**Red Herring Prospectus**
Dated: August 17, 2011
Please read Section 60B of the Companies Act, 1956
**100% Book Built Issue**

# PG Electroplast Limited

(Our Company was incorporated on March 17, 2003 as PG Electroplast Private Limited under the Companies Act, 1956. Subsequently, pursuant to a special resolution passed at the meeting of the shareholders of our Company at an Extraordinary General Meeting held on July 15 2010, our Company became a public limited company and the word 'private' was deleted from our name. The fresh certificate of incorporation to reflect the new name was issued by the RoC on August 6, 2010)


**Registered Office:** 14/39, Shakti Nagar, New Delhi-110007; **Tel.:** +91-11-23844809; **Fax:** +91-11-23841932
**Corporate Office:** P-4/2 to 4/6, Site-B, UPSIDC Industrial Area, Surajpur, Greater Noida, District Gautam Budh Nagar, Uttar Pradesh, India
**Tel.:** +91-120-2569323; **Fax:** +91-120-2569131; **Website:** www.pgel.in
**Company Secretary and Compliance Officer:** Mr. Naveen Chandra Kushwaha; **Email:** ipo@pgel.in


**Name of Promoters*:** Mr. Promod Gupta, Mr. Anurag Gupta, Mr. Vishal Gupta and Mr. Vikas Gupta

****We confirm that PG Industries Limited or Prudential Granite Industries Limited, having their address at 313/71, Anand Nagar, Inderlok, Delhi-110035 and A-30, 2nd Floor, Kailash Colony, New Delhi-110048 is in no way related to PG Industries, which is a partnership concern and a Promoter Group entity of our Company. None of our Promoters or Promoter Group Company/entity or Directors are in any way related directly or indirectly with PG Industries Limited or Prudential Granite Industries Limited.***

**PUBLIC ISSUE OF 57,45,000 EQUITY SHARES OF ₹ 10/- EACH FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE, AGGREGATING ₹ [●] LAKHS (THE "ISSUE"). THE ISSUE WOULD CONSTITUTE 35% OF THE FULLY DILUTED POST ISSUE PAID-UP CAPITAL OF OUR COMPANY.**

**PRICE BAND: ₹ 190 TO ₹ 210 PER EQUITY SHARE OF FACE VALUE OF ₹ 10/- EACH**

**THE ISSUE PRICE IS 19 TIMES THE FACE VALUE AT THE LOWER END OF THE PRICE BAND AND 21 TIMES THE FACE VALUE AT THE HIGHER END OF THE PRICE BAND**

This Issue is being made through a 100% Book Building Process wherein not more than 50% of the Issue to Public shall be available for allocation on a proportionate basis 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 shall be available for allotment on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. Further, not less than 15% of the Issue to Public shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Issue to Public 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.

In case of revision in the Price Band, the Bidding/Issue Period shall be extended for 3 additional working days after such revision, subject to the Bidding/Issue Period not exceeding 10 working days. Any revision in the Price Band, and the revised Bidding/Issue Period, if applicable, shall be widely disseminated by notification to the Bombay Stock Exchange Limited and National Stock Exchange of India Limited, by issuing a press release and by indicating the change on the websites of the Book Running Lead Manager ("BRLM") and the terminals of Syndicate Members.

## RISK IN RELATION TO THE FIRST ISSUE

This being the first issue of the Equity Shares of PG Electroplast Limited ("our Company"), there has been no formal market for the Equity Shares of our Company. **The face value of the Equity Shares of the Company is ₹ 10/- per share and the Floor Price is 19 times of the face value and the Cap Price is 21 times of the face value of the Equity Shares of the Company.** The Issue Price (as has been determined and justified by the Book Running Lead Manager and our Company as stated herein under the paragraph 'Basis of Issue Price') 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 our Company or regarding the price at which the Equity Shares will be traded after listing.

## 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 our Company 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 this Red Herring Prospectus. **Specific attention of the investors is invited to the section titled 'Risk Factors' beginning on page iii of this Red Herring Prospectus.**

## ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this Red Herring Prospectus contains all information with regard to the Issuer and the Issue, which is material in the 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 this 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

The Equity Shares offered through this Red Herring Prospectus are proposed to be listed on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE). The in-principle approvals of BSE and NSE for listing of Equity Shares of our Company have been received pursuant to letters dated October 15, 2010 and November 18, 2010 respectively. BSE shall be the Designated Stock Exchange for the purpose of this Issue.

## GRADING

This Issue has been graded by CARE. CARE has assigned **"CARE IPO GRADE 3"**, **indicating average fundamentals** to the Initial Public Offering of our Company. For more information on IPO Grading, please refer to the section titled "General Information" beginning on page no. 13 of this Red Herring Prospectus.

| BOOK RUNNING LEAD MANAGER | REGISTRAR TO THE ISSUE |
|---|---|
| almondz<br>*the financial powerhouse*<br>**ALMONDZ GLOBAL SECURITIES LIMITED**<br>3 Scindia House, Janpath, New Delhi – 110001<br>**Tel:** +91-11-41514666-69 **Fax:** +91-11-41514665<br>**Website:** www.almondzglobal.com<br>**Email:** pg.ipo@almondz.com<br>**Investor Grievance:** complaint@almondz.com<br>**Contact Person:** Mr. Puneet Arora/Ms.Darshana Gupta<br>**SEBI Registration No:** INM000000834 | KARVY<br>Karvy Computershare Private Limited<br>**KARVY COMPUTERSHARE PRIVATE LIMITED**<br>Plot No. 17-24, Vithalrao Nagar, Madhapur,<br>Hyderabad – 500 086, Andhra Pradesh<br>**Tel:** +91 40 23420815-820 **Fax:** +91 40 23420814<br>**Email:** pg.ipo@karvy.com<br>**Website:** www.karvy.com<br>**Contact Person:** Mr. Murali Krishna<br>**SEBI Registration Number:** INR 000000221 |

## BID / ISSUE PROGRAMME

| BID/ISSUE OPENS ON : WEDNESDAY, SEPTEMBER 7, 2011 | BID/ISSUE CLOSES ON : MONDAY, SEPTEMBER 12, 2011 |
|---|---|

TABLE OF CONTENTS

## SECTION I: GENERAL- DEFINITIONS AND ABBREVIATIONS

Definitions and abbreviations of certain capitalised terms used in this Red Herring Prospectus are set forth below:

**Company Related Terms**

| Term | Description |
|---|---|
| "PG Electroplast Limited" or "Issuer" or "the Company" , "Our Company" | PG Electroplast Limited, a public limited company incorporated under the Companies Act with registered office at 14/39, Shakti Nagar, New Delhi-110007, India |
| "We" or "us" or "our" | Unless the context otherwise requires, refers to PG Electroplast Limited |
| Articles/Articles of Assocation | The Articles of Assocation of PG Electroplast Limited, as amended. |
| Auditors | The statutory auditors of PG Electroplast Limited viz. M/s Hem Sandeep & Company, Chartered Accountants. |
| Board of Directors/Board | The Board of Directors of PG Electroplast Limited |
| Companies Act | The Companies Act, 1956, as amended |
| Corporate Office | P-4/2 to 4/6, Site-B, UPSIDC Industrial Area, Surajpur, Greater Noida, District Gautam Budh Nagar, Uttar Pradesh, India |
| Depositories Act | The Depositories Act, 1996, as amended |
| Director(s) | The Director(s) of PG Electroplast Limited, unless otherwise specified. |
| Equity Shares | Equity Shares of the Company of face value of ₹ 10 each unless otherwise specified in the context thereof |
| GIR Number | General Index Registry Number |
| HUF | Hindu Undivided Family |
| Indian GAAP | Generally Accepted Accounting Principles in India. |
| CARE | Credit Analysis & Research Limited |
| MOA/Memorandum/ Memorandum of Association | Memorandum of Association of PG Electroplast Limited |
| Non Residents | A person resident outside India, as defined under FEMA |
| NRIs/ Non-Resident Indians | A person resident outside India, as defined under FEMA and who is a citizen of India or a Person of Indian Origin under FEMA (Transfer or Offer of Security by a Person Resident Outside India) Regulations, 2000 |
| Person or 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 |
| Promoters | Mr. Promod Gupta, Mr. Anurag Gupta, Mr. Vishal Gupta and Mr. Vikas Gupta |
| Promoter Group | The persons constituting our Promoter Group pursuant to Regulation 2(1)(zb) of SEBI (ICDR) Regulations |
| Promoter Group Entities | PG International, Bigesto Technologies Limited (formerly Bigesto Foods Limited), Clearvision Industries, T.V. Palace, Astrotech International, DD Agarwal & Sons, Electronic Media Corporation, Hansali Imports Private Limited, Kushang Technologies Limited (formerly Kushang Apparel Limited), |

| | |
|---|---|
| | LC Aggarwal & Sons, M/s Promod Gupta, PG Appliances Private Limited, PG Electronics, PG Industries, PG Ispat, PG Metal and Alloys Corporation, M/s Promod Gupta & Sons, Shradha Realtech Private Limited, Shree Sai Forge Private Limited, J.B. Electronics and Vrinda Infotech Private Limited. In addition, we have one Subsidiary viz. Diamond Mattress Company Private Limited. |
| Registered Office | The registered office of the Company located at 14/39, Shakti Nagar, New Delhi-110007, India |
| ROC/Registrar of Companies | The Registrar of Companies, NCT of Delhi and Haryana located at 4th Floor, IFCI Tower, 61, Nehru Place, New Delhi – 110019 |
| 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 (ICDR) Regulations | Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended |
| SEBI Takeover Regulations | Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997, as amended |
| SICA | Sick Industrial Companies (Special Provisions) Act, 1985 |
| Stock Exchanges | Bombay Stock Exchange Limited and National Stock Exchange of India Limited |
| Subsidiary | Diamond Mattress Company Private Limited |
| Unit I | P-4/2 to P-4/6, Site-B, UPSIDC Industrial Area, Surajpur, Greater Noida, District Gautam Budh Nagar, Uttar Pradesh |
| Unit II | Khasra No. 268 & 275, Village Raipur, Paranga Bhagwanpur, Tehsil Roorkee, Haridwar, Uttar Pradesh |
| Unit III | Plot No. E-14 & 15, Site-B, UPSIDC Industrial Area, Surajpur, Greater Noida, District Gautam Budh Nagar, Uttar Pradesh |
| Unit IV | A-20/2, Supa-Parer Industrial Area, District Ahmednagar, Maharashtra |

**Issue Related Terms / Abbreviations**

| Term | Description |
|---|---|
| Almondz | Almondz Global Securities Limited |
| Allot/Allotment/Allocation | Issue of Equity Shares pursuant to the Issue to the successful Bidders as the context requires. |
| Allottee | The successful bidder to whom the Equity Shares are being / have been issued. |
| Applications Supported by Blocked Amount / ASBA | The application (whether physical or electronic) for subscribing to this Issue alongwith an authorization to SCSB to block the Bid Amount in their specified bank account |
| ASBA Account | Account maintained with an SCSB which will be blocked by such SCSB to the extent of the Bid Amount of the ASBA Bidder |
| ASBA Bidders / ASBA Investors | means any Investor/ Bidder, who intends to apply through ASBA process |
| ASBA Form / Bid-cum- ASBA Form | The form, whether physical or electronic, used by an ASBA Bidder to make a Bid, which will be considered as the application for Allotment for the purpose of Draft Red Herring Prospectus, Red Herring Prospectus and Prospectus |
| ASBA Process | The ASBA process, as detailed in the section titled "Issue Procedure" |

| | |
|---|---|
| | beginning on page no. 230 of this Red Herring Prospectus. |
| ASBA Revision Form | The forms used by the ASBA Bidders to modify the quantity of equity shares or bid price in any of their Bid-cum-ASBA Forms or any previous Revision Form(s). |
| Banker(s) / Escrow Bankers to the Issue | Axis Bank Limited, Kotak Mahindra Bank Limited and Yes Bank Limited |
| Bid | An indication to make an offer during the Bidding Period by a prospective investor to subscribe to or purchase 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-cum-Application Form / Bid Form | The form used by the Bidder (including the format of such application form used by the ASBA Bidder, whether physical or electronic) to make a Bid and which will be considered as the application for allotment for the purposes of this Red Herring Prospectus. |
| Bid Closing Date / Issue Closing Date | The date after which the Syndicate Members and SCSBs will not accept any Bids for the Issue, which shall be notified in an English National Newspaper and a Hindi National Newspaper with wide circulation |
| Bid Opening Date / Issue Opening Date | The date on which the Syndicate Members and SCSBs shall start accepting Bids for the Issue, which shall be the date notified in an English National Newspaper and a Hindi National Newspaper with wide circulation. |
| 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 inclusive of both days and during which prospective Bidders may submit their Bids. |
| Book Building Process | The book building process as described in Schedule XI of the ICDR Regulations and in terms of which this Issue is made. |
| BRLM / Book Running Lead Manager | The Book Running Lead Manager to the Issue, in this case being Almondz Global Securities Limited |
| CAN/Confirmation of Allocation Note | The note or advice or intimation including any revisions thereof, sent to each successful Bidder indicating the Equity Shares allocated after discovery of the Issue Price in accordance with the Book Building Process. |
| Cap Price | The upper end of the Price Band, above which the Issue Price will not be finalized and above which no Bids will be accepted |
| CARE | Credit Analysis and Research Limited |
| Controlling Branches | Such branches of the SCSBs which coordinate with the BRLMs, the Registrar to the Issue and the Stock Exchanges and a list of which is available at http://www.sebi.gov.in |
| Cut-off Price | The Issue Price finalized by our Company in consultation with the BRLM and it shall be any price within the price band. Only Retail Individual Bidders are entitled to bid at Cut-off Price, for a Bid Amount not exceeding ₹ 2,00,000. Qualified Institutional Buyers and Non-Institutional Bidders are not entitled to bid at Cut-off Price. |
| Depository Act | The Depositories Act, 1996 as amended from time to time |
| Depository | A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996 as amended from time to time |
| Depository Participant or DP | A depository participant as defined under the Depositories Act. |
| Designated Branches | Such branches of the SCSBs which shall collect the ASBA Bid-cum-Application Forms used by ASBA Bidders and a list of which is available at http://sebi.gov.in |

| | |
|---|---|
| Designated Date | The date on which the Escrow Collection Banks transfer the funds from the Escrow Account to the Public Issue Account or the amount blocked by the SCSBs is transferred from the bank account of the ASBA Bidders to the ASBA Public Issue Account, as the case may be, after the Prospectus is filed with the ROC, and following which the Board of Directors shall Allot Equity Shares to successful Bidders. |
| Designated Stock Exchange | Bombay Stock Exchange Limited |
| Draft Red Herring Prospectus / DRHP | The Draft Red Herring Prospectus filed with SEBI, prepared and issued by our Company in accordance with the SEBI Regulations. |
| Electronic ASBA | Submission of Bid-cum-ASBA Form electronically, by an ASBA Investor, through the internet banking facility offered by the SCSBs. |
| Equity Shares | Equity Shares of the Company of face value of ₹10/- each, unless otherwise specified in the context thereof. |
| Escrow Account | Account opened with the Escrow Collection Bank(s) for the Issue and in whose favour the Bidder (excluding the ASBA 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 (excluding the ASBA Bidders) on the terms and conditions thereof |
| Escrow Collection Bank(s) | The banks which are clearing members and registered with SEBI as Bankers to the Issue at which the Escrow Account will be opened. |
| First Bidder | The Bidder whose name appears first in the Bid cum Application Form or Revision Form or the Bid-cum ASBA Form |
| Floor Price | The lower end of the Price Band, below which the Issue Price will not be finalized and below which no Bids will be accepted |
| IPO | Initial Public Offering |
| Issue / Public Issue | Public Issue of 57,45,000 equity shares of ₹ 10/- each for cash at a price of ₹ [●] per equity share, aggregating ₹ [●] lakhs. The Issue would constitute 35% of the fully diluted post issue paid-up capital of our Company. |
| Issue Account / Public Issue Account | Account opened with Bankers to the Issue for the purpose of transfer of monies from the Escrow Account and from the SCSBs from the bank accounts of the Bidders on the Designated Date |
| Issue Price | The final price at which the Equity Shares will be allotted in terms of the Red Herring Prospectus, as determined by our Company in consultation with BRLM. |
| Issue Proceeds | Gross proceeds to be raised by our Company through this Issue. |
| Members of the Syndicate | The BRLM, Syndicate Members and Sub-Syndicate Members |
| Mutual Funds | Mutual funds registered with SEBI pursuant to the SEBI (Mutual Funds) Regulations, 1996, as amended. |
| Mutual Fund Portion | 1,43,625 Equity Shares or 5% of the QIB Portion, available for allocation to Mutual Funds out of the QIB Portion |
| Non Institutional Bidders | All Bidders that are not eligible Qualified Institutional Buyers for this Issue, including affiliates of BRLM and Syndicate Members, or Retail Individual Bidders and who have bid for an amount more than ₹ 2,00,000. |
| Non Institutional Portion | The portion of the Issue being not less than 15% of the Issue consisting of 8,61,750 Equity Shares, available for allocation to Non-Institutional Bidders. |
| Physical ASBA | ASBA Forms submitted by an ASBA Investor physically with the designated branches of the SCSBs. |

| | |
|---|---|
| Price Band | Being the price band of a minimum price of ₹ 190 per Equity Share (Floor Price) and the maximum price of ₹ 210 per Equity Share (Cap Price) (both inclusive), and including revision thereof. |
| Pricing Date | Means the date on which the Company, in consultation with the BRLM, finalizes the Issue Price. |
| Prospectus | The Prospectus, filed with the ROC 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/QIBs | Public Financial Institutions as specified in Section 4A of the Companies Act, Foreign Institutional Investors and sub account registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual, Scheduled Commercial Banks, Mutual Funds registered with SEBI, Venture Capital Funds registered with SEBI, Foreign venture capital funds registered with SEBI, Multilateral and bilateral development financial institutions, State Industrial Development Corporations, Insurance Companies registered with the Insurance Regulatory and Development Authority, Provident Funds with minimum corpus of ₹ 2500 lakhs, Pension Funds with minimum corpus of ₹ 2500 lakhs,National Investment Fund, set up by resolution no. F.No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India and Insurance funds set up and managed by army, navy or air force of the Union of India. |
| QIB Portion | Not more than 50% of the Issue being 28,72,500 Equity Shares of ₹ 10/- each available for allocation to QIB bidders. |
| RHP or Red Herring Prospectus | Means the document issued in accordance with Section 60B of the Companies Act and does not have complete particulars on the price at which the Equity Shares are offered and the 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 after filing with RoC after the pricing date. |
| Refund Account | Account opened with an Escrow Collection Bank from which the refunds of the whole or part of the Bid Amount (excluding to the ASBA Bidders), if any, shall be made. |
| Refund Bank | The Banker(s) to the Issue, with whom the Refund Account(s) will be opened, in this case being Axis Bank Limited |
| Refunds through electronic transfer of funds | Refunds through electronic transfer of funds means refunds through ECS, Direct Credit or RTGS or NEFT or the ASBA process, as applicable. |
| Registrar/Registrar to this Issue | Registrar to the Issue, in this case being Karvy Computershare Private Limited |
| Retail Individual Bidders | Individual Bidders (including HUFs and NRIs) who have made their bid for Equity Shares for a cumulative amount of not more than ₹ 2,00,000. |
| Retail Portion | The portion of the Issue being not less than 35% of the Issue Size consisting of 20,10,750 Equity Shares of ₹ 10 each, available for allocation to Retail Individual Bidder(s) |
| Revision Form | The form used by the Bidders excluding the ASBA Bidders, to modify the quantity of Equity Shares or the Bid Price in any of the Bid options as per their Bid-cum-Application Form and as modified by their subsequent Revision Form(s), if any. |
| SCSBs or Self Certified Syndicate Banks | SCSB is a bank, registered under the SEBI (Bankers to the Issue) Regulations 1996, which offers the facility of applying through the ASBA process and has its name included in the SEBI's list of SCSBs displayed on its website at www.sebi.gov.in. Bid-cum-ASBA forms can be accepted only by SCSBs. |
| SCSB Agreement | The deemed agreement between the SCSBs, the BRLM, the Registrars to the |

| | |
|---|---|
| | Issue and our Company, in relation to the collection of Bids from the ASBA Bidders and payment of funds by the SCSBs to the Public Issue Account. |
| Sub-Syndiate Member(s) | A SEBI Registered member of BSE and/or NSE appointed by the BRLM and/or the Syndicate Member to act as Sub-Syndicate Member in the Issue |
| Syndicate ASBA | A bid submitted by an ASBA Bidder through the members of the syndicate/ sub-syndicate instead of the Designated branches |
| Syndicate ASBA Centres | Centres established by the Escrow Collection Banks at Mumbai, Chennai, Kolkatta, Delhi, Ahmedabad, Rajkot, Jaipur, Bangalore, Hyderabad, Pune, Baroda and Surat, and such other centres as may be prescribed by SEBI from time to time, wherein pursuant to the SEBI Circular dated April 29, 2011, bearing no. CIR/CFD/DIR/1/2011, ASBA Bidders are permitted to submit their bids to the Syndicate/sub-Sydicate members. |
| Syndicate Agreement | Agreement to be entered into among our Company and Syndicate Member(s) in relation to the collection of Bids in the Issue (excluding Bids from the ASBA Bidders) |
| Syndicate Members(s) | Almondz Global Securities Limited and Hem Securities Limited |
| Transaction Registration Slip/TRS | The slip or document registering the Bids, issued by the Syndicate Members to the Bidder as proof of registration of the Bid on submission of the Bid cum Application Form in terms of the Red Herring Prospectus |
| Underwriters | [•] |
| Underwriting Agreement | The Agreement among the Underwriters and our Company to be entered into on or after the Pricing Date |

**Abbreviations / General / Conventional Terms**

| Term | Description |
|---|---|
| AGM | Annual General Meeting |
| AS | Accounting Standards as issued by the Institute of Chartered Accountants of India |
| A/c | Account |
| AY | Assessment Year |
| BPLR | Bank Prime Lending Rate |
| BSE | Bombay Stock Exchange Limited |
| CAGR | Compounded Annual Growth Rate |
| CDSL | Central Depository Services (India) Limited |
| CEO | Chief Executive Officer |
| CIN | Company Identification Number |
| CIT | Commissioner of Income Tax |
| DB | Designated Branch |
| DIN | Director Identification Number |
| DIPP | Department of Industrial Policy and Promotion, Ministry of Commerce, Government of India |
| ECS | Electronic Clearing System |
| EGM | Extraordinary General Meeting |
| EPS | Earning Per Share |
| EXIM/ EXIM Policy | Export – Import Policy |
| FCNR Account | Foreign Currency Non Resident Account |

| | |
|---|---|
| FDI | Foreign Direct Investment |
| FEMA | Foreign Exchange Management Act, 1999, as amended from time to time, and the regulations framed there under |
| FIPB | Foreign Investment Promotion Board |
| FIIs | Foreign Institutional Investors (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 |
| FY / Fiscal/Financial Year | Period of twelve months ended March 31 of that particular year, unless otherwise stated |
| GoI/Government | Government of India |
| GDP | Gross Domestic Product |
| HUF | Hindu Undivided Family |
| I.T. Act | Income Tax Act, 1961, as amended from time to time |
| MOU | Memorandum of Understanding |
| Merchant Banker | Merchant Banker as defined under the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992 |
| NA | Not Applicable |
| NAV | Net Asset Value |
| NPV | Net Present Value |
| NRIs | Non Resident Indians |
| NRE Account | Non Resident External Account |
| NRO Account | Non Resident Ordinary Account |
| NSDL | National Securities Depository Limited |
| NSE | National Stock Exchange of India Limited |
| OCB | Overseas Corporate Bodies |
| p.a. | per annum |
| PAN | Permanent Account Number |
| PAT | Profit After Tax |
| P/E Ratio | Price/Earnings Ratio |
| RBI | The Reserve Bank of India |
| ROE | Return on Equity |
| RONW | Return on Net Worth |
| Rs. or ₹ | Rupees, the official currency of the Republic of India |
| RTGS | Real Time Gross Settlement |
| SCRA | Securities Contract (Regulation) Act, 1956, as amended from time to time |
| SCRR | Securities Contracts (Regulation) Rules, 1957, as amended from time to time |
| Sec. | Section |
| STT | Securities Transaction Tax |
| US/United States | United States of America |
| USD/ US$/ $ | United States Dollar, the official currency of the Unites States of America |
| VCF /Venture Capital Fund | Foreign Venture Capital Funds (as defined under the Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996) registered with SEBI under applicable laws in India. |

**Technical / Industry Related Terms**

| Terms | Description |
|---|---|
| ABS | Acrylonitrile Butadiene Styrene |
| ACIT | Assistant Commissioner of Income Tax |
| ACs | Air Conditioners |
| AO | Assessing Officer |
| AVR | Automatic Voltage Range |
| CFL | Compact Fluorescent Lamps |
| CMIE | Centre for Monitoring of Indian Economy |
| CPT | Colour Picture Tube |
| CTV | Colour Televsion |
| DGFT | Diretorate General of Commercial Intelligence & Statistics |
| DRDO | Defence Research and Development Organisation |
| DTA | Domestic Traffic Area |
| DTH | Direct-To-Home |
| DVD | Digital Video Disk |
| D&B | Dun & Bradstreet Information Services India Private Limited |
| EHTP | Electronics Hardware Technology Park |
| EMS | Electronic Manufacturing Services |
| EOU | Export Oriented Unit |
| FBT | Fly Back Transformer |
| FOB | Free On Board |
| HIPS | High Impact Poly Styrene |
| ICT | In Circuit Testing |
| IIP | Index of Industrial Production |
| IT | Information Technology |
| MAI | Market Access Initiative |
| MDA | Market Development Assistance |
| MGS | Multiplier Grants Scheme |
| MIDC | Maharashtra Industrial Development Corporation |
| MMC | Multi Media Card |
| NEM | National Electronics Mission |
| NFE | Net Foreign Exchange |
| ODM | Original Design Manufacturers |
| OEM | Original Equipment Manufacturer |
| PBT | Polybutylene Terephthalate |
| PCB | Printed Circuit Board |
| PCBA | Printed Circuit Board Assesmbly |
| PP | Poly Propylene |
| PVC | Polypropylene Vinyl Chloride |
| R&D | Research & Development |
| SEZ | Special Economic Zone |
| SIP-EIT | Support International Patent Protection in Electronics & IT |
| STP | Software Technology Park |
| USB | Universal Serial Bus |
| TPO | Thermo Plastic Olefenic |
| UPSIDC | Uttar Pradesh State Industrial Development Corporation |

## SECTION II: RISK FACTORS

## CERTAIN CONVENTIONS; PRESENTATION OF FINANCIAL AND MARKET DATA

Unless stated otherwise, the financial information and data used in this Red Herring Prospectus is derived from our Company's restated audited unconsolidated financial statement as of FY 2010-11, FY 2009-10, FY 2008-09, FY 2007-08, and FY 2006-07 prepared in accordance with Indian GAAP and the Companies Act, 1956 and adjusted in accordance with SEBI (ICDR) Regulations, as stated in the report of our Statutory Auditors, M/s Hem Sandeep & Company, Chartered Accountants, included in this Red Herring Prospectus.

References herein to fiscal years i.e. fiscal 2011, 2010, 2009, 2008, and 2007 are to the financial years ended March 31 of a particular year.

Unless stated otherwise, throughout this Red Herring Prospectus, all figures have been expressed in lakhs. In this Red Herring Prospectus, unless the context otherwise requires, all references to one gender also refers to the other gender. All references to "India" contained in this Red Herring Prospectus are to the Republic of India.

In this Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed may be due to rounding off.

For additional definitions, see the section titled 'Definitions and Abbreviations' beginning on page a of this Red Herring Prospectus. Market and industry data used throughout this Red Herring Prospectus has been obtained from industry publications, government and internal company reports. 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. Although our Company believes market data used in this Red Herring Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports, while believed by our Company to be reliable, have not been verified by any independent source.

## FORWARD-LOOKING STATEMENTS

All statements included in this Red Herring Prospectus which contain words or phrases such as "will", "aim", "will likely result", "believe", "expect", "will continue", "anticipate", " estimate", "intend", "plan", "contemplate", "seek to", "future", "objective", "goal", "project", " should", "will pursue" and similar expression or variations of such expressions, that are "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 forward- looking statement. Important factors that could cause actual results to differ materially from the expectations include but are not limited to: -

- General economic and business conditions in the markets in which we operate and in the local, regional, national and international economies;
- Regulatory changes relating to the industries in which we operate
- Ability to successfully implement Company's strategy, growth and expansion, technological changes, Company's exposure to market risks that have an impact on its business activities or investments.
- The monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic and foreign laws, regulations, taxes and changes in competition in industry.
- Changes in the value of the Rupee and other currencies.
- The occurrence of natural disasters or calamities.
- Changes in political condition in India.

For further discussion of factors that could cause actual results to differ, see the section titled "Risk Factors" and "Our Business" beginning on page no. iii and 70 of this Red Herring Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither our Company nor the Book Running Lead Manager nor any of their respective affiliates have 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 / Stock Exchanges requirements, our Company, and Book Running Lead Manager will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges.

# RISK FACTORS

*An investment in Equity Shares involves a high degree of risk. You should carefully consider all of the information in this Red Herring Prospectus, including the risk and uncertainties described below, before making an investment in the Equity Shares. If any of the following risk actually occurs, our business, results of our operations and financial condition could suffer, the trading price of our equity shares could decline, and you may lose all or part of your investment. The risk factors set forth below do not purport to be complete or comprehensive in terms of all the risk factors that may arise in connection with our business or any decision to purchase, own or dispose of the Equity Shares. The risks and risk factors set forth below are not an exhaustive list of the risks currently facing us or that may develop in the future. Additional risks, whether known or unknown, may in the future have a material adverse effect on our business, financial condition and results of operations.*

*Investors are advised to read the risk factors carefully before taking an investment decision in this offering. Before making an investment decision, investors must rely on their own examination of the offer and us. 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 in the section entitled "Forward-Looking Statements" on page no. ii of this Red Herring Prospectus.*

*Unless specified or quantified in the relevant risk factors mentioned below, our Company is not in a position to ascertain the financial and other implication of any of the other risks mentioned below. Unless otherwise stated, the financial information used in this section is derived from and should be read in conjunction with restated financial statements of the Company as of and for the Fiscals 2007, 2008, 2009, 2010 and 2011, in each case prepared in accordance with Indian GAAP, including the schedules, annexure and notes thereto.*

## Materiality

The Risk factors have been determined on the basis of their materiality. The following factors have been considered for determining the materiality:

1. Some events may have material impact qualitatively instead of quantitatively.
2. Some events may not be material individually but may be found material collectively.
3. Some events may not be material at present but may be having material impact in future.

## INTERNAL RISK FACTORS

***1. We derived a significant portion of our revenue from a few customers (including related party which constituted 54.07% of total revenue during 2010-11 as per the audited unconsolidated financial statements), and a loss of one or more customers or a reduction in their demand for our products and services would adversely affect our business, financial condition and results of operations. Further, our revenues are dependent upon we meeting client specific requirements and largely on a case-to-case basis.***

We alongwith our Promoter Group Companies viz. PG International and Bigesto Technologies Limited (formerly Bigesto Foods Limited) were awarded different tenders during 2008-09, 2009-10 and 2010-11 through Global Competitive Bidding for supplying 14" colour TV sets to Electronic Corporation of Tamil Nadu (ELCOT), an undertaking of Tamil Nadu Government. During 2008-09, 2009-10 and 2010-11, our sales of products manufactured by our Company to Promoter Group Entities on account of ELCOT orders were 5.18%, 43.64% and 50.94% respectively, which was significant. Therefore, we are dependent on a limited number of customers for a significant portion of our revenues. As per audited unconsolidated financial statements, our top five customers contributed more than 93.78% of our sales during 2010-11. Out of this, the top customer accounted for 40.91% of our total income and the next four contributed 52.87% of our total revenue, which are related to our Promoter Group Entities. During FY 2011-12, we have not yet executed any direct or indirect order of ELCOT. Any loss of business or significant reduction in the volume of work from ELCOT or any of the top customer(s) could adversely affect our revenues and profitability.

We cannot assure you that customers, present or future, will pay us the contracted amounts on time, or at all, which in turn may adversely affect our business operations and financial condition. Further, our assignments for providing products largely involve providing customized products on a case-to-case basis, depending upon the needs of each customer. Our inability to provide customized products / solutions could diminish our market image and brand value, which could lead to clients discontinuing their contracts with us and stagnation/reduction of our client base, which in turn could harm our business and profitability. Thus, our future growth will depend on our continued evolution of specific sets of customized products to deal with the rapidly evolving and diverse needs of our customers in a cost-competitive and effective manner. Further, any rapid change in our client's expectation on account of changes in technology or introduction of new products for any other reason and failure on our part to meet their expectation could adversely affect our business, results of operations and financial condition.

2. ***We have entered into certain related party transactions and may continue to do so.***

Our sales to Promoter Group Entities constituted 54.07% of our total revenue during 2010-11to take advantage of tax exemptions. We have entered into transactions with related parties, including sales and purchase transactions (excluding transactions with Directors) aggregating to ₹ 30427.43, ₹ 26580.44 lakhs and ₹ 5088.52 lakhs for the year ended March 31, 2011, 2010 and 2009 respectively as per the audited unconsolidated financial statements. The sundry debtors have increased from ₹ 1,622.93 lakhs in 2009 to ₹ 3,562.64 lakhs in 2010, representing an increase of 119.5%. During this period, the net sales of the Company increased from ₹ 12,597.19 lakhs in 2009 to ₹ 35,429.41 lakhs in 2010, representing an increase of 181.2%. During 2008-09, 2009-10 and 2010-11, 51.22%, 52.19% and 53.05% respectively of Sundry Debtors are from related parties. While we believe that all such transactions have been conducted on the arm's length basis, there can be no assurance that we could not have achieved more favourable terms had such transactions not been entered into with related parties. Furthermore, it is likely that we will enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operation. For details, please refer to section titled "Related Party Transactions" at page no. 141 of this Red Herring Prospectus.

***3. There may be possible conflicts of interest between us and our Promoters or the entities forming part of our Promoter Group entities.***

Our Promoters are actively involved in the management of both our business and the business operations of partnership firms viz. PG International, J.B. Electronics, Clearvision Industries, T.V. Palace, M/s Astrotech International, M/s Electronic Media Corporation, and M/s PG Industries who either are in the same business lines or have common business interests through their incorporation documents in addition to Promoter Group Entities viz. Bigesto Technologies Limited (formerly Bigesto Foods Limited), PG Appliances Private Limited and Kushang Technologies Limited (formerly Kushang Apparel Limited) who are in the same line of business. For details of our Promoter Group Companies, please refer to section titled "Our Promoter Group" beginning from page no. 114 of the Red Herring Prospectus.

These manufacturing facilities were set up to take advantage of locational tax benefits. Though, now our Promoters intend to phase out the business of all these active partnership firms to consolidate our group operations, there is no definite time frame indicated by our Promoters for phasing out the business. Further, attention to the other entities within the Promoter Group, including those in related lines of our business, may distract management attention from our business, which could adversely affect our business, financial condition and results of operations.

***4. We are dependent upon the consumer electronics industry, which produces technological advanced products with short life cycles. Further, consolidation in the electronic industry may adversely affect our business by increasing customer buying power or increasing competition.***

All our customers are in the consumer electronics industry, which is characterized by intense competition, short product life-cycles and significant fluctuations in product demand. In addition, the electronics industry is generally subject to rapid technological change and product obsolescence. If our customers are unable to create products that keep pace with the changing technological environment, their products could become obsolete and the demand for our services could significantly decline. Our success is largely dependent on the success achieved by our customers in developing and marketing their products. Furthermore, the consumer electronic industry is subject to economic cycles and has in the past experienced downturns. A decline in the consumer electronics industry would likely have an adverse impact on our business, financial condition and results of operations.

Further, consolidation in the electronics industry among our competitors, our customers, or both may result in increasing or strengthening large electronics companies. The significant buying and market power of these companies may increase competitive pressures on us. In addition, if any of our large customers is acquired or merged with another provider of similar services, we may lose that customer's business.

5. ***Our revenues are significantly dependent on sale of some of our products. Any factor adversely affecting these products will negatively impact our profitability.***

We manufacture colour TVs, DVD players, CFL, plastic injection mouldings, PCB assemblies (for CTVs, DVDs and CFL) and water purifiers. Colour TVs contributed 76.83 % of our total sales during 2010-11 as per the audited unconsolidated financial statements. In case we are not able to launch new products, our dependence on this product will increase. Any decline in revenues from these products on account of reasons beyond our control or any other factor that negatively affects these products will adversely affect our business, financial performance and results of operations.

6. ***Our Registered Office, from where we operate, is not owned by us. Termination of the lease and/or non renewal could adversely affect our operations.***

Our Company does not own the premises at which our Registered Office is located. Our Company has taken the registered office on lease from Late Mrs. Amrawati Agarwal, forming part of promoter group, for a period of 11 months from March 1, 2011 on a rent of ₹ 0.05 lakhs p.m. Further, the registered office of our Company is also the registered office of eleven of our Promoter Group Entities and we do not have any rent sharing agreement with these Promoter Group Entities. Further, six of these eleven Promoter Group Entities have same business as that of our Company or have common business interests through their incorporation documents. Any termination of the lease agreement, whether due to any breach or otherwise, or non–renewal thereof, could adversely affect the business operations. For details about property and its ownership, please refer to section "Our Property" appearing on page no. 81 of this Red Herring Prospectus.

7. ***There are no future long term agreements with customers/related parties for sale of our products and the contracts with customers are short term in nature. Our dependence on short-term contracts may adversely affect our future financial condition and results of operations. Further, our customers may cancel their orders, change production quantities or locations, or delay production, and the inherent difficulties involved in responding to these demands could harm our business.***

We currently do not have any long term contracts with any of our customers/related parties for sale of our products and products and instead rely on other short-term contracts mechanism whereby orders are taken on a short-term basis. Although we believe that we have long term relationships with our existing customers since incorporation of our Company, however, many of our sale contracts are for durations of less than one year and are subject to renewal, as per the industry practice. As these contracts reach the end of their stated terms, our customers can seek to renegotiate pricing or other terms with us or not renew the contracts. All of our customer contracts are on a non-exclusive basis and there is no guarantee that our present customers will continue to place orders with us. Any delay or default in payment by our customers, reduction in the volume of business with them or cancellation of orders or changing their sourcing strategy or restriction in pricing terms for them may adversely affect our business and profitability. Such changes, delays and cancellations may lead to our production and possession of excess or obsolete inventory which we may not be able to sell to the customer or a third party. The success of our customer's products in the market affects our business. Cancellations, reductions, delays or changes in sourcing strategy by a significant customer or by a group of customers could negatively impact our operating results by reducing the number of products that we sell, delaying the payment to us for inventory that we purchased and reducing the use of our manufacturing facilities which have associated fixed costs not dependent on our level of revenue.

In addition, we make significant decisions, including determining the levels of business that we will seek and accept, production schedules, component procurement commitments, personnel needs and other resource requirements, based on our estimate of customer requirements. The short term nature of our customers' commitments and the possibility of rapid changes in demand for their products reduce our ability to accurately estimate the future requirements of those customers.

On occasion, customers may require rapid increases in production, which can stress our resources and reduce operating margins. In addition, because many of our costs and operating expenses are relatively fixed, a reduction in customer demand can adversely impact our financial performance.

8. ***We are involved in legal proceedings and any unfavorable outcome of the proceedings may adversely impact our business and financial conditions.***

We are involved in legal proceedings and claims in relation to certain matters. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. Should any new developments arise, such as a change in Indian law or rulings against us by appellate courts or tribunals, we may need to make provisions in our financial statements, which could increase our expenses and current liabilities.

The summary of the cases is as follows:-

| **Type** | **Total Number (Show Cause notices /cases)** | **Amount involved (₹ in Lakhs)** | **Nature of Case** |
|---|---|---|---|
| **Litigation against our Company** | | | |
| Income Tax | One | 0.57 | Notice of demand under Section 156 of the Income Tax Act, 1961. |
| Customs and Central Excise | Seven | 7.52 | Six Show Cause Notices and one recovery notice for Cenvat Credit of Special Additional Duty. |
| Labour | Two | 2.40 | One claim u/s 36- Labour (1) CP/706/07 and the other u/s 20(2) of the Minimum Wages Act, 1936 |
| Central Sales Tax | Two | 97.40 | The claims are for financial years 2007-2008 (April, 2007 to December, 2007), 2008-2009, and 2009-2010 |
| Directorate of Revenue Intelligence (DRI) | One | 130 | Directorate of Revenue Intelligence (DRI) had conducted search and seizure on the factory premises of the Company and the residence of the Promoters, on March 08, 2011. The Company has deposited anti-dumping duty to the extent of ₹ 130 Lacs. |
| **TOTAL** | | **237.89** | |
| **Litigation by our Company** | | | |
| Customs | One | 0.20 | Appeal filed against the order passed by the Office of the Commissioner of Customs (Report & Refund Section, New Customs House, New Delhi). The Commissioner of Customs rejected the said appeal filed by the Company for refund of ₹ 0.20 lacs on account of |

| | | | |
|---|---|---|---|
| | | | excess duty of Customs. No further appeal has been filed by our Company against the said order. |
| **TOTAL** | | **0.20** | |
| **Litigation against the Subsidiary Company** | | | |
| Civil suit for encroachment | One | No amount has been claimed | The case has been filed before the Lower District Court at Parner. The Hon'ble Court passed an injunction order restraining the company from any further construction activity on said plot till the final decision |
| **TOTAL** | | **Nil** | |
| **Litigation against the Group Companies** | | | |
| Customs and Central Excise | Six | 411.13 | Four show cause notices issued by the Central Excise Department to Bigesto Food Pvt. Ltd. and two show cause notices issued to Clearvision Industries by the Customs & Central Excise Department and the Deputy Commissioner, Central Excise respectively. |
| Service Tax | Six | 1.24 | Six show cause notices issued by Central Excise Department against Clearvision Industries regarding service tax on telephone/mobile, courier /security, vehicle/general. |
| Central Sales Tax | Two | 9.39 | Bigesto Technologies Ltd. is due to pay an amount of ₹ 0.00018 lac and ₹ 9.39 lacs for the returns filed for the Assessment Years 2007-08 (April 07-Dec. 07) and 2007-08 (Jan 08 – March 08) respectively as per the order passed by the Joint Commissioner of Commercial Tax, Noida. |
| Income tax | Three | 1.62 | Assessment Orders under section 143(3) and 271(1) of the Income Tax Act for the years 2007-08, 2008-09 were passed. Out of which, one is against Clearvision Industries and the other two were against Bigesto Technologies Ltd. The Assessment Order passed against Kushang Technologies Ltd. has been accepted by the company and for Assessment Order against Bigesto Technologies Ltd. the amount has been deposited by the company. |
| Labour | Eight | 2.81* | Four cases filed against Kushang Apparels and three against Astrotech International for unlawful termination of services along with demand for payment of back wages and reinstatement of services. *Out of seven cases, amount of claim in four cases is not ascertainable. One additional case has been filed against Astrotech International under Section 15(5b) of the Payment of Wages Act, for recovery of amount directed to be paid. |
| **TOTAL** | | **426.19** | |
| **Litigation by the Group Companies** | | | |
| Civil Cases (Consumer) | One | 129.97 | Claim filed under Section 21 (a) (i) of the Consumer Protection Act, 1986 by Clearvision Industries claiming for losses incurred in fire accident. |
| **Penalties imposed on our Company** | | | |

| | | | |
|---|---|---|---|
| Companies Act, 1956 | Two | 0.49 | The first application was filed to the Registrar of Companies, NCT of Delhi & Haryana for compounding of offence committed under Section 297(1) of the Companies Act, which was punishable in the manner provided under Section 629A of the Act. It was ordered that the application was accepted provided the officers in default would pay the penalty from their personal sources. The second application under Section 141 of the Companies Act, 1956 for condonation of delay and extension of time for filing the particulars of satisfaction of charge, which was accepted by the Company Law Board. |

For details, these legal proceedings, see the section titled "Outstanding Litigations and Material Developments" beginning on page no. 185 of the Red Herring Prospectus.

9. ***We and our Promoters had received summons from the Directorate of Revenue Intelligence in connection with anti-dumping duty on import of picture tubes from Malaysia. Any material liability, which could not be contested in our favour, could adversely affect our financial and business operations.***

Officials of Directorate of Revenue Intelligence (DRI) visited our factory and also residence premises of our Promoters in March, 2011. They had collected some records from factory in connection with import of picture tubes from Malaysia. DRI had issued summons in the name of Mr. Vishal Gupta, Executive Director on March 8, 2011, March 29, 2011 and April 29, 2011; in the name of Mr. Anurag Gupta, Executive Director on March 8, 2011 and in the name of Mr. R.C. Phuloria, Manager (Import) of the Company on March 29, 2011 and April 4, 2011 in response to which they appeared before DRI.

We had deposited ₹ 130 lakhs towards anti-dumping duty on import of picture tubes from Malaysia, however, till date we had not received any show cause notice(s) from DRI. The extent of liability is not yet known and any material liability, which could not be contested in our favour, could adversely affect our financial and business operations. Further, we cannot assure that similar instances of any such proceedings may not occur in the future. For details, please refer to page no. 190 of the Red Herring Prospectus.

