chouraha

INDORE (M.P.)

Phone : 0731-2491298

ISIN (DMAT) NO.: 478D01014**BSE SCRIP CODE :522183****Website : itlindustries.com**



NOTICE

NOTICE is hereby given that the 18th Annual General Meeting of the members of ITL INDUSTRIES LIMITED will be held on Friday the 29th September, 2006 at 11.30 A.M. at the Registered Office of the Company, 111, Sector-B, Sanwer Road, Indore (M.P.) to transact the following business:

ORDINARY BUSINESS :

1. To receive, Consider and adopt the Audited Balance Sheet as at 31st March, 2006 and the Profit and Loss Account for the Financial year ended on that date alongwith the Report of Directors and Auditors thereon.
2. To declare dividend on Equity Shares for the year ended 31st March, 2006 .
3. To elect Director in place of Shri N. Chakraborty, who retires by rotation and being eligible offer himself for reappointment.
4. To elect Director in place of Shri Manohar Singh Jain, who retires by rotation and being eligible offer himself for reappointment.
5. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS

ORDINARY RESOLUTION

6. To consider and if thought fit, to pass with or without modification, the following resolutions as ordinary resolution :

"RESOLVED that in partial modification of the resolution passed in earlier Annual General Meeting pursuant to section 198, 268, 269, 309, 310, read with schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to other necessary approvals, the remuneration of Shri Mahendra Singh Jain the Whole Time Director of the Company be and is hereby increased from Rs.31,500/- per month to Rs.45500/- per month with effect from 1st April, 2006 with an annual increment of Rs.4000/- per month.

RESOLVED FURTHER THAT the above remuneration shall be applicable for the Balance term of his appointment. All other terms and conditions of the appointment including perquisites shall remain unchanged.

"RESOLVED FURTHER that the Board of Directors of the Company be and is hereby empowered in their absolute discretion to alter and modify the terms and conditions of payment of above salary and perquisites within the overall monetary ceiling mentioned hereinabove".

SPECIAL RESOLUTION

7. To consider, and if thought fit, to pass following resolution as a Special resolution :-

"RESOLVED AS A SPECIAL RESOLUTION THAT subject to the compliance of SEBI guidelines for delisting of securities of any Stock Exchange and other necessary approvals and formalities, authority be and is hereby given to the Board of Directors of the Company to consider and if thought fit to take steps for delisting of Company's equity shares from Ahmedabad Stock Exchange".

Regd Office
111, Sector-B
Sanwer Road
INDORE-452015 (M.P.)
DATED : 28/08/2006

For and On behalf of the Board

RAJENDRA SINGH JAIN
(MANAGING DIRECTOR)