10. ***We had negative cash flows in some years. Any negative cash flow from operations in future could affect our operations and financial conditions.***

We had negative cash flow, as per the audited restated unconsolidated financial statements details of which are as under:

**(₹ in lakhs)**

| **Particulars** | **2010-11** | **2009-10** | **2008-09** |
|---|---|---|---|
| Net Cash flow from operating activities | 2,261.72 | 529.31 | (681.52) |
| Net Cash flow from investing activities | (4,954.59) | (1,146.84) | (214.36) |
| Net Cash flow from financing activities | 2,211.06 | 1567.61 | 920.76 |
| **Total Net Cash flow** | **(481.81)** | **950.08** | **24.88** |

The net cash flow of a company is a key indicator to show the extent of total cash generated from all activities of the company including operations, investment and financing for a particular year. In the past, we had generated net positive cash flows except for the FY 2010-11, but negative cash flows from investing activities in the last three financial years and negative cash flow from operating activities in one of the last three years. If we are not able to generate sufficient net cash flows in future, it may adversely affect our business and financial operations.

11. ***Our Statutory Auditors have qualified their report for the financial year 2007-08 and 2010-11.***

Our Auditors have qualified their Auditor Report for the financial year 2007-08 and 2010-11. The qualifications in both the years pertain to that funds raised on short-term basis have been used for long term investments.

12. ***Our Promoters and Promoter Group will continue to retain majority control in our Company after the Issue, which will enable them to influence the outcome of matters submitted to shareholders for approval.***

After completion of the Issue, the Promoters and Promoter Group will continue to hold approximately 65% of post-issue paid up share capital. So long as the Promoters and Promoter Group holds a majority of our Company's Equity Shares, they will be able to control most matters affecting our Company, including the appointment and removal of our Directors; our business strategy and policies; any determinations with respect to mergers, business combinations and acquisitions; our dividend payout and financing. Further, the extent of Promoters and Promoter Group shareholding may result in delay or prevention of a change of management or control of our Company, even if such a transaction may be beneficial to our other shareholders.

***13. We have not appointed any independent agency for appraisal of our proposed expansion project. The cost of project is based on our own estimates and various quotations received by us from different suppliers, which may vary depending upon factors like increase in prices due to which the cost of project may be adversely affected, in turn affecting our financial operations.***

Our funding requirements and the deployment of the proceeds of the Issue are based on management estimates and various quotations received by us from different suppliers and have not been appraised by any bank or financial institution. The deployment of funds is entirely at the discretion of our Board of Directors within the parameters as mentioned in the section titled "Objects of the Issue" beginning on page no. 28 of this Red Herring Prospectus and is not subject to any monitoring by any independent agency. All the figures included under the section titled "Objects of the Issue" beginning on page no. 28 of this Red Herring Prospectus are based on our own estimates and the quotations received from various suppliers, which may vary depending upon factors like increase in prices due to which the cost of project may be adversely affected. We cannot assure that we will be in a position to set up our proposed expansion project in the stated means of finance. We may have to revise our management estimates from time to time and consequently, our funding requirement may also be changed. In case of any increase in cost of project, our financial position may be adversely affected.

14. ***There are restrictive covenants under our loan agreements, which could influence our ability to expand, in turn affecting our business and results of operations.***

We have entered into agreements for term loans and financial facilities with our banker and these covenants in borrowing from bank, among other things require us to seek the prior consent of the bank for various activities, including amongst others, effect/ permit withdrawals of deposits or withdrawals by family members, friends or directors, declare dividend, payment of any consideration in whatever form by the Company to the guaranteeing directors either directly or indirectly for guaranteeing of credit limits sanctioned by the bank, undertake new project/ any further expansion, invest in shares and debentures of other companies, extend finance to associate concerns, acquire or sell any fixed assets, etc. These covenants may have an adverse effect on the functioning of our Company.

Furthermore, our Company has created a charge in favour of our lender against the fixed assets of our Company. In case of default by our Company in repayment of the loans, our banker may exercise their rights over the security, which may be detrimental to the interest of our Company. For details of restrictive covenants, please refer to paragraph "Restrictive covenants of lenders" appearing on page no. 88 of this Red Herring Prospectus under the section titled "Capital Structure".

***15. During the last three financial years, around 1% of gross sales were found to be defective and rejected. Defects in our products could lead to negative publicity, financial loss and erosion of our customer-base.***

During the last three financial years i.e. 2008-09, 2009-10 and 2010-11, 1.85%, 0.81% and 0.70% of gross sales were found to be defective and rejected on account of short moulding, peel off problems, scratches, etc. Typically the products provided by us are critical to the operations of our customers' businesses. A defect in our products we manufacture, whether caused by a design, engineering, manufacturing or component failure or deficiencies in our manufacturing process, could result in product or component failures, which may damage our business reputations, and expose us to product liability or product warranty claims. Such a claim could be brought even if prima facie we are not responsible for such a failure or defect. The contracts entered into by us typically contain clauses relating to some limitation of our liability in relation to the products sold / to be sold by us, but we cannot assure you that such clauses relating to limitations on liability will be enforceable or sufficient to protect us from loss in all cases. Further, we do not have any product liability insurance coverage, there is no guarantee that product liability claims will not arise. Any such claims would serve to erode our Company's image and market perception, and may diminish our clientele.

Further, our Company manufactures and sells CFL or self ballasted lamps from our Unit II at Roorkee. During 2010-11, total revenue from CFL constituted 1.64% of total sales on the basis of audited unconsolidated financial statements. We had obtained license for use of the Standard Mark ('ISI' mark) under the Bureaus of Indian Standards Act, 1986 issued by the Bureau of Indian Standards (BIS) in respect of self ballasted lamps, which was valid till August 16, 2011. However, our license was put under 'Stop Marking' by BIS with effect from April 27, 2011 due to failure of sample drawn for verification in the requirement of lumen maintenance (2000 Hrs test). As a result, our Company is now restricted in marking and dispatching the product with the 'ISI' mark, until such restriction is removed by BIS. However, we are manufacturing the CFL which do not require mandatory 'ISI' mark. Our Company has already submittd fresh samples to BIS for testing at the designated laboratory and the result is awaited. However, we cannot assure the timeline within which the restriction imposed by BIS will be removed by it, or at all. Failure or delay in renewal of license or removal of restriction by BIS could result in diminishing of demand for our ISI marked CFLs, which may adversely affect our sales of CFL. If we fail to get the approval, we bear the risk of losing orders of ISI marked CFL and excess inventory, all of which can have an adverse impact on our business and financial condition to that extent.

***16. Our industry is competitive and increased competitive pressure may adversely affect the results of our operations.***

The market for consumer electronic component manufacturers is highly competitive, and we expect competition to intensify and increase from a number of sources. The EMS industry is composed of numerous companies that provide a range of manufacturing services for OEMs, from printed circuit board assembly, to design, prototyping, final system assembly, configuration, order fulfilment, repair and aftermarket services. The EMS market consists of contract manufacturers and Original Design Manufacturers (ODMs). Contract manufacturers manufacture products that have been designed by the OEMs; ODMs also design their own products, primarily commodities, and in many instances are in direct competition with the OEMs. Our overall competitive position depends upon a number of factors, including our manufacturing technologies and capacity, the quality of our manufacturing processes and products, our ability to deliver on-time and cost effectiveness. We compete with the other contract manufacturers of electronic products such as Dixon Technologies, Kortek Electronics and East India Technologies; as well as other mid-size, regional and smaller EMS providers. We face significant competition from several entities located in India and several other countries including China and we may not be able to compete with them for several reasons. Further, since our industry has low entry barriers, we may face competition from new entrants in this market. Some of the existing and future competitors may have greater financial, personnel and other resources, longer operating histories, a broader range of product offerings, greater technological expertise, more recognizable brand names and more established relationships in industries that we currently serve or may serve in the future. In addition, some of our competitors may enter into strategic or commercial relationships among themselves or with larger, more established companies in order to increase their ability to address client needs, or enter into similar arrangements with potential clients. Increased competition, our inability to compete successfully against competitors, pricing pressures or loss of market share could have a material adverse effect on our business, results of operations, financial condition and cash flows.

17. *We may not continue to enjoy our existing tax benefits, which could adversely affect our profitability.*

We are entitled to avail of certain direct tax exemptions on account of our manufacturing facility located at Roorkee, Uttrakhand, which is entitled to Income Tax exemption, under section 80IC of Income Tax Act, 1961, for 100% of profits for first 5 years and 25% of the profits for next 5 years, subject to Minimum Alternate Tax (MAT) u/s 115JB of Income Tax Act. We are, therefore, entitled to income tax exemption for 100% of the profits derived from our manufacturing facility at Roorkee from FY 2008-09 to FY 2012-13 and upto 25% of the profits from FY 2013-14 to FY 2017-18. Further, we are also exempt for payment of central excise duty on the products manufactured by us, as per Notification No. 49/2003 and Notification No. 50/2003 issued by Central Board of Excise and Customs. The exemptions under these notifications are available to us for a period of 10 years commencing from the FY 2008-09. For further details, please refer to the section titled "Statement of Tax Benefits" beginning from page no. 54 of the Red Herring Prospectus.

Our profitability will be affected to the extent that such benefits shall not be available beyond the period currently contemplated in the relevant notifications/ circulars. Our profitability may be further affected in the future if any of the above mentioned benefits are reduced or withdrawn prior to the respective periods mentioned therein. There is no assurance that we will continue to enjoy such tax benefits in the future. Any change in Indian tax regulations or policy may result in us losing such benefits and our business, financial condition and results of operations may be adversely affected as a result.

18. ***Our Company and Directors made an application for compounding an offence in relation to non-compliance of section 297 of the Companies Act, 1956.***

Our Company had failed to obtain prior approval of the Central Government before entering into transactions with Bigesto Technologies Limited (formerly Bigesto Foods Private Limited), M/s J.B.Electronics, M/s Clearvision Industries, M/s PG International, M/s Promod Gupta, M/s PG Industries and M/s TV Palace, in violation of provisions of Section 297 of the Companies Act, 1956. Our Company and Directors have made an application suo-moto on September 9, 2010 under section 621A of the Companies Act, 1956 with Registrar of Companies, NCT of Delhi and Haryana for compounding of offence u/s 297 of the Companies Act relating to related party transactions since 2003-04. The Company Law Board in the hearing held on February 11, 2011 compounded the said offence on payment of ₹ 0.02 lakh for each year of default by each defaulter. As a result of such order, our Company alongwith Directors viz. Mr. Promod Gupta and Mr. Anurag Gupta have paid an amount of ₹ 0.16 lakhs each as penalty. While we believe that we are at present, in compliance with all applicable laws in relation to our business and operations, we cannot assure that similar instances of such compounding or other proceedings may not occur in the future.

19. ***Two of our Promoter Group Entities viz. Promod Gupta (sole proprietorship) and PG Metals and Alloys Corporation have incurred losses in the preceding financial years.***

Two of our Promoter Group Entities viz. Promod Gupta (sole proprietorship) and PG Metals and Alloys Corporation have incurred losses in the preceding financial years, details of which are as under

*(₹ in lakhs)*

| Particulars | 2009-10 | 2008-09 | 2007-08 |
|---|---|---|---|
| M/s Promod Gupta (sole proprietorship) | (2.58) | (1.37) | 1.72 |

*(₹ in lakhs)*

| Particulars | 2010-11 | 2009-10 | 2008-09 |
|---|---|---|---|
| PG Metal and Alloys Corporation (partnership firm) | (0.01) | (0.01) | (0.01) |

20. ***Unsecured loans taken by our Company may be recalled by our lenders at any time affecting our immediate cash flows.***

Our Company has taken unsecured loans amounting to ₹ 157.03 lakhs as on March 31, 2011, as per the audited restated unconsolidated financial statements, which have no specific terms with regard to the repayment of these loans as they are also not secured by a charge on any of the assets of our Company. For details of unsecured loans, please refer to page no. 135 of the Red Herring Prospectus. Due to the absence of any specific terms regarding their repayment, the said loans can be recalled by their respective lenders at any given point of time and our Company will be forced to make arrangements for their repayment, which in turn could adversely affect our immediate cash flows.

21. ***Our future success depends primarily on our ability to significantly increase our manufacturing capacity, which exposes us to a number of operating and manufacturing risks and uncertainties. The occurrence of these events could have a material adverse effect on the productivity and profitability of our Company.***

We are in the process of completing Phase-I of our expansion plan and are also proposing Phase-II of our expansion plan at our manufacturing units at Greater Noida (Unit III) and Ahmednagar for plastic injection moldings. During next three years, our product capacities for processing of plastic injection molding is proposed to be increased from 4,336.44 tonnes to 18,500 tonnes, CFL assemblies from 13,45,085 pieces to 25,00,000 pieces, PCB assemblies for CFL to 12,00,000 pieces and new assembly line for manufacture of water purifiers. .

For further details in this regard, see the sections titled "Our Business" and "Objects of the Issue" on pages 70 and 28, respectively. Our future success depends on our ability to significantly increase both our manufacturing capacity and total output. Our ability to do this is subject to significant risks and uncertainties, including:

- the need to raise significant additional funds, which we may be unable to obtain on commercially viable terms or at all, to purchase raw materials and to build additional manufacturing facilities;
- delays and cost overruns as a result of a number of factors, many of which are beyond our control, such as increases in the price of and shortage in the supply of raw materials and problems with equipment vendors; and
- operating risks such as non-compliance with the directives of relevant government authorities, breakdown or failure of equipment, power supply or processes, performance below expected levels of output or efficiency, obsolescence, earthquake and other natural disasters, and industrial accidents leading to personal injury and property damage.

If we are unable to increase both our manufacturing capacity and total output or successfully operate additional manufacturing capacity, we may be unable to expand our business, decrease our costs, maintain our competitive position and improve our profitability. Moreover, we cannot assure you that if we do expand our manufacturing capacity as planned, we will be able to generate sufficient customer demand for our products to support our increased production levels.

Further, the above growth strategy will place significant demands on our management, financial and other resources. It will require us to continuously develop and improve our operational, financial and internal controls. Continuous expansion increases the challenges involved in financial management, recruitment, training and retaining high quality human resources, and developing and improving our internal administrative infrastructure.

22. ***Our Company does not have any future agreements with suppliers for the major raw materials required for manufacturing of our products and are exposed to risks relating to fluctuation in prices and shortage of raw material. Shortages or price fluctuations of component parts specified by our customers could delay product shipment and affect our profitability. Around 25.94% and 15.06% of raw material was supplied by related parties during 2009-10 and 2010-11 respectively as per the audited restated unconsolidated financial statements.***

A substantial portion of our revenue is derived from "turnkey" manufacturing. In turnkey manufacturing, we provide both the materials and the manufacturing services. If we fail to manage our inventory effectively, we may bear the risk of fluctuations in material costs, scrap and excess inventory, all of which can have an adverse impact on our business, financial condition and results of operations. In addition, delays, cancellations or reductions of orders by our customers could result in an excess of materials. Orders received from customers within component lead time, rapid increases in orders or lengthening of lead times by suppliers could cause a shortage of materials. A shortage of materials could lengthen production schedules and increase costs. An excess of materials may increase the costs of maintaining inventory and may increase the risk of inventory obsolescence, both of which may increase expenses and decrease profit margins and operating income.

Many of the products we manufacture require one or more components that we order from sole-source suppliers. Supply shortages for a particular component can delay production of all products using that component or cause cost increases in the services we provide. Our inability to obtain these materials could slow production or assembly, delay shipment to our customers, increase costs and reduce operating income. Also, we may bear the risk of periodic component price increases, which could reduce operating income.
Further, we do not have any long-term supply contracts with respect to raw material used in the manufacture of our products. As per the audited restated unconsolidated financial statements, during the period ended March 31, 2011 and March 31, 2010, raw material imported by us was ₹ 9,202.37 lakhs and ₹ 6155.38 lakhs constituting 24.67% and 19.95% respectively of the total raw material costs. Out of total raw material requirement, 25.94% and 15.06% has been supplied by related parties during 2009-10 and 2010-11 respectively. We are not significantly dependent on any single manufacturer of such raw material. In the event the prices of such raw materials were to rise substantially, we may find it difficult to find alternative suppliers for our raw materials, on terms acceptable to us, and our business, results of operations and financial condition could be adversely affected.

Our suppliers may not be able to supply to us our raw materials without interruption, or may not comply with their obligations to us under our purchase agreements, if any. We may not have adequate remedies for any breach and their failure to supply us could result in a shortage of raw materials. If one of our suppliers fails or refuses to supply us for any reason, it would take a significant amount of time and expense to identify a new supplier or manufacturer. We may not be able to obtain raw material from new suppliers on acceptable terms and at reasonable prices, or at all. As a result, we may be unable to manufacture our products or our products may only be available at a higher price or after a long delay, and we may be unable to deliver our products to our customers in the required quantities and at prices that are profitable. Problems of this kind could cause order cancellations and loss of market share, which would affect our future financial condition and results of operations.

23. ***We do not own the trademark "PG" and logo of "PG" and unauthorized parties may infringe upon or misappropriate our intellectual property. This could have a material adverse effect on our business which in turn adversely affect results of operations.***

The trademark "PG" and logo of "PG" has not been registered by our Company. We have made an application for registration of our logo under class 9 and 11 to the Registrar of Trade Marks, New Delhi by an application dated August 10, 2010. Our Company received the approval from the Registrar of Trade Marks, New Delhi for registration of our logo under class 11 on August 1, 2011. However, we have not made any application for the registration of our trademark. Further, there is no assurance that the application for the registration of our logo under class 9 will be approved by the Trade Marks Registry, New Delhi. In addition, our application may be opposed by third parties. If we are unable to obtain registration of our logo we may not be able to successfully enforce or protect our intellectual property rights and obtain statutory protections available under the Trade Mark Act, 1999, as otherwise available for registered marks. This could have a material adverse effect on our business, which in turn adversely affect our results of operations.

***24. Any delay or non-receipt of certain regulatory licenses or approvals could adversely affect the implementation schedule which may adversely affect our growth plans.***

Following renewal/NOC applications are pending under various authorities:

| Sr. No. | Nature of Approval | Authority where approval is pending | Date of Application |
|---|---|---|---|
| 1 | **Unit I-** Inclusion of Plot No. P-4/6 in the existing NOC | Fire Officer, Greater Noida | August 05, 2010 |
| 2 | **Unit II-** Renewal of consent to operate.<br><br>Inclusion of Khasra No. 275 in the consent | Uttarakhand Environment Protection and Pollution Control Board | August 18, 2010<br><br>August 31, 2010 |
| 3 | **Unit II-** Renewal of License No. CM/L 3139248 | Director & Head, Bureau of Indian Standards, Dehradun | May 14, 2011 |
| 4 | **Unit II-** Inclusion of Khasra No. 275 in the existing ISO 9001:2008 Certification no. 50809 | ACS Registrars Limited | September 08, 2010 |
| 5 | **Unit IV-** Issue of factory license under the Factories Act, 1948 for our unit at Plot No. A-20/2. | The Additional Director, Industrial Safety and Health Department, Ahmednagar, | January 28, 2011 |
| 6 | **Unit IV-** No Objection Certificate to the Divisional Fire Officer, MIDC Fire Station for our unit at Plot No. A-20/2. | The Divisional Fire Officer, MIDC Fire Station | April 12, 2011 |
| 7 | **Unit IV-** Change of name in the sanction for power supply at our unit at Plot No. A-20/2 | The Superintending Engineer, MSEDCL, Ahmednagar | August 17, 2011 |

Also, for our proposed expansion project, necessary application for various licenses/approvals would be made to the respective authorities at various stages of project implementation, some of which have already been made. There can be no assurance that we will receive the approvals on a timely basis, or at all. If we do not receive the requisite approvals for our proposed expansion or if such approvals are delayed, our proposed expansion plans may be adversely affected.

For status of all licenses/approvals, please refer to section titled "Government Approvals and licensing arrangements" beginning from page no. 200 of the Red Herring Prospectus.

**25.** ***We have not yet placed orders for 100% of our plant and machinery, utilities etc. for our proposed project under Phase-II as specified in the Objects of the Issue. Any delay in procurement of plant & machinery, utilities etc. may delay the implementation schedule which may also lead to increase in prices of these machineries, further affecting our cost, revenue and profitability.***

The details of the net proceeds of the Issue proposed to fund the planned expansion are explained in the section titled 'Objects of the Issue' beginning on page no. 28 of this Red Herring Prospectus. We are yet to enter into definitive agreements or are yet to place orders for all machinery and equipment required for our proposed expansion under Phase-II. The total cost of plant and machinery and other utilities proposed to be installed is estimated at ₹ 3626.89 lakhs under Phase-II. We are subject to risks on account of inflation in the price of the machinery and other equipments that we require for the proposed expansion. Any delay in placing the orders or procurement of plant & machinery, utilities, etc. may delay the implementation schedule. Such delays may also lead to increase in prices of these equipments, further affecting our cost, revenue and profitability.

**26.** ***Delay in raising funds from the IPO could adversely impact the implementation schedule.***

Our Company's proposed project is to be funded from the proceeds of this IPO. We have not identified any alternate source of funding and hence any failure or delay on our part to mobilize the required resources or any shortfall in the Issue proceeds may delay the implementation schedule. There has already been delay in implementation schedule as envisaged earlier from December, 2011 to March, 2012 and total cost of project under Phase-II for Unit III has increased to ₹ 1,383.76 lakhs from earlier ₹ 1,301.13 lakhs, i.e. an increase of 6.35%. We therefore, cannot assure that we would be able to execute the proposed project within the given time frame, or within the costs as originally estimated by us. Any time overrun or cost overrun may adversely affect our growth plans and profitability.

**27. *We have planned capital expenditure, which may not yield the benefits intended.***

We are embarking upon an expansion of our existing units and setting up of a new unit. We propose to incur capital expenditure of ₹ 5114.29 lakhs, as detailed in the section titled "Objects of the Issue" beginning on page no. 28 of this Red Herring Prospectus. In the past, we have not undertaken capital expenditure of such size and our inability to manage capital expenditure may adversely affect our operations. We cannot assure that we will be able to get the benefits of the generally growing demand in this sector and accordingly the benefits accruing to us from the proposed project may be less than what is anticipated.

*28.* ***Our Company has not tied-up additional working capital requirements and any of our inability to arrange for additional working capital requirement on terms favorable to us, could adversely affect our operations and profitability.***

Our business requires a substantial amount of working capital. We require working capital to finance the purchase of raw materials and execution of orders before payment is received from our customers. Our working capital requirements may increase if, in certain orders, payment terms include reduced or advance payments. There can be no assurance that the payments will be remitted by our customers to us on a timely basis.

Continued increase in working capital requirements and insufficient cash flows from our operations to meet any of the above requirements may have an adverse effect on our financial condition and result of operations.

Our projected level of working capital borrowings (for Unit I & Unit II) for the fiscal year 2012-13 are of ₹ 4470 lakhs, out of which we propose to meet ₹ 1500.00 lakhs from IPO proceeds and the balance from bank finance to the extent of ₹ 2970 lakhs. As on date we have not tied up this additional borrowing from the banks. Our inability to arrange for this additional working capital requirement from banks on terms favorable to us, could adversely affect our operations and profitability.

29. ***We have certain contingent liabilities not provided for that may affect our financial condition.***

As per the audited restated unconsolidated financial statements, for the period ended March 31, 2011, we have following outstanding contingent liabilities:

(₹ in lakhs)

| **Particulars** | **March 31, 2011** |
|---|---|
| Bank Guarantee given by the Company's Banker | 1,504.44 |
| Claims against company not acknowledged as debts | 35.73 |
| Letter of Credit given by Company's banker | 74.63 |
| **Total** | **1,614.80** |

In the event that any of these contingent liabilities materialize, our financial condition may be adversely affected.

**30. *Tender processes and qualification criteria, through which new orders are awarded, may be delayed or cancelled, thereby reducing or eliminating our ability to execute any order.***

We get our orders through competitive bidding processes and satisfaction of other prescribed pre-qualification criteria. There can be no assurance that the orders for which we bid will be tendered within a reasonable time, or at all. The tender processes may also be subject to change in qualification criteria, unexpected delays and uncertainties. In the event that new projects which have been announced, and which we plan to tender for, are not put up for tender within the announced timeframe, or qualification criteria are modified such that we are unable to qualify, the tender process is subject to delay or uncertainty, though not quantifiable monetarily, our business, prospects, financial condition and results of operations could be materially and adversely affected.

***31. The completion of the projects is dependent on performance of external agencies. Any shortfall in the performance of these external agencies may adversely affect our expansion plans.***

The completion of the projects is dependent on performance of external agencies, which are responsible for construction of buildings, installation and commissioning of plant and machinery and supply and testing of equipment. We cannot assure you that the performance of external agencies will meet the required specifications or performance parameters. If the performance of these agencies is inadequate in terms of the requirements, this may result in incremental cost and time overruns, which in turn may adversely affect our expansion plans.

32. ***Our success depends largely on our senior management and our ability to attract and retain our key personnel.***

Our success depends on the continued services and performance of the members of our management team and other key employees. If one or more members of our senior management team were unable or unwilling to continue in their present positions, our business could be adversely affected. Attracting and retaining scarce top quality managerial talent has become a serious challenge for companies. Competition for senior management in the industry in which we operate is intense, and we may not be able to retain our existing senior management or attract and retain new senior management in the future. As such, any loss of our existing senior management personnel or key employees could adversely affect our business, results of operations and financial condition.

***33. Our manufacturing facility located at Unit II, Roorkee, is not owned by us and is taken on lease from Mr. Vishal Gupta, one of our Promoters and M/s PG Electronics, one of our Promoter Group Entities. Termination of the lease and/or non renewal could adversely affect our operations.***

Our Company does not own the premises at which our manufacturing facility at Unit II is located. The said premises are taken on lease for a period of 30 years till November 5, 2039, from Mr. Vishal Gupta and M/s PG Electronics through Lease Deeds dated November 6, 2009 each. Any terminations of these lease deeds, whether due to any breach or otherwise, or non– renewal thereof, could adversely affect the business operations. For details about property and its ownership, please refer to section “Our Property” appearing on page no. 81 of this Red Herring Prospectus.

***34. Our Company’s revenue and profits are difficult to predict and can vary significantly from quarter to quarter. This could cause our share price to fluctuate.***

Our operating results have varied in the past and may continue to vary significantly from quarter to quarter due to various reasons, including:

- Synchronizing availability of raw material and the competitive pricing of raw material;
- Unanticipated changes in regulatory policies in the jurisdictions in which we operate;
- Delays in receipt of payment from customers or level of bad debts;
- Our customer’s requirements, and their future plans;
- Unanticipated cancellations or deferrals of orders; and
- Changes in pricing policies of our competitors

Therefore, we believe that period-to-period comparisons of the results of our operations may not necessarily be meaningful and should not be relied upon as an indication of our future performance. It is possible that in future some of our quarterly results of operations may be below the expectations of market analysts and our investors, which could lead to a corresponding decline in the price of our Equity Shares.

35. ***The name of one of our Promoter Group Entity viz. PG Electronics Components Private Limited had struck off by Registrar of Companies, under Easy Exit Scheme, 2010.***

PG Electronics Components Private Limited, one of our Promoter Group Entity, which was incorporated on October 27, 1983 with the main objective to carry on the business of manufacturers, processors, assemblers, producers, buyers, sellers of electronic components, etc. The company was inoperative for the last 10 years and therefore, the Company had applied to Registrar of Companies, NCT of Delhi and Haryana on August 31, 2010 for striking off its name u/s 560 of the Companies Acct, 1956 under the Easy Exit Scheme (EES), 2010. The name of PG Electronic Components Private Limited has been struck off by the Registrar of Companies vide their order dated March 7, 2011 under the Easy Exit Scheme, 2010.

***36. Our insurance cover may be inadequate to fully protect us from all losses.***

We have various insurance policies covering stocks, buildings, furniture, plant & machinery, electric installations, consignment of electronic components, raw materials, etc. for total insured amount of ₹ 19,537.80 lakhs, details of which are disclosed on page number 84 of this Red Herring Prospectus. However, our insurance policies may not provide adequate coverage in certain circumstances and are subject to certain deductibles, exclusions and limits on coverages. We cannot assure you that the terms of our insurance policies will be adequate to cover any damage or loss suffered by us or that such coverage will continue to be available on reasonable terms or will be available in sufficient amounts to cover one or more large claims, or that the insurer will not disclaim coverage as to any future claim. Further, we are not covered by business interruption policy. Interruption of our business operations for any reasons including on account of fire, flood, any natural calamities etc. may have a material and adverse impact on our business operations and profitability.

We may be exposed to public liability claims as we deal with products, which are made from raw materials, which are hazardous and poisonous and/or chemicals, which are combustible and flammable. Our Company is not covered under any Public Liability Insurance. Therefore, in the event of any accident, we may have to incur substantial costs or pay damages for, inter-alia, personal injuries or loss or damage to property etc. suffered by the public or any third party which may have an adverse impact on the financial performance of our Company.

***37. Our ability to pay dividends in future will depend upon future earnings, financial condition, cash flows, working capital requirements and capital expenditure***

We have not paid any dividends in the past. The amount of our future dividend payments, if any, will depend upon our future earnings, financial condition, cash flows, working capital requirements and capital expenditure. There can be no assurance that we will be able to pay dividends. Additionally, we may be restricted in our ability to make dividend payments by the terms of any debt financing we may obtain in the future.

38. ***The market price of our Equity Shares may adversely affect due to additional issuances of Equity Shares or sale of Equity Shares by members of our Promoter Group.***

There is a risk that we may be required to finance our growth or strengthen our balance sheet through additional equity offerings. Any future issuance of Equity Shares, whether through the exercise of options or otherwise, will dilute the position of existing shareholders and could adversely affect the market price of the Equity Shares.

**External Risk Factors**

***39. We import a portion of our raw materials used in our business and as a result we are subject to foreign currency fluctuations in respect of purchases made in various foreign currencies.***

We import a portion of our raw materials such as ABS, PCBs, FBT, CPT and optical loaders for manufacturing of our plastic injection mouldings, CTVs and DVDs and generally pay for such equipment in foreign currencies, including the U.S. Dollar as a result, we are subject to foreign currency fluctuations in respect of such purchases. The total value of imports of raw materials during FY 2010-11 was to the extent of ₹ 9,202.37 lakhs, constituting 24.67% of total raw material cost as per the restated audited unconsolidated financial statements. With implementation of Phase-I and Phase-II, there will be additional requirement of imported raw materials. In addition, we will be requiring imported plant & machinery for implementation of Phase-I and Phase-II to the extent of ₹ 3,226.74 lakhs. Further, any political or economic disturbances in these areas could interrupt the timely supply of such equipment. The exchange rate between the Rupee and other currencies, including the U.S. Dollar, and the Chinese Yuan has changed substantially in recent years and may fluctuate substantially in the future. We do not have any outstanding forward contracts to hedge the risk of fluctuations in foreign exchange rates. Therefore, such fluctuations may have an adverse effect on our results of operations, resulting in higher costs for our products.

***40. Our present and proposed manufacturing facilities are geographically located in three States and therefore, any localized social unrest, natural disaster or breakdown of services or any other natural disaster in and around their respective States could have material adverse effect on our business and financial condition.***

Our present and proposed manufacturing facilities are based at Greater Noida, Uttar Pradesh; Roorkee, Uttaranchal; and Ahmednagar, Maharashtra. As a result, any localized social unrest, natural disaster, adverse weather conditions, earthquakes, fires, explosives, power loss, or breakdown of services and utilities in and around their respective States could have material adverse effect on our business, financial position and results of operations. Further, any failure of our systems or any shutdown of any part of our manufacturing units, networks, operations because of operational disruptions, natural disaster or other factors, could disrupt our services and adversely affect our result of operations and financial condition.

41. ***There is no existing market for the Equity Shares, and we do not know if one will develop. Our stock price may be highly volatile after the Issue, and as a result, you could lose a significant portion or all of your investment.***

Prior to the Issue, there has not been a public market for the Equity Shares. We cannot predict the extent to which investor interest will lead to the development of an active trading market on the Stock Exchanges or how liquid that market will become. If an active market does not develop, you may experience difficulty in selling the Equity Shares that you purchased. The IPO price is not indicative of prices that will prevail in the open market following the Issue. Consequently, you may not be able to sell your Equity Shares at prices equal to or greater than the price you paid in the Issue.

***42. We are currently complying with environmental regulations. However, in future we may be unable to cope with the changes in the regulatory developments in the industry including environmental regulations which may affect our operations.***

We are currently complying with environmental regulations. We are subject to environmental laws and regulations, which impose restrictions on the volume of effluents, discharged into air, water and environment and establish standards for the treatment, storage and disposal of hazardous wastes. Our Company has installed effluent treatment plant of 4 KL/day capacity at Greater Noida for Unit I. We also propose to install ETP of 4KL/day capacity each at our proposed Unit III and Unit IV locations. For details of government approvals, please refer to page no. 200 of the Red Herring Prospectus. Non-compliances or any further imposition of restrictions by the concerned authorities would result in additional costs which may affect the financial operations of our Company.

43. ***Our business could be adversely affected by any economic, political and social developments in India and particularly in the regional markets where we operate.***

Our performance and growth are dependent on the health of the Indian economy and other economies directly or indirectly. These economies could be adversely affected by various factors, such as political and regulatory action including adverse changes in liberalization policies, any adverse development in the World economy, introduction of new laws, policies or regulations or changes in the interpretation or application of existing laws, policies and regulations. There can be no assurance that we will succeed to operate in or succeed in obtaining all requisite regulatory approvals in the future for our operations which could have an adverse impact on our business, financial condition and results of operations.

44. ***Force majeure events, terrorist attacks or natural disaster or any other acts of violence or war involving India, or other countries could adversely affect the financial markets, result in a loss of customer confidence and adversely affect our Company's business, results of operations, financial conditions and cash flows.***

Certain force majeure events, being beyond our Company's control, including natural disasters, terrorist attacks and other acts of violence or war which may involve India, or other countries, may adversely affect worldwide financial markets, and could lead to economic recession. These acts may also result in a loss of business confidence and have other consequences that could adversely affect business, results of operations and financial condition of our Company. More generally, any of these events could lower confidence in India. Any such event could adversely affect the financial performance or the market price of the Equity Shares of our Company.

45. ***You will not be able to sell immediately any of the Equity Shares you purchase in this Issue on an Indian stock Exchange***

Under the SEBI (ICDR) Regulations, we are permitted to list the Equity Shares within 12 working days of the Bid/Issue Closing Date. Consequently, the Equity shares you purchase in the Issue may not be credited to your demat account with Depository Participants until 11 working days after the Bid/Issue Closing Date. You can start trading in the Equity Shares only after they have been credited to your demat account, final listing and trading approvals are received from the Stock Exchanges and trading commences on the Stock Exchanges. There can be no assurance that final listing and trading approvals will be obtained from the Stock Exchanges on time or at all. Further, there can be no assurance that the Equity Shares allocated to you will be credited to your demat account, or that trading in the Equity Shares will commence within the specified periods.

46. ***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 market; our operational performance, financial results and capacity expansion, developments in India's economic liberalization and deregulation policies, particularly in the Chemicals industry; 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 sustained after this Issue or that the price at which our equity shares would be traded subsequent to this issue will correspond to the current prices for our already existing equity shares.

47. ***Instability of economic policies and political situation in India could adversely affect the fortunes of the Industry***

There is no assurance that the liberalization policies of the government will continue in the future. Protests against privatization could slow down the pace of liberalization and deregulation. The Government of India plays an important role by regulating the policies and regulations governing the private sector over the past several years. The current economic policies of the government may change at a later date

Unstable internal and international political environment could impact the economic performance in both the short term and the long term. The Government has traditionally exercised and continues to exercise a significant influence over many aspects of the Indian economy. Our Company's business, and the market price and liquidity of the Equity Shares, may be affected by changes in interest rates, changes in Government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India.

**Prominent Notes**

1. The Net worth of our Company as on March 31, 2011 is ₹4,365.81 lakhs as per our restated unconsolidated financial statements under Indian GAAP. The size of the Issue is ₹ [•] lakhs.

2. The average cost of acquisition of Equity shares of the Promoters is as per the details given below:

| Name of Promoter | Total number of Equity Shares | Average Cost of Acquisition – Per Equity Share (₹) |
|---|---|---|
| Mr. Promod Gupta | 40,16,166 | 13.50 |
| Mr. Anurag Gupta | 15,14,222 | 15.23 |
| Mr. Vishal Gupta | 20,75,012 | 13.36 |
| Mr. Vikas Gupta | 20,70,722 | 15.15 |

   The Book value per share as on March 31, 2011 is ₹ 40.92 per Equity Share, as per the restated audited unconsolidated financial statements.

3. Public Issue of 57,45,000 Equity Shares of ₹ 10/- each for cash at a price of ₹ [•] per Equity Share aggregating ₹ [•] lakhs (the "Issue"). The Issue constitutes 35% of the fully diluted post-Issue paid up capital of our Company.

4. This Issue is being made through a 100% Book Building Process wherein not more than 50% of the Issue to Public shall be available for allocation on a proportionate basis 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 shall be available for allotment on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. Further, not less than 15% of the Issue to Public shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Issue to Public 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.

5. For interest of our Promoters/Directors/Key Managerial Personnel and other ventures promoted by Promoters, please refer to section titled "Risk Factors", "Our Promoters", "Our Promoter Group", "Our Management", "Related Party Transactions" and "Financial Statements of the Company" beginning on page numbers iii, 112, 114, 97, 141 and 125 of this Red Herring Prospectus.

6. We have entered into various related party transactions with related parties including Promoter group companies amounting to ₹ 31,368.88 lakhs for the financial year 2010-11 as per the restated audited unconsolidated financial statements. For related party transaction refer to section titled "Related Party Transactions" beginning on page no. 141 of this Red Herring Prospectus.

7. There are no transactions relating to sales or purchases between our Company and our Promoter Group Companies / entities, except as follows, as per the restated audited unconsolidated financial statements:

(₹ in lakhs)

| S.No. | Name of Promoter Group Company / Entity | FY 2010-11 | | FY 2009-10 | | FY 2008-09 | |
|---|---|---|---|---|---|---|---|
| | | Amount | % of sales | Amount | % of sales | Amount | % of sales |
| 1. | Bigesto Technologies Limited (Formerly Bigesto Foods Limited) | 17,130.75 | 38.23 | 10208.28 | 28.81 | 1073.04 | 8.52 |
| 2. | Clearvision Industries | 3,304.70 | 7.37 | 3755.05 | 10.60 | 242.51 | 1.93 |
| 3. | M/s PG International | 1,231.85 | 2.75 | 4235.50 | 11.95 | 1936.92 | 15.38 |
| 4. | M/s J.B. Electronics | 2,565.34 | 5.72 | 4.62 | 0.01 | 41.25 | 0.33 |
| 5. | M/s PG Electronics | - | - | 0.16 | -* | - | - |

** Negligible*

(₹ in lakhs)

| S.No. | Name of Promoter Group Company / Entity | FY 2010-11 | | FY 2009-10 | | FY 2008-09 | |
|---|---|---|---|---|---|---|---|
| | | Amount | % of purchase | Amount | % of purchase | Amount | % of purchase |
| 1. | Bigesto Technologies Limited (formerly Bigesto Foods Limited) | 4,528.29 | 12.14 | 7185.26 | 22.82 | 1223.88 | 10.28 |
| 2. | M/s PG International | 1,089.59 | 2.92 | 840.92 | 2.67 | 481.51 | 4.04 |
| 3. | M/s JB Electronics | - | - | 142.31 | 0.45 | - | - |
| 4. | Clearvision Industries | - | - | 0.41 | -* | 0.32 | -* |
| 5. | PG Metal | - | - | - | - | 0.03 | -* |

** Negligible*

8. We have not made any allotment of Equity Shares in the twelve months before the date of this Red Herring Prospectus where the price of such issuances would be lower than the Issue Price..

9. No loans and advances have been made to any person(s)/Companies in which the Director(s) of our Company are interested except as stated in the Auditor's Report. For details of loans and advances, please refer to Annexure-X of Auditor's Report under section titled "Financial Statements of the Company" appearing on page no. 137 of this Red Herring Prospectus.

10. Our Promoters/Promoter Group Entities/Directors have not purchased/sold/financed/acquired any shares of the Company during the past 6 months, preceding the date of the Draft Red Herring Prospectus, except as under:

| Date | Transferor | Transferee | No. of equity shares | Transfer price per equity share (₹) |
|---|---|---|---|---|
| June 30, 2010 | Mr. Anurag Gupta | Mr. Vishal Gupta | 2,93,072 | 15.23 |
| June 30, 2010 | Mr. Anurag Gupta | Mr. Vikas Gupta | 1,45,352 | 15.23 |

11. Any clarification or information relating to the Issue shall be made available by the BRLM, our Company and our Compliance Officer to the investors at large and no selective or additional information would be available for a section of investors in any matter whatsoever. Investor may contact the BRLM for any complaint pertaining to the Issue.

12. The Investors are advised to refer to the Para on "Basis for the Issue Price" on page no. 52 of this Red Herring Prospectus before making any investment in this Issue.

13. Trading in Equity Shares of our Company for all the investors shall be in dematerialized form only.

14. No part of the Issue proceeds will be paid as consideration to Promoters, Directors, key managerial personnel, associate or Subsidiary.

15. Investors may note that in case of over-subscription in the Issue, allotment to Qualified Institutional Bidders, Non-Institutional Bidders and Retail Individual Bidders shall be on a proportionate basis. For, more information, please refer section titled "Basis of Allocation" on page no. 260 of this Red Herring Prospectus.

## SECTION III: INTRODUCTION

## SUMMARY

This is only a summary and does not contain all the information that you should consider before investing in our Equity Shares. You should read the entire Red Herring Prospectus, including the information contained in the chapter titled “Risk Factors” and “Financial Statements” and related notes beginning on page nos. iii and 125 of this Red Herring Prospectus before deciding to invest in our Equity Shares.

**Summary of our Industry**

Indian Electronics Industry is a high growth industry which is attracting global attention as apart from a growing market, it also has the potential to deliver high quality product at a lower cost than its western counterparts. Sensing vast opportunity, this has led to many global players setting up their production base in the country. Production by the industry is estimated to account for about 2.5% of the country’s GDP in FY 2011, an increase from ~1.74% in FY 2006.

The electronics industry consists of electronics hardware and can be broadly classified into six main verticals viz. consumer electronics, communication & broadcast equipments, industrial electronics, computer hardware, components, and strategic electronics. Consumer electronics is the largest segment of the Indian electronics industry closely followed by the communication & broadcasting equipments segment.

- Production of electronics hardware in India is estimated to have grown at a CAGR of ~18.3% over the period FY 2006-10 to reach ~INR 1,107 Bn by FY 2010.
- Demand of electronics hardware in India is to have grown at a CAGR of ~14.9% over the period FY 2006-10 to reach ~INR 1,841 Bn by FY 2010.

India is a net importer of electronics goods, which however has declined in FY 2010 from the previous year. Declining prices of electronics goods coupled with appreciating rupee are the probable reasons for decline registered by imports, which otherwise has grown over the FY 2006-09 period. The major demand drivers of the industry are:

- Advent of new technologies, increasing expenditure by companies on electronics products, and several government initiatives coupled with favourable population, increasing personal disposable income and declining prices of the electronics goods are the major demand drivers of the electronics industry.
- Use of electronics products to augment production/ other activity by automating processes has been resulting in more and more companies adopting the newer technology that is helping growth of the electronics industry.
- Government initiatives for the better governance through effective administration can be achieved through the use of technology. Plan like e-governance is aimed to achieve such initiative of the government that is likely to drive demand for electronic goods.

*Source: Ministry of IT; DGCIS; D&B Research, July 2011*

**Our Company’s Overview**

Our Company is an Electronic Manufacturing Services (EMS) provider for Original Equipment Manufacturers (OEMs) of consumer electronic products in India. We manufacture and/or assemble a comprehensive range of consumer electronic components and finished products such as colour television (CTV) sets & components, air conditioners (ACs) sub-assemblies, DVD players, water purifiers and Compact Fluorescent Lamps (CFL) for third parties. As backward integration, we also do plastic injection moulding and manufacture Printed Circuit Boards (PCB) assemblies for CTVs, DVD players and CFL. Some of our clients include leading brands in the electronic products market.

We have four operational manufacturing facilities located at Greater Noida in Uttar Pradesh (Unit I and Unit III), at Roorkee in Uttrakhand (Unit II) and at Ahmednagar in Maharashtra (Unit IV). We commenced manufacturing operations at Unit I in Greater Noida facility in FY 2002-03, at Unit II in Roorkee facility in FY 2007-08, at Unit III in Greater Noida in FY 2011-12 and at Unit IV in Ahmednagar in FY 2010-11. We also intend to further expand the installed capacities of Unit III and Unit IV, under Phase II, by funds to be raised through this Issue. For details relating to the proposed expansion during Phase I and Phase II, please refer to the section titled 'Objects of the Issue' beginning on page no. 28 of this Red Herring Prospectus.

**Business Strategies**

**Our Strengths**

We believe that our principal competitive strengths are as follows:

***Integrated manufacturing operations***

Our manufacturing operations include plastic injection moulding, PCB assembly, coil winding, component assembly, sub-assembly, finished product assembly, a full range of test methods, and customised packaging. We manufacture most of the electronic assemblies required by our customers in-house. We believe that our integrated operations enable us to source contracts from our customers to provide them the finished goods on a turnkey manufacturing basis.

***Design and development capability***

We have an in-house design team where our engineers are trained to keep our team abreast of the latest global innovations and developments. We believe that over the years, we have gained experience and design capability to make finished products in-house and suggest new designs for our clients' products, which help us in building stronger relationship with them, which in-turn strengthens our competitive position vis-à-vis our competitors.

***Locational advantage***

Our current manufacturing facilities are located at Greater Noida, Uttar Pradesh (Unit I & Unit III), at Roorkee, Uttrakhand (Unit II) and at Ahmednagar, Maharashtra (Unit IV). The locations of the manufacturing facilities give us a competitive cost advantage in terms of sourcing our raw material, manufacturing at relatively cheaper power tariff rates in the state of Uttar Pradesh and Uttrakhand and engaging labour at relatively lower costs. Further, these locations enable us to be in the proximity to our top customer, who also has manufacturing operations at Greater Noida, Uttar Pradesh.

Moreover, our manufacturing facility at Roorkee, Uttrakhand is entitled to Income Tax exemption, under section 80IC of Income Tax Act, 1961, for 100% of profits for first 5 years and 25% of the profits for next 5 years, subject to Minimum Alternate Tax (MAT) u/s 115JB. We are also exempt from paying central excise duty on the products manufactured by us, as per Notification No. 49/2003 and Notification No. 50/2003 issued by Central Board of Excise and Customs. The exemptions under these notifications are available to us for a period of 10 years commencing from the FY 2008-09. For details, please refer to sub-section "Our strengths" appearing on page no. 79 of the Red Herring Prospectus.

***Experienced Promoters***

We benefit from the experience of our Promoters and the core management team. Our Promoters have been in the business of manufacturing electronic products for over three decades and have built experience and relationships with both suppliers and customers in the industry. Our founder, Mr. Promod Gupta entered this business in the year 1977. Further, Mr. Anurag Gupta, Mr. Vishal Gupta and Mr. Vikas Gupta, have an experience of over 16 years in the electronics manufacturing business.

***Continued association with our customers***

We believe that we have been able to meet the desired standards of quality required by our customers because of which we have not just been able to secure repeated orders from them but also been able to receive various client specific accreditations. We believe that these accreditations and certifications help us in maintaining long term relationships with our customers and secure repeat orders from them.

*Quality standards*
We have been awarded ISO 9001:2008 certificate for quality management systems at Unit I for manufacture, assembly and supply of plastic moulded parts and design, manufacture and supply of colour TV receivers and DVD players. Further, our Unit II and Unit III have also been accredited with ISO 9001:2008 for quality management systems.

***Our Business Strategies***

***Expansion of our manufacturing capacities***
At present, we have a consolidated installed capacity of manufacturing 16,00,000 pieces p.a. of PCB assemblies for CTVs and DVD players; 16,056 tonnes p.a. for plastic injection moulding; 16,05,000 sets p.a. of CTVs; 30,00,000 pieces p.a. of PCB assemblies for CFL; 30,00,000 pieces p.a. of CFL assemblies; and 3,00,000 pieces of DVD players at our manufacturing facilities in Greater Noida (Unit I and Unit III), Roorkee (Unit II) and Ahmednagar (Unit IV). We recently have set up manufacturing units for plastic injection moulding under Phase I at Unit III and Unit IV in the months of July, 2011 and March, 2011 respectively with total installed capacity of 3,000 tonnes p.a. and 5,675 tonnes p.a. respectively. However, with addition of balance plant & machinery at Unit III, this capacity will increase upto 3,600 tonnes p.a. by September, 2011. We also intend to further expand the installed capacities of Unit III and Unit IV, under Phase II, by funds to be raised through this Issue. For details relating to the proposed expansion during Phase I and Phase II, please refer to the section titled 'Objects of the Issue' beginning on page no. 28 of this Red Herring Prospectus. We believe that the proposed expansion will help us to scale up our operations and add to the revenues and margins of our Company.

***Diversification of our product line***
We intend to extend our product offerings by adding set top boxes, certain automotive components, components for refrigerators, washing machines, and microwave ovens in addition to manufacturing of water purifiers and LCD TVs in our product portfolio. We have already started assembly line for water purifier at Unit III, Greater Noida. We have also entered into an agreement dated August 5, 2010 for project management with LCI Engineering Ing. Christoff Langthaler GmbH for preparation of a detailed analysis of the possibilities to supply components to the automotive industry. We believe that the addition of new products will not just broaden the market for our products and drive the sales growth but also improve our margins and de-risk our business from the consumer electronics space.

***Constant updation on design and development***
We have an in-house design team where our engineers are trained to keep our team abreast of the latest global inventions and developments. We intend to continue to invest in our design and development capabilities to stay updated with the changes in the global as well as domestic markets. We plan to invest in upgrading our mould-preparation technology to serve our customers better in order to secure repeated and larger orders from them.

***Gradual shift from being an EMS provider for OEMs to an Original Design Manufacturer (ODM)***
Since the profit margins as an EMS provider for OEMs are very thin, we intend to increase our revenue share as an ODM, i.e. designing as well as manufacturing finished products on a larger scale, as opposed to only manufacturing them based on the design specifications given by our customers. We believe that over the years, we have gained experience and design capability to make finished products in-house. We have set up our in-house research and development facility, where we can suggest new designs for our clients' products. With our integrated operations, we have the capability to manufacture TV sets, ACs & DVD players in-house.

***Expanding and diversifying our customer base***
We seek to grow our business through the addition of new, high quality customers and the expansion of our activity with existing customers.

## SUMMARY OF FINANCIAL DATA
## UNCONSOLIDATED STATEMENT OF AUDITED PROFITS & LOSSES AS RESTATED

(₹ in lakhs)

| **Year/Period ended** | **Year Ended 31.03.2011** | **Year Ended 31.03.2010** | **Year Ended 31.03.2009** | **Year Ended 31.03.2008** | **Year Ended 31.03.2007** |
|---|---|---|---|---|---|
| **Income** | | | | | |
| Sale from products manufactured by the Company | 43,617.58 | 34,924.45 | 10,743.60 | 9,173.58 | 5,058.04 |
| Sale from products traded by the Company | 1,191.33 | 2,188.03 | 2,790.57 | 1,038.22 | 57.47 |
| Less: Excise duty | (2,411.81) | (1,683.07) | (936.98) | (916.24) | (726.44) |
| **Net Sales** | **42,397.10** | **35,429.41** | **12,597.19** | **9,295.56** | **4,389.07** |
| Other Income | 310.29 | 150.31 | (9.75) | 37.06 | 12.56 |
| Increase/ (Decrease) in Inventories | 46.30 | (243.96) | 214.28 | 202.53 | 41.61 |
| **Total Income** | **42,753.69** | **35,335.76** | **12,801.72** | **9,535.15** | **4,443.24** |
| **Expenditure** | | | | | |
| Cost of material | 35,895.04 | 29,393.40 | 8,688.02 | 7,009.76 | 3,288.24 |
| Cost of Traded Goods | 1,172.12 | 2,137.20 | 2,293.83 | 1,021.03 | 52.14 |
| Manufacturing expenses | 1,707.65 | 1,174.15 | 690.97 | 537.85 | 389.95 |
| Payment to & provision for employees | 502.94 | 447.16 | 394.58 | 433.43 | 352.70 |
| Administrative expenses | 384.75 | 328.91 | 209.37 | 209.58 | 159.17 |
| Interest and financial charges | 555.65 | 433.08 | 232.36 | 131.29 | 75.48 |
| Depreciation | 206.78 | 136.33 | 126.32 | 82.25 | 67.15 |
| Service tax paid | 2.72 | 2.68 | 1.08 | 3.20 | 0.71 |
| Preliminary expenses written off. | 0.22 | 0.22 | 0.22 | 0.22 | 0.22 |
| **Total Expenditure** | **40,427.87** | **34,053.13** | **12,636.75** | **9,428.61** | **4,385.76** |
| **Profit before tax and extraordinary items** | **2,325.82** | **1,282.63** | **164.97** | **106.54** | **57.48** |
| **Provision for taxation** | | | | | |
| Income tax | 463.55 | 232.17 | 19.57 | 22.49 | 7.35 |
| Fringe benefit tax | - | - | 5.11 | 6.81 | 6.35 |
| Less/ (Add) Deferred tax | 72.41 | 46.68 | 25.84 | 29.56 | 20.33 |
| **Profit after Tax before extraordinary items** | **1,789.86** | **1,003.78** | **114.45** | **47.68** | **23.45** |
| Extraordinary items | - | - | - | - | - |
| **Net Profit after tax & extraordinary items, as restated** | **1,789.86** | **1,003.78** | **114.45** | **47.68** | **23.45** |

## UNCONSOLIDATED STATEMENT OF AUDITED ASSETS & LIABILITIES AS RESTATED

(₹ in lakhs)

| Year/Period ended | Year Ended 31.03.2011 | Year Ended 31.03.2010 | Year Ended 31.03.2009 | Year Ended 31.03.2008 | Year Ended 31.03.2007 |
|---|---|---|---|---|---|
| **Fixed Assets (A)** | | | | | |
| Gross Block (including Capital Work in Progress & Intangible Assets) | 8,530.59* | 3,692.62 | 2,519.38 | 2,282.84 | 1,526.35 |
| Less: Accumulated Depreciation | 722.06 | 516.20 | 380.05 | 254.87 | 173.52 |
| **Net Block** | **7,808.53** | **3,176.42** | **2,139.33** | **2,027.97** | **1,352.83** |
| **Investments (B)** | **65.00** | **14.84** | **14.50** | **10.00** | **-** |
| **Current Assets, Loans and Advances (C)** | | | | | |
| Inventories | 1,665.94 | 1,535.15 | 2,034.57 | 883.62 | 272.23 |
| Sundry Debtors** | 3,694.52 | 3,562.64 | 1,622.93 | 1,294.55 | 532.69 |
| Cash & Bank Balance | 615.75 | 1,097.56 | 147.48 | 122.60 | 58.31 |
| Loans & Advances | 2,380.30 | 822.62 | 284.86 | 205.26 | 240.73 |
| **Total (C)** | **8,356.51** | **7,017.97** | **4,089.84** | **2,506.03** | **1,103.96** |
| **Total Assets (A)+(B)+(C )** | **16,230.04** | **10,209.23** | **6,243.67** | **4,544.00** | **2,456.79** |
| **Liabilities and Provisions (D)** | | | | | |
| Secured Loans | 6,688.96 | 2,880.17 | 1,758.96 | 1,402.39 | 1,015.59 |
| Unsecured Loans | 157.03 | 1,131.03 | 251.55 | - | - |
| Deferred Tax Liabilities | 299.83 | 227.41 | 180.73 | 154.89 | 125.32 |
| Current Liabilities & Provisions | 4,718.41 | 3,228.20 | 2,314.00 | 1,929.57 | 535.90 |
| **Total (D)** | **11,864.23** | **7,466.81** | **4,505.24** | **3,486.85** | **1,676.81** |
| **Net Worth (A+B+C-D)** | **4,365.81** | **2,742.42** | **1,738.43** | **1,057.14** | **779.98** |
| **Represented by:** | | | | | |
| 1. Share Capital | 1,066.93 | 1,066.93 | 301.08 | 301.08 | 144.76 |
| 2. Share Application Money | - | - | 545.68 | 0.68 | 239.19 |
| 3. Reserves & Surplus | 3,466.22 | 1,676.15 | 892.54 | 778.09 | 417.79 |
| **Total** | **4,533.15** | **2,743.08** | **1,739.30** | **1,079.85** | **801.74** |
| Less: Miscellaneous Expenditure | 167.34 | 0.66 | 0.87 | 22.71 | 21.76 |
| **Net Worth** | **4,365.81** | **2,742.42** | **1,738.43** | **1,057.14** | **779.98** |

* Gross block including Intangible assets of ₹ 8.70 lacs and depreciation of ₹ 0.81 lacs

**Note:** The sundry debtors have increased from ₹ 1,622.93 lakhs in 2009 to ₹ 3,562.64 lakhs in 2010, representing an increase of 119.5%. During this period, the net sales of the Company increased from ₹ 12,597.19 lakhs in 2009 to ₹ 35,429.41 lakhs in 2010, representing an increase of 181.2%.

**CONSOLIDATED STATEMENT OF AUDITED PROFITS & LOSSES AS RESTATED**

(₹ in lakhs)

| Year/Period ended | Year Ended 31.03.2011 |
|---|---|
| **Income** | |
| Sale from products manufactured by the Company | 43,617.58 |
| Sale from products traded by the Company | 1,191.33 |
| Less: Excise duty | (2,411.81) |
| **Net Sales** | **42,397.10** |
| Other Income | 310.29 |
| Increase/ (Decrease) in Inventories | 46.30 |
| **Total Income** | **42,753.69** |
| **Expenditure** | |
| Cost of material | 35,895.04 |
| Cost of Traded Goods | 1,172.12 |
| Manufacturing expenses | 1,705.30 |
| Payment to & provision for employees | 503.31 |
| Administrative expenses | 385.21 |
| Interest and financial charges | 556.00 |
| Depreciation | 206.78 |
| Service tax paid | 2.72 |
| Preliminary expenses written off. | 0.22 |
| **Total Expenditure** | **40,426.70** |
| **Profit before tax and extraordinary items** | **2,326.99** |
| **Provision for taxation** | |
| Income tax | 463.92 |
| Fringe benefit tax | - |
| Less/ (Add) Deferred tax | 72.41 |
| **Profit after Tax before extraordinary items** | **1,790.66** |
| Extraordinary items | - |
| **Net Profit after tax & extraordinary items, as restated** | **1,790.66** |

**Annexure –II**

## CONSOLIDATED STATEMENT OF AUDITED ASSETS & LIABILITIES AS RESTATED

(₹ in lakhs)

| **Year/Period ended** | **Year Ended 31.03.2011** |
|---|---|
| **Fixed Assets (A)** | |
| Goodwill | 29.68 |
| Gross Block (including Capital Work in Progress & Intangible Assets) | 8,538.56* |
| Less: Accumulated Depreciation | 722.06 |
| **Net Block** | **7,816.50** |
| **Investments (B)** | 35.00 |
| **Current Assets, Loans and Advances (C)** | |
| Inventories | 1,665.94 |
| Sundry Debtors | 3,694.52 |
| Cash & Bank Balance | 621.88 |
| Loans & Advances | 2,376.85 |
| **Total (C)** | **8,359.19** |
| **Total Assets (A)+(B)+(C )** | **16,240.37** |
| **Liabilities and Provisions (D)** | |
| Secured Loans | 6,688.96 |
| Unsecured Loans | 164.65 |
| Deferred Tax Liabilities | 299.82 |
| Current Liabilities & Provisions | 4,720.33 |
| **Total (D)** | **11,873.76** |
| **Net Worth (A+B+C-D)** | **4,366.61** |
| **Represented by:** | |
| 1. Share Capital | 1,066.93 |
| 2. Share Application Money | - |
| 3. Reserves & Surplus | 3,467.02 |
| **Total** | **4,533.95** |
| Less: Miscellaneous Expenditure | 167.34 |
| **Net Worth** | **4,366.61** |

* Gross block including Intangible assets of ₹ 8.70 lacs and depreciation of ₹ 0.81 lacs

## THE ISSUE

| **Equity Shares offered:** | 57,45,000 Equity Shares |
|---|---|
| QIB Portion including Mutual Funds* | Not more than 28,72,500 Equity Shares constituting 50% of the Issue to the Public (allocation on proportionate basis) out of which 5% i.e. 1,43,625 Equity Shares will be available for allocation to Mutual Funds only and the remaining QIB portion will be available for allocation to all QIBs, including Mutual Funds |
| Non Institutional Portion* | Not less than 8,61,750 Equity Shares constituting 15% of the Issue to the Public (Allocation on proportionate basis) |
| Retail Portion* | Not less than 20,10,750 Equity Shares constituting 35% of the Issue to the Public (Allocation on proportionate basis) |
| Equity Shares outstanding prior to the Issue | 1,06,69,332 Equity Shares |
| Equity Shares outstanding after the Issue | 1,64,14,332 Equity Shares |
| Objects of the Issue | Please see the section entitled "Objects of the Issue" beginning on Page no. 28 of this Red Herring Prospectus. |

* Under subscription, if any, in any of the categories would be allowed to be met with spill over from any of the other categories, at the discretion of our Company in consultation with the BRLM.

## GENERAL INFORMATION

Our Company was incorporated on March 17, 2003 as PG Electroplast Private Limited under the Companies Act, 1956. Subsequently, pursuant to a special resolution passed at the meeting of the shareholders of our Company at an Extraordinary General Meeting held on July 15 2010, our Company became a public limited company and the word 'private' was deleted from our name. The fresh certificate of incorporation to reflect the new name was issued by the RoC on August 6, 2010.

**Registered Office of our Company**
14/39, Shakti Nagar,
New Delhi-110007
Tel.: +91-11-23844809
Fax: +91-11-23841932
Website: www.pgel.in

There have been no changes in the registered office of our Company.

**Corporate Office**
P-4/2 to 4/6, Site-B,
UPSIDC Industrial Area,
Surajpur, Greater Noida,
District Gautam Budh Nagar,
Uttar Pradesh, India
Tel No: +91-120-2569323
Fax No: +91-120-2569131
Website: www.pgel.in

**Registration Number of our Company**
119416

**Company Identification Number (CIN):**
U32109DL2003PLC119416

**Address of the Registrar of Companies**
Registrar of Companies,
NCT of Delhi and Haryana,
4th Floor, IFCI Tower,
61, Nehru Place,
New Delhi – 110019

**Board of Directors**

| Name of Director | Designation | Nature of Directorship |
|---|---|---|
| Mr. Promod Gupta | Chairman & Managing Director | Executive Director |
| Mr. Anurag Gupta | Executive Director | Executive Director – Technical |
| Mr. Vishal Gupta | Executive Director | Executive Director – Finance |
| Mr. Vikas Gupta | Executive Director | Executive Director – Operations |
| Mr. Pramod Kumar Mitra | Director | Non-Executive Independent Director |
| Mr. Kaushal Chand Singhal | Director | Non-Executive Independent Director |
| Mr. Prem Pal Malhotra | Director | Non-Executive Independent Director |
| Mr. Suresh Chandra Gupta | Director | Non-Executive Independent Director |

**Mr. Promod Gupta**, aged 69 years is the Chairman & Managing Director and also one of the promoters of our Company. He obtained his Bachelor of Engineering from The Birla Institute of Technoogy & Science (BITS, Pilani) in 1966, Post-graduate Diploma in Marketing and Sales Management from Faculty of Management Sciences, Delhi University in 1977 and fellow membership of The Insititution of Electronics and Telecommunication Engineers (FIETE) in 1984. He is a first generation entrepreanour; with an overall experience of over 42 years, including more than 36 years in the field of electronic manufacturing services. He was previously employed as a senior scientist in Semiconductior Devices Division of Defence Research and Development Organisation (DRDO) (formerly known as Solid State Physics Labarotory), where he worked for 13 years from 1966 to 1978, on the development of semiconductor devices and their testing for use in various defence systems and installation. He is responsible for the management of the overall operations of our Company and to identify, develop & direct the implementation of business strategies.

**Mr. Anurag Gupta**, aged 42 years is Executive Director – Technical and also one of the promoters of our Company. He did his Bachelors of Electronics in Computer Engineering & Science from M.S.Ramaiah Institute of Technology, Bangalore University in 1991. He has an overall experience of 18 years in the field of electronic manufacturing services. In 1992, he joined M/s PG Electronics (a partnership firm in the Promoter Group) as a Partner, where he was responsible for manufacturing of TV components. In 1999, he joined Kushang Technologies Limited (formerly Kushang Apparels Limited) as a director, where he was responsible for all technical functions of the firm. He joined our Company as Promoter Director in 2003 and became Executive Director – Technical in 2010. His responsibilities in our Company include development and implementation of all technical policies & procedures including all associated production and post-production services, monitoring of plant & machineries required for production and quality assurance and technology upgradation as and when required, executing research & development activities, establishing and supervising operations and maintenance routines (preventive, general & emergency) and ensuring strict adherence to our quality assurance policy.

**Mr. Vishal Gupta**, aged 39 years is Executive Director – Finance and also one of the promoters of our Company. He did his Masters in Business Administration from the University of Pune in 1995 and B.Com (Hons.) from Delhi University in 1993. He has an overall experience of 16 years in the field of electronic manufacturing services. He started his career with Astrotech International, one of our Promoter Group Companies, in the year 1995. There, he was responsible for overseeing the financial, commercial and marketing aspects of the company. Later, in the year 2000, he joined Bigesto Technologies Limited (formerly Bigesto Foods Private Limited) as a Director, responsible for financial, accounting and commercial aspects of the business. He joined our Company as Executive Director – Finance in the year 2010. His responsibilities in our Company include overseeing the financial, accounting and general management of our Company including budgeting and planning the financial requirements, human resource requirements, administration and secretarial compliances.

**Mr. Vikas Gupta**, aged 39 years is Executive Director – Operations and also one of the promoters of our Company. He did his Master in Business Administration from the University of Pune in 1995 and B.Com (Hons.) from Delhi University in 1993. He has an overall experience of 16 years in the field of electronic manufacturing services. He started his career with PG Electronic Components Private Limited, one of our ersthile Promoter Group Companies, in the year 1995. There, he was responsible for overseeing the production / manufacturing of PCB assemblies and electronic TV components. Later, in the year 1999, he joined Bigesto Technologies Limited (formerly Bigesto Foods Private Limited) as a Director, responsible for manufacturing and marketing operations of the company. He joined our Company as Executive Director – Operations in the year 2010. He oversees the entire production and marketing operations of our Company. His responsibilities include ensuring functions that can deliver products and services to customers in an efficient, timely and cost efficient manner and managing and increasing the efficiency of operational support services.

For further details of our Company's Directors, please refer to chapter titled "Our Management' on page no. 97 of this Red Herring Prospectus.

**Compliance Officer & Company Secretary**
Mr. Naveen Chandra Kushwaha
P-4/2 to 4/6, Site-B,
UPSIDC Industrial Area, Surajpur, Greater Noida,
District Gautam Budh Nagar,
Uttar Pradesh, India
Tel No: +91-120-2569323
Fax No: +91-120-2569131
Email: ipo@pgel.in
Website: www.pgel.in

Investors can contact the Compliance Officer in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of allotment and credit of allotted shares in the respective beneficiary account or refund orders.

**Bankers to our Company**

**State Bank of India**
M-47, Connaught Circus, Commercial branch,
New Delhi - 110001
Tel.: +91-11-23417018, 23418701
Fax: +91-11-23417026
Email: sbi.30356@sbi.co.in
Contact Person: Mr. Vijay Pande

**Standard Chartered Bank**
#7A, DLF Building, DLF Cyber City,
Sector 24, 25 & 25A, Gurgaon – 122 002, Haryana
Tel.: +91-124-4876328
Fax: +91-124-4876203
Email: Lokesh.bahl@sc.com
Contact Person: Mr. Lokesh Bahl

**Book Running Lead Manager**
Almondz Global Securities Limited
3 Scindia House, Janpath, New Delhi – 110001
Tel: +91-11-41514666-69
Fax: +91-11-41514665
Website: www.almondzglobal.com
Investor Grievance: complaint@almondz.com
Email: pg.ipo@almondz.com
Contact Person: Mr. Puneet Arora/Ms. Darshana Gupta

**Syndicate Member**
**Almondz Global Securities Limited**
9, Crescent Chambers, 2nd Floor,
56 Tamarind Lane, Near Bombay Stock Exchange, Fort, Mumbai – 400001
Tel: +91-22- 22618055 / 22618137
Fax: +91-22- 22617942
Website: www.almondzglobal.com
Email: surendra.tare@almondz.com
Contact Person: Mr. Surendra Tare
**SEBI Registration No**: INM000000834

**Hem Securities Ltd**
204, Jaipur Tower
M. I. Road
Jaipur - 302 001
Tel: +91-141-4051000
Fax: +91-141-5101757
Email: babita@hemonline.com
Contact Person: Ms. Babita Singh
SEBI Regn No: INB 011069953

**Registrar to the Issue**
Karvy Computershare Private Limited
Plot No. 17-24, Vithalrao Nagar Madhapur,
Hyderabad – 500 086, Andhra Pradesh
Tel: +91 40 23420815-820
Fax: +91 40 23420814
Email: pg.ipo@karvy.com
Website: www.karvy.com
SEBI Registration Number: INR 000000221
Contact Person: Mr. Murali Krishna

**Legal Advisors to the Issue**
**Link Legal**
Thapar House, Central Wing, First Floor
124, Janpath, New Delhi 110 001
Tel: +91-11-46511000
Fax: +91-11-46511099
Contact Person: Ms. Raj Rani Bhalla
Email: rajranibhalla@gmail.com

**Bankers to the Issue and Escrow Collection Banks**

**Axis Bank Limited**
Statesman House, 148 Barakhamba Road, New Delhi – 110001
Tel: 011-47425100, 47425120
Fax: 011-23311054
Email: rajan.arora@axisbank.com, newdelhi.operationshead@axisbank.com
Website: www.axisbank.com
Contact Person: Mr. Rajan Arora, Ms. Ruchi Arora
SEBI Registration Number: INBI00000017

**Yes Bank Limited**
3rd Floor, Ion House, Dr. E Moses Road, Mahalaxmi, Mumbai – 400011
Tel: +91 (22) 66229031
Fax: +91 (22) 24974875
Email: dlbtiservices@yesbank.in
Website: www.yesbank.in
Contact Person: Mr. Mahesh Shirali
SEBI Registration Number: INBI00000935

**Kotak Mahindra Bank Limited**
5th Floor, Dani Corporate Park, 158, CST Road, Kalina,
Santacruz (E), Mumbai – 400098

Tel: +91 (22) 67595336
Fax: +91 (22) 67595374
Email: amit.kr@kotak.com
Website: www.kotak.com
Contact Person: Mr. Amit Kumar
SEBI Registration Number: INBI00000927

**Refund Bank**
**Axis Bank Limited**
Statesman House, 148 Barakhamba Road, New Delhi – 110001
Tel: 011-47425100, 47425120
Fax: 011-23311054
Email: rajan.arora@axisbank.com, newdelhi.operationshead@axisbank.com
Website: www.axisbank.com
Contact Person: Mr. Rajan Arora, Ms. Ruchi Arora
SEBI Registration Number: INBI00000017

**Self Certified Syndicate Banks**
The list of banks who have been notified by SEBI to act as SCSBs for ASBA process are provided at http://www.sebi.gov.in/pmd/scsb.html. For details on designated branches of SCSBs, collecting the ASBA Bid-cum-Application Form, please refer to the SEBI's website.

**Statutory Auditors**
M/s Hem Sandeep & Company,
Chartered Accountants,
1961, Katra Khushal Rai,
Kinari Bazar, Delhi – 110006
Tel: +91-11-3288672
Email: maneegupta@gmail.com

**Statement of inter-se allocation of responsibilities**
Since Almondz Global Securities Limited is the sole BRLM to this issue, statement of inter-se allocation of responsibilities among Book Running Lead Managers is not applicable.

**IPO Grading**
The Issue has been graded by CARE, a SEBI registered credit rating agency, as 3 indicating average fundamentals. The IPO Grading is assigned on a five point scale from 1 to 5, with IPO grade 5/5 indicating strong fundamentals and IPO Grade 1/5 indicating poor fundamentals.

**Rationale for CARE IPO grading**
The grading continues to derive strength from the experience of PGEL's promoters in the consumer electronics industry and established track record of operations of PGEL as demonstrated by long-standing relationships with its clientele. The grading also factors in the consistent growth in revenues, strong operational efficiencies and diverse applications of PGEL's products. The grading is constrained by business risks associated with client concentration, short-term nature of contracts with its clients and law value addition in the products resulting in relatively low profitability margins. The grading is also constrained by highly competitive industry scenario, exposure to foreign exchange fluctuations and project execution risks associated with its expansion plans. For details of grading rationale, please refer to page no. 308 of the Red Herring Prospectus.

**Credit Rating**
This being an Issue of Equity Shares, Credit rating is not required.

**Trustee**
This being an Issue of Equity Shares, the appointment of trustees is not required.

**Monitoring Agency**

The size of the issue is being less than five hundred crore rupees; there is no requirement of monitoring agency in terms of Regulation 16 of SEBI (ICDR) Regulations, 2009.

**Appraising Entity**

The objects of this issue have not been appraised by any agency. The objects of this issue and means of finance thereof are based on internal estimates of our Company.

**Book Building Process**

Book Building refers to the process of collection of Bids from investors, on the basis of the Red Herring Prospectus within the Price Band. The Issue Price is fixed after the Bid/Issue Closing Date.

The principal parties involved in the Book Building Process are:

- our Company;
- the Book Running Lead Manager;
- the Syndicate Members who are intermediaries registered with SEBI or registered as brokers with BSE/NSE and are eligible to act as Underwriters. The Syndicate Members are appointed by the BRLM;
- the Escrow Collection Bank(s);
- the Self Certified Syndicate Bank(s); and
- the Registrar to the Issue.

This Issue is being made through a 100% Book Building Process wherein not more than 50% of the Issue to Public shall be available for allocation on a proportionate basis 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 shall be available for allotment on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. Further, not less than 15% of the Issue to Public shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Issue to Public 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.

**Though the process of Book Building under the SEBI (ICDR) Regulations is not new, investors are advised to make their own judgment about investment through this process prior to making a Bid or Application in the Issue.**

Our Company shall comply with (ICDR) Regulations issued by SEBI for this Issue. In this regard, our Company has appointed Book Running Lead Manager to manage the Issue and to procure subscription to the Issue.

The process of bidding through the ASBA process by ASBA Investors under the SEBI Circular dated December 30, 2009 may be subject to change from time to time which may either be of a clarificatory nature or otherwise and ASBA Investors are advised to make their own judgment about investment through this process prior to submitting a Bid cum ASBA Form to SCSB.

**QIBs are not allowed to withdraw their Bids after the Bid/Issue Closing Date.** In addition, allocation to QIBs will be on a proportionate basis. Please refer to the section titled "Issue Procedure" beginning on page no. 230 of this Red Herring Prospectus for more details.

**Steps to be taken by the Bidder for bidding:**

- Check eligibility for making a bid, see the section titled "Issue Procedure-Who Can Bid?" beginning on page no. 232 of this Red Herring Prospectus;
- Ensure that you have an active demat account and the demat account details are correctly mentioned in the Bid cum Application Form;
- Ensure that the Bid cum Application Form or Bid cum ASBA Form is duly completed as per instructions given in this Red Herring Prospectus and in the Bid cum Application Form or Bid cum ASBA Form;

- Ensure that the Bid cum Application Form or Bid cum ASBA Form is accompanied by the Permanent Account Number. For details please refer to the section titled "Issue Procedure" beginning on page no. 230 of this Red Herring Prospectus. Bidders are specifically requested not to submit their General Index Register number instead of Permanent Account Number as the Bid is liable to be rejected on those grounds. In accordance with the SEBI Regulations, the PAN would be the sole identification number for participants transacting in the securities market, irrespective of the amount of transaction;
- Bids by ASBA Bidders (physical ASBA) will only have to be submitted to the Designated Branches of the SCSBs. ASBA Bidders should ensure that their bank accounts have adequate credit balance at the time of submission to the SCSB to ensure that their Bid cum ASBA Form is not rejected and
- Bids by QIBs shall be submitted only to the BRLM, other than bids by QIBs who Bid through the ASBA process, who shall submit the Bids to the Designated Branch of the SCSBs.

**Illustration of Book Building and Price Discovery Process**

*(Investors should note that this example is solely for illustrative purposes and is not specific to this Issue)*

Bidders can bid at any price within the price band. For instance, assume a price band of ₹ 30 to ₹ 34 per equity share, issue size of 3,000 equity shares and receipt of five bids from Bidders, details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the bidding centers during the bidding period. The illustrative book as shown below shows the demand for the shares of the company at various prices and is collated from bids from various investors.

| Bid Quantity | Bid Price (₹) | Cumulative Quantity | Subscription |
|---|---|---|---|
| 500 | 34 | 500 | 16.67% |
| 1000 | 33 | 1500 | 50.00% |
| 1500 | 32 | 3000 | 100.00% |
| 2000 | 31 | 5000 | 166.67% |
| 2500 | 30 | 7500 | 250.00% |

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired number of shares is the price at which the book cuts off, i.e., ₹ 32 in the above example. The issuer, in consultation with the Book Running Lead Manager, will finalize the issue price at or below such cut off price, i.e., at or below ₹ 32. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in the respective categories.

**Bid/Issue Programme**

**Bidding Period/Issue Period**

| | |
|---|---|
| BID/ISSUE OPENS ON | Wednesday, September 7, 2011 |
| BID/ISSUE CLOSES ON | Monday, September 12, 2011 |

Bids and any revision in Bids will be accepted **only between 10 a.m. and 5 p.m.** (Indian Standard Time) during the Bid/Issue Period as mentioned above at the bidding centers mentioned in the Bid cum Application Form or in case of Bids submitted through ASBA, the Designated Branches of the SCSBs except that on the Bid/Issue Closing Date, Bids shall be accepted only between 10 a.m. and 3 p.m. (Indian Standard Time) and uploaded until (i) 4.00 p.m. in case of Bids by QIB Bidders and Non-Institutional Bidders where the Bid Amount is in excess of ₹ 2,00,000 and (ii) A standard cut-off time of 5.00 p.m. for uploading of Bids received from Retail Individual Bidders where the Bid Amount is up to ₹ 200,000 which may be extended up to such time as deemed fit by the BSE and the NSE after taking into account the total number of applications received upto the closure of timings and reported by BRLM to the Stock Exchanges within half an hour of such closure. Bids will be accepted only on Working Days i.e. Monday to Friday (excluding public holidays). Due to limitation of time available for uploading the Bids on the Bid/Issue Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/Issue Closing Date and, in any case, no later than 1.00 p. m.(Indian Standard Time) on the Bid/Issue Closing Date. Bidders are cautioned that in the event a large number of Bids are received on the

Bid/Issue Closing Date, as is typically experienced in public offerings, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded will not be considered for allocation under the Issue and the Issuer/ BRLM and the Syndicate Member will not be responsible for such Bids not being uploaded.

In case of discrepancy in the data entered in the electronic book vis-a-vis the data contained in the physical Bid form, for a particular Bidder, the details as per physical application form of that Bidder may be taken as the final data for the purpose of allotment. In case of discrepancy in the data entered in the electronic book vis-a-vis the data contained in the physical or electronic Bid-cum-ASBA Form, for a particular ASBA Bidder, the Registrar to the Issue shall ask the relevant SCSB for rectified data.

On the Bid / Issue Closing Date, extension of time will be granted by the Stock Exchanges only for uploading the Bids received by Retail Individual Bidders after taking into account the total number of Bids received up to the closure of the timing for acceptance of Bid cum Application From and ASBA Form as stated herein and reported by the BRLM to the Stock Exchanges within half an hour of such closure.

Our Company reserves the right to revise the Price Band during the Bid/Issue Period in accordance with the SEBI (ICDR) Regulations provided that the Cap Price is less than or equal to 120% of the Floor Price. The Floor Price can be revised up or down to the extent of 20% of the Floor Price advertised at least one day before the Bid/Issue opening date.

**In case of revision of the Price Band, the Bid/Issue Period will be extended for three additional working days after revision of the Price Band subject to the total Bid/Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bid/Issue period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a press release and also by indicating the changes on the websites of the BRLM and at the terminals of the Syndicate Member.**

**Underwriting Agreement**

After the determination of the Issue Price and allocation of our Equity Shares but prior to filing of the Prospectus with the ROC, our Company will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be issued through this Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLM shall be responsible for bringing in the amount devolved in the event that their respective Syndicate Members do not fulfill their underwriting obligations. Pursuant to the terms of Underwriting Agreement, the obligations of the Underwriters are subject to certain conditions to closing, as specified therein.

**The Underwriters have indicated their intention to underwrite the following number of Equity Shares:**
*(This portion has been intentionally left blank and will be filled in before filing of the Prospectus with the Registrar of Companies)*

| Name and Address of the Underwriters | Indicative Number of Equity Shares to be Underwritten | Amount Underwritten (₹ Lakhs) |
|---|---|---|
| [•] | [•] | [•] |
| **TOTAL** | [•] | [•] |

The amount of underwriting would be finalized after determination of Issue Price and finalization of the Basis of Allotment. The above Underwriting Agreement is dated [•].

In the opinion of the Board of Directors (based on certificates given to them by the Underwriters), the resources of all the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The above-mentioned Underwriters are registered with SEBI under Section 12(1) of the Securities and Exchange Board of India Act, 1992 or registered as brokers with the Stock Exchange(s). Our Board, at its meeting held on [•], has accepted and entered into the Underwriting Agreement mentioned above on behalf of our Company.

Allocation among Underwriters may not necessarily be in proportion to their underwriting commitments. Not withstanding the above table, the Underwriters shall be responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default, the respective Underwriter in addition to other obligations to be defined in the Underwriting Agreement will also be required to procure/ subscribe to the extent of the defaulted amount.

## CAPITAL STRUCTURE

The share capital of our Company, before the Issue and after giving effect to the Issue, as on the date of this Red Herring Prospectus is set forth below:

(₹ in lakhs)

| S. No. | Particulars | | Aggregate value at nominal value | Aggregate value at issue price |
|---|---|---|---|---|
| A | **Authorized Capital** | | | |
| | 2,50,00,000 | Equity Shares of ₹ 10/- each | 2,500.00 | |
| B | **Issued, Subscribed and Paid-up Capital** | | | |
| | 1,06,69,332 | Equity Shares of ₹ 10/- each | 1,066.93 | |
| C | **Present Issue to the Public in terms of this Red Herring Prospectus** | | | |
| | 57,45,000 | Equity shares of ₹ 10/- each fully paid up | 574.50 | [●] |
| D | **Paid up Capital after the Issue** | | | |
| | 1,64,14,332 | Equity Shares of ₹ 10/- each | 1641.43 | |
| E | **Share Premium Account** | | | |
| | | Before the Issue | 413.71 | |
| | | After the Issue | [●] | |

**Details of changes in authorized share capital of our Company:**

(₹ in lakhs)

| S. No. | Date | Increased from (₹ in lakhs) | Increased to (₹ in lakhs) | Remarks |
|---|---|---|---|---|
| 1. | March 17, 2003 | - | 150.00 | 15,00,000 Equity Shares of ₹ 10/- each, as provided in the Memorandum of Association of our Company at the time of Incorporation. |
| 2. | January 5, 2007 | 150.00 | 500.00 | Increased from ₹ 150.00 lakhs divided into 15,00,000 equity shares of ₹ 10/- each to ₹ 500.00 lakhs divided into 50,00,000 equity shares of ₹ 10/- each. |
| 3 | March 1, 2010 | 500.00 | 2,500.00 | Increased from ₹ 500.00 lakhs divided into 50,00,000 equity shares of ₹ 10/- each to ₹ 2,500.00 lakhs divided into 2,50,00,000 equity shares of ₹ 10/- each. |

**Notes to Capital Structure**

1. **Capital Build up (Equity Share Capital history of our Company):**

| Date of Allotment / Fully Paid-up | No. of Equity Shares | Face Value (₹) | Issue Price (₹) | Cumulative Securities Premium Account (₹ in lakhs) | Cumulative No. of Equity Shares | Cumulative Paid-up Equity Capital (₹ in lakhs) | Consider-ation | Nature of Allotment |
|---|---|---|---|---|---|---|---|---|
| March 17, 2003 | 10,000 | 10/- | 10/- | - | 10,000 | 1.00 | Cash | Subscription to Memorandum of Association |
| July 28, 2003 | 7,23,300 | 10/- | 30/- | 144.66 | 7,33,300 | 73.33 | Cash | Preferential Allotment to |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | | Promoter and Promoter Group |
| February 5, 2004 | 7,09,400 | 10/- | 30/- | 286.54 | 14,42,700 | 144.27 | Cash | Preferential Allotment to Promoter and Promoter Group |
| October 23 2006 | 4,960 | 10/- | 710/- | 321.26 | 14,47,660 | 144.77 | Cash | Preferential Allotment to Promoter and Promoter Group |
| August 25, 2007 | 11,12,200 | 10/- | 30/- | 543.70 | 25,59,860 | 255.99 | Cash | Preferential Allotment to Promoter and Promoter Group |
| November 17, 2007 | 4,50,900 | 10/- | 30/- | 633.88 | 30,10,760 | 301.08 | Cash | Preferential Allotment to Promoter and Promoter Group |
| August 11, 2009 | 5,45,684 | 10/- | 100/- | 1,125.00 | 35,56,444 | 355.64 | Cash | Preferential Allotment to Promoter and Promoter Group |
| March 15, 2010 | 71,12,888 | 10/- | - | 413.71 | 1,06,69,332 | 1,066.93 | Other than Cash | Bonus Issue in the ratio of 2:1 |

(1) *March 17, 2003 – Initial allotment of 5,000 equity shares to Mr. Promod Gupta, 2,500 equity shares to Mrs. Sudesh Gupta and 2,500 equity shares to Mr. Anurag Gupta as subscribers to the Memorandum of Association.*

(2) *July 28, 2003 – Further issue of 4,12,000 equity shares to Mr. Promod Gupta, 56,000 equity shares to Mr. Anurag Gupta, 17,500 equity shares to Mr. Vishal Gupta, 23,000 equity shares to Mr. Vikas Gupta, 56,000 equity shares to Mrs. Sudesh Gupta, 1,53,000 equity shares to Mrs. Neelu Gupta, 3,000 equity shares to Mrs. Sarika Gupta and 2,800 equity shares to Mrs. Nitasha Gupta.*

(3) *February 5, 2004 – Further issue of 3,23,500 equity shares to Mr. Promod Gupta, 93,300 equity shares to Mr. Anurag Gupta, 1,16,600 equity shares to Mr. Vishal Gupta, 1,40,000 equity shares to Mr. Vikas Gupta, 10,000 equity shares to Mrs. Sudesh Gupta, 9,000 equity shares to Mrs. Neelu Gupta, 300 equity shares to Mrs. Sarika Gupta and 16,700 equity shares to Mrs. Nitasha Gupta.*

(4) *October 23, 2006 – Further issue of 2,480 equity shares to Mr. Promod Gupta and 2,480 equity shares to Mr. Anurag Gupta.*

(5) *August 25, 2007 – Further issue of 2,34,500 equity shares to Mr. Promod Gupta, 2,90,700 equity shares to Mr. Anurag Gupta, 2,99,200 equity shares to Mr. Vishal Gupta, 2,54,100 equity shares to Mr. Vikas Gupta, 2,000 equity shares to Mrs. Sudesh Gupta, 17,000 equity shares to Mrs. Neelu Gupta and 14,700 equity shares to Mrs. Sarika Gupta.*

(6) *November 17, 2007 – Further issue of 1,83,300 equity shares to Mr. Promod Gupta, 83,400 equity shares to Mr. Anurag Gupta, 83,100 equity shares to Mr. Vishal Gupta, 83,100 equity shares to Mr. Vikas Gupta and 18,000 equity shares to Mrs. Sudesh Gupta.*

(7) *August 11, 2009 – Further issue of 1,77,942 equity shares to Mr. Promod Gupta, 1,22,502 equity shares to Mr. Anurag Gupta, 77,580 equity shares to Mr. Vishal Gupta, 1,41,590 equity shares to Mr. Vikas Gupta, 26,000 equity shares to Mrs. Neelu Gupta and 70 equity shares to Mrs. Sarika Gupta.*

(8) *March 15, 2010 – Bonus issue of 26,77,444 equity shares to Mr. Promod Gupta, 13,01,764 equity shares to Mr. Anurag Gupta, 11,87,960 equity shares to Mr. Vishal Gupta, 12,83,580 equity shares to Mr. Vikas Gupta, 1,77,000 equity shares to Mrs. Sudesh Gupta, 4,10,000 equity shares to Mrs. Neelu Gupta, 36,140 equity shares to Mrs. Sarika Gupta and 39,000 equity shares to Mrs. Nitasha Gupta.*

*The reasons and justification for differences in allotment price of shares is as under:*

| **Date of allotment** | **No. of shares allotted** | **Issue Price (Rs.)** | **Reasons for difference in allotment price** |
|---|---|---|---|

| | | | |
|---|---|---|---|
| July 28, 2003 | 7,23,300 | 30.00 | Our Company was incorporated on March 17, 2003. In order to provide funds to our Company in the initial phases of establishment, equity shares were allotted at a premium of Rs. 20 per equity share to the Promoters & Promoter Group. |
| February 5, 2004 | 7,09,400 | 30.00 | |
| October 23, 2006 | 4,960 | 710.00 | To meet fund requirement for ongoing expansion needs, Promoters decided to infuse funds in the Company in the form of equity at a higher premium, without significantly affecting equity capital base and also to keep the paid up equity share capital within the limits of Authorised Share Capital. |
| August 25, 2007 | 11,12,200 | 30.00 | To meet our expansion needs at Roorkee in addition to meeting margin money for working capital requirement, Promoters infused capital at a premium of Rs. 20 per equity share and to maintain a low equity base. |
| November 17, 2007 | 4,50,900 | 30.00 | |
| August 11, 2009 | 5,45,684 | 100.00 | To meet margin money for working capital requirement, Promoters infused capital at a premium of Rs. 90 per equity share and to maintain a low equity base. In addition, the Net Asset Value of the Company as at March 31, 2009 was Rs. 58.73 per equity share (without considering the impact of bonus issue). The Allotment was done at Rs. 100, higher than its net asset value to the Promoters/Promoter Group with an objective to maintain lower equity capital base of the Company. |

2. Except as stated below our Company has not issued any equity shares for consideration other than cash:

| Date of Allotment | Reasons for the Issue | Name of allottees | Number of equity shares | Issue Price | Benefits accrued to our company |
|---|---|---|---|---|---|
| March 15, 2010 | Bonus Issue in the ratio of 2:1 | To shareholders as on March 15, 2010 | 71,12,888 | - | Increased the capital base of our Company |

3. The list of Shareholders of our Company belonging to the category "Promoter and Promoter Group" as on the date of this Red Herring Prospectus is detailed in the table given below:

| S. No. | Name of the Promoter | Total Shares held | | Shares pledged or otherwise encumbered | | |
|---|---|---|---|---|---|---|
| | | Number | As a % of total pre-issue paid up equity capital | Number | As a % of total Shares held by the Promoter | As a % of total pre-issue paid up equity capital |
| **(A) Promoters** | | | | | | |
| 1. | Mr. Promod Gupta | 40,16,166 | 37.64% | - | - | - |
| 2. | Mr. Anurag Gupta | 15,14,222 | 14.19% | - | - | - |
| 3. | Mr. Vishal Gupta | 20,75,012 | 19.45% | - | - | - |
| 4. | Mr. Vikas Gupta | 20,70,722 | 19.41% | - | - | - |
| | **Total (A)** | **96,76,122** | **90.69%** | **-** | **-** | **-** |
| **(B) Promoter Group** | | | | | | |
| 1. | Mrs. Sudesh Gupta | 2,65,500 | 2.49% | - | - | - |
| 2. | Mrs. Neelu Gupta | 6,15,500 | 5.76% | - | - | - |
| 3. | Mrs. Sarika Gupta | 54,210 | 0.51% | - | - | - |
| 4. | Mrs. Nitasha Gupta | 58,500 | 0.55% | - | - | - |
| | **Total (B)** | **9,93,210** | **9.31%** | - | - | - |
| | **Total (A + B)** | **1,06,69,332** | **100.00%** | **-** | **-** | **-** |

## 4. Details of promoters' contribution and lock in

**(a)Build up of Promoters**

| Name | Date of Allotment / Transfer / Acquisition | Date when made fully paid-up | Consideration (cash / bonus / kind, etc) | No. of Equity Shares | Face Value (₹) | Issue / Acquisition price |
|---|---|---|---|---|---|---|
| **Mr. Promod Gupta** | March 17, 2003 | March 17, 2003 | Subscriber to Memorandum of Association | 5,000 | 10/- | 10/- |
| | July 28, 2003 | July 28, 2003 | Cash | 4,12,000 | 10/- | 30/- |
| | February 5, 2004 | February 5, 2004 | Cash | 3,23,500 | 10/- | 30/- |
| | October 23, 2006 | October 23, 2006 | Cash | 2,480 | 10/- | 710/- |
| | August 25, 2007 | August 25, 2007 | Cash | 2,34,500 | 10/- | 30/- |
| | November 17, 2007 | November 17, 2007 | Cash | 1,83,300 | 10/- | 30/- |
| | August 11, 2009 | August 11, 2009 | Cash | 1,77,942 | 10/- | 100/- |
| | March 15, 2010 | March 15, 2010 | Bonus Issue in the ratio of 2:1 | 26,77,444 | 10/- | - |
| **Total (A)** | | | | **40,16,166** | | |
| **Mr. Anurag Gupta** | March 17, 2003 | March 17, 2003 | Subscriber to Memorandum of Association | 2,500 | 10/- | 10/- |
| | July 28, 2003 | July 28, 2003 | Cash | 56,000 | 10/- | 30/- |
| | February 5, 2004 | February 5, 2004 | Cash | 93,300 | 10/- | 30/- |
| | October 23, 2006 | October 23, 2006 | Cash | 2,480 | 10/- | 710/- |
| | August 25, 2007 | August 25, 2007 | Cash | 2,90,700 | 10/- | 30/- |
| | November 17, 2007 | November 17, 2007 | Cash | 83,400 | 10/- | 30/- |
| | August 11, 2009 | August 11, 2009 | Cash | 1,22,502 | 10/- | 100/- |
| | March 15, 2010 | March 15, 2010 | Bonus Issue in the ratio of 2:1 | 13,01,764 | 10/- | - |
| | June 30, 2010 | June 30, 2010 | Transfer to Mr. Vishal Gupta and Mr. Vikas Gupta | (4,38,424) | 10/- | 15.23/- |
| **Total (B)** | | | | **15,14,222** | | |
| **Mr. Vishal Gupta** | July 28, 2003 | July 28, 2003 | Cash | 17,500 | 10/- | 30/- |
| | February 5, 2004 | February 5, 2004 | Cash | 116,600 | 10/- | 30/- |
| | August 25, 2007 | August 25, 2007 | Cash | 299,200 | 10/- | 30/- |
| | November 17, 2007 | November 17, 2007 | Cash | 83,100 | 10/- | 30/- |
| | August 11, 2009 | August 11, 2009 | Cash | 77,580 | 10/- | 100/- |
| | March 15, 2010 | March 15, 2010 | Bonus Issue in the ratio of 2:1 | 11,87,960 | 10/- | - |
| | June 30, 2010 | June 30, 2010 | Transfer from Mr. Anurag Gupta | 2,93,072 | 10/- | 15.23/- |
| **Total (C)** | | | | **20,75,012** | | |
| **Mr. Vikas Gupta** | July 28, 2003 | July 28, 2003 | Cash | 23,000 | 10/- | 30/- |
| | February 5, 2004 | February 5, 2004 | Cash | 140,000 | 10/- | 30/- |
| | August 25, 2007 | August 25, 2007 | Cash | 254,100 | 10/- | 30/- |
| | November 17, 2007 | November 17, 2007 | Cash | 83,100 | 10/- | 30/- |
| | August 11, 2009 | August 11, 2009 | Cash | 141,590 | 10/- | 100/- |
| | March 15, 2010 | March 15, 2010 | Bonus Issue in the | 12,83,580 | 10/- | - |

| | | | | | | |
|---|---|---|---|---|---|---|
| | | | ratio of 2:1 | | | |
| | June 30, 2010 | June 30, 2010 | Transfer from Mr. Anurag Gupta | 1,45,352 | 10/- | 15.23/- |
| **Total (D)** | | | | **20,70,722** | | |
| **Total (A + B + C + D)** | | | | **96,76,122** | | |

Note: Bonus shares, which are considered above for promoters' contribution to be locked in for a period of 3 years are eligible under Regulation 33 of SEBI (ICDR) Regulations, 2009.