ITL INDUSTRIES LIMITED**NOTES**

01. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIM AND SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAT 48 HOURS BEFORE THE TIME FOR HOLDING THE MEETING.
02. The relative explanatory statement pursuant to section 173(2) of the Companies Act, 1956 is annexed hereto.
03. The Register of Members and the Share Transfer Books of the Company shall remain closed from Tuesday 26th September, 2006 to Friday 29th September, 2006 (Both days inclusive).
04. (a) Members are requested to send their queries if any at least 7 days in advance of the meeting, so that the information can be made available at the meeting.
(b) Further, they are requested to bring at the meeting with them the printed Annual Report & Accounts being sent to them alongwith the Notice to avoid inconvenience
(c) Members/proxies should bring the Attendance slip sent herewith, duly filled, for attending the Meeting
(d) Members who hold shares in Electronic Form are requested to bring their Depository ID number and client ID number to facilitate easier identification for attendance at the Annual General Meeting .
05. The Share holders are hereby informed that all the correspondence in connection with the shares be addressed to the Registrar & Share Transfer Agent M/s.Ankit Consultancy Pvt. Ltd., 2nd Floor, Alankar Point, Gita Bhawan Chouraha, Indore (M.P.).
06. Members holding shares in identical order of names in more than one folio are requested to write to the Company's Registrar & Share Transfer Agent enclosing their Share Certificates to enable the Company to consolidate their holding in one folio.
07. The Dividend, as recommended by the Board, if declared at the meeting will be paid, subject to the provisions of Section 206A of the Act, on or after 10th Oct., 2006 to those members of their mandates whose names stand registered on the Company's Register of Members :
(a) as Beneficial Owners as at the end of business on 25th September, 2006 as per the lists to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the shares held in Electronic Form, and,
(b) as Members in the Register of Members of the Company after giving effect to valid share transfers in physical form lodged with the Registrar & Transfer Agent on or before 25th September, 2006. The Instruments of Share Transfers, complete in all respects, should reach the Registrar & Share Transfer Agent of the Company M/s.Ankit Consultancy Pvt.Ltd. at 2nd Floor, Alankar Point, Gita Bhawan Chouraha, Indore (M.P.) well before the Book Closure Date as stated above.
08. In order to avoid the risk of loss/interception of dividend warrants in postal transit and / or fraudulent encashment of dividend warrants, shareholders are requested to avail of ECS facility whereby the dividend will be directly credited electronically to their respective Bank accounts. This will ensure speedier credit of dividend. You may use the enclosed "ECS Mandate Form" and forward necessary details to the Company or Depository Participant, as the case may be, avail benefit from the service.
10. (a)Members are requested to notify the change in address if any , the name of Bank(s) with account number(s) for inscribing it on the face of dividend warrant(s) to avoid the fraudulent encashment of the same . Members holding Shares in Electronic Form should send the above information to the respective Depository Participants.
(b) In case mailing address mentioned on the Annual Report is either without Pin Code or with incorrect Pin Code, members are requested kindly inform to Registrar & Share Transfer Agent of the Company or the respective Depository Participant (s), as the case may be, their Pin Code immediately for speedy and proper delivery.
11. **NOMINATION**
As per the provisions of the amended Companies Act, 1956, facility for making nominations is now available to INDIVIDUALS holding shares in the Company. The Nomination Form-2B prescribed by the Government can be obtained from the Share Department of the Company.
12. **OUTSTANDING CALL MONEY :**
Members who have not yet deposited call money on the partly paid shares are requested to deposit call money amount alongwith simple interest @ 12% per annum to the Company before the Book-closing date i.e. upto 25th September, 2006 failing which they will not be entitled for dividend on the partly paid-up shares.

EXPLANATORY STATEMENT**ITEM NO.6**

In earlier Annual General Meeting of the Company the members had approved the appointments and remunerations of Shri Mahendra Singh Jain, Whole Time Director of the Company, keeping in view the overall increase in the remuneration of Managerial persons all over the Country, your Board of Directors thinks it expedient to revise suitably the existing remuneration of Shri Mahendra Singh Jain as approved by the remuneration committee. The other terms and conditions mentioned in his original appointment subject to further modification, if any, shall remain unchanged. The details of the revision in the remuneration of Shri Mahendra Singh Jain are set out in the body of the resolution. You are requested to consider the revised remuneration of Shri Mahendra Singh Jain.

The above may be treated as an abstracts of the terms of appointment of all the Director pursuant to Section 302 of the Companies Act, 1956. Shri Mahendra Singh Jain is interested in the aforesaid resolution to the extent of the revised remuneration payable to him. None of the other Directors of the Company are in any way concerned or interested in the aforesaid resolution.

ITEM NO.7

At present the shares of the Company are listed at Mumbai, Indore and Ahmedabad Stock Exchange and there is negligible trading at these Exchanges. The number of Shareholders and their shareholdings at Ahmedabad Stock Exchange is also nominal. Your Directors are therefore of the opinion to delist the shares of the Company from Ahmedabad Stock Exchange.

Earlier in the 17th Annual General Meeting of the Company an Ordinary Resolution was passed for such delisting. The said decision could not be implemented as resolution passed was ordinary instead of Special. Your Director's therefore propose to pass a fresh Special resolution to implement the decision of the Company for delisting of shares at Ahmedabad Stock Exchange. You are therefore requested to consider the said resolution. None of the Directors of the Company is interested in this resolution.

Regd Office
111, Sector-B
Sanwer Road
INDORE-452015 (M.P.)
DATED : 28/08/2006

For and On behalf of the Board

RAJENDRA SINGH JAIN
(MANAGING DIRECTOR)



DIRECTORS' REPORT

Your Directors have pleasure in presenting the 18th Annual Report of the Company and the Audited statement of accounts for the year ended 31st March, 2006.