**5.** Our Promoters/ Promoter Group/Directors and their immediate relatives have not purchased / sold / financed / acquired any equity shares of our Company during the past 6 months, from the date of Draft Red Herring Prospectus, except as under:

| **Date** | **Transferor** | **Transferee** | **No. of equity shares** | **Transfer price per equity share (₹)** |
|---|---|---|---|---|
| June 30, 2010 | Mr. Anurag Gupta | Mr. Vishal Gupta | 2,93,072 | 15.23/- |
| June 30, 2010 | Mr. Anurag Gupta | Mr. Vikas Gupta | 1,45,352 | 15.23/- |

**(b) Lock-in of Minimum Promoters' Contribution**

Pursuant to the SEBI (ICDR) Regulations, an aggregate of 20.10% of the post-Issue equity share capital i.e. 33,00,000 Equity Shares of our Company held by the Promoters shall be locked in for a period of three (3) years from the date of allotment. The details of the same are as follows:

| **Name of Promoter** | **No. of shares locked-in** | **Face Value (₹)** | **% of Pre-Issue paid up capital** | **% of Post-Issue paid up capital** |
|---|---|---|---|---|
| Mr. Promod Gupta | 13,20,000 | 10/- | 12.37% | 8.04% |
| Mr. Anurag Gupta | 6,60,000 | 10/- | 6.19% | 4.02% |
| Mr. Vishal Gupta | 6,60,000 | 10/- | 6.19% | 4.02% |
| Mr. Vikas Gupta | 6,60,000 | 10/- | 6.19% | 4.02% |
| **Total** | | | | **20.10%** |

i. The Equity Shares to be locked-in for a period of three years have been computed as 20.10% of Equity Share Capital after the Issue. It is confirmed that the Equity Shares offered by the Promoters for three years lock-in are not pledged to any creditor. Further all the Equity Shares, which are being locked in for 3 years, are not ineligible for computation of promoters' contribution and lock-in as per Regulation 33(1) of SEBI (ICDR) Regulations.

ii. The Promoters have vide their letter dated September 18, 2010 given their consent for lock-in of shares as stated above. The lock-in shall start from the date of allotment in the public issue and the last date of the lock-in shall be reckoned as three years from the date of allotment in the issue.

iii. In addition to above promoters' contribution which is locked in for a period of three years, the entire remaining pre-Issue equity capital of our Company i.e. 73,69,332 equity shares will be locked in for a period of one year from the date of allotment of equity shares in this Issue constituting 44.90% of the post issue equity share capital of our Company.

iv. In terms of Regulation 39 of SEBI (ICDR) Regulations, locked-in Equity Shares held by the Promoters can be pledged with banks or financial institutions as collateral security for loans granted by such banks or financial institutions, subject to the condition that (i) if the equity shares are locked-in in terms of clause (a) of Regulation 36, the loan has been granted by such bank or institution for the purpose of financing one or more of the objects of the issue and pledge of equity shares is one of the terms of sanction of loan; and (ii) if the equity shares are locked-in in terms of clause (b) of Regulation 36 and the pledge of equity shares is one of the terms of sanction of the loan.

v. In terms of Regulation 40 of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, Equity Shares held by the Promoter may be transferred to and amongst the Promoters / Promoter group or to a new promoter or persons in control of the Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI (Substantial Acquisition of Shares and Takeover Regulations), 1997 as applicable. Further, in terms of Regulation 40 of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and in compliance with SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997, locked in Equity Shares held by persons other than the Promoters may be transferred to any other person holding shares which are locked-in as per Regulation 37 of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, subject to continuation of the lock-in in the hands of the transferees for the remaining period and such transferee shall not be eligible to transfer them till the lock-in period stipulated under the Regulations has expired.

Further, in the preceding three years, shares considered for promoter's contribution have not been acquired for consideration other than cash and revaluation of assets or resulting from bonus issue out of revaluation reserves or reserves created without accrual of cash resources or against shares which are otherwise ineligible for promoter's contribution. Also, promoter's contribution does not include any shares acquired during last one year at a price lower than the Issue price.

vi. The Equity Shares forming part of promoter's contribution do not consist of any private placement made by solicitation of subscription from unrelated persons, either directly or through any intermediary. For the purpose of calculating Promoter's contribution, the same has been brought in the specified minimum lot of ₹ 25,000/- per application from each individual and from persons defined as Promoters under the SEBI (ICDR) Regulations.

**6.** The break-up of Promoters Contribution as specified in Schedule VIII, Part A, Para VI (D) (2) (j)(i) of SEBI (ICDR) Regulations, 2009 is as under:

| **Name** | **Date of Allotment / Transfer / Acquisition** | **Date when made fully paid-up** | **Consideration (cash / bonus / kind, etc)** | **No. of Equity Shares** | **Face Value (₹)** | **Issue/ Acquisition price** | **% of pre-issue share capital** | **% of post-issue share capital** | **Lock-in period (years)** |
|---|---|---|---|---|---|---|---|---|---|
| **Mr. Promod Gupta** | March 17, 2003 | March 17, 2003 | Subscriber to Memorandum of Association | 5,000 | 10/- | 10/- | | | 1 year |
| | July 28, 2003 | July 28, 2003 | Cash | 4,12,000 | 10/- | 30/- | | | 1 year |
| | February 5, 2004 | February 5, 2004 | Cash | 3,23,500 | 10/- | 30/- | | | 1 year |
| | October 23, 2006 | October 23, 2006 | Cash | 2,480 | 10/- | 710/- | | | 1 year |
| | August 25, 2007 | August 25, 2007 | Cash | 2,34,500 | 10/- | 30/- | | | 1 year |
| | November 17, 2007 | November 17, 2007 | Cash | 1,83,300 | 10/- | 30/- | | | 1 year |
| | August 11, 2009 | August 11, 2009 | Cash | 1,77,942 | 10/- | 100/- | | | 1 year |
| | March 15, 2010 | March 15, 2010 | Bonus Issue in the ratio of 2:1 | 13,57,444 | 10/- | - | | | 1 year |
| | | | | 13,20,000 | 10/- | - | | | 3 years |
| **Total (A)** | | | | **40,16,166** | | | **37.64%** | **24.47%** | |
| **Mr. Anurag Gupta** | March 17, 2003 | March 17, 2003 | Subscriber to Memorandum of Association | 2,500 | 10/- | 10/- | | | 1 year |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | July 28, 2003 | July 28, 2003 | Cash | 56,000 | 10/- | 30/- | | | 1 year |
| | February 5, 2004 | February 5, 2004 | Cash | 93,300 | 10/- | 30/- | | | 1 year |
| | October 23, 2006 | October 23, 2006 | Cash | 2,480 | 10/- | 710/- | | | 1 year |
| | August 25, 2007 | August 25, 2007 | Cash | 2,90,700 | 10/- | 30/- | | | 1 year |
| | November 17, 2007 | November 17, 2007 | Cash | 83,400 | 10/- | 30/- | | | 1 year |
| | August 11, 2009 | August 11, 2009 | Cash | 1,22,502 | 10/- | 100/- | | | 1 year |
| | March 15, 2010 | March 15, 2010 | Bonus Issue in the ratio of 2:1 | 6,41,764 | 10/- | - | | | 1 year |
| | | | | 6,60,000 | 10/- | - | | | 3 years |
| | June 30, 2010 | June 30, 2010 | Transfer to Mr. Vishal Gupta and Mr. Vikas Gupta | (4,38,424) | 10/- | 15.23/- | | | - |
| **Total (B)** | | | | **15,14,222** | | | **14.19%** | **9.22%** | |
| **Mr. Vishal Gupta** | July 28, 2003 | July 28, 2003 | Cash | 17,500 | 10/- | 30/- | | | 1 year |
| | February 5, 2004 | February 5, 2004 | Cash | 116,600 | 10/- | 30/- | | | 1 year |
| | August 25, 2007 | August 25, 2007 | Cash | 299,200 | 10/- | 30/- | | | 1 year |
| | November 17, 2007 | November 17, 2007 | Cash | 83,100 | 10/- | 30/- | | | 1 year |
| | August 11, 2009 | August 11, 2009 | Cash | 77,580 | 10/- | 100/- | | | 1 year |
| | March 15, 2010 | March 15, 2010 | Bonus Issue in the ratio of 2:1 | 5,27,960 | 10/- | - | | | 1 year |
| | | | | 6,60,000 | 10/- | - | | | 3 years |
| | June 30, 2010 | June 30, 2010 | Transfer from Mr. Anurag Gupta | 2,93,072 | 10/- | 15.23/- | | | 1 year |
| **Total (C)** | | | | **20,75,012** | | | **19.45%** | **12.64%** | |
| **Mr. Vikas Gupta** | July 28, 2003 | July 28, 2003 | Cash | 23,000 | 10/- | 30/- | | | 1 year |
| | February 5, 2004 | February 5, 2004 | Cash | 140,000 | 10/- | 30/- | | | 1 year |
| | August 25, 2007 | August 25, 2007 | Cash | 254,100 | 10/- | 30/- | | | 1 year |
| | November 17, 2007 | November 17, 2007 | Cash | 83,100 | 10/- | 30/- | | | 1 year |
| | August 11, 2009 | August 11, 2009 | Cash | 141,590 | 10/- | 100/- | | | 1 year |
| | March 15, 2010 | March 15, 2010 | Bonus Issue in the ratio of 2:1 | 6,23,580 | 10/- | - | | | 1 year |
| | | | | 6,60,000 | 10/- | - | | | 3 years |
| | June 30, 2010 | June 30, 2010 | Transfer from Mr. Anurag Gupta | 1,45,352 | 10/- | 15.23 | | | 1 year |
| **Total (D)** | | | | **20,70,722** | | | **19.41%** | **12.62%** | |
| **Total (A + B + C + D)** | | | | **96,76,122** | | | **90.69%** | **58.95%** | |

7. There is no “buyback” or “standby” arrangement for purchase of Equity Shares by our Company, its Directors, its Promoters, or the BRLM for the Equity Shares offered through this Red Herring Prospectus.

8. An over-subscription to the extent of 10% of Issue to the Public can be retained for the purpose of rounding off to the nearer multiple of 1, while finalizing the Basis of Allotment.

9. As on date of filing of this Red Herring Prospectus with SEBI, the entire issued share capital of our Company is fully paid-up.

10. The Equity Shares offered through this Issue shall be made fully paid up.

11. Under subscription, if any, in any category would be met with spill over from other categories at the sole discretion of our Company, in consultation with the BRLM.

12. **(a) Details of top ten shareholders of our Company as on the date of filing of this Red Herring Prospectus with SEBI are as follows: -**

| Sr. No. | Name | No. of Shares | % of shareholding |
|---|---|---|---|
| 1. | Mr. Promod Gupta | 4,016,166 | 37.64% |
| 2. | Mr. Anurag Gupta | 1,514,222 | 14.19% |
| 3. | Mr. Vishal Gupta | 2,075,012 | 19.45% |
| 4. | Mr. Vikas Gupta | 2,070,722 | 19.41% |
| 5. | Mrs. Sudesh Gupta | 265,500 | 2.49% |
| 6. | Mrs. Neelu Gupta | 615,000 | 5.76% |
| 7. | Mrs. Sarika Gupta | 54,210 | 0.51% |
| 8. | Mrs. Nitasha Gupta | 58,500 | 0.55% |

**(b) Details of top ten shareholders of our Company as on ten days prior to filing of this Red Herring Prospectus with SEBI are as follows:**

| Sr. No. | Name | No. of Shares | % of shareholding |
|---|---|---|---|
| 1. | Mr. Promod Gupta | 4,016,166 | 37.64% |
| 2. | Mr. Anurag Gupta | 1,514,222 | 14.19% |
| 3. | Mr. Vishal Gupta | 2,075,012 | 19.45% |
| 4. | Mr. Vikas Gupta | 2,070,722 | 19.41% |
| 5. | Mrs. Sudesh Gupta | 265,500 | 2.49% |
| 6. | Mrs. Neelu Gupta | 615,000 | 5.76% |
| 7. | Mrs. Sarika Gupta | 54,210 | 0.51% |
| 8. | Mrs. Nitasha Gupta | 58,500 | 0.55% |

**(c) Details of top ten shareholders of our Company as on two years prior to filing of this Red Herring Prospectus with SEBI are as follows:**

| Sr. No. | Name | No. of Shares | % of shareholding |
|---|---|---|---|
| 1. | Mr. Promod Gupta | 1,160,780 | 38.55% |
| 2. | Mr. Anurag Gupta | 528,380 | 17.55% |
| 3. | Mr. Vishal Gupta | 516,400 | 17.15% |
| 4. | Mr. Vikas Gupta | 500,200 | 16.61% |
| 5. | Mrs. Sudesh Gupta | 88,500 | 2.94% |
| 6. | Mrs. Neelu Gupta | 179,000 | 5.95% |
| 7. | Mrs. Sarika Gupta | 18,000 | 0.60% |
| 8. | Mrs. Nitasha Gupta | 19,500 | 0.65% |

The above shareholders do not hold any shares, which they would be entitled to upon exercise of warrant, option, rights to convert a debenture, loan or other instrument.

13. **Pre-Issue & Post-issue shareholding pattern of our Company as per Clause 35 of the Listing Agreement:**

| Category of shareholder | No. of shareholders | Total no. of shares | Total shareholding as a percentage of total number of shares | | Total post-Issue shareholding* | | Shares pledged for otherwise encumbered | |
|---|---|---|---|---|---|---|---|---|
| | | | As a %age of (A+B) | As a %age of (A+B+C) | Total number of shares | As a %age of (A+B+C) | Total number | As a percentage of post-issued (A+B+C) |
| **(A) Promoters' holding** | | | | | | | | |
| **(1) Indian Promoters** | | | | | | | | |
| (i) Mr. Promod Gupta | | 40,16,166 | 37.64 | 37.64 | 40,16,166 | 24.47 | - | - |
| (ii) Mr. Anurag Gupta | | 15,14,222 | 14.19 | 14.19 | 15,14,222 | 9.22 | - | - |
| (iii) Mr. Vishal Gupta | | 20,75,012 | 19.45 | 19.45 | 20,75,012 | 12.64 | - | - |
| (iv) Mr. Vikas Gupta | | 20,70,722 | 19.41 | 19.41 | 20,70,722 | 12.62 | - | - |
| **Sub-Total (A)(1)** | **4** | **96,76,122** | **90.69** | **90.69** | **96,76,122** | **58.95** | **-** | **-** |
| Trusts | - | - | - | - | - | - | - | - |
| Bodies Corporate | - | - | - | - | - | - | - | - |
| **(2) Promoter Group** | | | | | | | | |
| (i) Mrs. Sudesh Gupta | | 2,65,500 | 2.49 | 2.49 | 2,65,500 | 1.62 | - | - |
| (ii) Mrs. Neelu Gupta | | 6,15,500 | 5.76 | 5.76 | 6,15,500 | 3.75 | - | - |
| (iii) Mrs. Sarika Gupta | | 54,210 | 0.51 | 0.51 | 54,210 | 0.33 | - | - |
| (iv) Mrs. Nitasha Gupta | | 58,500 | 0.55 | 0.55 | 58,500 | 0.35 | - | - |
| **Sub-Total (A)(2)** | **4** | **9,93,210** | **9.31** | **9.31** | **9,93,210** | **6.05** | **-** | **-** |
| **Sub-total (A) (1) + (2)** | **8** | **1,06,69,332** | **100.00** | **100.00** | **1,06,69,332** | **65.00** | - | - |
| **(3) Foreign** | | | | | | | | |
| Individuals/HUFs | - | - | - | - | - | - | - | - |
| Bodies Corporate | - | - | - | - | - | - | - | - |
| Institutions | - | - | - | - | - | - | - | - |
| Any other (please specify) | - | - | - | - | - | - | - | - |
| **Sub-Total (A)(3)** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| **Total shareholding of Promoter & Promoter Group (A) = (A)(1) + (A)(2) + (A)(3)** | **8** | **1,06,69,332** | **100.00** | **100.00** | **1,06,69,332** | **65.00** | - | - |
| **(B) Public shareholding (Non-Promoters')** | | | | | | | | |
| Individuals | **-** | **-** | **-** | **-** | [•] | [•] | **-** | **-** |
| Bodies Corporate | **-** | **-** | **-** | **-** | [•] | [•] | **-** | **-** |
| Institutions (FIs, Banks, MFs, etc.) | **-** | **-** | **-** | **-** | [•] | [•] | **-** | **-** |
| **Sub-total (B) (Non-Promoters' holding)** | **-** | **-** | **-** | **-** | [•] | [•] | **-** | **-** |
| **(C) Shares held by Custodians and against which Depository Receipts have been issued** | - | - | - | - | [•] | [•] | **-** | **-** |
| **Grand Total (A + B + C)** | **8** | **1,06,69,332** | **100.00** | **100.00** | **1,64,14,332** | **100.00** | **-** | **-** |

**14.** As on the date of this Red Herring Prospectus, there are no outstanding warrants, options or rights to convert debenture, loans or other financial instruments into Equity Shares of our Company.

**15.** Our Company has not raised any bridge loan against the proceeds of the present issue. For details on use of proceeds, see the section titled "Objects of the Issue" beginning on page no. 28 of this Red Herring Prospectus.

**16.** There would be no further issue of capital in any manner whether by way of issue of bonus shares, preferential allotment, rights issue, public issue or otherwise during the period commencing from submission of this Red Herring Prospectus with SEBI till the Equity Shares offered through this Red Herring Prospectus/Prospectus have been listed.

**17.** At present, our Company does not have any intention or proposal to alter its capital structure by way of split/consolidation of the denomination of Equity Shares or issue of specified securities on a preferential basis or issue of bonus or rights or further public issue of shares or any other securities, within a period of six months from the Bid/Issue Opening Date.

**17.** Our Company does not have any Employee Stock Option Scheme (ESOS) / Employee Stock Purchase Scheme (ESPS) for our employees and we do not intend to allot any shares to our employees under ESOS/ESPS scheme from the proposed issue. As and when, options are granted to our employees under the ESOP scheme, our Company shall comply with the SEBI (Employee Stock Option Scheme and Employees Stock Purchase Plan) Guidelines 1999.

**18.** Our Company has not issued any shares out of revaluation reserves.

**19.** At any given point of time, there shall be only one denomination for the Equity Shares of our Company, unless otherwise permitted by law. We shall comply with such disclosure and accounting norms specified by SEBI from time to time.

**20.** Our Company has 8 shareholders as on the date of filing of this Red Herring Prospectus with SEBI.

**21.** Our Company has not revalued its assets since its incorporation.

**22.** Neither the BRLM nor their associates hold any Equity Shares in the Company.

**23.** This Issue is being made through a 100% Book Building Process wherein not more than 50% of the Issue to Public shall be available for allocation on a proportionate basis 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 shall be available for allotment on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. Further, not less than 15% of the Issue to Public shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Issue to Public 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. Under subscription, if any, in any category would be met with spill over from other categories at our sole discretion, in consultation with the BRLM.

**24.** An investor cannot make a Bid for more than the number of Equity Shares offered through this public issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.

**25.** Investors may note that in case of over-subscription, allotment will be on proportionate basis as detailed in Para on "Basis of Allocation" appearing on page no. 260 of this Red Herring Prospectus.

## OBJECTS OF THE ISSUE

**Rationale for the Issue**

Our Company is an Electronic Manufacturing Services (EMS) provider for Original Equipment Manufacturers (OEMs) of consumer electronic products in India. We manufacture and/or assemble a comprehensive range of consumer electronic components and finished products for third parties. As backward integration, we also do plastic injection moulding and manufacture Printed Circuit Boards (PCB) assemblies. We have four operational manufacturing facilities located at Greater Noida in Uttar Pradesh (Unit I and Unit III), at Roorkee in Uttrakhand (Unit II) and at Ahmednagar in Maharashtra (Unit IV). For details relating to our existing manufacturing operations, please refer to the section titled 'Our Business' appearing on page no. 70 of this Red Herring Prospectus.

In addition to our manufacturing facilities at Unit I and Unit II, we have set up two new manufacturing facilities – one at Greater Noida in Uttar Pradesh (Unit III) and another at Ahmednagar in Maharashtra (Unit IV). The setting up of these new manufacturing facilities is being carried out in 2 phases – Phase I and Phase II. In Phase I, we have setup a plastic injection moulding line of 3,000 tonnes p.a. capacity at Unit III and a plastic injection moulding line of 5,675 tonnes p.a. capacity at Unit IV. With addition of balance plant & machinery at Unit III, its capacity will increase upto 3,600 tonnes p.a. by September, 2011. We have tied up with Standard Chartered Bank for part financing the expansion under Phase I. The manufacturing lines for plastic injection moulding under Phase I at Unit III and IV started commercial production in the months of July 2011 and March 2011 respectively. .
Under Phase II, we intend to expand Unit III and Unit IV by increasing the installed capacity of plastic injection moulding to 5,000 tonnes p.a. and 8,000 tonnes p.a. respectively.

**The proceeds from the proposed Issue of shares are intended to be deployed for:**

1. Prepayment of the portion of term loan and line of credit facility proposed to be availed by our Company for the expansion under Phase I
2. Expansion of our manufacturing facility at Unit III, Greater Noida
3. Expansion of our manufacturing facility at Unit IV, Ahmednagar
4. Meeting long term working capital requirements
5. General corporate purposes; and
6. Issue expenses

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

**Fund Requirements**

The details of fund requirement for objects mentioned above are given in the following table:

(₹ in lakhs)

| S. No. | Particulars | Amount |
|---|---|---|
| 1. | Prepayment of the portion of term loan and line of credit facility proposed to be availed by our Company for the expansion under Phase I | 2,410.00 |
| 2. | Expansion of our manufacturing facility at Unit III, Greater Noida under Phase II | 1,383.76 |
| 3. | Expansion of our manufacturing facility at Unit IV, Ahmednagar under Phase II | 3,730.53 |
| 4. | Meeting long term working capital requirements | 1,500.00 |
| 5. | General corporate purposes * | [•] |
| 6. | Issue Expenses * | [•] |
| | **Total** | **[•]** |

* *will be incorporated after the finalization of Issue Price*

**Means of Finance**

(₹ in lakhs)

| S. No. | Particulars | Amount |
|---|---|---|
| 1. | Proceeds of the Issue* | [•] |
| | **Total** | [•] |

* *will be incorporated after the finalization of Issue Price*

The aforesaid requirement of funds is proposed to be entirely financed by the Issue proceeds as mentioned in the above table. Thus provisions of Regulations (VII)(C)(1) of Schedule VIII of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 in connection with firm arrangements of finance through verifiable means towards 75% of the stated means of finance, excluding the amount to be raised through proposed public issue and internal accruals does not apply to our Company as we do not propose to avail any borrowed funds for part financing the Objects of the Issue.

The proceeds from the Initial Public Offering / IPO would be crystallized on finalization of the Issue Price on conclusion of the Book Building Process. Any shortfall in meeting the objects of the issues on determination of issue price on conclusion of the Book Building Process would be met from internal accruals and /or debt. Further, the amount that is in excess of the funds required for the objects proposed project and Issue expenses will be utilized for general corporate purposes, which would be in accordance with the policies of our Board made from time to time.

The fund requirements and the intended use of the net proceeds as described herein are based on management estimates and various quotations received by us from different suppliers and have not been appraised by any bank or financial institution or any independent organisation.

We may have to revise our expenditure and fund requirements as a result of variations in the cost structure, changes in estimates and external factors, which may not be within the control of our management. This may entail rescheduling or revising the planned expenditure and increasing or decreasing the expenditure for a particular purpose from its planned expenditure at the discretion of our management. In addition, the estimated dates of completion of the expansion project as described herein are based on management's current expectations and are subject to change due to various factors, some of which may not be in our control.

**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.

**Details of utilisation of issue proceeds**

1. **Prepayment of the portion of term loan and the line of credit facility proposed to be availed by our Company for the expansion under Phase I**

For part financing the expansion under Phase I, our Company has received the sanction for availing ₹ 2,350 lakhs as term loan and of US$ 3 million (₹ 1,410 lakhs based on converstion rate of 1US$ = ₹ 47/-) as Line of Credit from Standard Chartered Bank vide its sanction letter dated September 14, 2010. We have already availed disbursement of the entire sum sanctioned to us. In order to reduce the leverage and allow flexibility in financial management of our operations, we intend to pre-pay the term loan amount outstanding to the extent of ₹ 1,000 lakhs and the entire sum of Line of Credit amounting to ₹ 1,410 lakhs in FY 2011-12. The prepayment of debt through equity infusion will reduce interest outflow on the loans and improve financials of the Company. Brief details of the terms of such debt facilities are as provided herein below:

| Lender | As per sanction of Standard Chartered Bank | |
|---|---|---|
| Nature of Facility / Object of Loan | Term Loan for part financing capital expenditure towards set up of manufacturing facility at Greater Noida (for supply of plastic injection moulded components to Samsung) and at Ahmednagar (for supply of plastic injection moulded components to LG) | Import Letter of Credit for importing capital goods (equipment, spares etc.) for the purpose of setting up of manufacturing facility at Greater Noida and Ahmednagar (for supply of plastic injection moulded components to LG & Samsung) |
| Amount of sanctioned facility | ₹ 2,350 lakhs | US$ 3 million. (i.e. ₹ 1410 lakhs based on converstion rate of 1US$ = ₹ 47/-) |
| Amount proposed to be pre-paid out of IPO proceeds | ₹ 1,000 lakhs | US$ 3 million. (i.e. ₹ 1410 lakhs based on converstion rate of 1US$ = ₹ 47/-) |
| Amount availed as on the date of this Red Herring Prospectus | Nil | Nil |
| Tenor/Maturity period | Maximum upto 60 months | Maximum upto 24 months |
| Repayment terms | 5 years, repayable in 49 equal monthly instalments, repayment to commence from the end of the 12th month from disbursement | - |
| Rate of Interest | Base rate + margin | - |
| Call & Put option | With respect to loan upto ₹ 1000 lakhs, there will be call put option at the end of 1st anniversary from the date of disbursement of the respective tranche and at the end of each subsequent anniversary. The Bank and the Borrower shall have the right to recall / prepay entire facility or any part thereof on any exercise date as specified in the schedule. | |

M/s Hem Sandeep & Company, Chartered Accountants, Statutory Auditors of our Company, vide their certificate dated September 15, 2010, have confirmed the above mentioned details of the loans.

With regard to LC availed from Standard Chartered Bank, the commission, rate of interest etc. payable by the Issuer Company for utilizing the amount under the LC are as under:

| | |
|---|---|
| Limit type | : Import Letter of Credit |
| Tenor/Maturity Period | : Maximum upto 24 months |
| Commission | : As per the sanction letter dated September 14, 2010, the rate of commission shall be the rate as negotiated with and agreed by the Standard Chartered Bank. At present the rate of commission is 2.5% p.a. |
| Interest | : Not Applicable |

Under the terms and conditions of the above mentioned debt facility of Standard Chartered Bank, prepayment of such debt, in part or whole anytime during their respective tenure may attract certain prepayment penalty. Payment of such prepayment penalty, if any, shall be made by our Company out of its internal accruals.

Copies of sanction letters of the Standard Chartered Bank which is intended to be repaid through a portion of the Net Proceeds will be made available for inspection at our Corproate Office from 10.00 am to 3.00 pm on working Days from the date of filing of this Red Herring Prospectus with the RoC until the date of closure of this Issue.

**Details of Phase I are as under:**

Under Phase I, we have set up two new manufacturing facilities – (i) Unit III at Greater Noida, Uttar Pradesh with an installed capacity of 3,000 tonnes p.a. (will increase to 3,600 tonnes p.a. by September, 2011 with addition of balance plant & machinery) of plastic injection moulding; and (ii) Unit IV at Ahmednagar, Maharashtra with an installed capacity of 5,675 tonnes p.a. of plastic injection moulding. The total capital expenditure required for setting up these manufacturing facilities, including working capital requirements, is estimated at ₹ 6,957.86lakhs, which has been financed through debt financing from Standard Chartered Bank and internal accruals/unsecured loan from Promoter/Promoter Group. The details of amount incurred for setting up of Unit III and Unit IV are as follows:

(₹ in lakhs)

| S. No. | Particulars | Unit III Greater Noida | | | Unit IV Ahmednagar | | | Total | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | **Already incurred (incl. advance paid)** | **To be incurred** | **Total** | **Already incurred (incl. advance paid)** | **To be incurred** | **Total** | **Already incurred (incl. advance paid)** | **To be incurred** | **Total** |
| a) | Land & site development | 171.22 | - | 171.22 | 43.75 | - | 43.75 | 214.97 | - | 214.97 |
| b) | Building & civil work | 571.64 | 18.47 | 590.11 | 1063.60 | - | 1,063.60 | 1635.24 | 18.47 | 1,653.71 |
| c) | Plant & Machinery - Imported | 1026.36 | 88.66 | 1,115.02 | 1593.74 | - | 1,593.74 | 2620.10 | 88.65 | 2708.75 |
| d) | Plant & Machinery - Indigenous | 130.32 | 27.85 | 158.17 | 210.44 | 75.19 | 285.63 | 340.76 | 103.04 | 443.80 |
| e) | Utilities | 106.84 | 5.55 | 112.39 | 219.16 | | 219.16 | 326.00 | 5.55 | 331.55 |
| f) | Furniture, fixtures & office equipments | 14.98 | - | 14.98 | 23.42 | - | 23.42 | 38.40 | - | 38.40 |
| | **Sub-total** | **2,021.36** | **140.53** | **2,161.89** | **3154.11** | **75.19** | **3,229.30** | **5175.47** | **215.71** | **5,391.18** |
| g) | Preoperative Expenses | 135.36 | - | 135.36 | 181.32 | - | 181.32 | 316.68 | - | 316.68 |
| h) | Working capital requirement | - | - | 500.00 | - | - | 750.00 | - | - | 1,250.00 |
| | **Total** | **2,156.72** | **140.53** | **2,797.25** | **3335.43** | **75.19** | **4,160.62** | **5492.15** | **215.71** | **6,957.86** |

**a) Land and Site Development**

As on July 31, 2011 our Company has incurred a sum of ₹ 171.22 lakhs on Unit III and ₹ 43.75 lakhs on Unit IV for land and site development under Phase I.

**Unit III**

The manufacturing facility of Unit III at Greater Noida has been set up at plot no. E-15 and E-14, admeasuring 2339 and 3440 sq. mtrs. respectively at Site –B, Surajpur, District Gautam Budh Nagar, Uttar Pradesh. In respect of Plot no. E-15, our Company has entered into a lease deed dated August 18, 2007 with UPSIDC for tenure of

90 years with effect from June 28, 2003 and paid a premium of ₹ 17.15 lakhs to UPSIDC for the same and ₹ 4.37 lakh towards stamp duty and time extension charges. In respect of plot no. E-14, our Company entered into Memorandum of Understanding dated July 1, 2010 with Bigesto Technologies Limited (formerly Bigesto Foods Private Limited) for purchase/transfer of leasehold rights to our Company for a total consideration of ₹ 137.60 lakhs. UPSIDC has approved the purchase/transfer of leasehold rights to our Company and also merged plot no. E-14 and E-15 vide its letter no. 5654/SIDC/RPIS/SRJ dated October 18, 2010. The merged plot has been registered in the name of our Company. We have paid the entire consideration to Bigesto Technologies Limited (formerly Bigesto Foods Private Limited) in lieu of the leasehold rights. Further, our Company has incurred a sum of ₹ 12.10 lakhs towards processing fees, stamp paper charges and lease rent.

**Unit IV**

The manufacturing facility of Unit IV at Ahmednagar has been set up at A-20/2, Supa-Parer Industrial Area, Ahmednagar, Maharashtra, admeasuring 19,944 sq. meters. Our Company entered into a Memorandum of Understanding dated February 10, 2010 with Diamond Mattress Company Private Limited for purchase of leasehold rights at a total consideration of ₹ 132.50 lakhs, which included the cost of land of ₹ 30 lakhs and land development cost of ₹ 102.50 lakhs including cost of excavation, land filling and boundary wall. Out of this, ₹ 21 lakh was paid as at the date of filing the Draft Red Herring Prospectus with SEBI and balance ₹ 111.50 lakhs was to be paid at the time of registration of the deed of transfer of the leasehold rights. Due to delay in receipt of approval from MIDC, our Company decided on September 25, 2010 to acquire Diamond Mattress Company Private Limited by purchasing their 1,000 equity shares at a price of ₹ 3,000/- per share, constituting 100% of the its paid up capital. Consequent to this acquisition, Diamond Mattress Company Private Limited has become wholly owned subsidiary of our Company. Our Company had incurred all expenditure relating to site development. We have received refund of ₹ 21 lakhs, but paid the entire consideration amount of ₹ 30 lakhs in respect of purchase of its equity shares. Subsequently, MIDC vide its letter no. MIDC/RO(NSK)/SUPA/LMS-372/1767 dated March 21, 2011, granted its consent and permission for transfer and assignment of the leasehold rights in favour of our Company. Our Company entered into a Lease Agreement dated April 28, 2011 with MIDC and paid a sum of ₹10.62 lakhs as stamp duty. According to the said Lease Agreement, our Company is entitled to a lease term of 95 years commencing from May 1, 2007. Further, our Company has incurred a sum of ₹ 3.13 lakhs towards processing charges and land transfer charges to MIDC.

**b) Building & Civil Works**

**Unit III**

As on July 31, 2011, our Company has incurred an amount of ₹ 533.62 lakhs on the construction of building and civil works.

We further expect to incur an amount of ₹ 56.49 lakhs on building & civil works at Unit III, out of which we have paid an advance of ₹ 38.02 lakhs as on July 31, 2011

As on July 31, 2011, our Company has made an advance payment of ₹ 38.02 lakhs to the following parties for finishing the required building & civil works: (₹ in lakhs)

| Date of Purchase Order | Name of the Party | Advance Paid | Estimated amount of work involved | Nature of Work |
|---|---|---|---|---|
| Aug 30, 2010 | Everest Industries Ltd. | 4.73 | 4.73 | Steel Work |
| Aug 30, 2010 | Everest Industries Ltd. | 23.66 | 23.66 | |
| May 18, 2011 | Pelican Thermosets Inc | 2.00 | 10.44 | Exterior Texture Paint |
| May 18, 2011 | Pest Control India Ltd. | 0.50 | 0.88 | Misc. such as gate grills elevation and other architectural work |
| May 3, 2011 | Shenon Pre Fab Construction | 6.00 | 11.47 | |
| June 30, 2011 | Architecture Plus | 0.33 | 2.21 | |
| June 30, 2011 | Gandhi Automation Pvt. Ltd. | 0.80 | 3.10 | Steel Work |
| | **Total** | **38.02** | **56.49** | |

**Unit IV**

We have completed the building & civil works required for carrying out manufacturing operations at Unit IV under Phase-I. As on July 31, 2011, our Company has incurred an amount of ₹ 1063.60 lakhs on the construction of building and civil works at Unit IV.

**c) Plant and Machinery**

**Unit III**

**Imported plant & machinery:**

Our Company has incurred an amount of ₹ 973.44 lakhs for procurement of imported plant and machinery, the details of which are as under:

(₹ in lakhs)

| S. No. | Description of Equipment | Name of supplier | Date of Invoice | Per unit cost as per Quotation (FOB Value) | Unit III Greater Noida | |
|---|---|---|---|---|---|---|
| | | | | | Qty | Amount |
| 1. | SM - 850 V | Asian Plastic Machinery Company Limited, Taiwan [Thermoplastic Injection Moulding Machines] | January 20, 2011 | $ 2,20,735 | 2 | 270.88 |
| 2. | SM - 350 V | | | $ 98,355 | 1 | 60.18 |
| 3. | SM - 250 V | | | $ 79,875 | 1 | 48.79 |
| 4. | SM - 450 V | | | $ 1,04,500 | 2 | 128.15 |
| 5. | SM - 650 V | | | $ 1,60,235 | 1 | 98.67 |
| 6. | SM - 210 V | | | $ 66,675 | 1 | 40.75 |
| 7. | SM - 150 V | | | $ 51,175 | 2 | 62.37 |
| 8. | SM - 90 V | | | $ 49,175 | 3 | 90.01 |
| 9. | SM - 210 V | | June 14, 2011 | $ 44,000 | 1 | 24.85 |
| 10. | SM - 250 V | | | $ 51,000 | 2 | 57.61 |
| 11. | SM - 650 V | | March 31, 2011 | $ 1,60,235 | 1 | 91.18 |
| | **Total** | | | | | **973.44** |

*Note: The amount in Indian currency has been converted using the conversion rates as on the date of bill of entry. The costs of machines include the amount incurred towards custom duty, clearing charges, freight forwarding charges, cost of miscellaneous items for installation and installation charges as per actuals.*

**Details of Advances**

Further, as on July 31, 2011, our Company has made an advance payment of ₹ 52.92 lakhs to the following parties for the purchase of Plant & Machinery:

(₹ in lakhs)

| Date | Description of Equipment | Name of Party | Purchase Order No. | Per unit cost as per Quotation (FOB Value | Qty | Advance Paid | Cost of Machine |
|---|---|---|---|---|---|---|---|
| July 15, 2011 | SM 250 TSV | Asian Plastic Machinery Company Limited, Taiwan | AK/DL/04/011 | $ 61,000 | 2 | 52.92 | 55.05 |
| | **Total** | | | | | **52.92** | **55.05** |

*Note: The amount in Indian currency has been converted using the conversion rates as per the rates prescribed by the Customs Department for the month of August 2011. Further, we have assumed freight and insurance charges at the rate of 8% and 0.07% each respectively, in addition to 1% landing charges, customs duty as per applicable rates and local transportation charges at the rate of 0.50%.*

**Details of purchase orders raised:**

Further, as on July 31, 2011, we have raised following purchase orders to our suppliers for the procurement of imported machinery, details of which are as under:

(₹ in lakhs)

| Date | Description of Equipment | Name of Party | Purchase Order No. | Per unit cost as per Quotation (FOB Value) | Qty | Cost of Machine |
|---|---|---|---|---|---|---|
| June 23, 2011 | SM 210V | Asian Plastic Machinery Company Limited, Taiwan | AK/DL/04 B/011 | $ 45,500 | 2 | 41.44 |
| June 23, 2011 | SM 150V | Asian Plastic Machinery Company Limited, Taiwan | AK/DL/04 B/011 | $ 33,000 | 1 | 15.03 |
| June 23, 2011 | SM 150V | Asian Plastic Machinery Company Limited, Taiwan | AK/DL/04 A/011 | $ 33,000 | 2 | 30.06 |
| | **Total** | | | | | **86.53** |

*Note: The amount in Indian currency has been converted using the conversion rates as per the rates prescribed by the Customs Department for the month of August 2011. Further, we have assumed freight and insurance charges at the rate of 8% and 0.07% each respectively, in addition to 1% landing charges, customs duty as per applicable rates and local transportation charges at the rate of 0.50%.*

**Indigenous plant & machinery**

Our Company has incurred an amount of ₹ 130.32 lakhs for procurement of indigenous plant and machinery, including advances to machinery suppliers amounting to ₹ 44.39 lakhs at Unit III, the details of which are as under:

(₹ in lakhs)

| S. No. | Description of Equipment | Name of supplier | Date of Invoice | Unit III Greater Noida | |
|---|---|---|---|---|---|
| | | | | Qty | Amount |
| 1. | EOT crane (7.5/12MT 16m span Single Girder) | Electromech Material Handling Systems India Pvt. Ltd. | May 3, 2011 | 1 | 8.78 |
| 2. | Automatic Mould Temperature Controller | Auxilinks Projects & Machinery Pvt. Ltd | June 18, 2011 | 2 | 2.05 |
| 3. | Transmission Conveyor | M.A.Engg. Works,Pac Equipment | May 19, 2011 to July 21, 2011 | - | 10.32 |
| 4. | Ultrasonic Plastic Welding Machine | Rinco Ultrasonic & Vetri Pressings | May 17, 2011 to June 11, 2011 | 4 | 26.87 |
| 5. | Vibration Welding Fixture | Noble Sonic Pvt. Ltd | May 17, 2011 | 1 | 7.04 |
| 6. | Mould | Baijal Packing Industries Pvt. Ltd. | July 22, 2011 | 1 | 0.43 |
| 7. | Work Tables | Akshay Fabricators & Engineers | June 6, 2011 to July 29, 2011 | - | 2.42 |
| 8. | Screw Air Compressor | Auto Service Equipment | Apr 23, 2011 | 3 | 9.26 |

| | | | | | |
|---|---|---|---|---|---|
| 9. | Pipe Line –Air & Water for Plant | Punjab Distributor Pvt. Ltd. | Mar 18, 2011 | - | 13.72 |
| 10. | Cooling Tower for Plant | Delta Coolimg Tower Pvt. Ltd | May 6, 2011 | 5 | 5.04 |
| | **Total** | | | | **85.93** |

**Details of Advances**

Further, as on July 31, 2011, our Company has made an advance payment of ₹ 44.39 lakhs to the following parties for the purchase of Plant & Machinery:

(₹ in lakhs)

| Date | Description of Equipment | Name of Party | Purchase Order No. | Qty | Advance Paid | Cost of Machine |
|---|---|---|---|---|---|---|
| Sep 14, 2010 | Plastic Heavy Duty Granulator 5HP & 25HP | D.L. Machine Tools | PGEPL/DLMT /01/10-11 | 3 | 1.22 | 6.23 |
| Sep 2, 2011 | EOT crane (25/10MT 16m span double Girder) | Electromech Material Handling Systems (India) Pvt.Ltd. | PGEPL(N)/E MHS/02/10-11 | 1 | 36.22 | 52.32 |
| July 2, 2011 | Mould of Filter,Ring,Bottom & Body | Kay Dee Enterprises | PUR00191/DT 02.07.11 | 4 | 2.66 | 7.55 |
| June 1, 2011 | Mould of Bellow Cap | Prompt Tools | PUR00081/DT 01.06.11 | 1 | 0.83 | 1.87 |
| June 6, 2011 | Automatic Mould Temperature Controller | Yudo Hot Runner India Pvt. Ltd. | Nil/DT 06.06.11 | 7 | 3.38 | 3.38 |
| Nov 12, 2010 | Screw Compressor | Auto Service Equipment | PGEPL/ASE/ 001/10-11/DT 12.11.10 | - | 0.08 | 0.89 |
| | **TOTAL** | | | | **44.39** | **72.24** |

**Unit IV**

**Imported plant & machinery:**

As on July 31, 2011, our Company has incurred an amount of ₹ 1,593.74 lakhs for procurement of imported plant and machinery at Unit IV, the details of which are as under: (₹ in lakhs)

| S. No. | Description of Equipment | Name of supplier | Date of Invoice | Per unit cost as per Quotation (FOB Value) | Unit IV Ahmednagar | |
|---|---|---|---|---|---|---|
| | | | | | Qty | Amount |
| 1. | SM - 120 V | Asian Plastic Machinery Company Limited, Taiwan [Thermoplastic Injection Moulding Machines] | Oct 21, 2010 | $ 49,175 | 2 | 62.59 |
| 2. | SM - 150 V | | | $ 51,175 | 3 | 97.93 |
| 3. | SM - 600 V | | | $ 1,60,235 | 4 | 429.46 |
| 4. | SM - 850 V | | Nov 4, 2010 | $ 2,20,735 | 2 | 277.42 |
| 5. | SM - 210 V | | Nov 11, 2010 | $ 66,675 | 1 | 42.17 |
| 6. | SM - 350 V | | | $ 98,355 | 3 | 186.86 |
| 7. | SM - 850 V | | Nov 23, 2010 | $ 2,20,735 | 2 | 272.93 |
| 8. | SM - 600 V | | Jan 11, 2011 | $ 1,60,235 | 2 | 179.83 |

| | | | | | | |
|---|---|---|---|---|---|---|
| 9. | Nitrogen Generatr | Bauer Compressors | Feb 26, 2011 | $ 56,075 | 1 | 44.55 |
| | **Total** | | | | | **1,593.74** |

*Note: The amount in Indian currency has been converted using the conversion rates as on the date of bill of entry. The costs of machines include the amount incurred towards custom duty, clearing charges, freight forwarding charges, cost of miscellaneous items for installation and installation charges as per actuals.*

**Indigenous plant & machinery**

As on July 31, 2011, our Company has incurred an amount of ₹ 210.44 lakhs for procurement of indigenous plant and machinery at Unit IV, including advances of ₹ 29.61 lakhs, the details of which are as under:

(₹ in lakhs)

| S. No. | Description of Equipment | Name of supplier | Date of Invoice | **Unit IV** Ahmednagar | |
|---|---|---|---|---|---|
| | | | | **Qty** | **Amount** |
| 1. | Liquid Paint Booth & Parts | Krishna Scientific Works | Dec 17, 2010 to July 23, 2011 | 2 | 33.38 |
| 2. | Compressor/Air Dryer Model-MCT-80T / Electric power /Air receiver | Friulair India Pvt. Ltd./Elgi Equipments Ltd/Auto Equipment Service | Dec 4, , 2010 to Jan 17, 2011 | 2 | 19.60 |
| 3. | Plastic Granulator Machine with Starter Panel | D.L. Machine Tools | Dec 26, 2010 | 1 | 5.33 |
| 4. | Surface Grinder with all acessories | Faridabad Control Electricals Pvt. Ltd. | Jan 21, 2011 | 1 | 2.56 |
| 5. | Weighing Machine | Interface Scales Pvt. Ltd. | Jan 7, 2011 | 1 | 0.18 |
| 6. | Temprature Controler | Yudo Hot Runner India Pvt. Ltd. | Jan 31, 2011 | 5 | 12.72 |
| 7. | Jigs & Fixtures | A.M.Engineering Works | Jan 08, 2011 | 1 | 0.66 |
| 8. | Assembly table for 1000T machine | Akshay Fabricators & Engineers | Dec 22, 2010 | 2 | 2.62 |
| 9. | Cooling Tower | Delta Cooling Tower Pvt. Ltd. | Dec 6, 2010 | 1 | 8.26 |
| 10. | Crane | Electromech Material Handling Systems Pvt. Ltd. | Dec 30, 2010 | 2 | 68.60 |
| 11. | Pipe Line | K.P.Sales Corporation | Nov 27, 2010 | 1 | 26.92 |
| | **Total** | | | | **180.83** |

**Details of Advances**

Further, as on July 31, 2011, our Company has made an advance payment of ₹ 29.61 lakhs to the following parties for the purchase of Plant & Machinery:

**Indigenous Plant & Machinery:**

(₹ in lakhs)

| Date of Purchase Order | Description of Plant & Machinery | Name of Party | Qty | Advance Paid | Cost of Machine |
|---|---|---|---|---|---|
| Dec 2, 2010 | Plastic Granulator | D.L Machine Tools | 1 | 01.23 | 04.99 |
| Feb 18, 2011 | Power Sub Station | A.B.Electricals Pvt. Ltd. | 15 | 00.24 | 00.24 |

| | | | | | |
|---|---|---|---|---|---|
| Feb 22, 2011 | Cooling Tower | Delta Cooling Towers | 3 | 00.82 | 04.12 |
| Mar 10, 2011 | Eye Bolt & Shackle | Divil Sales Corporation | 4 | 00.17 | 00.34 |
| Apr 30, 2011 | DG Set | Capital Steel Corporation | 3 | 01.73 | 57.78 |
| Jan 14, 2011 | KSB Pump | SR Venture | 2 | 00.60 | 01.72 |
| Mar 14, 2011 | Fire Extingusher | Rom Engineers | 1 | 23.75 | 33.00 |
| July 22, 2011 | Testing Equipment | Bio-Technics India | 1 | 00.09 | 00.19 |
| July 22, 2011 | Welding Machine | Crystal Electodynamix | 1 | 00.88 | 01.76 |
| July 22, 2011 | M.F.I.Tester (Testing Equipment) | International Equipment | 1 | 00.10 | 00.66 |
| | **Total** | | | **29.61** | **104.80** |

**c) Utilities**

**Unit III**

As on July 31, 2011, our Company has incurred an expenditure of ₹ 106.84 lakhs towards purchase of utilities at Unit III, including advances paid to the suppliers amounting to ₹ 1.55 lakhs, the details of which are as follows:

(₹ in lakhs)

| S. No. | Description of Equipment | Name of supplier | Date of Invoice | Unit III Greater Noida | |
|---|---|---|---|---|---|
| | | | | **Qty** | **Amount** |
| 1. | DG Set with Accessories | Capital Steel Corporation | Feb 1, 2011 | 1 | 28.86 |
| 2. | Power Sub Station with Transformer | Noida Power Company Ltd.& Kaushik Electricals Corporation | Nov 20, 2010 | 1 | 37.65 |
| 3. | Cooling Tower for DG Set | Delta Coolimg Tower Pvt. Ltd | May 6, 2011 | 3 | 1.81 |
| 4. | Testing Equipment | Faridabad Control Electricals Pvt. Ltd. | June 7, 2011 | | 0.44 |
| 5. | Cleaning Machine | Unitech Enterprises | Apr 18, 2011 | 1 | 0.21 |
| 6. | Weighing Machine | Interface Scale Pvt. Ltd. | May 23, 2011 | 1 | 0.27 |
| 7. | Welding Machine | S.K.trading Company | June 25, 2011 | 1 | 0.32 |
| 8. | Electric Panel | Ambit Switchgear Pvt. Ltd. | Mar 24, 2011 and May 4, 2011 | | 30.68 |
| 9. | Bag Closer Machine | Stitchwell Qualitex | July 25, 2011 | 1 | 0.05 |
| 10. | Fire Extingushers Line | Croma Engineers Pvt. Ltd. | July 18, 2011 | | 5.00 |
| | **Total** | | | | **105.29** |

**Details of Advances**

Further, as on July 31, 2011, our Company has made an advance payment of ₹ 1.55 lakhs to the following parties for the purchase of Utilities at Unit III:

(₹ in lakhs)

| Date | Description of Equipment | Name of Party | Purchase Order No. | Advance Paid | Cost of Machine |
|---|---|---|---|---|---|
| July 6, 2011 | Fire Hydrant Pump | Croma Engineers Pvt. Ltd. | Nil/dt. July 6, 2011 | 1.15 | 6.50 |
| June 18, 2011 | DG Set | Tej Mohan Singh | Nil/dt. June 18, 2011 | 0.40 | 0.60 |
| | **TOTAL** | | | **1.55** | **7.10** |

**Unit IV**

As on July 31, 2011, our Company has incurred an expenditure of ₹219.16 lakhs towards purchase of utilities at Unit IV, the details of which are as follows: (₹ in lakhs)

| S. No. | Description of Equipment | Name of supplier | Date of Invoice | Unit IV Ahmednagar | |
|---|---|---|---|---|---|
| | | | | Qty | Amount |
| 1. | DG Set with Accessories | Capital Steel Corporation | Dec 10, 2010 | 3 | 72.16 |
| 2. | Control Panel | Ambit Switch Gear Pvt. Ltd. | Dec 04, 2010 | 7 | 44.88 |
| 3. | Lathe Machine | Faridabad Control Electrical P Ltd | Jan 21, 2011 | 1 | 3.95 |
| 4. | Radial Drill Machine | Faridabad Control Electrical P Ltd | Jan 21, 2011 | 1 | 5.31 |
| 5. | Radial Milling Machine | Faridabad Control Electrical P Ltd | Jan 21, 2011 | 1 | 2.57 |
| 6. | Welding Machine | K.P.Sales Corporation | Feb 06,2011 | 1 | 0.14 |
| 7. | Fuel storage tank | Accurate Engineers | Dec 8, 2010 | 1 | 1.85 |
| 8. | Power substation | Power line cable India | Nov 27, 2010 | 1 | 44.46 |
| 9. | Fire Fighting System | K P Sales Corporation | Nov 27, 2010 | 1 | 23.70 |
| 10. | Testing equipment | Komal Scientific | July 22, 2011 | 1 | 1.32 |
| 11. | Trolly | Meem Fabricators/KP Sales Corporation/Vivek Enterprises | Jan 15, 2011 | 20 | 18.82 |
| | **Total** | | | | **219.16** |

**d) Furniture & Fixtures and Office Equipments**

**Unit III**

As on July 31, 2011, our Company has incurred a sum of ₹ 14.98 lakhs towards purchase of furniture & fixtures and office equipments, the details of which are as follows:

(₹ in lakhs)

| S. No. | Particulars | Name of supplier | Date of Invoice | Unit III Greater Noida | |
|---|---|---|---|---|---|
| | | | | Qty | Amount |
| 1. | 9020-IG-CU Printer | Markem Image India Pvt. Ltd | Apr 27, 2011 | 1 | 2.19 |
| 2. | Laptops | Eurotech Communication | May 30, 2011 | 2 | 0.58 |
| 3. | Aluminium Section for office cabins | Shree Metal | May 27, 2011 & June 2, 2011 | - | 2.34 |
| 4. | Plyboard for office cabins | Durga Traders | May 27, 2011 & June 2, 2011 | - | 0.86 |
| 5. | Modular Rack System | Material Movell (India) Pvt. Ltd | June 18, 2011 & July 10, 2011 | 2 | 2.20 |
| 6. | Office Table, Computer Table ,Almirah etc | Mor Storage | June 22, 2011 & July 10, 2011 | 46 | 1.52 |
| 7. | Air Conditioners | Contec Impex Pvt. Ltd. | May 30, 2011 & July 15, 2011 | 14 | 4.40 |
| 8. | Misc. items | Various Suppliers | June 3, 2011 to July 4, 2011 | | 0.89 |
| | **Total** | | | | **14.98** |

**Unit IV**
As on July 31, 2011, our Company has incurred a sum of ₹ 23.42 lakhs towards purchase of furniture & fixtures, vehicles and office equipments, the details of which are as follows:

(₹ in lakhs)

| S. No. | Particulars | Name of supplier | Date of Invoice | Unit IV Ahmednagar | |
|---|---|---|---|---|---|
| | | | | Qty | Amount |
| 1. | Laptops and computers | Euro Tech Communication | Dec 16, 2010 | 22 | 4.43 |
| 2. | Vehicles | Shri Ram Automobiles | Feb 23, 2011 | 1 | 6.27 |
| 3. | Office furniture | Harish Steel Furniture | Dec 18, 2010 | - | 11.31 |
| 4. | Misc. items such as Air Conditioners, Refrigerators, Photocopy machine and exhaust fans | Various suppliers | Feb 18, 2011 to July 19, 2011 | - | 1.41 |
| | **Total** | | | | **23.42** |

**e) Preoperative Expenses**

**Unit III**
Our Company has incurred an expenditure of ₹ 135.36 lakhs as preoperative expenditure for Unit III.

**Unit IV**
Our Company has incurred an expenditure of ₹ 181.32 lakhs as preoperative expenditure for Unit IV.

We confirm that the utilities, equipment, plant & machinery acquired/proposed to be acquired by us under Phase-I are neither acquired nor proposed to be acquired from related parties. We further confirm that none of the utilities or equipment or plant & machinery are second hand in nature.

**f) Working capital requirement**

The working capital requirement for Phase I for the period FY 2011-12 is estimated as under:

(₹ in lakhs)

| Particulars | FY 2011-12 (Estimated) | FY 2011-12 (Estimated) | FY 2011-12 (Estimated) |
|---|---|---|---|
| | Unit III Greater Noida | Unit IV Ahmednagar | Total |
| Raw material | 177.67 | 272.00 | 449.67 |
| Work-in-progress | 33.33 | 35.00 | 68.33 |
| Finished goods | 40.00 | 50.00 | 90.00 |
| Other spares | 5.00 | 7.00 | 12.00 |
| Receivables | 400.00 | 620.00 | 1,020.00 |
| **Sub-total (A)** | **656.00** | **984.00** | **1,640.00** |
| **Less:** | | | |
| Creditors for purchase of raw-materials, stores & spares and consumables | 156.00 | 234.00 | 390.00 |
| **Sub-total (B)** | **156.00** | **234.00** | **390.00** |
| **Net Current Assets (A – B)** | **500.00** | **750.00** | **1,250.00** |

| Particulars | Holding period (months) |
|---|---|
| Raw material | 0.70 |
| Work-in-progress | 0.17 |
| Finished goods | 0.30 |
| Other spares | 0.50 |
| Receivables | 2.0 |
| Creditors | 1.0 |

The working capital requirement of ₹ 1250 lakhs is being financed by Standard Chartered Bank to the extent of ₹ 1200 lakhs.

The means of finance for Phase I is as under: (₹ in lakhs)

| S. No. | Particulars | Amount |
|---|---|---|
| 1. | Term Loan from Standard Chartered Bank | 2,350.00 |
| 2. | Line of Credit to be availed from Standard Chartered Bank for the purchase of Plant & Machinery (US$ 3 million, converted at the rate of 1US$ = ₹ 47/-) | 1,410.00 |
| 3. | Internal accruals/Unsecured loan from Promoter/Promoter Group | 1,997.86 |
| 4. | Working capital sanction from Standard Chartered Bank | 1,200.00 |
| | **Total** | **6,957.86** |

We have been sanctioned a term loan of ₹ 2,350.00 lakhs, a line of credit facility of US$ 3 million and working capital facility of ₹ 1,200.00 lakhs from Standard Chartered Bank vide its sanction letter dated September 14, 2010 for part-financing the expansion under Phase I. We have already commenced commercial production at Unit III & Unit IV in July, 2011 and March, 2011 respectively.

The statutory auditor of the Company, M/s Hem Sandeep & Company, Chartered Accountants, vide their letter dated August 13, 2011, have certified the above-mentioned details of the expenditure and also confirms that the funds have been utilized for the same purpose for which they were raised.

**2. Phase II expansion of our manufacturing facilities at Unit III, Greater Noida and at Unit IV, Ahmednagar**

Post implementation of Phase I, we intend to expand the capacity of plastic injection moulding at our manufacturing facilities by 1,400 tonnes p.a. at Unit III, Greater Noida and by 2,325 tonnes p.a. at Unit IV, Ahmednagar. The total cost of expansion in capacities is estimated at ₹ 5114.29 lakhs, the details of which are as under: (₹ lakhs)

| S. No. | Particulars | Unit III Greater Noida | Unit IV Ahmednagar | Total |
|---|---|---|---|---|
| a) | Building & civil works | 459.91 | 698.53 | 1158.44 |
| b) | Plant & Machinery – Imported | - | 517.99 | 517.99 |
| | Plant & Machinery – Indigenous | 620.87 | 2042.93 | 2663.80 |
| c) | Utilities | 202.68 | 242.42 | 445.10 |
| d) | Furniture and fixtures | 25.00 | 45.00 | 70.00 |

| | | | | |
|---|---|---|---|---|
| e) | Preliminary & pre-operative expenses | 35.00 | 75.00 | 110.00 |
| f) | Contingencies | 40.30 | 108.66 | 148.96 |
| | **Total** | **1,383.76** | **3,730.53** | **5,114.29** |

**d) Building & Civil Works**

Initially we planned to complete the building & civil works for the proposed manufacturing facility at Unit III, Greater Noida out of the funds proposed to be borrowed from Standard Chartered Bank. However, considering the additional requirement of working area for assembly of water purifiers, the cost additional building space is proposed to be met out of IPO proceeds. At Unit IV, we had earlier planned to construct four floors of RCC building, however, in present scenario, the total construction area has been reduced to two floors, which we propose to fund through IPO proceeds. The details of building & civil works are as under:

**Unit III**

As per quotation dated July 4, 2011 received from S.P.Singla Constructions Pvt. Ltd., the cost of civil work and construction of compound wall, site development and factory basement and stilt floor is estimated at ₹ 459.91 lakhs, as per the details given below:

(₹ in lakhs)

| S. No. | Particulars | Unit | Requirement | Rate | Amount |
|---|---|---|---|---|---|
| 1 | Compound Wall | mtrs | 1.5 mtr * 450 mtr | Lump sum | 93.71 |
| 2 | Road & Site Development | | | Lump sum | 99.91 |
| 3 | Factory Hall Basement | Sq. ft | 11,000 | Lump sum | 154.62 |
| 4 | Factory Shed Stilt floor | Sq. ft | 11,000 | Lump sum | 111.67 |
| | **Total** | | | | **459.91** |

**Unit IV**

As per quotation dated June 28, 2011 received from J. Kumar Infraprojects Ltd., the cost of civil work and construction of compound wall, site development and factory stilt floor is estimated at ₹ 698.53 lakhs as per details given below:

(₹ in lakhs)

| S. No. | Particulars | Unit | Requirement | Rate | Amount |
|---|---|---|---|---|---|
| 1 | Compound Wall | mtrs | 1.5 mtr * 525 mtr | Lump sum | 145.77 |
| 2 | Road & Site Development | | | Lump sum | 223.86 |
| 3 | Factory Shed Stilt Floor | Sq. ft | 28,600 | Lump sum | 328.90 |
| | **Total** | | | | **698.53** |

**a) Plant & Machinery**

**Plant & Machinery to be imported**

(₹ in lakhs)

| S.No | Description of Item | Name of Supplier | Date of Quotation | Per Unit Cost as per Quotation (FOB Value) | Unit III Greater Noida | | Unit IV Ahmednagar | |
|---|---|---|---|---|---|---|---|---|
| | | | | | Qty | Amount | Qty | Amount |
| 1 | Vertical Mould making Machine | Haas, USA | June 20, 2011 | US$ 106,934 | - | - | 1 | 63.80 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 2 | Hydraulic Grinder Machine | Proth, Taiwan | June 25, 2011 | US$ 17,550 | - | - | 1 | 10.47 |
| 3 | Vertical Machining Centre | Makino Asia Pte Ltd. | June 23, 2011 | SGD 248,904 | - | - | 2 | 247.50 |
| 4 | Submerged Wire Electrical Discharge Machine | Makino Asia Pte Ltd. | June 23, 2011 | SGD 173,421 | - | - | 1 | 86.22 |
| 5 | Sinker Electrical Discharge Machine | Makino Asia Pte Ltd. | June 23, 2011 | SGD 221,256 | - | - | 1 | 110.00 |
| | | | | | **-** | **-** | | **517.99** |

*Note: The amount in Indian currency has been converted using the conversion rate of 1$ = ₹ 44.70/- and 1SGD = ₹ 37.25/-. Further, we have assumed freight and insurance charges at the rate of 8% and 0.70% each respectively, in addition to 1% landing charges, customs duty as per applicable rates and local transportation charges at the rate of 0.50%.*

**Indigenous Plant & Machinery**

(₹ in lakhs)

| **S. No** | **Description of Item** | **Name of Supplier** | **Date of Quotation** | **Unit III Greater Noida** | | **Unit IV** Ahmednagar | |
|---|---|---|---|---|---|---|---|
| | | | | **Qty** | **Amount** | **Qty** | **Amount** |
| 1 | Assembly Conveyor | Swastika Engineering Works | July 9, 2011 | 2 | 21.74 | - | - |
| 2 | Plastic Injection Moulded Machine - 150 T | Modi Alloys India (P) Ltd. | July 1, 2011 | 2 | 73.35 | - | - |
| 3 | Plastic Injection Moulded Machine - 250 T | Modi Alloys India (P) Ltd. | July 1, 2011 | 2 | 113.92 | - | - |
| 4 | Plastic Injection Moulded Machine - 700 T | Starshine Engineering (India) Pvt. Ltd. | Aug 16, 2011 | 1 | 81.57 | - | - |
| 5 | Plastic Injection Moulded Machine - 700 T | Modi Alloys India (P) Ltd. | July 1, 2011 | - | - | 2 | 169.59 |
| 6 | Plastic Injection Moulded Machine - 1000 T | Starshine Engineering (India) Pvt. Ltd. | Aug 16, 2011 | 1 | 137.82 | 2 | 275.64 |
| 7 | Lathe Machine | Swastika Engineering Works | June 27, 2011 | - | - | 2 | 31.42 |
| 8 | Milling Machine | Swastika Engineering Works | June 27, 2011 | - | - | 2 | 40.89 |
| 9 | Mould Set 1.5 T Split Air Conditioner - IDU | Modi Alloys India (P) Ltd. | June 27, 2011 | 1set | 192.47 | 2set | 524.36 |
| 10 | LCD TV Mould Set | Modi Alloys India (P) Ltd. | June 27, 2011 | - | - | 1set | 286.11 |
| 11 | CTV Mould Set - FC & BC | Modi Alloys India (P) Ltd. | June 29, 2011 | - | - | 2set | 442.17 |
| 1 | Vegetable Tray for Refrigerator Mould | Modi Alloys India (P) Ltd. | July 1, 2011 | - | - | 2 | 140.45 |
| 2 | Shroud Assembley for Airconditioner | Modi Alloys India (P) Ltd. | July 1, 2011 | - | - | 1set | 67.63 |
| 13 | Egg Tray for Refrigerator | Modi Alloys India (P) Ltd. | July 4, 2011 | - | - | 1set | 36.41 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 14 | Electric Discharge Machine | Electronica, Pune | June 21, 2011 | - | - | 1 | 11.53 |
| 15 | Turret Milling Machine | Associated Technocrats, Delhi | June 21, 2011 | - | - | 1 | 3.63 |
| 16 | Lathe Machine | Associated Technocrats, Delhi | June 21, 2011 | - | - | 1 | 5.51 |
| 17 | Radial Drill Mahine | Associated Technocrats, Delhi | June 21, 2011 | - | - | 1 | 7.59 |
| | | | | | **620.87** | | **2,042.93** |

**b) Utilities**

The total cost of utilities is estimated at ₹ 445.10 lakhs, details of which are as under:

(₹ in lakhs)

| S. No | Description of Item | Name of Supplier | Date of Quotation | Unit III Greater Noida | | Unit IV Ahmednagar | |
|---|---|---|---|---|---|---|---|
| | | | | Qty | Amount | Qty | Amount |
| 1 | Cooling Towers | Agarwal Steel Rolling Mills & Metal Industries | June 27, 2011 | 2 | 20.29 | 2 | 20.29 |
| 2 | Air Compressor | Agarwal Steel Rolling Mills & Metal Industries | July 5, 2011 | 1 | 9.73 | - | - |
| 3 | Air Receiver | Agarwal Steel Rolling Mills & Metal Industries | July 1, 2011 | 1 | 5.31 | - | - |
| 4 | Electrical Panels | Swastika Engineering Works | July 3, 2011 | 1 set | 78.65 | 1 set | 94.68 |
| 5 | DG Set 1000 KVA | Agarwal Steel Rolling Mills & Metal Industries | June 27, 2011 | 1 | 47.34 | 1 | 47.34 |
| 6 | Power Transformers | Swastika Engineering Works | June 27, 2011 | - | - | 1 | 39.56 |
| 7 | Armoured Electrical Cables | Swastika Engineering Works | June 25, 2011 | 1 set | 41.36 | 1 set | 40.55 |
| | | | | | **202.68** | | **242.42** |

We confirm that the utilities, equipment, plant & machinery under Phase-II are not proposed to be acquired from related parties. We confirm that none of the utilities or equipment or plant & machinery that we propose to purchase out of the Public Issue proceeds are second hand in nature.

We have relied on quotations received from various suppliers for orders of plant & machineries and utilities or equipments yet to be placed. Where more than one quotation has been sought, we have indicated the lowest of such quotations. We are also negotiating with several suppliers and the actual supplier may vary from the one mentioned above. Further, the specification of plant & machinery/utility(ies) may also differ considering the conditions prevailing at the time of placing the orders. We have not yet placed any orders for purchase of plant & machineries and utilities for our proposed expansion project under Phase II.

**e) Furniture & Fixtures**

As per estimates received from M/s Goyal Associates, Structural Consultant Architects & Civil Engineers, the total cost of furniture and fixtures for the proposed expansion shall be ₹ 70.00 lakhs.

(₹ in lakhs)

| S. No. | Particulars | Unit III Greater Noida | Unit IV Ahmednagar | Total |
|---|---|---|---|---|
| a) | Office furniture modular type with laminate, side | 3.00 | 5.00 | 8.00 |

| | | | | |
|---|---|---|---|---|
| | drawer, filing cabinets etc. | | | |
| b) | Setting up of the EDP system | 5.00 | 10.00 | 15.00 |
| c) | Office air conditioning, incuding ductin, grills, wall mounted temperature controllers etc. | 6.00 | 12.50 | 18.50 |
| d) | Supply & installation of intercom system with digital desk phones with pagers | 2.00 | 5.00 | 7.00 |
| e) | Interior design & aesthetics including cost of soft furnishings | 2.00 | 7.50 | 9.50 |
| f) | Other related jobs including setting up of pantry in office area, executive dining area and mini-kitchennette | 7.00 | 5.00 | 12.00 |
| | **Total** | **25.00** | **45.00** | **70.00** |

**f) Preliminary & pre-operative expenses**

Preliminary and pre-operative expenses mainly consist of interest during the construction period, establishment & project management expenses, engineering & consultancy fees, manpower training, start-up & trial run expenses and other miscellaneous expenses during the construction period. We have estimated a sum of ₹ 110.00 lakhs towards preliminary & pre-operative expenses for the proposed expansion under Phase II.

(₹ in lakhs)

| Particulars | Unit III Greater Noida | Unit IV Ahmednagar | Total |
|---|---|---|---|
| Preliminary & pre-operative expenses | 35.00 | 75.00 | 110.00 |

**g) Contingencies**

In the event of any cost overrun due to any changes in the quoted price for which orders have not been placed, time variations, transportation cost, insurance, unexpected price rise due to factors beyond our control, contingencies have been provided for to cover any eventuality which may occur. We have made a contingency provision in tune of ₹ 148.96 lakhs, to take care of any such eventuality which may occur.

Contingencies have been estimated as under:

(₹ in lakhs)

| S. No. | Particulars | Unit III Greater Noida | Unit IV Ahmednagar | Total |
|---|---|---|---|---|
| a) | Building & civil works | 459.91 | 698.53 | 1158.44 |
| b) | Plant & Machinery | 620.87 | 2,560.92 | 3181.79 |
| c) | Utilities | 202.68 | 242.42 | 445.10 |
| d) | Furniture and fixtures | 25.00 | 45.00 | 70.00 |
| e) | Preliminary & pre-operative expenses | 35.00 | 75.00 | 110.00 |
| | **Total** | **1,343.46** | **3,621.87** | **4,965.33** |
| | Contingency provision @ 3% | 40.30 | 108.66 | 148.96 |

**Infrastructural facilities and utilities**

**Raw Materials**

The principal raw materials used by us for the process of plastic injection moulding are High Impact Poly Styrene (HIPS), Acrylonitrile Butadiene Styrene (ABS) and Poly Propylene. Our requirement for HIPS is primarily met from LG Polymers, BASF and Supreme Petrochem; the requirement for ABS is met from Ineos and LG Chemicals, Korea; and the requirement of poly propylene is primarily met from Reliance Industries. In respect of water purifiers, we are procuring carbon filter battery kit from regional stockists of Hindustan Unilever Limited. Since we are already dealing with number of suppliers for our existing requirement, we do not foresee any problem in procurement of raw material for our future expansion.

**Power**

The requirement of power after the proposed expansion will be approximately 10,000 units per day or 1 MW usage per day for Unit III at Greater Noida and 20,000 units per day or 2 MW usage per day for Unit IV at Ahmednagar. For Unit III, we propose to source power from Noida Power Company Limited. For Unit IV, we propose to source power from Maharashtra State Electricity Board. We also intend to buy one DG set of 1000KVA each for Unit III at Greater Noida and for Unit IV at Ahmednagar respectively as standby power source.

**Water**

We require water for injection moulding and surface treatment mainly for cooling of various machineries. On an average, our water requirement, after the proposed expansion, shall be 50 KL/day for Unit III at Greater Noida and 75 KL/day for Unit IV at Ahmednagar. We plan to source the said water requirement from the proposed captive bore wells at our manufacturing facilities.

**Diesel**

We shall require diesel for running our DG sets. We intend to procure diesel directly from the local vendors in the surrounding areas.

**Effluent Treatment Plant**

We propose to install Effluent Treatment Plant (ETP) of 4KL/day capacity each at Unit III and Unit IV respectively.

**Manpower**

The details of additional manpower requirements for the proposed expansion are as follows:-

| Category of Employees | No. of Employees at Unit III, Greater Noida | No. of Employees at Unit IV, Ahmednagar | Total |
|---|---|---|---|
| Managerial Level | 2 | 2 | 4 |
| Executives and Supervisors | 5 | 6 | 11 |
| Assistants | 2 | 5 | 7 |
| Skilled workers | 10 | 15 | 25 |
| Unskilled workers | 6 | 10 | 16 |
| Contract Labour | 20 | 50 | 70 |
| **Total** | **45** | **88** | **133** |

We believe that the manpower required will be easily available in these areas. Thus, we do not foresee any problem in sourcing the required manpower.

**3. Meeting long term working capital requirements**

At present, our Company has been sanctioned a total fund based working capital limits of ₹ 3850 lakhs from State Bank of India and Standard Chartered Bank.

The working capital requirement for Phase-I has been disclosed on page no. 39 of the Red Herring Prospectus, whereas the working capital requirement for Phase-II is proposed to be met from internal accruals. The details of long term working capital requirements for Unit-I & Unit II, are as under:

(₹ in lakhs)

| Particulars | FY 2012-13 (Estimated) | FY 2010-11 (Audited) |
|---|---|---|
| | **Amount** | **Amount** |
| Raw material | 1682.00 | 1163.17 |
| Work-in-progress | 134.00 | 81.81 |
| Finished goods | 275.00 | 249.31 |
| Other spares | 22.00 | 29.75 |
| Receivables | 4114.00 | 3694.52 |
| **Sub-total (A)** | **6227.00** | **5218.56** |
| **Less:** | | |
| Creditors for purchase of raw-materials, stores & spares and consumables | 1757.00 | 2211.76 |
| **Sub-total (B)** | **1757.00** | **2211.76** |
| **Net Current Assets (A – B)** | **4470.00** | **3006.80** |
| **Funding Pattern:** | | |
| Estimated Bank Finance available | 2970.00 | 2500 |
| Proposed to be funded through Issue Proceeds | 1500.00 | - |
| Internal accruals | | 506.80 |
| **Total** | **4470.00** | **3006.80** |

| | Holding level (months) |
|---|---|
| Raw material | 0.75 |
| Work-in-progress | 0.05 |
| Finished goods | 0.11 |
| Other spares | 5.74 |
| Receivables | 1.50 |
| Creditors for purchase of raw-materials, stores & spares and consumables | 0.75 |

On the basis of holding period for the FY 2010-11, we have projected the working capital requirements for the FY 2012-13 for Unit I & II and on this basis, our requirement works out to ₹ 4470 lakhs, which we propose to meet through bank finance to the extent of ₹ 2970 lakhs and the balance of ₹ 1500 lakhs from IPO proceeds.

**4. General corporate purposes**

We, in accordance with the policies set up by the Board will have flexibility in applying the net proceeds of the Issue, after the aforesaid objects are met, for general corporate purposes including, but not restricted to offsetting secured loan borrowings, meeting contingencies for any cost overrun in the expansion project, strategic initiatives, expanding into new geographies, brand building exercise, strengthening of market capabilities, future projects and meeting exigencies which we in the ordinary course may not foresee. As on the date of this Red Herring Prospectus, we have not entered into any commitment for any strategic initiatives. Our management, in accordance with the policies of our Board, will have flexibility in utilizing the proceeds earmarked for general corporate purposes.

### 5. Meeting the Issue expenses*

The expenses for this issue include issue management fees, underwriting and selling commission, registrar's fees, legal advisor's fees, advisors & banker's fees, statutory auditor's fees, printing and distribution expenses, advertisement expenses, depository charges and listing fees to the Stock Exchange among others. The total expenses for this issue are estimated to be ₹ [●] Lakhs, details of which are as under:

(₹ in lakhs)

| Activity | Amount (₹ in lakhs) | % of total issue size | % of issue expenses |
|---|---|---|---|
| Issue management fees, underwriting and selling commission (including commission to SCSBs for ASBA applications) and brokerage | [●] | [●] | [●] |
| Registrars fees | [●] | [●] | [●] |
| Fees for legal counsels | [●] | [●] | [●] |
| Fee payable to the grading agency | [●] | [●] | [●] |
| Printing and stationery expenses | [●] | [●] | [●] |
| Advertising and marketing expenses | [●] | [●] | [●] |
| Other expenses (stamp duty, initial listing fees, depository fees, charges for using the book building software of the exchanges and other related expenses) | [●] | [●] | [●] |
| **Total** | [●] | [●] | [●] |

** will be incorporated after finalization of issue price.*

**Funds deployed till date**

The details of the amounts spent by our Company as of July 31, 2011 on projects as part of the "Objects of the Issue" and as certified by our Statutory Auditors, M/s Hem Sandeep & Company, Chartered Accountants vide certificate dated August 13, 2011 are provided in the table below:

(₹ in lakhs)

| Particulars | Amount |
|---|---|
| **Funds Deployed** | |
| Issue expenses | 68.41 |
| **Sources of Funds** | |
| Internal Accruals | 68.41 |

The above mentioned deployment has been financed out of internal accruals. Since the objects of the issue stated are to be funded from IPO proceeds, the amount spent till date on the object, certified by the Statutory Auditor shall be recouped from the proceeds of the Issue.

**Schedule of Implementation**

| S. No | Activity | Expected month of commencement | Expected month of completion |
|---|---|---|---|
| 1. | Prepayment of the portion of term loan and the line of credit facility proposed to be availed by our Company for the expansion under Phase I | October, 2011 | December, 2011 |
| 2. | **Phase II Expansion of our manufacturing facility at Unit III, Greater Noida** | | |
| (i) | Construction of buildings | August, 2011 | October 2011 |
| (ii) | Plant and machinery | | |
| a) | Placement of orders | August, 2011 | September, 2011 |
| b) | Delivery and installation | September, 2011 | December, 2011 |

| | | | |
|---|---|---|---|
| (iii) | Utilities | | |
| a) | Placement of orders | August, 2011 | September, 2011 |
| b) | Delivery and installation | September, 2011 | November, 2011 |
| (iv) | Purchase of furniture and fixtures | October, 2011 | December, 2011 |
| (v) | Trial runs | January, 2012 | February, 2012 |
| (vi) | Commercial production | March, 2012 | |
| 3. | **Phase II Expansion of our manufacturing facility at Unit IV,** Ahmednagar | | |
| (i) | Construction of buildings | August, 2011 | October 2011 |
| (ii) | Plant and machinery | | |
| a) | Placement of orders | August, 2011 | September, 2011 |
| b) | Delivery and installation | September, 2011 | December, 2011 |
| (iii) | Utilities | | |
| a) | Placement of orders | August, 2011 | September, 2011 |
| b) | Delivery and installation | September, 2011 | November, 2011 |
| (iv) | Purchase of furniture and fixtures | October, 2011 | December, 2011 |
| (v) | Trial runs | January, 2012 | February, 2012 |
| (vi) | Commercial production | March, 2012 | |

**Proposed deployment of funds in the project**

The break-up of proposed deployment of funds is mentioned below:

(₹ in lakhs)

| Particulars | Already incurred till date July 31, 2011 | Fiscal year 2011-12 | Fiscal year 2012-13 | Total |
|---|---|---|---|---|
| 1. Prepayment of the portion of term loan and line of credit facility proposed to be availed by our Company for the expansion under Phase I | - | 2410.00 | - | 2,410.00 |
| 2. Expansion of our manufacturing facility at Unit III, Greater Noida under Phase II | | | - | |
| a) Building & civil works | - | 459.91 | - | 459.91 |
| b) Plant & Machinery | - | 620.87 | - | 620.87 |
| c) Utilities | - | 202.68 | - | 202.68 |
| d) Furniture and fixtures | - | 25.00 | - | 25.00 |
| e) Preliminary & pre-operative expenses | - | 35.00 | - | 35.00 |
| f) Contingencies | - | 40.30 | - | 40.30 |
| 3. Expansion of our manufacturing facility at Unit IV, Ahmednagar under Phase II | | | | |
| a) Building & civil works | - | 698.53 | - | 698.53 |
| b) Plant & Machinery | - | 2560.92 | - | 2560.92 |
| c) Utilities | - | 242.42 | - | 242.42 |
| d) Furniture and fixtures | - | 45.00 | - | 45.00 |
| e) Preliminary & pre-operative expenses | - | 75.00 | - | 75.00 |

| | | | | |
|---|---|---|---|---|
| f) Contingencies | - | 108.66 | - | 108.66 |
| 4. Long term working capital requirements | - | - | 1500.00 | 1,500.00 |
| 5. General corporate purposes | - | [•] | [•] | [•] |
| 6. Issue expenses | 68.41 | [•] | [•] | [•] |
| **Total** | **68.41** | **[•]** | **[•]** | **[•]** |

**Interim use of proceeds**

Our Company's management, in accordance with the policies established by the Board, will have flexibility in deploying the proceeds received from the Issue. Pending utilization of the proceeds out of the Issue for the purposes described above, we intend to temporarily invest the funds in high quality interest bearing liquid instruments including money market mutual funds and deposits with banks. Such investments would be in accordance with the investment policies approved by the Board from time to time. We confirm that pending utilization of Issue proceeds; we shall not use the funds for any investments in the Equity markets.

**Monitoring of utilisation of funds**

The appointment of monitoring agency is not required in accordance with Clause 16 of SEBI (ICDR) Regulations, 2009. We have therefore not appointed any Monitoring Agency for the purpose of monitoring the utilization of issue proceeds. We will disclose the utilization of the proceeds under a separate head in our Company's balance sheet for the FY 2011-12 and FY 2012-13 clearly specifying the purpose for which such proceeds have been utilised. We, in our balance sheet for the FY 2011-12 and FY 2012-13, provide details, if any, in relation to all such proceeds of the Issue that have not been utilized thereby also indicating investments, if any of such unutilized proceeds of the Issue.

Pursuant to Clause 49 of the Listing Agreement, our Company shall on quarterly basis disclose to the Audit Committee the uses and applications of the proceeds of the Issue. On an annual basis, our Company shall prepare a statement of fund utilized for purposes other than stated in this Red Herring Prospectus and place it before the Audit Committee. Such disclosures shall be made only until such time that all the proceeds of the Issue have been utilized in full. The statement will be certified by the Statutory Auditors of our Company.

Our Company shall be required to inform the material deviations in the utilization of the issue proceeds to the Stock Exchanges and shall also be required to simultaneously make the material deviation / adverse comments of the Audit Committee public through advertisement in newspaper.

No part of the issue proceeds, will be paid by our Company, as consideration to Promoters, Directors, Promoter Group, Key Managerial Personnel except in the usual course of business.

## BASIC TERMS OF ISSUE

**PUBLIC ISSUE OF 57,45,000 EQUITY SHARES OF RS 10/- EACH FOR CASH AT A PRICE OF ₹ [•] PER EQUITY SHARE, AGGREGATING RS. [•] LAKHS (THE "ISSUE"). THE ISSUE WOULD CONSTITUTE 35% OF THE FULLY DILUTED POST ISSUE PAID-UP CAPITAL OF OUR COMPANY**

**Price band: ₹ 190 to 210 per Equity Share of face value of Rs 10/- each.**

**The Issue price is 19 times the face value at the lower end of the price band and 21 times the face value at the higher end of the price band.**

| | **QIBs** | **Non-Institutional Bidders** | **Retail Individual Bidders** |
|---|---|---|---|
| Number of Equity Shares available for Allocation* | Not more than 28,72,500 Equity Shares | Not less than 8,61,750 Equity Shares | Not less than 20,10,750 Equity Shares |
| Percentage of Issue Size Available for allocation | Not more than 50% of the Issue of which 5% will be available for proportionate allocation to Mutual Funds only. Mutual funds participationg in the 5% reservation in the QIB portion will also be eligible for allocation in the remaining QIB portion. The unsubscribed portion in the Mutual Fund resesarvation will be available to QIBs | Not less than 15% of Issue | Not less than 35% of Issue |
| Basis of Allocation if respective category is oversubscribed | Proportionate as follows:<br>a. Equity Shares shall be allocated on proportionate basis to Mutual Funds in the Mutual Funds Portion;<br>b. Equity Shares shall be allocated on proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above. | Proportionate | Proportionate |
| Minimum Bid | Such number of Equity Shares in multiples of 30 Equity Shares so that the Bid Amount exceeds ₹ 2,00,000. | Such number of Equity Shares in multiples of 30 Equity Shares so that the Bid Amount exceeds ₹ 2,00,000. | 30 Equity Shares |
| Maximum Bid | Such number of Equity Shares in multiples of 30 Equity Shares so that the Bid amount does not exceed the Issue, subject to applicable limits. | Such number of Equity Shares in multiples of 30 Equity Shares so that the Bid amount does not exceed the Issue, subject to applicable limits. | Such number of Equity in multiples of 30 Equity Shares so that the Bid amount does not exceed ₹ 2,00,000 |
| Mode of Allotment | Compulsorily in dematerialised mode | Compulsorily in dematerialised mode | Compulsorily in dematerialised mode |
| Allotment Lot | 30 Equity Shares and in multiples of one Equity Share thereafter | 30 Equity Shares and in multiples of one Equity Share thereafter | 30 Equity Shares and in multiples of one Equity Share thereafter |
| Trading Lot | One | One | One |

| | | | |
|---|---|---|---|
| Who can apply** | Public financial institutions, as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual funds registered with SEBI, foreign institutional investors and sub-account registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, State Industrial Development Corporations, permitted insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of ₹ 2500 lakhs, pension funds with minimum corpus of ₹ 2500 lakhs, National Investment Fund and Insurance funds set up and managed by army, navy or air force of the Union of India in accordance with applicable laws. | Resident Indian individuals, HUF (in the name of Karta), companies, corporate bodies, Eligible NRIs, scientific institutions, societies and trusts. | Individuals including NRIs and HUFs (in the name of the Karta) applying for Equity Shares such that the Bid amount does not exceed ₹ 200,000 in value. |
| Terms of Payment*** | The entire bid amount shall be payable at the time of submission of the Bid-cum-Application Form to the Syndicate Members | The entire bid amount shall be payable at the time of submission of the Bid-cum-Application Form to the Syndicate Members | The entire bid amount shall be payable at the time of submission of the Bid-cum-Application Form to the Syndicate Members |
| Margin Amount | 100% of the bid amount | 100% of the bid amount | 100% of the bid amount |

* Subject to valid Bids being received at or above the Issue Price.