01. FINANCIAL RESULTS :

	(In Rs.)	
	Financial year ended 31.03.2006	Financial year ended 31.03.2005
a) Sales & Other Income	<u>23,53,29,780</u>	<u>18,98,54,976</u>
b) Profit before interest, Depreciation & Tax	<u>2,35,06,562</u>	1,27,99,566
c) Less : - Interest -	<u>37,12,119</u>	32,05,436
Depreciation	<u>26,70,969</u>	<u>25,88,482</u>
d) Profit before Tax	<u>1,71,23,474</u>	70,05,648
e) Less : Provision for Tax Current year	<u>53,00,000</u>	20,00,000
f) Less : Deferred Tax Liabilities	<u>4,80,334</u>	3,58,440
g) Add/Less : Income Tax earlier year	<u>26,253</u>	(5,53,428)
h) Less : Provision for Fringe Benefit Tax	<u>4,56,718</u>	--
i) Profit after Tax	<u>1,09,12,675</u>	40,93,780
j) Profit brought forward from previous year	<u>26,54,274</u>	<u>37,40,137</u>
k) Profit available for appropriations	<u>1,35,66,949</u>	78,33,917
l) Transferred to General Reserve	<u>75,00,000</u>	15,00,000
m) Proposed Dividend	<u>32,54,399</u>	32,27,049
n) Provision for Dividend Distribution Tax	<u>4,56,429</u>	4,52,594
o) Balance carried to Balance Sheet	<u>23,56,121</u>	<u>26,54,274</u>

02. DIVIDEND :

Your Directors are pleased to recommend Dividend at the rate of Rs.1/- Per share (previous year 1/- per share) for the year ended 31st March, 2006 subject to approval of the members in the ensuing Annual General Meeting.

03. OPERATIONS :

During the year under review the sales & other Income of Company increased from Rs.1898.55 lacs to Rs.2353.30 lacs, showing a overall growth of 24% over

last year .

Profit after Tax of the Company for the year under review has also increased from Rs.40.94 lacs to 109.13 lacs, showing a growth of 167% over last year.

04. FUTURE OUTLOOK :

The domestic demand as compared to the last year has improved in the current year. The present level of Turnover & Orders for Machine Manufacturing Division & Hydraulics Division has surpassed last years total turnover .

Apart from Bandsaw Machines, the Company has received good orders for production of Tubes & Pipes manufacturing machines alongwith recently launched circular saws in the current year from domestic and international market.

05. DIRECTORS :

Shri N.Chakraborty and Shri Manohar Singh Jain, retire by rotation and being eligible, offers themselves for re-appointment.

06. DIRECTORS' RESPONSIBILITY STATEMENT:

As stipulated in section 217(2AA) of Companies Act,1956, your Directors subscribe to the "Directors' Responsibility Statement" and confirm as under :

- i) that in the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;
- ii) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the Company for that period;
- iii) that the Directors have taken proper and sufficient care of the maintenance of adequate accounting records in accordance with the provision of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv) that the Directors have prepared the annual accounts on going concern basis.

07. PUBLIC DEPOSIT :

During the year under review, your company neither invited nor accepted any deposit under the provisions of Section 58-A of the Companies Act, 1956 and rules made there under.

ITL INDUSTRIES LIMITED**08. PERSONNEL :**

No employee is in receipts of remuneration exceeding the limits set out under section 217 (2A) of the Companies Act, 1956.

09. AUDITORS :

The Auditors M/s. Mahaveer M. Jain & Company, Chartered Accountants, Indore shall cease to hold office at the end of the ensuing Annual General Meeting and being eligible offers themselves for re-appointment.

10. CORPORATE GOVERNANCE :

Your Company has taken adequate steps to ensure that all mandatory provisions of " Corporate Governance " as provided in the Listing Agreement of the Stock Exchanges with the Company's shares are listed are duly complied with .

A Detailed report on Corporate Governance and a certificate from the Auditors of the Company regarding Compliance of conditions of Corporate Governance as required under Clause 49 of the Listing agreement is attached to this report .

11. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE :

Information in accordance with the provisions of Section 217 (1)(e) of the Companies Act, 1956 read

with the Companies (Disclosures of Particulars in the Report of Board of Director) Rules, 1988 is given in the Annexure forming part of this report.

12. INDUSTRIAL RELATIONS :

Industrial relations of the Company remained cordial during the year.

13. ACKNOWLEDGEMENT :

We wish to acknowledge the understanding & support and the services of the workers, staff and executives of the Company, which have largely contributed to the efficient operations & management of the operations of the Company.

Your Directors also wish to place on record the valuable co-operation & support received from the Financial Institutions.

We would also like to express thanks to our Shareholders for their confidence and understanding.

Regd Office
111, Sector-B
Sanwer Road I

NDORE-452015 (M.P.)
DATED : 28/08/2006

For and On behalf of the Board

RAJENDRA SINGH JAIN
(Managing Director)