This Issue is being made through a 100% Book Building Process wherein not more than 50% of the Issue to Public shall be available for allocation on a proportionate basis 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 shall be available for allotment on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. Further, not less than 15% of the Issue to Public shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Issue to Public 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.

Under subscription, if any, in any category would be met with spill over from any of the other category or combination of categories, at the discretion of our Company in consultation with the BRLM.

** In case the Bid-cum-Application form/ASBA Form is submitted in joint names, the investors should ensure that the demat 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/ASBA Form.

*** In case of ASBA Bidders, SCSB shall be authorized to block such funds in the bank account of the ASBA Bidders that are specified in the Bid-cum-ASBA Forms.

## BASIS FOR ISSUE PRICE

The Issue Price will be determined by our Company in consultation with the BRLM on the basis of assessment of market demand for the offered Equity Shares by the Book Building Process. The face value of the Equity Shares is ₹ 10/- and Issue Price is ₹ [●] per Equity Share and is [●] times the face value.

Investors should read the following summary with the risk factors appearing on page no. iii of this Red Herring Prospectus and the details about our Company and its financial statements included in this Red Herring Prospectus. The trading price of the Equity Shares of our Company could decline due to these risk factors and you may lose all or part of your investments.

**Qualitative Factors**

For details in respect of our qualitative factors, please refer to the section "Our Strengths" appearing on page no. 79 of this Red Herring Prospectus.

**Quantitative Factors**

**1. Adjusted Earning per Equity Share, based on restated audited unconsolidated financial statements:**

| Period (Financial Year) | Earnings per Equity Share (₹) | Weight |
|---|---|---|
| 2010-11 | 16.78 | 3 |
| 2009-10 | 9.96 | 2 |
| 2008-09 | 1.27 | 1 |
| **Weighted Average** | 11.92 | |

**2. Price / Earning Ratio (P/E)**

| Particulars | At the Lower Band of ₹ 190per Equity Share | At the Upper Band of ₹ 210 per Equity Share |
|---|---|---|
| Based on the Adjusted EPS for the year ended March 31, 2011 (based on restated audited unconsolidated financial statements) | 11.32 | 12.51 |
| Based on the weighted average EPS | 15.94 | 17.62 |

**Industry P/E**

| Sr. No. | Particulars | Industry P/E |
|---|---|---|
| Industry – Electronics – Components | | |
| (i) | Highest | 34.3 |
| (ii) | Lowest | 2.8 |
| (iii) | Average | 23.1 |

*(Source: Capital Market dated August 8 – 21, 2011)*

**3. Return on Networth (RONW) (**based on restated audited unconsolidated financial statements)

| Period (Financial Year) | RONW% | Weight |
|---|---|---|
| **2010-11** | **41.00** | **3** |
| 2009-10 | 36.6% | 2 |
| 2008-09 | 6.58% | 1 |
| **Weighted Average** | 33.80% | |

**4. Minimum Return on increased Net Worth required to maintain pre-issue EPS.**

| Particulars | At the Lower Band of ₹ 190 per Equity Share | At the Upper Band of ₹ 210 per Equity Share |
|---|---|---|
| Minimum required RONW for maintaining EPS (based on restated audited unconsolidated financial statements) | 18.02% | 16.76% |

**5. Net Asset Value per share (NAV)**

| Particulars | Adjusted NAV (on standalone basis) |
|---|---|
| a. As on March 31, 2011 (₹) | 40.92 |
| b. After Issue (at lower band of ₹190 per Equity Share) | 93.10 |
| c. After Issue (at upper band of ₹ 210 per Equity Share) | 100.10 |
| d. Issue Price | [•] |

NAV per share = Paid up share capital + Reserves and surplus – Miscellaneous expenditure not yet written off / Number of outstanding Equity Shares.

**6. Comparison with Industry Peers**

The comparable ratios of companies, who are in similar line of business and similar size of operations in terms of total income, are given below:

| Name of the Company | Face Value (₹) | E.P.S. (₹) | P/E | NAV (₹) | RONW (%) |
|---|---|---|---|---|---|
| **Peer group*** | | | | | |
| MIRC Electronics | 1 | 1.93 | 9.84** | 18.78 | 10.24 |
| Samtel Colour | 10 | (11.43) | - | 21.80 | - |
| PG Electroplast Limited** | 10.00 | 16.78 | - | 40.92 | 41.00% |

***based on market price of Rs. 18.99 on August 16, 2011.*

**Note**: The restated financial information of the industry peers is not ascertainable, the ratios disclosed in the Red Herring Prospectus for the purpose of comparison with the accounting ratios of our Company is not based on restated financial statements of the industry peers. For peer group companies, the EPS figures have been sourced from the website of Bombay Stock Exchange Limited i.e. www.bseindia.com. The figures for RONW and NAV are calculated from the annual reports of respective peer group companies. P/E ratio is based on the standalone Basic and Diluted EPS for the financial year ended March 31, 2011 and Market Price (BSE) as on August 16, 2011.

* The figures of peer group companies are based on audited standalone financial statements for the period ended March 31, 2011.
** Based on restated audited standalone financial statements for twelve months period ended March 31, 2011.

The face value of the shares of our Company is ₹ 10/- per share and the Issue Price of ₹ [•] per share is [•] times of the face value of the Shares of our Company.

The BRLM believes that the Issue price of ₹ [●] is justified in view of the above qualitative and quantitative factors. See the section titled "Risk Factors" and "Financial Statements of the Company" beginning on page no. iii and 125 of this Red Herring Prospectus, including important profitability and return ratios, as set out in the Auditor's Report beginning on page no. 140 for further information.

**STATEMENT OF TAX BENEFITS**

The Board of Directors
**PG ELECTROPLAST LIMITED**
Plot No. 4/2, 4/3, 4/4, 4/5 & 4/6 Site B,
Surajpur, Gautam Budh Nagar,
Uttar Pradesh

We hereby report that the enclosed annexure states the possible tax benefits available to **PG ELECTROPLAST LIMITED**., (the "Company) and its shareholders under the current tax laws presently in force in India as amended by the Finance Act, 2011 / Direct Tax laws relevant to the Assessment Year 2012-13. 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 as to whether:

i. The company or its shareholders will continue to obtain these benefits in future; or
ii. The conditions prescribed for availing the benefits have been / 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.

For Hem Sandeep & Co.,
CHARTERED ACCOUNTANTS
Firm Registration No. 009907N

(CA Manish Gupta)
Partner
Membership No: 092257

Place: NOIDA
Date: 12.08.2011

**STATEMENT OF POSSIBLE DIRECT TAX BENEFITS AVAILABLE TO PG ELECTROPLAST LIMITED (THE "COMPANY") AND ITS SHAREHOLDERS**

The following benefits shall be available to the Company.

**SPECIAL TAX BENEFITS**

(1) There are no special tax benefits available to the Shareholders.
(2) To the Company

**Benefit under section 80IC**

Under section 80IC of the Income Tax Act and subject to the conditions and to the extent specified therein, the company is eligible for deduction on One-Hundred percent of the profit and gains of the industrial undertaking at Roorkee, Uttranchal for the first five years commencing with the intial assessment year i.e. the year relevant to the previous year, in which the undertaking begins to manufacture of produce articles or things or commences operation or complete substantial expansion and 25% of the profit and gains fro the next five years subject to Minimum Alternate Tax (MAT) u/s 115JB of the Income Tax Act, 1961

**GENERAL TAX BENEFITS:**

**A. BENEFITS AVAILABLE UNDER THE INCOME - TAX ACT - 1961 ( THE "ACT")**

**I. TO THE COMPANY**

**1) Depreciation under Section 32**

In accordance with and subject to the provisions of section 32 of the Income Tax Act, the company will be allowed to claim depreciation on specified tangible and intangible assets as per the rates specified

**2) Income from units of Mutual Funds exempt under Section 10(35)**

The Company will be eligible for exemption of income received from units of mutual funds specified under Section 10(23D) of the Act, income received in respect of units from the Administrator of specified undertaking and income received in respect of units from the specified company in accordance with and subject to the provisions of Section
10(35) of the Act.

**3) Preliminary Expenses Under Section 35D**

In accordance with and subject to the provisions of Section 35D of the Income Tax Act, the company will be entitled to amortize, over a period of five years, all expenditure in connection with the proposed public issue subject to the overall limit specified in the said section.

**4) Dividends exempt under Section 10(34)**

Dividends (Whether interim or final) declared, distributed or paid by any Indian company are exempt in the hands of company as per the provisions of Section 10(34) read with Section 115-O of the Act.

**5) Lower Tax Rate under Section 112 on Long term Capital gains**

As per the provisions of Section 112 of the Act, long term gains that are not exempt under Section 10(38) of the Act would be subject to tax at a rate of 20 percent (Plus applicable
surcharge and education cess). However, as per the proviso to Section 112(1), if the tax on long term capital gains resulting on transfer of listed securities or units, calculated at the rate of 20 percent with indexation benefit exceeds the tax on long term gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (Plus applicable surcharge and education cess).

**6) Lower Tax rate Under Section 111A on short term Capital gains**

As per the provisions of section 111A of the Act, short-term capital gains on sale of equity shares or units of an equity oriented fund where the transaction of sale is chargeable to Securities Transaction tax ("STT") shall be subject to tax at a rate of 15 percent (Plus applicable surcharge and education cess).

**7) Exemption of Long term capital gain under Section 10(38)**

According to Section 10(38) of the Act, long-term capital gains on sale of equity shares or units of an equity oriented fund where the transaction of sale is chargeable to STT shall be exempt from tax.

**8) Exemption of Long term capital gain under Section 54EC**

Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (other than those exempt under section 10(38) of the Act) arising on the transfer of shares of the Company would be exempt from tax if such capital gain is invested within 6 months after the date of such transfer in the bonds (long term specified assets) issued by:

a. National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988;

b. Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.

If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year such transfer or conversion. The cost of the long term specified assets, which has been considered under this Section for calculating capital gain, shall not be allowed as a deduction from the income-tax under Section 80C of the Act for any assessment year beginning on or after April 1, 2006. Further, the investment made on or after 1$^{st}$ day of April, 2007 in the above specified assets by an assessee during any financial year cannot exceed ₹ 50 lakhs

**9) Benefit under Section 115JAA (1A)**

Under Section 115JAA (1A) of the Act, tax credit shall be allowed of any tax paid (MAT) under Section 115JB of the Act. Credit eligible for carry forward is the difference between MAT paid and the tax computed as per the normal provisions of the Act. Such MAT credit shall not be available for set-off beyond 10 years succeeding the year in which the MAT becomes allowable.

**II. TO RESIDENT SHAREHOLDERS**

**1) Dividends exempt under Section 10 (34)**

Dividends (whether interim or final) declared, distributed or paid by the company are exempt in the hands of shareholders as per the provisions of section 10(34) read with Section 115-O of the Act.

**2) Exemption of Long term capital gain under Section 10(38)**

According to section 10(38) of the Act, long-term capital gains on sale of equity shares or units of an equity oriented fund where the transaction of sale is chargeable to STT shall be exempt from tax.

**3) Lower Tax rate under Section 112 on long term capital gains**

As per the provisions of section 112 of the Act, long term gains as computed above that are not exempt under section 10(38) of the Act would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess). However, as per the proviso to Section112 (1), if the tax on long term capital gains resulting on transfer of listed securities or units, calculated at the rate of 20 percent with indexation benefit exceeds the tax on long term gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (plus applicable surcharge and education cess.)

**4) Lower Tax rate under Section 111A on long term capital gains**

As per the provisions of section 111A of the Act, short-term capital gains on sale of equity shares where the transaction of sale is chargeable to STT shall be subject to tax at a rate of 15 per cent (plus applicable surcharge and education cess).

**5) Exemption of Long term capital gain under Section 54EC**

Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (other than those exempt under section 10(38) of the Act) arising on the transfer of shares of the Company would be exempt from tax if such capital gain is invested within 6 months after the date of such transfer in the bonds (long term specified assets) issued by:

a. National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988;

b. Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.

If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year such transfer or conversion. The cost of the long term specified assets, which has been considered under this Section for calculating capital gain, shall not be allowed as a deduction from the income-tax under Section 80C of the Act for any assessment year beginning on or after April 1, 2006. Further, the investment made on or after 1st day of April, 2007 in the above specified assets by an assessee during any financial year cannot exceed ₹ 50 lakhs.

**6) Exemption of Long term capital gain under Section 54F**

According to the provisions of section 54F of the Act and subject to the conditions specified therein, in the case of an individual or a Hindu Undivided Family(HUF), gains arising on transfer of a long term capital asset (not being a residential house), other than gains exempt under section 10(38), are not chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period in residential house, then such gains would not be chargeable to tax on a proportionate basis. For this purpose, net consideration means full value of the consideration received or accruing as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

**III. TO NON- RESIDENT INDIAN SHAREHOLDERS**

**1) Dividends exempt under Section 10(34)**

Dividends (Whether interim or final) declared; distributed or paid by the company are exempt in the hands of shareholders as per the provisions of section 10(34) read with Section 115-O of the Act.

**2) Lower Tax rate under Section 112 on long term capital gains**

In case investment is made in Indian rupees, the long term capital gain is to be computed after indexing the cost. According to the provision of section 112 of the Act, long term gains as computed above that are not exempt under section 10(38) of the Act would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess). However, as per the proviso to section 112(1), if the tax on long term capital gains resulting on transfer of listed securities or units, calculated at the a rate of 20 percent with indexation benefit exceeds the tax on long term gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (plus applicable surcharge and education cess)

**3) Lower Tax rate under Section 111A on long term capital gains**

As per the provisions of section 111A of the Act, short term capital gains on sale of equity shares where the transaction of sale is chargeable to STT shall be subject to tax at a rate of 15 percent (plus applicable surcharge and education cess).

**4) Options available under the Act**

*Where shares have been subscribed to in convertible foreign exchange - Option of taxation under Chapter XII A of the Act:*
Non-Resident Indians (as defined in section 115C (e) of the Act), being shareholders of an Indian Company, have the option of being governed by the provisions of Chapter XII A, which inter alia entitles them to the following benefits in respect of income from shares of an Indian company acquired, purchased or subscribed to in convertible foreign exchange;

i) According to the provision of section 115D read with Section 115E of the Act and subject to the conditions specified therein, long term capital gains arising on transfer of an Indian company's shares, will be subject to tax at the rate of 10 percent (Plus applicable surcharge and education cess), without indexation benefit

ii) According to the provisions of section 115F of the Act and subject to the conditions specified therein, gains arising on transfer of a long term capital asset being shares in an Indian company shall 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 month 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. For this purpose, net consideration means full value of the consideration received or accruing as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer. 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.

iii) As per the provisions of 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 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.

iv) Under 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 the Chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified assets for the year and subsequent assessment years until such assets are converted into money.

v) As per the provisions of Section 115I of the Act, Non-Resident Indian may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing his return of income for that assessment year under Section 139 of the Act, declaring therein 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.

**5) Exemption of Long term capital gain under Section 10(38)**

According to section10 (38) of the Act, long term capital gains on sale of equity shares, where the transaction of sale is chargeable to STT, shall be exempt from tax.

**6) Exemption of Long term capital gain under Section 54EC**

Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (other than those exempt under section 10(38) of the Act) arising on the transfer of shares of the Company would be exempt from tax if such capital gain is invested within 6 months after the date of such transfer in the bonds (long term specified assets) issued by:

a. National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988;

b. Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956. If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year such transfer or conversion. The cost of the long term specified assets, which has been considered under this Section for calculating capital gain, shall not be allowed as a deduction from the income-tax under Section 80C of the Act for any assessment year beginning on or after April 1, 2006. Further, the investment made on or after 1st day of April, 2007 in the above specified assets by an assessee during any financial year cannot exceed ₹ 50 lakhs.

**7) Exemption of Long term capital gain under Section 54F**

According to the provisions of section 54F of the Act and subject to the conditions specified therein, in the case of an individual or a HUF, gains arising on transfer of a long term capital asset (not being a residential house), other than gains exempt under section 10(38), are not chargeable to tax the entire net consideration received on such transfer is invested within the prescribed period in a residential house. If part of such net consideration is invested within the prescribed period in a residential house, then such gains would not be chargeable to tax on a proportionate basis. For this purpose, net consideration means full value of the consideration received or accruing as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

**8) Tax Treaty benefits**

A non-resident investor has an option to be governed by the provisions of the Act or the provisions of Tax Treaty that India has entered into with another country of which the investor is a tax resident, whichever is more beneficial.

**IV. TO OTHER NON-RESIDENTS**

**1) Dividends exempt under Section 10(34)**

Dividends (whether interim or final) declared, distributed or paid by the Company are exempt in the hands of shareholders as per the provisions of section 10(34) read with Section 115-O of the Act.

**2) Lower Tax rate under Section 112 on long term capital gains**

In case investment is made in Indian rupees, the long-term capital gain is to be computed after indexing the cost, As per the provisions of Section 112 of the Act, long term gains that are not exempt under section 10(38) of the Act would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess). However, as per the proviso to section 112(1), if the tax on long term capital gains resulting on transfer of listed securities or units calculated at the rate of 20 percent with indexation benefit exceeds the tax on long-term gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (plus applicable surcharge and education cess).

**3) Lower Tax rate under Section 111A on long term capital gains**

As per provisions of section 111A of the Act, short-term capital gains on sale of equity shares, where the transaction of sale is chargeable to STT, shall be subject to tax at a rate of 15 per cent (plus applicable surcharge and education cess)

**4) Exemption of long term capital gain under Section 10(38)**

According to section 10(38) of the Act, long-term, capital gains on sale of equity shares where the transaction of sale is chargeable to STT shall be exempt from Tax.

**5) Exemption of long term capital gain under Section 54EC**

Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (other than those exempt under section 10(38) of the Act) arising on the transfer of shares of the Company would be exempt from tax if such capital gain is invested within 6 months after the date of such transfer in the bonds (long term specified assets) issued by:

a. National Highway Authority of India constituted under section 3 of the National Highway Authority of India Act, 1988;

b. Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.

If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year such transfer or conversion. The cost of the long term specified assets, which has been considered under this Section for calculating capital gain, shall not be allowed as a deduction from the income-tax under Section 80C of the Act for any assessment year beginning on or after April 1, 2006. Further, the investment made on or after 1st day of April, 2007 in the above specified assets by an assessee during any financial year cannot exceed ₹ 50 lakhs.

**6) Exemption of Long term capital gain under Section 54D**

According to the provisions of section 54ED of the Act and subject to the conditions specified therein, capital gains not exempt under section 10(38) and arising from transfer of long term assets, being listed securities or units shall not be chargeable to tax to the extent such gains are invested in acquiring equity shares forming part of an "eligible issue of share capital" within six months from the date of transfer of the long term assets (provided they are not transferred within one year of acquisition). Eligible issue of share capital has been defined as an issue of equity shares which satisfies the following conditions:

i. the issue is made by a public company formed and registered in India; and
ii. the shares forming part of the issue are offered for subscription of the public
iii. However, if the above specified shares are sold or otherwise transferred within a period of one year from 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 shares are sold or otherwise transferred.
iv. Where the benefit of section 54ED has been availed of on investments in the equity shares forming part of an eligible issue of share capital, a deduction from the income with reference to such cost shall not be allowed under section 80C of the Act.

**7) Exemption of Long term capital gain under Section 54F**

According to the provisions of section 54F of the Act and subject to the conditions specified therein, in the case of an individual or HUF, gains arising on transfer of a long term capital asset (not being a residential house), other than gains exempt under section 10(38), are not chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period in a residential house. If part of such net consideration is invested within the prescribed period in a residential house, then such gains would not be chargeable to tax on a proportionate basis. For this purpose, net consideration means full value of the consideration received or accrued as a result of transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

**8) Tax Treaty benefits**

A non-resident investor has an option to be governed by the provisions of the Act or the provisions of a Tax Treaty that India has entered into with another country of which the investor is a tax resident, whichever is more beneficial.

**V. TO FOREIGN INSTITUTIONAL INVESTORS ('FIIs')**

**1) Dividends exempt under section 10(34)**

Dividends (whether interim or final) declared, distributed or paid by the Company are exempt in the hand of shareholders as per the provisions of section 10(34) read with Section 115-O of the Act.

**2) Benefits on taxability of capital gains**

As per the provisions of section 115 AD of the Act, FIIs will be taxed on the capital gains that are not exempt under 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 | 30 |

The above tax rates would be increased by the applicable surcharge and education cess. The benefits of indexation and foreign currency fluctuation protection as provided by Section 48 of the Act are not available to FIIs. According to Section 111A of the Act, short-term capital gains on sale of equity shares where the transaction of sale is chargeable to STT shall be subject to tax at a rate of 10 per cent (plus applicable surcharge and education cess).

**3) Exemption of Long term capital gain under Section 10(38)**

According to section 10(38) of the Act, long-term capital gains on sale of shares where the transaction of sale of shares is chargeable to STT shall be exempt from tax.

**4) Exemption of Long term capital gain under Section 54EC**

Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (other than those exempt under section 10(38) of the Act) arising on the transfer of shares of the Company would be exempt from tax if such capital gain is invested within 6 months after the date of such transfer in the bonds (long term specified assets) issued by:

a. National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988;

b. Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.

If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year such transfer or conversion. The cost of the long term specified assets, which has been considered under this Section for calculating capital gain, shall not be allowed as a deduction from the income-tax under Section 80C of the Act for any assessment year beginning on or after April 1, 2006. Further, the investment made on or after 1st day of April, 2007 in the above specified assets by an assessee during any financial year can not exceed ₹ 50 lakhs.

5) As per section 90(2) of the Act, provisions of the Double Taxation Avoidance Agreement between India and the country of residence of the FII would prevail over the provisions of the Act to the extent they are more beneficial to the FII.

**6) Tax Treaty benefits**

A non-resident investor has an option to be governed by the provisions of the Act or the provisions of a Tax Treaty that India has entered into with the county in which the investor is a tax resident, whichever is more beneficial.

**VI. TO APPROVED INFRASTRUCTURE CAPITAL FUNDS/ COMPANIES/ CO-OPERATIVE BANKS**

**1) Dividends exempt under Section 10(34)**

Dividends (whether interim or final) declared, distributed or paid by the Company are exempt in the hands of shareholders as per the provisions of section 10(34) read with Section 115-O of the Act.

**2) Exemption of long term capital gain under Section 10(38)**
According to section 10(38) of the Act, long-term capital gains on sale of shares where the transaction of sale is chargeable to STT shall be exempt from Tax.

## VII. TO MUTUAL FUNDS

**1) Dividends exempt under Section 10(34)**
Dividends (whether interim or final) declared, distributed or paid by the Company are exempt in the hands of shareholders as per the provisions of section 10(34) read with Section 115-O of the Act.

**2) Exemption of Income under Section 10(23D)**
As per the provisions of 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 would be exempt from income tax, subject to the conditions as the Central Government may by notification in the Official Gazette specify in this behalf.

## VIII. TO VENTURE CAPITAL COMPANIES / FUNDS

**1) Dividends exempt under Section 10(34)**
Dividends (whether interim or final) declared, distributed or paid by the Company are exempt in the hands of shareholders as per the provisions of section 10(34) read with Section 115-O of the Act.

**2)** In terms of section 10(23FB) of the Act, all Venture capital companies/funds registered with Securities and Exchange Board of India, subject to the conditions specified, are eligible for exemption from income tax on all their income, including profit on sale of shares of the Company.

## A. BENEFITS AVAILABLE UNDER THE WEALTH-TAX ACT, 1957

**Exemption from Wealth Tax**
Asset as defined under Section 2(ea) of the Wealth tax Act, 1957 does not include shares in companies and hence, shares are not liable to wealth Tax.

## B. BENEFITS AVAILABLE UNDER THE GIFT-TAX ACT, 1958

**Exemption from Gift Tax**
Gift tax is not liable in respect of any gifts made on or after October 1, 1998. Therefore, any gift of shares will not attract gift tax. However in the hands of Donee the same will be treated as the income unless the Gift is from relative as defined under Explanation to section 56(vi) of the Income Tax Act.

**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 equity shares. The statements made above are based on the tax laws in force and as interpreted by the relevant taxation authorities as of date. Investors are advised to consult their tax advisors with respect to the tax consequences of the purchase, ownership and disposal of equity shares.**

## SECTION IV – ABOUT THE COMPANY

## INDUSTRY OVERVIEW

*The information in this section is derived from the Report on the Electronics Industry titled 'Sectoral Risk Outlook – Indian Electronics Industry', issued by Dun & Bradstreet Information Services India Private Limited (D&B) in July 2011 (the 'Report').The Report is not a standard publication, but is issued by D&B on specific request by our Company. We have not verified or attempted to verify this information. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Accordingly, investment decisions should not be based to an undue extent on such information. Industry sources and publications are also prepared based on information and estimates as of specific dates and may no longer be current. The data may have been re-classified by us for the purpose of presentation.*

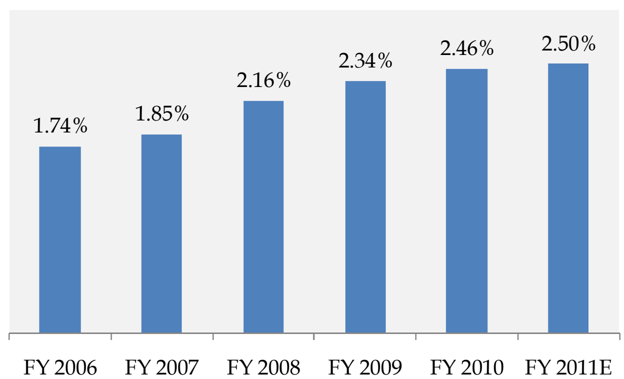
### Macro Economic Growth

India's GDP has grown at a CAGR of ~8.43% over the period FY 2006-11. The growth rate in FY 2011 is pegged at 8.55%. The Index of Industrial Production (IIP) grew at CAGR of ~8.40% during FY 2006-11. IIP advanced by 7.84% Y-o-Y in FY 2011. The Indian economy is marching towards a high growth trajectory, albeit with certain impediments on the horizon. Despite improvement in the overall optimism about the economy, the financial markets continued to witness high volatility primarily driven by the direction and magnitude of foreign capital flows and movement in industrial production and inflation.

### Product Profile

Indian Electronics Industry is a high growth industry which is attracting global attention as apart from a growing market, it also has the potential to deliver high quality product at a lower cost than its western counterparts. Sensing vast opportunity, this has led to many global players setting up their production base in the country. Production by the industry is estimated to account for about 2.5% of the country's GDP in FY 2011, an increase from ~1.74% in FY 2006.

**Production of Electronics Goods as % of GDP**




*Source: Ministry of IT; CSO; D&B Research*

The electronics industry consists of electronics hardware and can be broadly classified into six main verticals as shown in the table below:

| | |
|---|---|
| Consumer Electronics | Largest segment of Indian Electronics Industry, it consists of regular electronics items like Television, DVD/CD players, home theatre, Direct-to-Home (DTH) etc. Colour Television is the largest segment of consumer electronics. |
| Communication & Broadcast Equipments | Fastest growing and second largest of the Indian electronics industry, as evident from the name, this segment caters to the Telephone (wire-line and wire-less) and broadcasting media industry including DTH set top box. |
| Industrial Electronics | This segment includes hardware technologies and systems with built-in-software which is used across array of industries towards industrial automation and requires high level of technical skills. |
| Computer Hardware | Desktop computers, note-books, net-books etc. comprises this segment of the electronics hardware industry. |
| Components | It includes semiconductors, capacitors, resistors, picture tubes, x-ray tubes, cathode ray tubes etc. and caters to the consumer electronics, telecom, defense and IT segment of the electronic industry. |

| | |
|---|---|
| Strategic Electronics | The strategic electronic sector comprises of satellites based communication, navigation and surveillance systems, sonars, underwater electronic system, radars, infra-red based detection and ranging systems, etc. |

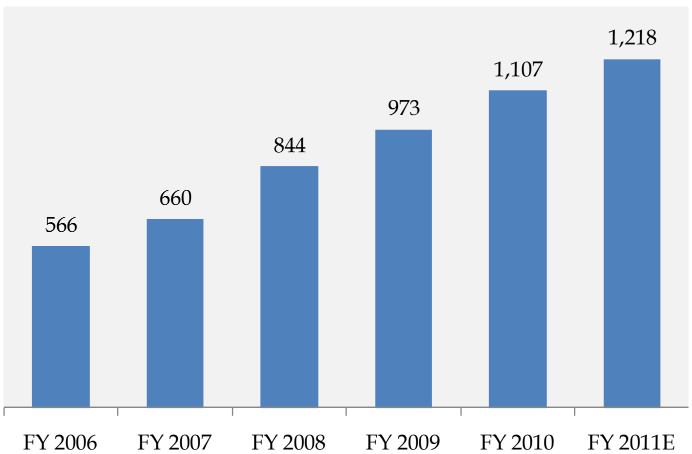
*Source: Ministry of IT*

Consumer electronics is the largest segment of the Indian electronics industry closely followed by the communication & broadcasting equipments segment.

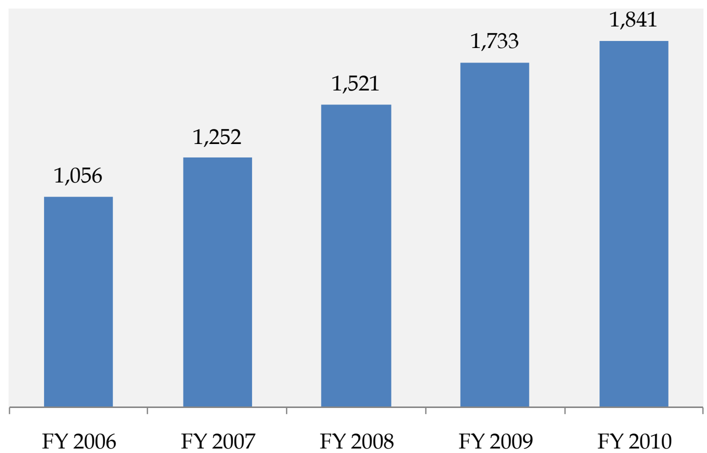
**Demand Supply Dynamics**

**Demand Growth**

**Production of Electronics Hardware (INR Bn)**




**Apparent Consumption of Electronics Hardware (INR Bn)**

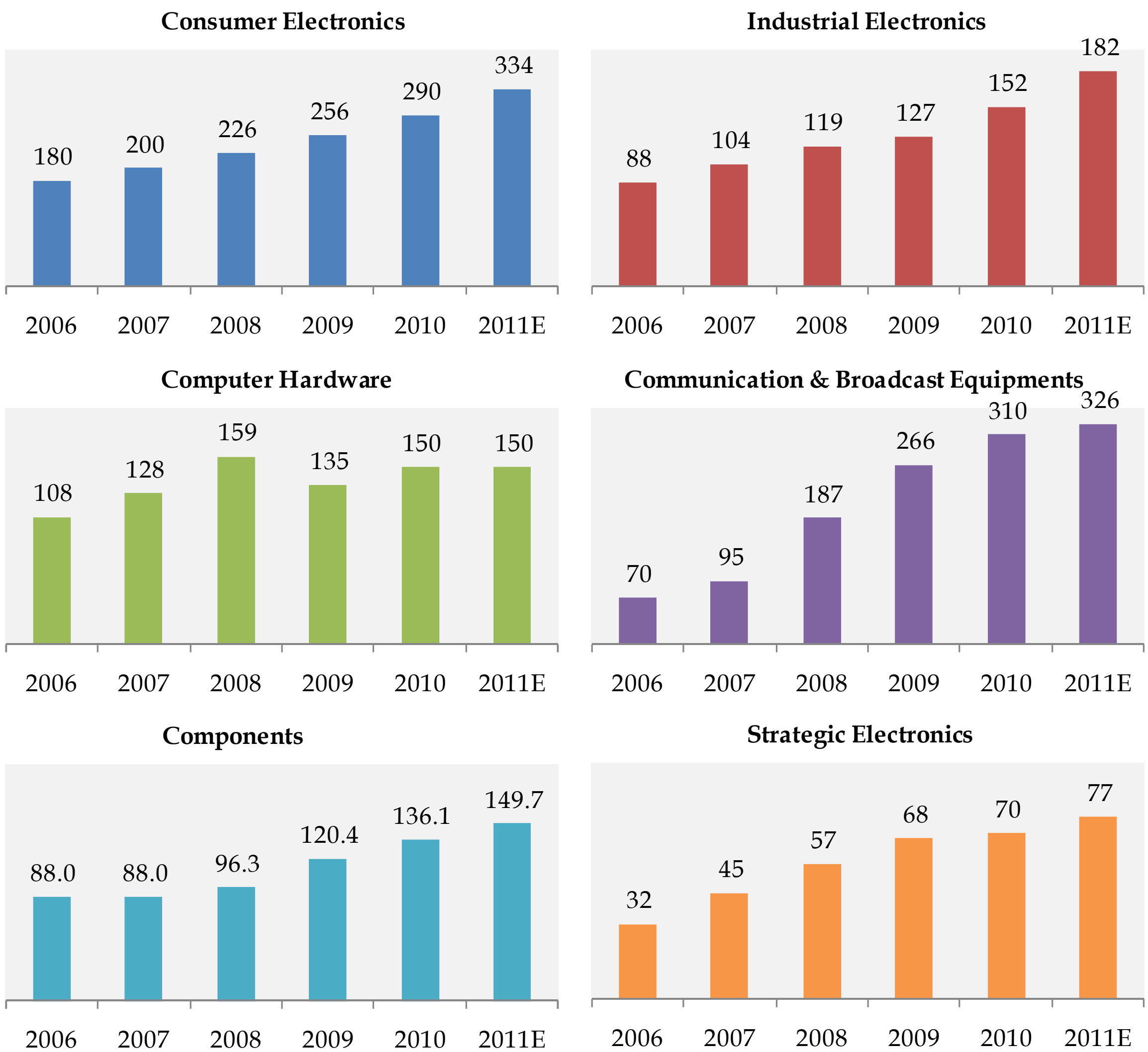



*Source: Ministry of IT; DGCIS; D&B Research, July 2011*
*Note: Production data for FY 2011 is estimated by Ministry of IT. The foreign trade data is available for 10 months of FY 2011, hence not calculated apparent consumption of the industry for the year*

- Production of electronics hardware in India is estimated to have grown at a CAGR of ~18.3% over the period FY 2006-10 to reach ~INR 1,107 Bn by FY 2010.
- Demand of electronics hardware in India is to have grown at a CAGR of ~14.9% over the period FY 2006-10 to reach ~INR 1,841 Bn by FY 2010.

Thus, there exists a huge demand-supply gap that is catered by the imports. This converts into huge opportunity for the domestic manufacturers that may increase their production and cater to the domestic demand as well as concentrating on the export market by tapping on the cost benefit of the country.

**Production: Difference Segments of Electronics Industry (INR Bn)**




*Source: Ministry of IT*

**Export-Import**

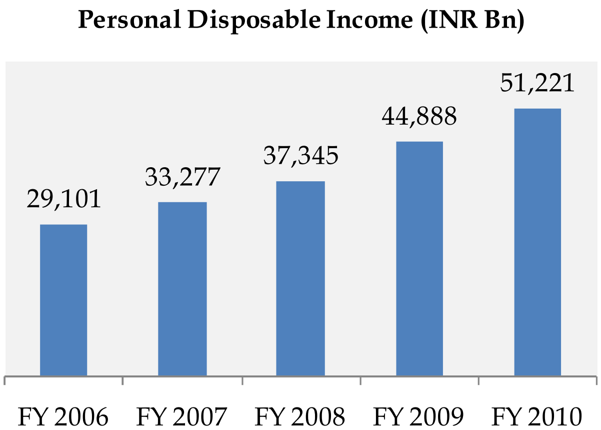
India is a net importer of electronics goods, which however has declined in FY 2010 from the previous year. Declining prices of electronics goods coupled with appreciating rupee are the probable reasons for decline registered by imports, which otherwise has grown over the FY 2006-09 period.

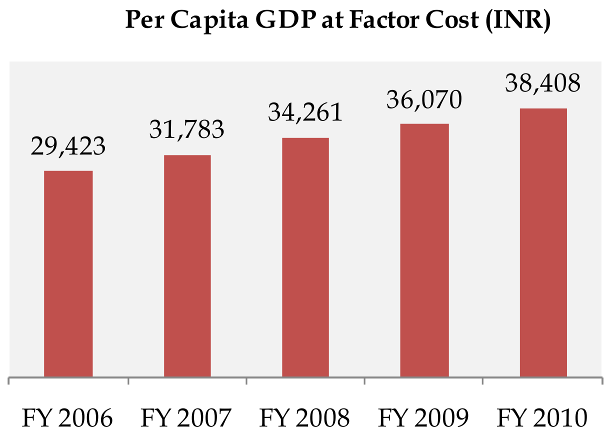
- Imports increased at a CAGR of ~14.1% over the period FY 2006-10, and stood at ~INR 994 Bn at the end of FY 2010.
- Exports advanced at a CAGR of ~28.2% over the same period, and stood at ~INR 260 Bn at the end of FY 2010.
- USA is the top export destination of electronics from India, accounting for ~15.5% of exports in FY 2010, while other top four countries accounted for ~29.2% of electronics exports of India during the year.
- China is the largest exporter of electronics to India, accounting for ~44.4% of the Indian imports in FY 2010, while other top four countries accounted for ~23% of electronics imports of India during the year.

**Demand Drivers**

- Advent of new technologies, increasing expenditure by companies on electronics products, and several government initiatives coupled with favourable population, increasing personal disposable income and declining prices of the electronics goods are the major demand drivers of the electronics industry.

- Use of electronics products to augment production/ other activity by automating processes has been resulting in more and more companies adopting the newer technology that is helping growth of the electronics industry.
- Government initiatives for the better governance through effective administration can be achieved through the use of technology. Plan like e-governance is aimed to achieve such initiative of the government that is likely to drive demand for electronic goods.

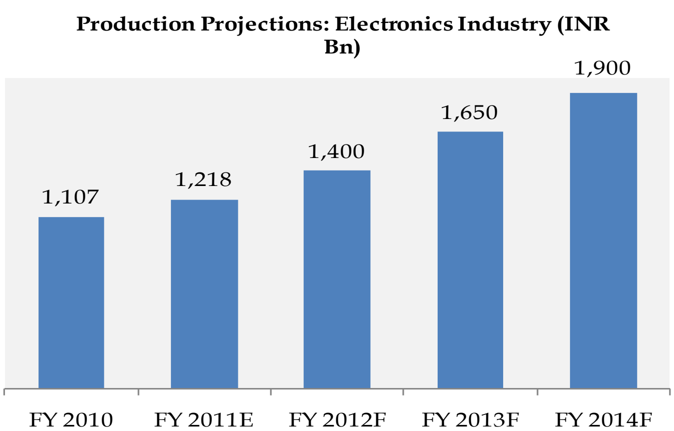


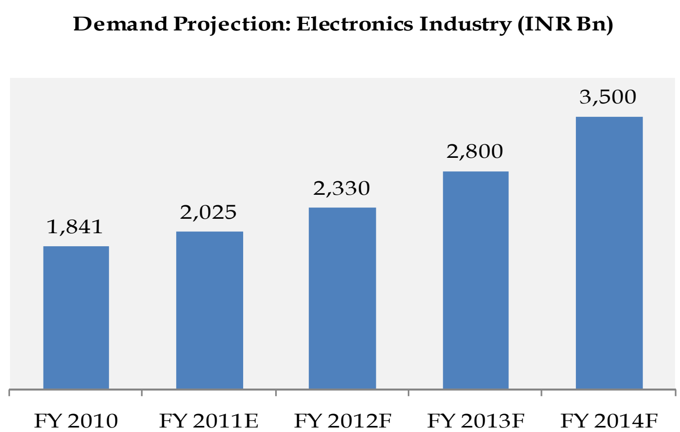




*Source: Business Beacon*

- Increasing disposable income is the key driver for the electronics goods industry (basically, consumer durables and telecom equipments which are the largest segment of electronics industry).
- Favourable demographics is also expected to aid in demand of the electronics goods. In coming years, maximum population of India is expected to be in the working age group which is more prone to purchase electronic goods.
- Urban population is likely to spend more on electronics goods than their rural counterpart. As per the United Nations Population Division study, urbanization is expected to rise in the country and the urban population is expected to be equal to that of rural population by the year 2045, which augurs well for the electronics industry.
- Production of electronics hardware is increasing but their prices are declining due to rapid technology innovation that is making them more affordable day by day thus making them a purchase option even for lower income groups.
- Technological innovation has also led to higher replacement sales thereby shortening replacement sales cycle. Emergence of organized retail outlets and growing e-commerce industry are also likely to benefit the electronics industry

**Projections**



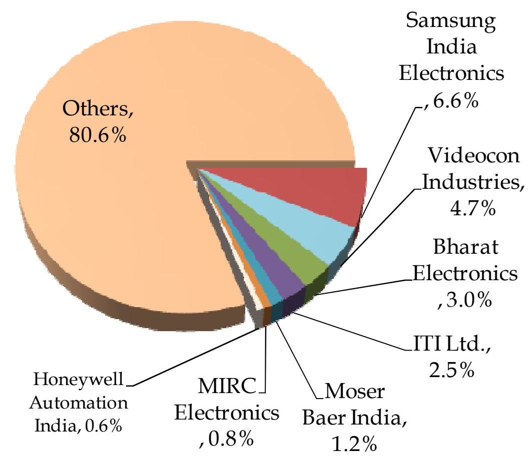




*Source: D&B Research Report on the Electronics Industry titled 'Sectoral Risk Outlook – Indian Electronics Industry', issued by Dun & Bradstreet Information Services India Private Limited (D&B) in July 2011.*

- Production in the electronics industry is estimated to grow at a CAGR of ~14.5% over the period FY 2010-14F to reach ~INR 1,900 Bn by FY 2014.
- Demand of electronics products in the country is estimated to grow at a CAGR of ~17.4% over the period FY 2010-14F to reach ~INR 3,500 Bn by FY 2014.
- The government estimates that domestic demand for the electronics may reach ~INR 14,400 Bn by the year FY 2020 which transforms into a phenomenal growth rate of more than 25% per year in the later part of this decade.
- The electronic hardware industry is poised for healthy growth in future mainly due to growing demand for mobile phones, computers and consumer electronics.
- As of now, imports play an important role in meeting the domestic demand. The government has come up with various initiatives for the development of the sector to ensure that most of the demand may be met by domestic production which transforms into huge opportunity for the domestic players due to sheer size of the expected market

**Nature of Industry**

- Consumer electronics constituted the largest share in production of electronics industry in FY 2006 as well as in FY 2011E.
- However, production of communication & broadcast equipments rose steadily amidst rising demand for telecommunication products as telecommunication services became affordable for the mases.
- Though the production of each segment grew, only the strategic electronics was able to report marginal rise in production share in FY 2011E as compared to FY 2006, whereas rest all lost their share to communication & broadcast equipments segments over the same period.
- The electronics hardware industry is fragmented with presence of numerous players. Many foreign players have also set up manufacturing facilities in India to benefit from the cost advantage (large talent pool, cheap labour cost etc.) offered by the country.




*Source: Ministry of IT; Industry Sources; CMIE Prowess*

- As seen from the chart above, key 7 players accounted for ~19.4% of the industry in FY 2010. Some of the players in different segments of the electronics industry are listed below:

**Indicative List of Players in Different Segments of Indian Electronic Industry**

| Segment | Domestic Players | MNCs |
|---|---|---|
| Consumer Electronics | Videocon, Mirc Electronics, BPL , Voltas, Blue Star | LG, Samsung, Sony, Panasonic, Philips, Whirlpool, Haier, Bose |
| Communication & Broadcast Equipments | Solectron Centum Electronics, Midas Communication, ITI Ltd, Micromax, Spice, Lava | Nokia, ZTE Corporation, Alcatel, Huawei, Elcoteq |
| Industrial Electronics | Ador Powertron, Aimil | ABB, Siemens |
| Computer Hardware | TVS Electronincs, HCL Infosystems, Zenith | Lenovo, HP, Acer |
| Components | Samtel Group, Moser Baer, Elin Electronics | Flextronic, Jabil, Hical Magnetics, TE Connectivity |
| Strategic Electronics | Bharat Electronics | - |

*Source: Industry Sources; D&B Research Report on the Electronics Industry titled 'Sectoral Risk Outlook – Indian Electronics Industry', issued by Dun & Bradstreet Information Services India Private Limited (D&B) in July 2011*

**Government Regulations**

**Duty Structure**

| Excise Duty (CENVAT) | | |
|---|---|---|
| **Item Description** | **1-Mar- 10** | **1-Mar-11** |
| Most Electronic Goods | 10% | 10% |
| Microprocessors, Hard Disc Drivers, Floppy Disc Drivers, CD ROM Drivers, DVD Drivers/ DVD writers, Flash Memory and Combo-Drives | 4% | 5% |

*Source: Ministry of IT; EximGuru (Note: List is not exhaustive)*

- In March 2010, the government increased excise duty on electronic goods, which was reduced in February 2009 to combat economic slowdown, amid optimism of economic revival.
- Peak basic customs duty rate is 10% with many products exempted from the same. As an example, all goods under the Information Technology Agreement (ITA-1) of WTO and materials required to make them is exempted, while LCD Panels have concessional duty rate of 5%.

**Government Initiatives & Regulations**

- The government allows 100% foreign direct investment (FDI) under the automatic route in the electronics hardware manufacturing industry

- The government set up a task force in 2009 to study the scope in the electronics industry and submit sector development recommendation for the same. The task force has identified 5 key initiatives for the development of the electronics manufacturing industry of the country:
  - To set up a National Electronics Mission (NEM)
  - To set up two Semiconductor Wafer Fabs
  - To introduce 'Modified Special Incentive Package Scheme' and setting up of 'Electronics Manufacturing Clusters'
  - To set up a 'Electronics Development Fund' for promotion of innovation, R&D, Indian IP and Development of Indian Microprocessor
  - To provide preferential access to 'Indian Electronics Products/ Manufactured-in-India Electronics Products' for all government procurements and procurement by Government Licensees, PSUs etc.

**Prioritizing Electronics Hardware Manufacturing**

- Expeditious clearance of approvals required from DGFT shall be ensured.
- Exporters/Associations would be entitled to utilize Market Access Initiative (MAI) & Market Development Assistance (MDA) Schemes of the Department of Commerce for promoting electronics and IT hardware exports.

**R&D Promotion**

- Promoting start-ups focused on technology and innovation.
- Weighted deduction of 150% of expenditure incurred on in-house R&D.
- Support International Patent Protection in Electronics & IT (SIP-EIT).
- Multiplier Grants Scheme (MGS).

**Infrastructure Support**

| **Benefits** | **EHTP/STP/EOU Unit** | **SEZ Unit** |
|---|---|---|
| Duty free imports/ domestic procurement permissible | Capital goods, Raw materials, Components and other inputs | All goods for development, operation and maintenance |

| | | |
|---|---|---|
| Income Tax Benefit | Export profits 100% tax-exempt under Sections 10A/10B of the Income Tax Act (***upto 31st March 2011***) | 100% Income Tax exemption on export profits under Section 10AA of the Income Tax Act for 5 years, 50% for next 5 years thereafter and 50% of ploughed back export profit for next 5 years |
| Export Obligation | Unit shall be a positive Net Foreign Exchange (NFE) Earner. Supplies of ITA-1 items manufactured by these units in the Domestic Tariff Area (DTA) shall be counted towards fulfillment of export obligation | Unit shall be a positive Net Foreign Exchange (NFE) Earner. Supplies of ITA-1 items manufactured by these units in the Domestic Tariff Area (DTA) shall be counted towards fulfillment of export obligation |
| Domestic Tariff Area (DTA) Sales | DTA sales permissible upto 50% of FOB value of exports, subject to fulfillment of positive NFE, on payment of concessional duties (50% of basic customs duty and full excise duty). DTA sales beyond this entitlement are permissible against payment of full duties provided the unit has achieved positive NFE. | DTA sales permissible on payment of full duties. However, the unit is required to be a positive Net Foreign Exchange (NFE) Earner over the five year period of its operation. |
| Central Sales Tax | Refundable | Exempted |
| Supplies from DTA | Deemed Export | Physical Export |

*Source: Department of Information Technology*

*Note: EHTP=Electronics Hardware Technology Park; EOU= Export Oriented Unit; SEZ= Special Economic Zones; STP=Software Technology Park*

## OUR BUSINESS

### Overview

Our Company is an Electronic Manufacturing Services (EMS) provider for Original Equipment Manufacturers (OEMs) of consumer electronic products in India. We manufacture and/or assemble a comprehensive range of consumer electronic components and finished products such as colour television (CTV) sets & components, air conditioners (ACs) sub-assemblies, DVD players, water purifiers and Compact Fluorescent Lamps (CFL) for third parties. As backward integration, we also do plastic injection moulding and manufacture Printed Circuit Boards (PCB) assemblies for CTVs, DVD players and CFL. Some of our clients include leading brands in the electronic products market.

Our Company is promoted by our Chairman and Managing Director, Mr. Promod Gupta, who has over 35 years of experience in the field of manufacturing and assembling electronic products. He was a senior scientist with Defence Research and Development Organisation (DRDO). He started the PG Group in 1977 by making radio transistors, receivers and black & white television components. Gradually and slowly, over a period of more than three decades, the PG Group has forayed into the manufacturing and assembling of TV sets and audio-video players simultaneously doing backward integration by setting up plastic injection-moulding and PCB assembly lines. For details of the PG Group, please refer to the section titled 'History and Certain Corporate Matters' beginning on page no. 94 of this Red Herring Prospectus.

We have four operational manufacturing facilities located at Greater Noida in Uttar Pradesh (Unit I and Unit III), at Roorkee in Uttrakhand (Unit II), and at Ahmednagar in Maharshtra (Unit IV). We commenced manufacturing operations at Unit I in Greater Noida facility in FY 2002-03, at Unit II in Roorkee facility in FY 2007-08, at Unit III in Greater Noida in FY 2011-12 and at Unit IV in Ahmednagar in FY 2010-11. At present, we have a consolidated installed capacity of manufacturing 16,00,000 pieces p.a. of PCB assemblies for CTVs and DVD players; 16,056 tonnes p.a. for plastic injection moulding; 16,05,000 sets p.a. of CTVs; 30,00,000 pieces p.a. of PCB assemblies for CFL; 30,00,000 pieces p.a. of CFL assemblies; and 3,00,000 pieces of DVD players at our manufacturing facilities in Greater Noida (Unit I and Unit III), Roorkee (Unit II) and Ahmednagar (Unit IV). We recently have set up manufacturing units for plastic injection moulding under Phase I at Unit III and Unit IV in the months of July 2011 and March, 2011 respectively with total installed capacity of 3,000 tonnes p.a. and 5,675 tonnes p.a. respectively. However, with addition of balance plant & machinery at Unit III, this capacity will increase upto 3,600 tonnes p.a. by September 2011. We also intend to further expand the installed capacities of Unit III and Unit IV, under Phase II, by funds to be raised through this Issue. For details relating to the proposed expansion during Phase I and Phase II, please refer to the section titled 'Objects of the Issue' beginning on page no. 28 of this Red Herring Prospectus.

We have received various industry and client specific accreditations and certifications which allow us to deliver and supply quality products to our customers. We have also been awarded ISO 9001:2008 certificates for quality management systems for our units at Greater Noida (Unit I and Unit III) and Roorkee (Unit II) respectively. We believe that these accreditations and certifications help us in maintaining long term relationships with our customers.

For the FY 2010-11, FY 2009-10 and FY 2008-09, our total income, as restated, was ₹ 42,753.69 lakhs, ₹ 35,335.76 lakhs and ₹ 12801.72 lakhs lakhs respectively and our profit after tax, as restated, was ₹ 1,789.86 lakhs, ₹ 1,003.78 lakhs and ₹ 114.45 lakhs respectively, based on restated audited unconsolidated financial statements.

### Our existing operations

#### Location

We have four manufacturing facilities located at Greater Noida, Uttar Pradesh (Unit I & III), Roorkee, Uttrakhand (Unit II), and Ahmednagar, Maharashtra (Unit IV) with the following installed capacities:

| Location | Area | Products manufactured / assembled | Present installed capacity (per annum) |
|---|---|---|---|
| **Unit I** Greater Noida, Uttar Pradesh | 18,243 sq. Meters | PCB assemblies (CTV and DVD) | 16,00,000 pieces |
| | | Plastic injection moulding | 7,381 tonnes |
| | | Colour TV (complete product) | 10,05,000 sets |
| | | PCB assemblies for CFL | 30,00,000 pieces |
| **Unit II** Roorkee, Uttrakhand | 1.30 hectare meters | Colour TV (complete product) | 6,00,000 sets |
| | | CFL assemblies | 30,00,000 pieces |
| | | DVD players | 3,00,000 pieces |
| **Unit III** Greater Noida, Uttar Pradesh | 5779 sq. Meters | Plastic injection moulding | 3,000 tonnes |
| **Unit IV** Ahmednagar, Maharasthra | 19,944 sq. meters | Plastic injection moulding | 5,675 tonnes |

*Note: Installed capacity for plastic injection moulding is calculated on the basis of 365 days working per annum in 3 shifts of 8 hours per day. Installed capacity for products, other than plastic injection moulding, is calculated on the basis of 10 hour shift per day for 25 working days in a month. The manufacturing lines for plastic injection moulding under Phase I at Unit III and IV started commercial production in the months of July 2011 and March 2011 respectively with total installed capacity of 3,000 tonnes p.a. and 5,675 tonnes p.a. respectively. However, with addition of balance plant & machinery at Unit III, this capacity will increase upto 3,600 tonnes p.a. by September 2011.*

**Our Product Portfolio**

We manufacture and/or assemble a comprehensive range of consumer electronic components and finished products such as colour television sets & components, air conditioners sub-assemblies, DVD players, water purifiers and CFL for third parties. We also do plastic injection moulding and PCB assemblies for CTVs, DVDs and CFL. The products manufactured by us vary according to the specifications of our customers.

***Plastic injection moulding***

We convert plastic raw materials using moulds into components such as front and rear cabinets of CTVs, DVD front panel, AC sub-assemblies, sub-assemblies for refrigerators, washing machines, and microwave ovens for use in the assembly of final products. We manufacture plastic components, assemblies and sub-assemblies for sales to our various customers and also for captive consumptions.

***PCB assembly services***

A Printed Circuit Board, or a PCB, is used to mechanically support and electrically connect electronic components using conductive pathways, tracks or signal traces etched from copper sheets laminated onto a non-conductive substrate. A PCB populated with electronic components is known as a printed circuit board assembly (PCBA). The PCB assemblies prepared by us are used for in-house consumption in the assembly of final products.

***Final product integration***

Our assembly services involve combining a wide range of sub-assemblies, including PCBs, cables and harnesses, cabinets, power supplies, backplanes and thermal controls. We employ complete electrical and mechanical testing for PCBs, sub-assemblies and systems to meet our customers' requirements and specifications.

The various types of products manufactured / assembled by us are:

| Products | Type | Application |
|---|---|---|
| PCB assemblies (CTV and DVD) | We make PCB assemblies for various models of Colour TVs ranging from 14" to 29" and for DVD players. | Captive consumption |
| PCB assemblies | We make PCB assemblies for 10 watt and 15 watt CFLs. | Captive consumption |

| | | |
|---|---|---|
| for CFL | | |
| Plastic injection moulding | We make plastic injection moulded parts for Colour TVs (14” to 29” in various categories including ultra-slim), DVD players and ACs (1.5 and 2 tonne category for split and window ACs). | Captive consumption as well as for sale to OEMs |
| Colour TVs | We make sizes from 14” upto 29” and of various categories such as normal, flat and ultra-slim, with both mono and stereo sound output options. | Sale to OEMs |
| CFL | We make CFLs of 10 watt and 15 watt categories. | Sale to OEMs |
| DVD players | We make different models of DVD players with various functions such as USB playback, MMC card reader and Karaoke functions. | Sale to OEMs |
| Water Purifiers | Activated carbon filter type with type 3 stage filteration process with a apacity of 23 litres. | Sale to OEMs |

The revenue generated from the sale of our products during the last three years is as under:

(₹ in lakhs)

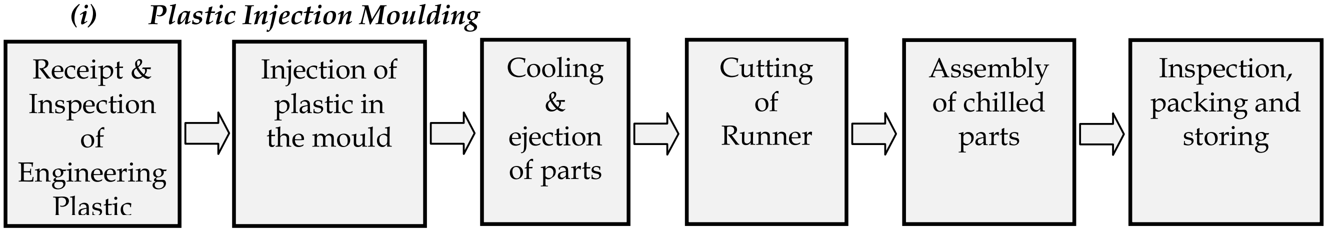
| **Products** | **FY 2010-11** | | **FY 2009-10** | | **FY 2008-09** | |
|---|---|---|---|---|---|---|
| | **Amount** | **% of total sales** | **Amount** | **% of total sales** | **Amount** | **% of total sales** |
| PCB assemblies (CTV and DVD) * | 217.66 | 0.48% | - | - | - | - |
| PCB assemblies (CFL) | 25.00 | 0.06% | - | - | - | - |
| Plastic injection moulding | 7,783.68 | 17.37% | 6,318.18 | 17.0% | 4,896.71 | 36.2% |
| Colour TVs | 34,426.18 | 76.83% | 25,347.25 | 68.3% | 3,284.48 | 24.3% |
| CFL | 734.53 | 1.64% | 0.02 | 0.0% | - | - |
| DVD players | 343.66 | 0.77% | 3,259.00 | 8.8% | 2,551.71 | 18.9% |
| Trading Income** | 1,278.20 | 2.85% | 2,188.03 | 5.9% | 2,801.28 | 20.7% |
| **Total** | **44,808.91** | **100.0%** | **37,112.48** | **100.0%** | **13,534.18** | **100.0%** |

** PCB assemblies for CTV, DVD & CFL are primarily used for our captive consumption.*

*** Trading income represents revenue from sale of components & plastic raw materials and from sale of scrap materials.*

**Manufacturing Process**

***(i) Plastic Injection Moulding***

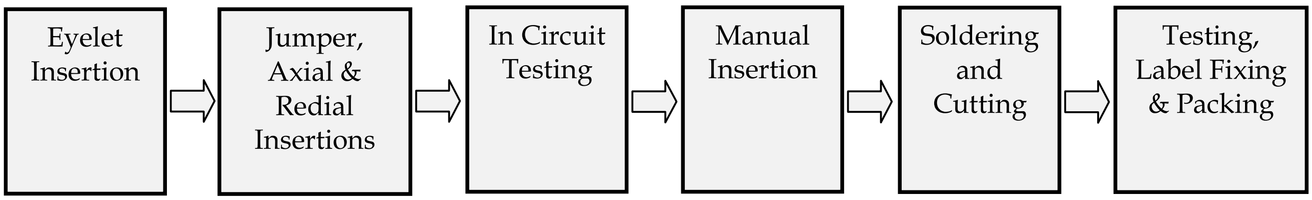



Injection moulding is a manufacturing process for forming objects by heating the engineering plastic to a molten state and injecting it into a closed mould.

We employ gas assisted plastic injection moulding technology. The parts are manufactured using engineering plastics like PVC, PP, PBT, TPO and ABS. Many of the parts use Nitrogen gas along with the engineering plastic.

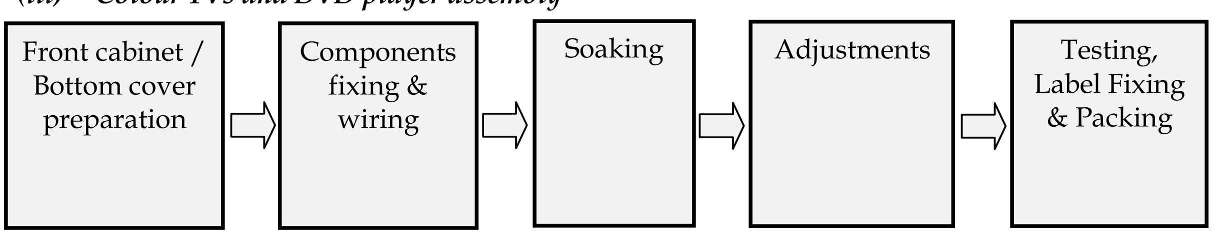
The manufacturing process starts with inspection of the raw material received from the supplier. The incoming inspection department checks compliance of specification of every lot received from supplier. Next, the raw material is sent for storage which issues it to the production department to manufacture the products. The raw material is dried and melted into liquid form. This molten raw material is then fed to the closed mold places inside the injection molding machine. The material is then dried inside the mold. This results in material forming into the specific shape of the injection mold or tool. The formed part is then ejected and the runner is separated from the main part. The part is then checked for compliance with customer requirements. After it is approved, chilled parts are assembled to it and final inspection is done. After assembly, the part is packed and sent for storage.

***(ii) PCB Assembly***




| | |
|---|---|
| Eyelet Insertion | PCB assembly starts with eyelet insertion. Eyelets are basically used for giving strength to PCB so that it can take load of heavy components. |
| Jumper, Axial & Redial Insertions | Eyelet insertion is followed by Jumper insertions, Axial insertion and Redial insertion. Through these processes, we insert different types of electronic components in the bare PCB. |
| In Circuit Testing | To ensure that all the components are inserted and also their value is as per requirement, In Circuit Testing (ICT) is done before dispatch to the Manual Insertion floor. This is a computerised process whereby the actual values of the components at various locations in the PCB are compared with the standard values fed into the computer to know if there are any defects or wrong or missing insertions. |
| Manual Insertion | In this process we insert big and odd size components which cannot be inserted through the machines before the soldering process. |
| Soldering and cutting | After manual insertion of various components, wave soldering is done. In this process the inserted PCB is passed through a wave of molten soldier so that all the components get fixed and soldered to the PCB. This being an important process we closely monitor all the process parameters like temperature of the molten solder and the speed and the angle of the conveyor. After this, the long legs of the components are cut with the help of pneumatic cutters. |
| Testing, Label fixing and Packing | At this stage we do functional testing of all the PCBs to make sure they meet all the quality and functional parameters. |

***(iii) Colour TVs and DVD player assembly***




| | |
|---|---|
| Front cabinet / Bottom cover preparation | **CTV –** Color TV assembly starts with preparation of Front cabinet with speaker and decoration panel.<br>**DVD –** Assembly of DVD starts with the preparation of bottom cover. |
| Components fixing and wiring | **CTV –** After the prepation of front cabinet, Color Picture Tube (CPT) is fitted on front cabinet and the same is wired with degaussing coil and earth wire. |

| | |
|---|---|
| | After this, chassis is put in the cabinet and the same is wired.<br>**DVD –** After the bottom cover preparation, the back panel, MPEG card, SMPS card and Loader are fixed, followed by wiring of all the components. |
| Soaking | After the fixing of various components and their wiring, soaking of the TV / DVD set is done. Soaking is necessary so that the system is stable before carrying out various adjustments. |
| Adjustments | After soaking, all the adjustments such as +B, geometry, AGC, white balance, convergence etc to TV sets are done. For DVD players, top cover fixing and final tests before packing like AVR (Automatic Voltage Range), High voltage/Insulation resistance test are carried out. |
| Testing, Label fixing and Packing | At this stage, we do all kinds of functional testing of the CTV/DVD player to make sure they meet all functional and quality parameters. |

***(iv) Water Purifiers' assembly***

Plastic Injection Moulding ⇨ Ultrasonic & Vibration Welding ⇨ Leak Testing on Welded Plastic Sub Assemblies ⇨ Assembly (preliminary & final) ⇨ Inspection ⇨ Label Fixing & Packing

| | |
|---|---|
| Plastic Injection Moulding | In this process, different plastic parts of water purifier like bottom chamber, dwell chamber, dwell base, siphon chamber etc. are manufactured through plastic injection moulding technique by the use of moulds and injection molding machines. |
| Ultrasonic & Vibration Welding | Assembly of siphon chamber plastic parts is done through ultrasonic welding and assembly of dwell chamber is done through vibration welding technique. |
| Leak Testing on Welded Plastic Sub Assemblies | In this process, the siphon chamber & dwell chamber are subjected under the leak test in order to test the water leakeage after welding. |
| Assembly (preliminary & final) | Preliminary assembly of carbon blocks and cartidge is done at this stage. After preliminary assembly, final Assembly of all 3 chambers i.e. bottom, dwell & siphon chamber is done. |
| Inspection | At this stage, all kinds of functional testing are done to make sure they meet all the quality standards. |
| Label Fixing & Packing | At this stage, packaging and labeling of the complete assembled water purifier is done and sent for storage. |

**Installed Capacity**

The present installed capacity p.a., past three years capacity utilisation and proposed capacity utilisation are given as under:-

| Products manufactured / assembled | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 |
|---|---|---|---|---|---|---|
| | Actual | | | Estimated | | |
| **Greater Noida, Uttar Pradesh(1)** | | | | | | |
| PCB assemblies (CTV and DVD) (pieces) | 10,00,000 | 16,00,000 | 16,00,000 | 16,00,000 | 16,00,000 | 16,00,000 |
| Production | 748,552 | 1,127,331 | 13,01,746 | 14,00,000 | 14,00,000 | 14,00,000 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Capacity utilization | 74.86% | 70.46% | 81.36% | 87.50% | 87.50% | 87.50% |
| Plastic injection moulding (tonnes) | 4,495 | 6,577 | 7,381 | 7,381 | 7,381 | 7,381 |
| Production | 2,730 | 4,060 | 4,321 | 5,500 | 5,700 | 6,000 |
| Capacity utilization | 60.73% | 61.73% | 58.54% | 74.52% | 77.23% | 81.29% |
| Colour TV (complete sets) | 10,05,000 | 10,05,000 | 10,05,000 | 10,05,000 | 10,05,000 | 10,05,000 |
| Production | 33,066 | 7,34,013 | 10,15,128 | 2,00,000 | 2,00,000 | 2,00,000 |
| Capacity utilization | 3.29% (2) | 73.04% | 101.01% (6) | 19.90% | 19.90% | 19.90% |
| PCB assemblies for CFL (3) | - | - | 30,00,000 | 30,00,000 | 30,00,000 | 30,00,000 |
| Production | - | - | - | 6,00,000 | 12,00,000 | 12,00,000 |
| Capacity utilization | - | - | - | 20.00% | 40.00% | 40.00% |
| **Roorkee, Uttrakhand (1)** | | | | | | |
| Colour TV (complete product) (sets) | 6,00,000 | 6,00,000 | 6,00,000 | 6,00,000 | 6,00,000 | 6,00,000 |
| Production | 97,979 | 3,86,538 | 6,17,196 | 6,00,000 | 6,00,000 | 6,00,000 |
| Capacity utilization | 16.33% (4) | 64.42% | 102.87% (6) | 100.00% | 100.00% | 100.00% |
| CFL assemblies (3) (pieces) | - | - | 30,00,000 | 30,00,000 | 30,00,000 | 30,00,000 |
| Production | - | - | 13,45,085 | 18,00,000 | 25,00,000 | 25,00,000 |
| Capacity utilization | - | - | 44.84% | 60.00% | 83.33% | 83.33% |
| DVD players (pieces) | 3,00,000 | 3,00,000 | 3,00,000 | 3,00,000 | 3,00,000 | 3,00,000 |
| Production | 2,25,967 | 2,38,095 | 26,008 | 25,000 | Nil | Nil |
| Capacity utilization | 75.32% | 79.37% | 8.67% | 8.33% | - | - |
| **Greater Noida (Unit III) (5)** | | | | | | |
| Plastic Injection Moulding | - | - | - | 5,000 | 5,000 | 6,600 |
| Production | - | - | - | 1,500 | 5,000 | 5,000 |
| Capacity utilization | - | - | - | 30.00% | 100.00% | 100.00% |
| Water Purifiers (pieces) | - | - | - | 3,00,000 | 5,00,000 | 6,00,000 |
| Production | - | - | - | 1,50,000 | 3,00,000 | 5,00,000 |
| Capacity utilization | - | - | - | 50.00% | 60.00% | 83.33% |
| Ahmednagar**, Maharashtra (Unit IV) (5)** | | | | | | |
| Plastic Injection Moulding | - | - | 5,675 | 8,000 | 8,000 | 8,000 |
| Production | - | - | 15.44 | 5,000 | 7,500 | 7,500 |
| Capacity utilization | - | - | 0.27% | 62.50% | 93.75% | 85.00% |

*Notes:*

*(1) For Unit I, Unit II, Unit III and Unit IV, tThe installed capacity for plastic injection moulding is calculated on the basis of 365 days working per annum in 3 shifts of 8 hours per day. Installed capacity for products, other than plastic injection moulding, is calculated on the basis of 10 hour shift per day for 25 working days in a month*

*(2) The assembly line for CTVs at Unit I, Greater Noida was installed in February 2009.*

*(3) The CFL assembly line and assembly line for PCB assembly of CFL was installed after March 31, 2010.*

*(4) The assembly line for CTVs at Unit II, Roorkee was installed in February 2009.*

*(5) The manufacturing lines for plastic injection moulding at Unit III and IV started commercial production in the months of July 2011 and March 2011 respectively.*

*(6) Due to extra shift/hours*

**Plant & Machinery**

Our manufacturing facilities are equipped with the machinery and equipments required to manufacture electronic products, quality inspection & testing of the raw materials and the finished products to the satisfaction of our customers. The machineries and equipments installed at our manufacturing units comprise of injection moulding machines, cranes, compressors, pneumatic equipments, paint booths, automatic and manual assembly conveyors, mould temperature controllers, hot runner controller, water softener plants alongwith tool room equipments and other such machinery for the normal production required as per our customers' requirements. We also have an array of moulds and dyes that enable us to manufacture different sizes of components and parts for varied purposes. Testing machines such as testing jigs and other equipments required for proper quality and environmental control are also installed in our manufacturing units.

**Quality Control**

We believe that we are committed to supply quality products on time to achieve customer satisfaction. In order to achieve this, we endeavour to maintain trained and experienced employees, use the latest technology available worldwide, continue to develop new manufacturing & testing facilities to eliminate defects in our products and provide on job training to our employees. Our Company has also received the following certificates for quality, safety and environmental management systems:

| Certificate | Description | Term |
|---|---|---|
| ISO 9001:2008 for Quality Management Systems at Unit I, Greater Noida | For manufacture, assembly and supply of plastic moulded parts and design, manufacture and supply of colour TV receivers, DVD players, Desktop computers, laptop computers, IT peripherals, juicers, mixers, grinders & other kitchen appliances at P-4/2, 4/3, 4/4, 4/5 and 4/6, Site B, UPSIDC Industrial Area, Surajpur, District Gautam Budh Nagar, Uttar Pradesh | Valid till November 12, 2011 |
| ISO 9001:2008 for Quality Management Systems at Unit II, Roorkee | For manufacture and supply of colour TV receivers, audio, video and CFL products at Khasra No. 268, Village Raipur, Paragna Bhagwanpur, Tehsil Roorkee, Haridwar | Valid till April 21, 2012 |
| ISO 9001:2008 for Quality Management Systems at Unit III, Greater Noida | For manufacture, assembly and supply of plastic moulded parts, consumer electronics and home appliances products at E-14 & 15, Site-B, UPSIDC Industrial Area, Surajpur, District Gautam Budh Nagar, Uttar Pradesh | Valid till June 2, 2012 |

**Infrastructural facilities and utilities**

**Raw materials**

The principal raw materials used by us for the process of plastic injection moulding are High Impact Poly Styrene (HIPS), Acrylonitrile Butadiene Styrene (ABS) and Poly Propylene. Our requirement for HIPS is primarily met from LG Polymers, BASF and Supreme Petrochem; the requirement for ABS is met from Ineos and LG Chemicals, Korea; and the requirement of poly propylene is primarily met from Reliance Industries. The major raw materials used for PCB assembly are bare PCB, Fly Back Transformer (FBT) and Tuner. We procure bare PCB from China. We also procure bare PCBs domestically from Akasaka, Mumbai and Epitome, Aurangabad. The requirement for FBT and tuner is primarily met through imports from China. The major raw materials used in the assembly of CTVs are Colour Picture Tubes (CPT) and cabinets. The CPTs are majorly procured from Samtel, JCT Electronics and from Chunghwa, Malaysia. The requirement for cabinets is primarily met through in-house plastic injection moulding. We require metal parts and optical loaders for DVD players. The metal parts are sourced domestically, while the optical loaders are primarily imported from China. We require insulations for the assembly of ACs, which are procured locally. In respect of water purifiers, we are procuring carbon filter battery kit from regional stockists of Hindusal Unilever Limited.

**Power**

On an average, the power requirement for our Unit I at Greater Noida is approximately 20,000 units per day or 2 MW usage per day. We source power for this facility from Noida Power Company Limited, which has given us a sanctioned power load of 1,400 KVA. We also have 4 generators with cumulative capacity of 2,000 KVA as a standby for our power requirement. For our manufacturing facility at Unit II, Roorkee, the average power requirement is approximately 1,000 units per day or 0.1 MW usage per day. We source power for this facility from Uttrakhand Power Corporation Limited, which has given us a sanctioned power load of 200 KVA. We also have 2 generator sets with cumulative capacity of 230 KVA as a standby for our power requirement. In respect of power requirement for Unit III & IV, please refer to page no. 45 of the Red Herring Prospectus.

**Water**
We require water for injection moulding and surface treatment mainly for cooling of various machineries. On an average, we require approximately 50 KL/day and 10 KL/day of water at our manufacturing facility in Unit I, Greater Noida and Unit II, Roorkee respectively. The required water is drawn from the captive bore wells at both our manufacturing units. In respect of water requirement for Unit-III and IV, please refer to page no. 45 of the Red Herring Prospectus.

**Diesel**
We require diesel for running our DG sets. We procure diesel directly from Indian Oil Corporation Limited.

**Effluent Treatment Plant**
We have installed an Effluent Treatment Plant (ETP) of 4KL/day capacity at Greater Noida. We treat approximately 4KL/day of effluents with this ETP.

**Manpower**
As ofJuly 31, 2011, our Company had 522 employees, details of which are as under:-

| Category of Employees | No. of Employees at Greater Noida (Unit I) | No. of Employees at Roorkee (Unit II) | No. of Employees at Greater Noida (Unit III) | No. of Employees at Ahmednagar (Unit IV) | Total |
|---|---|---|---|---|---|
| Managerial Level | 21 | 11 | 6 | 8 | 46 |
| Executives and Supervisors | 72 | 30 | 13 | 17 | 132 |
| Assistants | 10 | 12 | 2 | 4 | 28 |
| Skilled workers | 172 | 62 | 23 | 18 | 275 |
| Unskilled workers | 3 | 12 | 26 | - | 41 |
| **Total** | **278** | **127** | **70** | **47** | **522** |

**Research & Development**
Our R&D department is headed by Mr. Vijay Choudhary under the supervision of our Director – Technical, Mr. Anurag Gupta. We continuously track the trends in the global and domestic electronics consumer market. Over the years, we have been able to introduce and implement new mould designs suggested by our customers. We also believe that our R&D efforts have resulted in optimization of our installed capacity which resulted in increased productivity and consistency in the quality of finished goods.

**Sales and marketing**
A key component of our marketing strategy is to develop and maintain strong relationships with our customers, especially at the senior management level. We achieve this through working closely with our customers to optimize our products for their production processes. In addition, we are able to develop long-term relationships with key customers through offering product specification assistance, providing direct access to enable them to evaluate and audit our operations, delivering quality products and providing satisfactory customer service. We believe that maintaining close relationships with senior management and providing technical support improves customer satisfaction and provides us with a competitive advantage when selling our products.

**Competition**

The EMS industry is composed of numerous companies that provide a range of manufacturing services for OEMs, from printed circuit board assembly, to design, prototyping, final system assembly, configuration, order fulfilment, repair and aftermarket services. The EMS market consists of contract manufacturers and Original Design Manufacturers (ODMs). Contract manufacturers manufacture products that have been designed by the OEMs; ODMs also design their own products, primarily commodities, and in many instances are in direct competition with the OEMs. However, there is no published data which is available in public domain in respect of the market share of each ODMs or OEMs in this sector. Our Company participate in the contract manufacturing space. Our overall competitive position depends upon a number of factors, including our manufacturing technologies and capacity, the quality of our manufacturing processes and products, and our ability to deliver on-time and cost effectiveness. We compete with the other contract manufacturers of electronic products such as MIRC Electronics, Samtel Colour, Dixon Technologies, Kortek Electronics and East India Technologies; as well as other mid-size, regional and smaller EMS providers. We also compete with companies engaged in plastic injection moulding such as Vimal Moulders Private Limited, Bell Polymers Private Limited, Time Technoplast Limited and Precision Pipes and Products Limited. Some of our competitors may have greater manufacturing, financial, research and development and marketing resources than us.

**Our Customers**

Our principal customers are electronic product manufacturers and distributors. Historically, we have not entered into master agreements with our customers. Our sales with these customers were generally conducted based on quotations and monthly requirements that contain basic terms and conditions. These terms and conditions generally include price, quantity, standard lead time and terms of shipment.

The details of number of customers, amount contributed and %age sales during the last 3 years are as under:

(₹ in lakhs)

| Name of the customer | FY 2010-11 | | FY 2009-10 | | FY 2008-09 | |
|---|---|---|---|---|---|---|
| | Amount | % of total sales | Amount | % of total sales | Amount | % of total sales |
| Top customer | 18,332.10 | 40.91% | 16,087.71 | 43.35% | 4,689.90 | 34.65% |
| Top 5 customers | 42,022.63 | 93.78% | 35,041.44 | 94.42% | 10,146.23 | 74.97% |
| Top 10 customers | 44,368.05 | 99.02% | 36,738.07 | 98.99% | 12,284.12 | 90.76% |
| Top 20 customers | 44,683.79 | 99.72% | 36,762.20 | 99.06% | 13,167.68 | 97.29% |
| No. of total customers | 96 | | 89 | | 98 | |

The sales to related parties during the last 3 years were as follows:

(₹ in lakhs)

| S.No. | Name of Promoter Group Company / Entity | FY 2010-11 | | FY 2009-10 | | FY 2008-09 | |
|---|---|---|---|---|---|---|---|
| | | Amount | % of sales | Amount | % of sales | Amount | % of sales |
| 1. | Bigesto Technologies Limited (formerly Bigesto Foods Limited) | 17,130.75 | 38.23% | 10,208.28 | 28.81% | 1,073.04 | 8.52% |
| 2. | PG International | 1,231.85 | 2.75% | 4,235.50 | 11.95% | 1,936.92 | 15.38% |
| 3. | Clearvision Industries | 3,304.70 | 7.37% | 3,755.05 | 10.60% | 242.51 | 1.93% |
| 4. | J.B. Electronics | 2,565.34 | 5.72% | 4.62 | 0.01% | 41.25 | 0.33% |
| 5. | PG Electronics | - | - | 0.16 | -* | - | - |

** Negligible*

Our Company does not have any long-term agreement with our customers or our suppliers with respect to future transactions.

The details of number of suppliers, amount contributed and %age of purchases during the last three years are as under:

(₹ in lakhs)

| Name of the customer | 2010-11 | | FY 2009-10 | | FY 2008-09 | |
|---|---|---|---|---|---|---|
| | Amount | % of total purchase | Amount | % of total purchase | Amount | % of total purchase |
| Top supplier | 10,932.18 | 29.30% | 8,560.05 | 27.2% | 1,439.25 | 12.1% |
| Top 5 suppliers | 22,040.63 | 59.10% | 20,308.45 | 64.5% | 5,682.82 | 47.7% |
| Top 10 suppliers | 27,230.37 | 73.00% | 24,155.28 | 76.7% | 7,536.64 | 63.3% |

The purchases from related parties during the last 3 years were as follows:

(₹ in lakhs)

| S. No. | Name of Promoter Group Company / Entity | FY 2010-11 | | FY 2009-10 | | FY 2008-09 | |
|---|---|---|---|---|---|---|---|
| | | Amount | % of purchase | Amount | % of purchase | Amount | % of purchase |
| 1. | Bigesto Foods Limited | 4528.29 | 12.14% | 7,185.26 | 22.82% | 1,223.88 | 10.28% |
| 2. | PG International | 1089.59 | 2.92% | 840.92 | 2.67% | 481.51 | 4.04% |
| 3. | J.B. Electronics | - | - | 142.31 | 0.45% | - | - |
| 4. | Clearvision Industries | - | - | 0.41 | -* | 0.32 | -* |
| 5. | PG Metal | - | - | - | - | 0.03 | -* |

** Negligible*

**Export obligations**

At present, we do not have any export obligation.

**Our Strengths**

We believe that our principal competitive strengths are as follows:

***Integrated manufacturing operations***

Our manufacturing operations include plastic injection moulding, PCB assembly, coil winding, component assembly, sub-assembly, finished product assembly, a full range of test methods, and customised packaging. We manufacture most of the electronic assemblies required by our customers in-house. For example, except for picture tubes which we procure from outside, we manufacture all the components such as printed circuit boards and cabinets used in making a television at our own manufacturing facilities. We believe that our integrated operations enable us to source contracts from our customers to provide them the finished goods on a turnkey manufacturing basis.

***Design and development capability***

The electronics industry strives on continuous innovation and to maintain a competitive edge over the competitors, it is important to have an effective design and development capability. We have an in-house design team where our engineers are trained to keep our team abreast of the latest global innovations and developments. This provides us the ability to add value to the designs or design ideas proposed by our customers. We believe that our design & development team has been able to not just develop the requisite moulds in a very short lead-time but also do product innovations. We believe that over the years, we have gained experience and design capability to make finished products in-house and suggest new designs for our clients’ products, which help us in building stronger relationship with them, which in-turn strengthens our competitive position vis-à-vis our competitors.

***Locational advantage***

Our current manufacturing facilities are located at Greater Noida, Uttar Pradesh (Unit I & Unit III) at Roorkee, Uttrakhand (Unit II) and at Ahmednagar, Maharashtra (Unit IV). The locations of the manufacturing facilities give us a competitive cost advantage in terms sourcing our raw material, manufacturing at relatively cheaper power tariff rates in the state of Uttar Pradesh and Uttrakhand and engaging labour at relatively lower costs. We believe that presence at these locations enable us to procure raw-materials used by us at competitive rates as many of the manufacturing facilities for these raw-materials are located either within or at the nearby industrial areas. Further, these locations enable us to be in the proximity to our top customer, who also has manufacturing operations at Greater Noida, Uttar Pradesh.

Moreover, our manufacturing facility at Roorkee, Uttrakhand is entitled to Income Tax exemption, under section 80IC of Income Tax Act, 1961, for 100% of profits for first 5 years and 25% of the profits for next 5 years, subject to Minimum Alternate Tax (MAT) u/s 115JB. That is, we are entitled to income tax exemption for 100% of the profits derived from our manufacturing facility at Roorkee from FY 2008-09 to FY 2012-13 and upto 25% of the profits from FY 2013-14 to FY 2017-18. Further, we are also exempt from paying central excise duty on the products manufactured by us, as per Notification No. 49/2003 and Notification No. 50/2003 issued by Central Board of Excise and Customs. The exemptions under these notifications are available to us for a period of 10 years commencing from the FY 2008-09.

We are also in the process of setting up a manufacturing facility at Ahmednagar, Maharasthra, which will be in proximity to the manufacturing operations of two leading consumer electronic manufacturer viz. LG Electronics India Private Limited and Videocon Industries Ltd. and other automobile manufacturers.

*Experienced Promoters*

We benefit from the experience of our Promoters and the core management team. Our Promoters have been in the business of manufacturing electronic products for over three decades and have built experience and relationships with both suppliers and customers in the industry. Our founder, Mr. Promod Gupta entered this business in the year 1977. Further, Mr. Anurag Gupta, Mr. Vishal Gupta and Mr. Vikas Gupta, have an experience of over 16 years in the electronics manufacturing business.

***Continued association with our customers***

Our Company caters to the demands of some of the leading brands in electronics market. The PG Group has association with some of these customers since more than one decade. We believe that we have been able to meet the desired standards of quality required by our customers because of which we have not just been able to secure repeated orders from them but also been able to receive various client specific accreditations. We believe that these accreditations and certifications help us in maintaining long term relationships with our customers and secure repeat orders from them.

**Quality standards**

In our manufacturing facility, different quality checks are carried out starting from procurement of raw materials till the end of production process. We have been awarded ISO 9001:2008 certificate for quality management systems at Unit I for manufacture, assembly and supply of plastic moulded parts and design, manufacture and supply of colour TV receivers and DVD players. Further, our Unit II and Unit III have also been accredited with ISO 9001:2008 for quality management systems.

*Our Business Strategies*

*Expansion of our manufacturing capacities*

Since the commissioning of our first plant at Greater Noida, Uttar Pradesh (Unit I), our Company has continuously expanding its manufacturing facilities and capacities in regular periodical intervals and in planned phases, to keep abreast with the growing demand for electronic products. We also established our second manufacturing facility at Roorkee, Uttrakhand in FY 2007-08. We have recentlyset up new manufacturing facilities at Greater Noida, Uttar Pradesh (Unit III) and at Ahmednagar, Maharashtra (Unit IV) under Phase I and intend to further expand them under Phase II. At present, we have a consolidated installed capacity of manufacturing 16,00,000 pieces p.a. of PCB assemblies for CTVs and DVD players; 16,056 tonnes p.a. for plastic injection moulding; 16,05,000 sets p.a. of CTVs; 30,00,000 pieces p.a. of PCB assemblies for CFL; 30,00,000 pieces p.a. of CFL assemblies; and 3,00,000 pieces of DVD players at our manufacturing facilities in Greater Noida (Unit I and Unit III), Roorkee (Unit II) and Ahmednagar (Unit IV). We recently have set up manufacturing units for plastic injection moulding under Phase I at Unit III and Unit IV in the months of July 2011 and March, 2011 respectively with total installed capacity of 3,000 tonnes p.a. and 5,675 tonnes p.a.

respectively. However, with addition of balance plant & machinery at Unit III, this capacity will increase upto 3,600 tonnes p.a. by September 2011. We also intend to further expand the installed capacities of Unit III and Unit IV, under Phase II, by funds to be raised through this Issue. For details relating to the proposed expansion during Phase I and Phase II, please refer to the section titled 'Objects of the Issue' beginning on page no. 28 of this Red Herring Prospectus. We believe that the proposed expansion will help us to scale up our operations and add to the revenues and margins of our Company.

***Diversification of our product line***

We intend to extend our product offerings by adding set top boxes, certain automotive components, components for refrigerators, washing machines, and microwave ovens in addition to manufacturing of water purifiers and LCD TVs in our product portfolio. We have already started the assembly line for water purifiers at Unit III, Greater Noida. We have also entered into an agreement dated August 5, 2010 for project management with LCI Engineering Ing. Christoff Langthaler GmbH for preparation of a detailed analysis of the possibilities to supply components to the automotive industry. We believe that the addition of new products will not just broaden the market for our products and drive the sales growth but also improve our margins and de-risk our business from the consumer electronics space.

***Constant updation on design and development***

We have an in-house design team where our engineers are trained to keep our team abreast of the latest global inventions and developments. We intend to continue to invest in our design and development capabilities to stay updated with the changes in the global as well as domestic markets. We plan to invest in upgrading our mould-preparation technology to serve our customers better in order to secure repeated and larger orders from them.

***Gradual shift from being an EMS provider for OEMs to an Original Design Manufacturer (ODM)***

Since the profit margins as an EMS provider for OEMs are very thin, we intend to increase our revenue share as an ODM, i.e. designing as well as manufacturing finished products on a larger scale, as opposed to only manufacturing them based on the design specifications given by our customers. We believe that over the years, we have gained experience and design capability to make finished products in-house. We have set up our in-house research and development facility, where we can suggest new designs for our clients' products. With our integrated operations, we have the capability to manufacture TV sets, ACs & DVD players in-house.

***Expanding and diversifying our customer base***

We seek to grow our business through the addition of new, high quality customers and the expansion of our activity with existing customers.

**Our Property**

| S. No. | Details of Agreement | Details of the Property | Consideration |
|---|---|---|---|
| (A) | **Manufacturing facility at Unit I, Greater Noida** | | |
| 1. | Lease Deed dated October 17, 2003 between our Company and UPSIDC | Address: Plot No. P-4/5, admeasuring 4,591 sq. mtrs. at Site-B, Surajpur, District Gautam Budh Nagar, Uttar Pradesh<br>Tenure: 90 years with effect from June 28, 2003 | Premium of ₹ 32.88 lakhs and average lease rental of ₹ 0.03 lac p.a. |
| 2. | Lease Deed dated September 30, 2009 between our Company and UPSIDC | Address: Plot No. P-4/6, admeasuring 2,138 sq. mtrs. at Site-B, Surajpur, District Gautam Budh Nagar, Uttar Pradesh<br>Tenure: 90 years with effect from February 17, 2003 | Premium of ₹ 31.92 lakhs and average lease rental of ₹ 0.06 lac p.a. |
| 3. | Lease Deed dated March 30, 2003 between our | Address: Plot No. P-4/2 to P-4/4, admeasuring 11,514 sq. mtrs. at Site-B, | Premium of ₹ 69.12 lakhs and average |

| | | | |
|---|---|---|---|
| | Company and UPSIDC | Surajpur, District Gautam Budh Nagar, Uttar Pradesh<br>Tenure: 90 years with effect from February 13, 2003 | lease rental of ₹ 0.065 lac p.a. |
| (B) | **Manufacturing facility at Unit II, Roorkee** | | |
| 1. | Lease Deed dated November 6, 2009 between our Company and our M/s PG Electronics | Address: Khasra No. 268 admeasuring 0.3000 hectare meters, Village Raipur, Paragna Bhagwanpur, Tehsil Roorkee, Haridwar<br>Tenure: 30 years from November 6, 2009 to November 5, 2039 | ₹ 0.15 lakhs p.a. |
| 2. | Lease Deed dated November 6, 2009 between our Company and our Promoter, Mr. Vishal Gupta | Address: Khasra No. 268 & 275 admeasuring 0.1630 hectare meters & 0.1760 hectare meters respectively at Village Raipur, Paragna Bhagwanpur, Tehsil Roorkee, Haridwar<br>Tenure: 30 years from November 6, 2009 to November 5, 2039 | ₹ 0.15 lakhs p.a. |
| 3. | Lease Deed dated November 6, 2009 between our Company and M/s PG Electronics | Address: Khasra No. 268 admeasuring 0.8370 hectare meters, Village Raipur, Paragna Bhagwanpur, Tehsil Roorkee, Haridwar<br>Tenure: 30 years from November 6, 2009 to November 5, 2039 | ₹ 0.45 lakhs p.a. |
| (C) | **Registered office of our Company** | | |
| 1. | Rent Agreement dated September 30 2010 between our Company and Mrs. Amrawati Agarwal | Address: 14/39, Shakti Nagar , Delhi-110007<br>Tenure: 11 months from March 1, 2011 | ₹ 0.05 lakh p.m. |
| (D) | **Manufacturing facility for proposed expansion at Unit III, Greater Noida** | | |
| 1. | Lease Deed dated August 18, 2007 between our Company and UPSIDC | Address: Plot No. E-14 & 15, admeasuring 5,779 sq. mtrs. at Site-B, Surajpur, District Gautam Budh Nagar, Uttar Pradesh<br>Tenure: 90 years with effect from June 28, 2003 | Total consideration of ₹ 154.75 lakhs and average lease rental of ₹ 0.01 lakh p.a. |
| (E) | **Manufacturing facility for proposed expansion at Unit IV, Ahmednagar** | | |
| 1. | Lease Agreement dated April 28, 2011 with MIDC * | Address: A-20/2, Supa-Parer Industrial Area, Ahmednagar, Maharashtra admeasuting 19,944 sq. Meters<br>Tenure: 95 years w.e.f. May 1, 2007 | ₹ 43.75 lakhs * |

**Our Company entered into a Memorandum of Understanding dated February 10, 2010 with Diamond Mattress Company Private Limited for purchase of leasehold rights at a total consideration of ₹132.50 lakhs, which included the cost of land of ₹30 lakhs and land development cost of ₹102.50 lakhs including cost of excavation, land filling and boundary wall. Out of this, ₹21 lakh was paid as at the date of filing the Draft Red Herring Prospectus with SEBI and balance ₹ 111.50 lakhs was to be paid at the time of registration of the deed of transfer of the leasehold rights. Due to delay in receipt of approval from MIDC, our Company decided on September 25, 2010 to acquire Diamond Mattress Company Private Limited by purchasing their 1,000 equity shares at a price of ₹3,000/- per share, constituting 100% of the its paid up capital. Consequent to this acquisition, Diamond Mattress Company Private Limited has become wholly owned subsidiary of our Company. Our Company had incurred all expenditure relating to site development. We have received refund of ₹21 lakhs, but paid the entire consideration amount of ₹ 30 lakhs in respect of purchase of its equity shares. Subsequently, MIDC vide its letter no. MIDC/RO(NSK)/SUPA/LMS-372/1767 dated March 21, 2011, granted its consent and* *permission for transfer and assignment of the leasehold rights in favour of our Company. Our Company entered into a Lease Agreement dated April 28, 2011 with MIDC and paid a sum of ₹10.62 lakhs as premium. According to the said Lease Agreement, our Company is entitled to a lease term of 95 years commencing from May 1, 2007.*

The land is free from all encumbrances except for the equitable mortgage created in favour of banks that have extended loan facility in the normal course of business.

We had obtained a valuation report/certificate for the land purchased for Unit III and Unit IV vide valuation report dated September 15, 2010 and January 18, 2010 respectively. A copy of these valuation report/certificate have been kept as a part of material document for inspection.

**Purchase of Property**

Except as stated in section titled "Objects of the Issue" appearing on page no. 28 of this Red Herring Prospectus, there is no property which our Company has purchased or acquired or propose to purchase or acquire which is to be paid wholly, or in part, from the net proceeds of the Issue or the purchase or acquisition of which has not been completed as on the date of filing of this Red Herring Prospectus with SEBI, other than property:

- the contract for the purchase or acquisition whereof was entered into in the ordinary course of the business, the contract not being made in contemplation of this Issue, nor this Issue in contemplation of the contract; or
- In respect of which the purchase money is not material.

**Awards & Achievements**

Our Company has been awarded for excellence & performance by our customers & other industry associations:

- 3rd prize in Business Partners Excellence Award, 2004, in the moulding category by LG Electronics India Private Limited
- Business Partners Excellence Award, 2005, for innovation and six sigma by LG Electronics India Private Limited
- Business Partners Excellence Award, Q1 2006, in the moulding category by LG Electronics India Private Limited
- Business Partners Excellence Award, Q2 2006, for best improvement in quality by LG Electronics India Private Limited
- "Q" Achiever Award, 2006-07, by MIRC Electronics Limited
- Excellence Award, Q2 2007, for best performance in Q, C, D in Molding category by LG Electronics India Private Limited
- Excellence Award, 2008, for best performance in Q, C, D in Molding category by LG Electronics India Private Limited
- FEPS Implementation Award, H1 2009, by LG Electronics India Private Limited
- Best Quality Award, Q3 2009, by LG Electronics India Private Limited
- Certificate of Participation for DOL TDR Activity in Q4 2009 by LG Electronics India Private Limited
- Best Innovation Award for ILO Support activity in Q2 2010 by LG Electronics India Private Limited
- Appreciation award for achieving Level 2 in Leveled Production by LG Electronics India Private Limited

Further, our management has been awarded for the following achievements:

- Our Chairman and Managing Director, Mr. Promod Gupta alongwith others, has received Certificate of Award from National Research Development Corporation of India for their invention entitled 'Semiconductor Strain Gauges' in 1982.

In addition, our Company is also member of industry bodies like Electronic Industries Association of India (ELCINA), Consumer Electronics and Appliances Manufacturers Association (CEAMA) and Electronics and Computer Software Export Promotion Council (ESC).

**Insurance**

We have insured our assets and stocks through various insurance policies, details of which are as under:

(₹ in lakhs)

| S. No. | Nature of the Policy | Particulars/Risk Description/ Address | Sum Insured | Premium Amount | Date of Expiry |
|---|---|---|---|---|---|
| 1. | Marine Cargo Open Policy | Consignment of electronic components CPT, plant & machinery, plastic granules & other allied items from anywhere in the world to anywhere in India | 500.00 | 0.33 | January 12, 2012 |
| 2. | Marine Cargo Open Policy | Consignment of television, DVD, cabinets and other electronic items from anywhere in India to anywhere in India | 1,000.00 | 0.27 | January 8, 2012 |
| 3. | Standard Fire & Special Perils Policy | Buildings, plant, machinery & accessories, electrical installations, furniture, fixtures & fittings and other stocks | 6,489.80 | 6.17 | January 10, 2012 |
| 4. | Standard Fire & Special Perils Policy | All kinds of raw materials, consumables, work in progress, stock in process, packaging material, finished goods and other materials at Unit I, Greater Noida | 1,175.00 | 0.81 | January 10, 2012 |
| **5.** | Standard Fire & Special Perils Policy including burglary | Building, electrical installation, plant & machinery, furniture & fixtures, stocks, miscellaneous items at Unit II, Roorkee | 2,258.00 | 1.68 | August 31, 2011 |
| **6.** | Standard Fire & Special Perils Policy | Building , Plant & Machinery, Generator Sets, Electrical Fittings, Furniture Fixtures Fittings, Office equipments & on Stock of all kinds of raw materials, semi finished, Finished goods &Stock in process including packing materials & other stocks at Unit III, Greater Noida | 2,550.00 | 2.28 | May 9, 2012 |
| **7.** | Burglary BP Policy | Stock, Stock in progress, Miscellaneous and Office equipments at Unit III, Greater Noida | 340.00 | 0.07 | May 9, 2012 |
| **8.** | Standard Fire & Special Perils Policy | Building, Furniture Fixtures Fittings, Plant & Machinery, Electrical Installations & other stock at Unit IV, Ahmednagar | 3,990.00 | 3.34 | January 20, 2012 |
| **9.** | Burglary Floater Policy | Plastic Moulding and Electronic Goods manufacturing/assembling at Unit I, Greater Noida | 1,175.00 | 0.13 | January 10, 2012 |
| **10.** | Burglary BP Policy | Stock related to insured's trade used for plastic moulding and electronic goods assembling at Unit I, Greater Noida | 60.00 | 0.01 | January 20, 2012 |

In addition to above, our Company has also taken motor vehicle policies and money insurance policy.

**Intellectual Property Rights**

| Logo | Description |
|---|---|
| | We have applied for the registration of our corporate logo with Trademark Registry, New Delhi vide our application dated August 10, 2010 under class 9 and 11. The approval for the registration of logo under class 11 was received by us on August 1, 2011. The approval for the registration of logo under class 9 is pending. |

## OUR FINANCIAL INDEBTEDNESS

Set forth below is a brief summary of the long term, short term and working capital facilities of our Company, together with a brief description of certain material covenants of the relevant financing agreements:

1. *Facilities from State Bank of India*

| **Nature of facility** | **Sanctioned amount (₹ lakhs)** | **Amount outstanding as on July 31, 2011 (₹ lakhs)** | **Interest / Repayment terms** | **Security** |
|---|---|---|---|---|
| ***Term Loans*** | | | | |
| Term Loan – I | 100.00 | 13.36 | **Interest:** Base Rate + 4.25% (Current rate : 12.50%)<br>**Repayment Term:** 60 monthly instalments from April 2008. 20 monthly instalments @ ₹ 1 lakh & 40 monthly instalments @ ₹ 2 lakh. | 1. **Primary security:**<br>First hypothecation & mortgage charge over entire fixed & moveable assets, present & future, including equitable mortgage of factory land and building at Plot-P-4/2, 4/3, 4/4, 4/5, Site-B, Surajpur, Greater Noida of factory land & building of the Company.<br>2. **Collateral security:**<br>a) Second charge on entire current assets of Unit-I & Unit-II of the Company.<br>b) Mortgage of leasehold rights (for 29 years valid upto May, 2036) of factory land measuring 14760 sq.meters owned by PG Electronics (partnership firm)<br>3. (a) Personal guarantee of following:<br>Mr. Promod Gupta, Mr. Anurag Gupta, Mr. Vishal Gupta, Mr. Vikas Gupta<br>(b) Corporate guarantee of Kushang Technologies Ltd.<br>(c) Guarantee of PG Electronics (partnership firm) |
| Term Loan – II | 440.00 | 164.50 | **Interest:** Base Rate + 4.25% (Current rate: 13.00%)<br>**Repayment Term:** 60 monthly instalments from April 2008 i.e. 12 monthly instalments of ₹ 5.91 lakh, 24 monthly instalments of ₹ 7.10 lakh, 12 monthly instalments of ₹ 7.57 lakh and 12 monthly instalments of ₹ 8.99 lakhs. | |
| Term Loan – III | 400.00 | 72.66* | **Interest:** Base Rate + 4.25% (Current rate: 13.00%)<br>**Repayment Term:** 42 quarterly instalments, starting from October 2010 to March 2015. | |

*Under import LC of ₹ 198.10 lakhs.

In addition to the above, our Company is enjoying cash credit limit of ₹ 2650 lakhs and non-fund based limits of ₹ 2562 lakhs from State Bank of India.

2. *Facilities from Standard Chartered Bank*

| **Nature of facility** | **Sanctioned amount (₹ lakhs)** | **Amount outstanding as on July 31, 2011 (₹ lakhs)** | **Interest / Repayment terms** | **Security** |
|---|---|---|---|---|
| ***Term Loans*** | | | | |

| | | | | |
|---|---|---|---|---|
| Term Loan-I | 2350.00 | 250.00<br>550.00<br>900.00<br>350.00<br>100.00<br>200.00 | **Interest:**<br>11.25%,<br>11.85%<br>13.00%<br>12.90%<br>13.15%<br>12.00%<br>**Repayment Term:** In 49 equal monthly instalments commencing from the end of 12th month from disbursement. | Exclusive charges on following:<br>a)D37 Hosiery complex, Ph-II, Noida owned by Hansali Imports (P) Ltd.<br>b)Unit No.11, Tower A, Lobe 2, 2nd Floor, Unit No 1 Tower A, Lobe 1 6th floor & Unit No 2 Tower A Lobe 1 6th floor situated at Plot No A-41, Institutional Area, Sect. 62, Noida (Owned by TV Palace)<br>c)Personal Guarantee of Mr. Promod Gupta, Mr. Anurag Gupta, Mr. Vishal Gupta, Mr. Vikas Gupta<br>d) Corporate guarantee of Kushang Technologies Ltd.<br>e) Guarantee of PG Electronics (Partnership Firm)<br>f) Exclusive charge over land and building funded by SCB at Greater Noida situated at Noida E-15 & E-14, Site - B, UPSIDC, Surajpur Industrial Area, Gautam Budh Nagar and at A-20/2, MIDC SUPA, Ahmednagar, Pune (Maharashtra).<br>g) Exclusive charges over Plant & Machinery and other Immovable Assets and on Stock & Receivable at Greater Noida Unit III and Unit IV at Ahmednagar. Unit IV financed by SCB. |

In addition to the above, the Company is enjoying cash credit limit of ₹ 1200 lakhs STL and ₹ 1000 lakhs LC limits for capital goods of ₹ 1350 lakhs and LC limit for raw material of ₹ 2100 lakhs.
With regard to LC availed from Standard Chartered Bank, the commission, rate of interest etc. payable by the Issuer Company for utilizing the amount under the LC are as under:

Limit type : Import Letter of Credit
Tenor/Maturity Period : Maximum upto 24 months
Commission : As per the sanction letter dated September 14, 2010, the rate of commission shall be the rate as negotiated with and agreed by the Standard Chartered Bank. At present the rate of commission is 2.5% p.a.
Interest : Not Applicable

**Facilities availed from UPSIDC**

| **Nature of facility** | **Sanctioned amount (₹ lakhs)** | **Amount outstanding as on July 31, 2011 (₹ lakhs)** | **Interest / Repayment terms** | **Security** |
|---|---|---|---|---|
| Deferred Payment Credit | 10.18 | 8.39 | **Interest:** 16.00% as per allotment letter. | Hypothecation of Plot No.: - P-4/6, Site B, Surajpur, Greater Noida |

| | | | | |
|---|---|---|---|---|
| | | | **Repayment** : 10 equal half yearly installment commencing from July 2010 | |

**Vehicle loans**
Our Company has also entered into some vehicle loan agreements. As of July 31, 2011, ₹ 64.34 lakhs was outstanding under such vehicle loans.

**Restrictive and financial covenants**

The financing arrangements by our Company include conditions and **restrictive covenants** that require us to obtain consents of the lenders prior to carrying out certain activities and entering into certain transactions. Some of such restrictive covenants are as under:

Without the written consent of the banks, our Company cannot:
- effect any change in the ownership or capital structure or control or constitution;
- formulate any scheme of merger, amalgamation, compromise or reconstitution;
- undertake any new project, implement any scheme of expansion or acquire fixed assets except those indicted in the funds flow statement submitted to the lenders from time to time and approved by the lenders;
- enter into borrowing arrangements (secured or unsecured) with any other lender or accept deposits;
- undertake any guarantee obligation(s) on behalf of any other company (including group companies)/ firm;
- declare dividends for any year out of the profits relating to that year or of the previous years (It is necessary to ensure that provisions for all necessary dues are made and no repayment obligations remain unmet at the time of making the request for the lenders' approval for the declaration of dividend);
- create any charge, lien or encumbrance over undertaking or any part thereof in favour of any financial institution, bank, company, firm or persons;
- sell, assign, mortgage or otherwise dispose off any of the fixed assets charged to the lender;
- enter into any contractual obligation of long term nature or affecting our Company financially to a significant extent;
- change the practice with regard to remuneration of directors by means of ordinary remuneration or commission, scale of sitting fees etc.;
- undertake any trading activity other than the sale of products arising out of its own manufacturing operations;
- permit any transfer of the controlling interest or make any changes in its management setup;
- repay monies brought in by the promoters / directors / principal shareholders and their friends and relatives by way of deposits / loans / advances;
- make any change in the general nature of the business of our Company;
- make any material amendments in the MOA and AOA of our Company;
- use all or any part of the facilities availed into capital market oriented mutual fund schemes including, without limitation, equity / real estate mutual funds.

**Financial covenant of Standard Chartered Bank:**
- Gearing not to exceed 2.5 times in FY 2010-11 and 2 times till the balance tenor of the term loan.
- Debt Service Coverage Ratio not to fall below 1.1 times till the maturity of bank term loan.

Our Company is required to obtain prior no-objections pursuant to the above restrictive covenants. Our Company has applied for no-objection/consents from all the lending banks in connection with our proposed Issue. We have received no-objection from Standard Chartered Bank vide its letter dated July 14, 2011, and letter dated March 29, 2011 from State Bank of India

## REGULATIONS AND POLICIES

The following description is a summary of the relevant regulations and policies as prescribed by the Government of India and other regulatory bodies that are applicable to our business. The information detailed below has been obtained from the various legislations, including rules and regulations promulgated by regulatory bodies, and the bye laws of the respective local authorities that are available in the public domain.

The regulations set out below are not exhaustive and are only intended to provide general information to the investors.

### KEY INDUSTRY REGULATIONS

**Factories Act, 1948**
Every factory wherein 10 or more workers are working on any day of the preceding twelve months and manufacturing process is being carried on with the aid of power or wherein 20 or more workers are working on any day of the preceding twelve months and manufacturing process is being carried on without the aid of power is required to be registered under Factories Act, 1948.

According to Section 7(1) of the Factories Act, 1948, the occupier shall at least 15 days before he begins to occupy or use any premises as a factory, send to the Chief Inspector, a written notice containing particulars of the factory, its occupier, owner of premises, nature of manufacturing process, number of workers and such other information.

According to section 7A, every occupier is required to ensure, so far as is reasonably practicable, the health, safety and welfare of all workers while they are at work in the factory. Every occupier shall prepare, and, as often may be appropriate, revise, a written statement of his general policy with respect to the health and safety of the workers at work and the organization and arrangements for the time being in force for carrying out that policy, and to bring the statement and any revision thereof to the notice of all the workers in such manner as may be prescribed.

**The Explosives Act, 1884**
This is a comprehensive law which regulates by licensing for the manufacturing possession, sale, transportation, export and import of explosives. As per the definition of 'explosives' under the Act any substance, whether a single chemical compound or a mixture of substances, whether solid or liquid or gaseous, used or manufactured with a view to produce a practical effect by explosion or pyrotechnic effect shall fall under the Act.

The Central Government may, for any part of India, make rules consistent with this Act to regulate or prohibit, except under and in accordance with the conditions of a licence granted as provided by those rules, the manufacture, possession, use sale, transport, import and export of explosives, or any specified class of explosives. Extensive penalty provisions have been provided for manufacture, import or export, possession, usage, selling or transportation of explosives in contravention of the Act.

**The Environmental Protection Act, 1986**
The Environmental Protection Act, 1986 is an "umbrella" legislation designed to provide a framework for co-ordination of the activities of various central and state authorities established under various laws. The potential scope of the Act is broad, with "environment" defined to include water, air and land and the inter-relationships which exist among water, air and land, and human beings and other living creatures, plants, micro-organisms and property.

All the units of the Company are compliant with the Environmental Protection Act, 1986. Since units of the Company are neither emitting nor discharging any hazardous pollutants, the Hazardous Waste (Management & Handling) Rules, 2000 are not applicable to the Company.

**The Air (Prevention & Control of Pollution) Act, 1981**

According to Section 21 of the of the Air (Prevention & Control of Pollution) Act, 1981, no person shall, without the previous consent of the State Pollution Control Board, establish or operate any industrial plant in an air pollution control area. Further as per the provisions of Section 22 of the said act, no person operating any industrial plant, in any air pollution control area shall discharge or cause or permit to be discharged the emission of any air pollution in excess of the standards laid down by the State Board under Clause 17(1)(g).

All the units of the Company are compliant with the Air (Prevention & Control of Pollution) Act, 1981 and they have obtained the consent to operate from the respective state pollution control boards.

**The Water (Prevention & Control of Pollution) Act, 1974**

According to Section 25(1) of the Water (Prevention & Control of Pollution) Act, 1974, no person shall without the previous consent of the State Pollution Control Board, establish or take any steps to establish any industry, operation or process or any treatment and disposal system for any extension or addition thereto, which is likely to discharge sewage or trade effluent into a stream or well or sewer or on land ("discharge of sewage") or bring into use any new or altered outlet for the discharge of sewage or begin to make any new discharge of sewage. Under Section 25(4), the State Pollution Control Board may grant its consent subject to certain conditions relating to the point, nature, composition, temperature, volume, rate, etc. of discharge of sewage, or refuse and for a specified period.

All the units of the Company are compliant with the Water (Prevention & Control of Pollution) Act, 1974 and they have obtained the consent to operate from the respective state pollution control boards.

**The Petroleum Act 1934 and The Petroleum Rules, 1976**

The Petroleum Act 1934 states the various provisions related to the Petroleum industry. The main object of the Act is to regulate the petroleum industry of the country. The Act provides for control over petroleum, testing of petroleum, penalties and procedure and supplemental provisions. Under control over petroleum the Act lays down detailed provisions on rules of import, transport and storage of petroleum, production, refining and blending of petroleum, Receptacles of dangerous petroleum to show a warning, licenses required for storage of petroleum products etc.

**Employees' Provident Funds And Miscellaneous Provisions Act, 1952**

Employees' Provident Funds and Miscellaneous Provisions Act, 1952 was introduced with the object to institute provident fund for the benefit of employees in factories and other establishments. It empowers the Central Government to frame the "Employee's Provident Fund Scheme", "Employee's Deposit linked Insurance Scheme' and the "Employees' Family Pension Scheme" for the establishment of provident funds under the EPFA for the employees. It also prescribes that contributions to the provident fund are to be made by the employer and the employee.

**Employees State Insurance Act, 1948**

Employees State Insurance Act, 1948 was introduced with object to provide for certain benefits to employees in case of sickness, maternity and "employment injury" and to make provisions for certain other matters in relation there to. It prescribes that contributions to the Employee Insurance Fund are to be made by the employer and the employee.

**Payment of Bonus Act, 1965**

The Payment of Bonus Act, 1965 was enacted with the objective of providing of payment of bonus to employees on the basis of profit or on the basis of productivity. This Act ensures that a minimum annual bonus is payable to every employee regardless of whether the employer has made a profit or a loss in the accounting year in which the bonus is payable. Every employer is bound to pay to every employee, in respect of the accounting year, a minimum bonus which is 8.33% of the salary or wage earned by the employee during the accounting year or ₹ 100, whichever is higher.

**Payment of Gratuity Act, 1972**

The Payment of Gratuity Act, 1972 was enacted with the objective to regulate the payment of gratuity, to an employee who has rendered his long and meritorious service, at the time of termination of his services. Gratuity is payable to an employee on the termination of his employment after he has rendered continuous service for not less than five years:

a) On his/her Superannuation; or

b) On his/her retirement or resignation; or

c) On his/her death or disablement due to accident or disease (in this case the minimum requirement of five years does not apply).

**Industrial Disputes Act, 1947**

The object of the Act is to make provisions for investigation and settlement of industrial disputes. However, it makes other provisions in respect of lay off, retrenchment, closure etc. The purpose is to bring the conflicts between employer and employees to an amicable settlement. The Act provides machinery for settlement of disputes, if dispute cannot be solved through collective bargaining.

**Customs Act, 1962**

Customs Act provides levy of duty on Imports as well as exports. The rate of duty is as prescribed in Customs Tariff Act, 1975, read with relevant exemption notifications. Import duty is levied on almost all items, while export duty is levied only on a few limited products, where Indian goods are in commanding position. Raising revenue for Central Government is the main but not the only purpose of Customs Act. Customs Act is used to (a) regulate imports and exports (b) protect Indian industry from dumping (c) collect revenue of customs duty. In addition, provisions of Customs Act are used for other Acts like Foreign Trade (Development and Regulation) Act, Foreign Exchange Management Act (FEMA) etc.

**Indian Trade Marks Act 1999**

The Indian Trade Marks Act 1999 makes the Indian Trade Marks law fully compatible with the International standards laid down in the TRIPS Agreement. The Act provides for protection of goods and services through Service marks, Collective Marks, Well known trademarks, Enhanced term of protection and renewal of trade marks etc.

**Foreign Direct Investment**

The Indian Government issued the Consolidated Circular on Foreign Investment on April 1, 2010 , according to which, foreign investment in India can be through two ways, viz Automatic Route and Government Approval. Under the Automatic Route, the foreign investor or the Indian company does not require any approval from the RBI or Government of India for the investment. Under the Government Route, prior approval of the Government of India through Foreign Investment Promotion Board (FIPB) is required. Further, the said Circular has listed certain sectors and activities which attract the sectoral caps and also require prior government approval and states that the items other than those listed fall under the Automatic route with 100% FDI. Since manufacturing of Plastic mouldings, air-conditioners as is done by our company does not fall in any of the said items, 100% FDI is permissible without any prior approval.

**Apart from the above, other laws and regulations that may be applicable to the Company include the following:**

- Central Excise Act, 1944
- Industrial Development and Regulation Act 1951
- Industrial Employment (Standing Orders) Act, 1946
- Maternity Benefit Act, 1961
- Registration Act, 1908
- Stamp Act, 1899
- The Companies Act, 1956
- The Income Tax Act, 1961

- The Minimum Wages Act, 1948
- The Payment of Wages Act, 1936
- Transfer of Property Act, 1882
- Workmen Compensation Act, 1923
- Contract Labour (Regulation and Abolition) Act, 1970
- Central Sales Tax (Registration & Turnover) Rules, 1957

## HISTORY AND CERTAIN CORPORATE MATTERS

**Overview**

Our Company was incorporated on March 17, 2003 as PG Electroplast Private Limited under the Companies Act, 1956. Subsequently, pursuant to a special resolution passed at the meeting of the shareholders of our Company at an Extraordinary General Meeting held on July 15 2010, our Company became a public limited company and the word 'private' was deleted from our name. The fresh certificate of incorporation to reflect the new name was issued by the RoC on August 6, 2010.

Our Company is a part of the PG Group, promoted by our Chairman and Managing Director, Mr. Promod Gupta. The history of PG Group dates back to 1977, when Mr. Promod Gupta started dealing in and making radio transistors, receivers and black & white television components at his residence. This was the time when black & white TV components were being imported and supplied to old brands such as Beltek, Televista, Singer, Weston and Crown. He setup his first factory at Delhi in 1981-82, at a time when few renowned brands were making their way to the Indian market. He continued making TV components till the year 1989, before approaching these OEMs for making the entire black & white TV set on contract manufacturing basis. Later, the PG Group also started making CTVs for regional brands. In 1996, it setup its second factory at Noida, followed by a third factory at Bhopal, Madhya Pradesh in 1997. In 1999, the PG Group entered into backward integration by setting up a PCB assembly line at Noida. It then setup another factory at Mohali for assembling VCD/DVD players in 2001. It again entered into backward integration in 2003, with foray into plastic injection moulding. This made the PG Group, an integrated player in the electronic consumer market, with the capability to do plastic injection moulding, PCB assembly and final integration of the products. He then incorporated our Company with the establishment of Unit I at Greater Noida in 2002-03 and later with unit at Roorkee in 2007-08.

For further details in relation to our business, see the section titled "Our Business" beginning on page no. 70 of this Red Herring Prospectus.

**Major events of our Company:**

| Year | Milestone |
|---|---|
| 2002-03 | Incorporation of our Company as PG Electroplast Private Limited |
| 2002-03 | Setting up of Unit I at Greater Noida with a capacity of 1,574 tonnes p.a. for plastic injection moulding |
| 2003-04 | Increase in plastic injection moulding capacity of Unit I, Greater Noida to 3,703 tonnes p.a. |
| 2005-06 | Increase in plastic injection moulding capacity of Unit I, Greater Noida to 4,244 tonnes p.a. |
| | ISO 9001:2000 certification for Unit I, Greater Noida |
| 2007-08 | Setup of PCB assembly line for DVDs with a capacity of 10,00,000 pieces at Unit I, Greater Noida |
| | Setup of assembly line for DVDs with a capacity of 3,00,000 pieces at Roorkee |
| | Setup of assembly line for CTVs with a capacity of 96,000 pieces at Roorkee |
| 2008-09 | Increase in plastic injection moulding capacity of Unit I, Greater Noida to 4,495 tonnes p.a. |
| | Setup of assembly line for CTVs with a capacity of 10,05,000 sets at Unit I, Greater Noida |
| | Increase in capacity of CTV assembly line at Roorkee to 6,00,000 pieces |
| 2009-10 | Increase in plastic injection moulding capacity of Unit I, Greater Noida to 6,577 tonnes p.a. |
| | Setup of PCB assembly line for CTVs with a capacity of 6,00,000 pieces at Unit I, Greater Noida |
| 2010-11 | Setup of CFL assembly line with a capacity of 150,00,000 pieces at Unit II and PCB assembly line for CFL with a capacity of 300,00,000 pieces p.a. at Unit I. |
| | Conversion into a public limited company |
| | ISO 9001:2008 certification for Unit II, Roorkee |

| | |
|---|---|
| | Commencement of commercial production at Unit IV, Ahmednagar* |
| 2011-12 | ISO 9001:2008 certification for Unit III, Greater Noida |
| | Commencement of commercial production at Unit III, Greater Noida * |
| | Launch of new product 'Water Purifier' |

** Time overrun – We had estimated the commencement of commercial production at our Unit III and Unit IV in January 2011. However, the commercial production at Unit III and Unit IV commenced in July 2011 and March 2011 respectively.*

**Changes in the registered office of Our Company**

There have been no changes in the registered office of our Company.

**Changes in Memorandum of Association of our Company**

| Date of Shareholders' approval | Changes |
|---|---|
| January 5, 2007 | Increase in authorized share capital from ₹ 150.00 lakhs divided into 15,00,000 equity shares of ₹ 10/- each to ₹ 500.00 lakhs divided into 50,00,000 equity shares of ₹ 10/- each |
| March 1, 2010 | Increase in authorized share capital from ₹ 500.00 lakhs divided into 50,00,000 equity shares of ₹ 10/- each to ₹ 2,500.00 lakhs divided into 2,50,00,000 equity shares of ₹ 10/- each. |

**Main Objects of Company**

The main objects of the Company as stated in the Memorandum of Association are:

1. To carry on the business of manufacturers, distributors, importers, exporters, buyers, sellers, agent and stockiest of and to market, hire, lease, rent out, assemble, alter, install, service, design, research and improve, develop, exchange, maintain, repair, refurnish, store and otherwise deal in any manner in all type of plastic moulded/extruded goods, all types of electrical and electronic goods, including television, video cassette display, digital video display, computer data processing applications both hardware & software, telephone exchanges, telephone instruments, fax machines, recording instruments and devices, electrical measuring and testing equipments, and any other system of telecommunication whether consisting of sounds, electrical pulses, visual images or otherwise, either alone or in combination, and whether electronic, electrical or mechanical or otherwise or any combination thereof and all systems apparatus, equipment, raw material, components, spare parts and fitting thereof and other related products and accessories thereto.

2. To deal in, purchase, sell, import, export, exchange barter, or supply and or to act as principal, dealers, traders, agents, sub-agents, representative of manufacturers either solely or in conjunction with others and either by or through agents, sub-contractors, trustees or otherwise for all kind of Indian/Foreign manufactured goods, intermediate products, commodities, raw materials, services in the foreign countries and vice-versa and to establish or maintain services, branch or branches, agent or agents, anywhere in the world in connection with the business of the company as referred to in the sub-clause (1) above.

**Subsidiaries of our Company**

Our Company has one subsidiary viz. Diamond Mattress Company Private Limited.

**Diamond Mattress Company Private Limited**

| | |
|---|---|
| **Nature of Activity** | To manufacture, trade, purchase, sale and/or import, export and deal in rubberized coir foam products & various types of mattress. |
| **Date of Incorporation** | October 4, 2005 |

<table>
<tr><td>Registered Office address</td><td colspan="3">Sukhwani Heritage, Gala No. 3, 4 (Baremeut), Akurdi, Main Road, Pune, Maharashtra</td></tr>
<tr><td>Name of the Directors</td><td colspan="3">1. Mr. Promod Gupta<br>2. Mr. Vishal Gupta<br>3. Mr. Vikas Gupta</td></tr>
<tr><td rowspan="10">Shareholding Pattern</td><td>Name of the Shareholder</td><td>No. of Shares</td><td>% of Shareholding</td></tr>
<tr><td>PG Electroplast Ltd.</td><td>994</td><td>99.99%</td></tr>
<tr><td>Mr. Promod Gupta*</td><td>1</td><td>0.00%</td></tr>
<tr><td>Mrs. Sudesh Gupta*</td><td>1</td><td>0.00%</td></tr>
<tr><td>Mr. Anurag Gupta*</td><td>1</td><td>0.00%</td></tr>
<tr><td>Mrs. Neelu Gupta*</td><td>1</td><td>0.00%</td></tr>
<tr><td>Mr. Vishal Gupta*</td><td>1</td><td>0.00%</td></tr>
<tr><td>Mr. Vikas Gupta*</td><td>1</td><td>0.00%</td></tr>
<tr><td>Total</td><td>1,000</td><td>100.00%</td></tr>
<tr><td colspan="3">* Nominee shareholders of PG Electroplast Ltd.</td></tr>
<tr><td>Financial Information</td><td>2010-2011 (Audited)</td><td>2009-2010 (Audited)</td><td>2008-2009 (Audited)</td></tr>
<tr><td></td><td colspan="3">(₹ in lakhs)</td></tr>
<tr><td>Sales</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Other Income</td><td>9.35</td><td>-</td><td>-</td></tr>
<tr><td>Profit after Tax</td><td>0.80</td><td>(0.10)</td><td>(0.10)</td></tr>
<tr><td>Equity Capital (Face Value – ₹ 100/-)</td><td>1.00</td><td>1.00</td><td>1.00</td></tr>
<tr><td>Reserve & Surplus</td><td>0.12</td><td>-</td><td>-</td></tr>
<tr><td>Earning per share (EPS) (₹)</td><td>79.77</td><td>(9.51)</td><td>(9.51)</td></tr>
<tr><td>Net Asset Value (NAV) (₹)</td><td>111.89</td><td>52.43</td><td>61.94</td></tr>
</table>

**Joint Ventures of our Company**
Our Company has no joint ventures.

**Shareholders**
As on the date of this Red Herring Prospectus, the total number of holders of Equity Shares is 8. For further details in relation to our current shareholding pattern, see section titled 'Capital Structure' beginning on page no. 26 of this Red Herring Prospectus.

**Shareholders and other agreements**
Our Company does not have entered into any shareholders' agreement or any other agreement.

**Strategic Partners**
Our Company does not have any strategic partners.

**Financial Partners**
Our Company does not have any financial partners.

## OUR MANAGEMENT

As per Article 129 of Articles of Association, our Company must have a minimum of 3 (three) and a maximum of 12 (twelve) directors. As on the date of this Red Herring Prospectus, our Company has 8 (eight) directors out of which 4 (four) are independent directors.

The following table sets forth details regarding our Board of Directors as on the date of filing of this Red Herring Prospectus.

| Name, Age, Designation, DIN, Address and Occupation | Date of appointment | Age | Other directorships / as a partner in partnership firms / sole proprietorship / trusts |
|---|---|---|---|
| **Mr. Promod Gupta**<br>*Chairman & Managing Director (Promoter Director)*<br><br>S/o. Late Mr. Lakhmi Chand Aggarwal<br><br>DIN: 00181800<br><br>Address: B-15, Kalindi Colony, New Delhi – 110065<br><br>Occupation: Business | March 17, 2003<br><br>Appointed as Chairman & Managing Director on July 15, 2010 for a period of 3 years<br><br>Term: Liable to retire by rotation | 69 | **Directorships**<br>1. Hansali Imports Private Limited<br>2. PG Appliances Private Limited<br>3. Shree Sai Forge Private Limited<br>4. Diamond Mattress Company Private Limited<br><br>**Partner**<br>1. PG Metals and Alloys Corporation<br>2. PG Ispat<br>3. Astrotech International<br>4. PG Industries<br>5. PG Electronics<br>6. TV Palace<br>7. PG International<br>8. Clearvision Industries<br><br>**Karta of HUFs**<br>1. DD Agarwal & Sons<br>2. LC Agarwal & Sons<br>3. Promod Gupta & Sons<br><br>M/s Promod Gupta (Sole Proprietor) |
| **Mr. Anurag Gupta**<br>*Executive Director – Technical (Promoter Director)*<br><br>S/o. Mr. Promod Gupta<br><br>DIN: 00184361<br><br>Address: B-15, Kalindi Colony, New Delhi, 110065<br><br>Occupation: Business | March 17, 2003<br><br>Appointed as wholetime director on July 15, 2010 for a period of 3 years<br><br>Term: Liable to retire by rotation | 42 | **Directorships**<br>1. Kushang Technologies Limited (formerly Kushang Apparel Limited)<br>2. Hansali Imports Private Limited<br>3. Vrinda Infotech Private Limited<br>4. PG Appliances Private Limited<br><br>**Partner**<br>1. PG Metals and Alloys Corporation<br>2. PG Ispat<br>3. PG Electronics<br>4. TV Palace<br>5. PG International<br>6. JB Electronics |

| | | | |
|---|---|---|---|
| **Mr. Vishal Gupta**<br>*Executive Director – Finance (Promoter Director)*<br><br>S/o. Mr. Promod Gupta<br><br>DIN: 00184809<br><br>Address: B-15, Kalindi Colony, New Delhi, 110065<br><br>Occupation: Business | May 1, 2010<br><br>Appointed as wholetime director on July 15, 2010 for a period of 3 years<br><br>Term: Liable to retire by rotation | 39 | **Directorships**<br>1. Shradha Realtech Private Limited<br>2. Vrinda Infotech Private Limited<br>3. Hansali Imports Private Limited<br>4. PG Appliances Private Limited<br>5. Shree Sai Forge Private Limited<br>6. Diamond Mattress Company Private Limited<br><br>**Partner**<br>1. PG Metals and Alloys Corporation<br>2. PG Ispat<br>3. JB Electronics<br>4. TV Palace<br>5. PG International<br>6. Clearvision Industries<br>7. Electronics Media Corporation |
| **Mr. Vikas Gupta**<br>*Executive Director - Operations (Promoter Director)*<br><br>S/o. Mr. Promod Gupta<br><br>DIN: 00182241<br><br>Address: B-15, Kalindi Colony, New Delhi, 110065<br><br>Occupation: Business | May 1, 2010<br><br>Appointed as wholetime director on July 15, 2010 for a period of 3 years<br><br>Term: Liable to retire by rotation | 39 | **Directorships**<br>1. Bigesto Technologies Limited (Formerly Bigesto Foods Limited)<br>2. Shradha Realtech Private Limited<br>3. Hansali Imports Private Limited<br>4. PG Appliances Private Limited<br>5. Diamond Mattress Company Private Limited<br><br>**Partner**<br>1. PG Metals and Alloys Corporation<br>2. PG Ispat<br>3. PG Electronics<br>4. JB Electronics<br>5. TV Palace<br>6. PG International<br>7. Clearvision Industries<br>8. Electronics Media Corporation |
| **Mr. Prem Pal Malhotra**<br>*Non-Executive Independent Director*<br><br>S/o. Mr. Amar Nath Malhotra<br><br>DIN: 03166398<br><br>Address: B-5/155, Paschim Vihar, New Delhi – 110 063<br><br>Occupation: Retired | August 12, 2010<br><br>Term: Liable to retire by rotation | 68 | None |
| **Mr. Suresh Chandra Gupta**<br>*Non-Executive Independent Director* | August 12, 2010<br><br>Term: Liable to retire | 66 | **Directorships**<br>1. Rane Brake Lining Limited |

| | | | |
|---|---|---|---|
| S/o. Mr. Prem Narain<br><br>DIN: 02085068<br><br>Address: B-80, First Floor, Sarvodaya Enclave, New Delhi – 110017<br><br>Occupation: Retired | by rotation | | |
| **Mr. Pramod Kumar Mitra**<br>*Non-Executive Independent Director*<br><br>S/o Mr. Nandlal Mitra<br><br>DIN: 00504512<br><br>Address: 251, Prasad Nagar, MIG Phase I, New Delhi – 110005<br><br>Occupation: Profession | May 18, 2011<br><br>Term: Liable to retire by rotaion | 62 | None |
| **Mr. Kaushal Chand Singhal**<br>*Non-Executive Independent Director*<br><br>S/o. Mr. Ishwari Parshad<br><br>DIN: 03176545<br><br>A-2/8, Sector-11, Faridabad, Haryana- 121006<br><br>Occupation: Professional | August 12, 2010<br><br>Term: Liable to retire by rotation | 64 | None |

All the four whole time directors are Promoter Directors and are related to each other as Mr. Promod Gupta is father of Mr. Anuarg Gupta, Mr. Vikas Gupta and Mr. Vishal Gupta. Except this, no other directors are related to each other.

Our Company has not entered into any service contracts with any Directors which provide for any benefits to the said Directors upon termination of employment. Our Company has not entered into any arrangement or understanding with its major shareholders, customers, suppliers or others pursuant to which any of the directors were selected as a director or member of senior management. Further, except for statutory benefits upon termination of their employment in our Company or upon retirement, no officer of our Company, including our Directors and our key managerial persons, are entitled to any benefits upon termination of employment with our Company.

We further confirm that none of our Directors or Promoters or Promoter Group of our Company are/were associated with the companies whose shares have been/were suspended and/or delisted from being traded on any Stock Exchange.

**Brief Profile of the Directors:**

**Mr. Promod Gupta**, aged 69 years is the Chairman & Managing Director and also one of the promoters of our Company. He obtained his Bachelor of Engineering from The Birla Institute of Technoogy & Science (BITS, Pilani) in 1966, Post-graduate Diploma in Marketing and Sales Management from Faculty of Management Sciences, Delhi University in 1977 and elected Fellow of The Insitituion of Electronics and Telecommunication Engineers (FIETE) in 1984. He is a first generation entrepreanour; with an overall experience of over 42 years, including more than 36 years in the field of electronic manufacturing services. He was previously employed as a senior scientist in Semiconductior Devices Division of Defence Research and Development Organisation (DRDO) (formerly known as Solid State Physics Labarotory), where he worked for 13 years from 1966 to 1978, on the development of semiconductor devices and their testing for use in various defence systems and installation. He is responsible for the management of the overall operations of our Company and to identify, develop & direct the implementation of business strategies.

**Mr. Anurag Gupta**, aged 42 years is Executive Director – Technical and also one of the promoters of our Company. He did his Bachelors of Electronics in Computer Engineering & Science from M.S.Ramaiah Institute of Technology, Bangalore University in 1991. He has an overall experience of 18 years in the field of electronic manufacturing services. In 1992, he joined M/s PG Electronics (a partnership firm in the Promoter Group) as a Partner, where he was responsible for manufacturing of TV components. In 1999, he joined Kushang Technologies Limited (formerly Kushang Apparels Limited) as a director, where he was responsible for all technical functions of the firm. He joined our Company as Promoter Director in 2003 and became Executive Director – Technical in 2010. His responsibilities in our Company include development and implementation of all technical policies & procedures including all associated production and post-production services, monitoring of plant & machineries required for production and quality assurance and technology upgradation as and when required, executing research & development activities, establishing and supervising operations and maintenance routines (preventive, general & emergency) and ensuring strict adherence to our quality assurance policy.

**Mr. Vishal Gupta**, aged 39 years is Executive Director – Finance and also one of the promoters of our Company. He did his Masters in Business Administration from the University of Pune in 1995 and B.Com (Hons.) from Delhi University in 1993. He has an overall experience of 16 years in the field of electronic manufacturing services. He started his career with Astrotech International, one of our Promoter Group Companies, in the year 1995. There, he was responsible for overseeing the financial, commercial and marketing aspects of the company. Later, in the year 2000, he joined Bigesto Technologies Limited (formerly Bigesto Foods Limited) as a Director, responsible for financial, accounting and commercial aspects of the business. He joined our Company as Executive Director – Finance in the year 2010. His responsibilities in our Company include overseeing the financial, accounting and general management of our Company including budgeting and planning the financial requirements, human resource requirements, administration and secretarial compliances.

**Mr. Vikas Gupta**, aged 39 years is Executive Director – Operations and also one of the promoters of our Company. He did his Master in Business Administration from the University of Pune in 1995 and B.Com (Hons.) from Delhi University in 1993. He has an overall experience of 16 years in the field of electronic manufacturing services. He started his career with PG Electronic Components Private Limited, one of our ersthile Promoter Group Companies, in the year 1995. There, he was responsible for overseeing the production / manufacturing of PCB assemblies and electronic TV components. Later, in the year 1999, he joined Bigesto Technologies Limited (formerly Bigesto Foods Limited) as a Director, responsible for manufacturing and marketing operations of the company. He joined our Company as Executive Director – Operations in the year 2010. He oversees the entire production and marketing operations of our Company. His responsibilities include ensuring functions that can deliver products and services to customers in an efficient, timely and cost efficient manner and managing and increasing the efficiency of operational support services.

**Mr. Prem Pal Malhotra**, aged 68 years, is a Non-Executive Independent Director on our Board. He has done Master of Applied Science from the University of Waterloo, Canada, Bachelor of Engineering from Birla

Institute of Technology & Science (BITS, Pilani), Post-Graduate Diploma in Marketing & Sales Management from Faculty of Management Sciences, Delhi University and is also a Chartered Engineer from The Institution of Electronics and Telecommunication Engineers. He has exposure to various aspects of industrial & technological growth processes and quality & energy management systems. He has promoted technology upgradation, quality improvement and spearheaded several technology development and quality improvement projects in small & medium electronics and information technology enterprises. He has held various renowned positions such as National Expert for more than four years in United Nations Industrial Development Organization (UNIDO); Industrial Advisor (Electronics) to Ministry of Micro, Small and Medium Enterprises (MSME), Government of India; Director in the Department of Scientific and Industrial Research (DSIR), Ministry of Science and Technology; and Chief Manager at ET&T Corporation Limited, a Government of India undertaking.

**Mr. Suresh Chandra Gupta**, aged 66 years, is a Non-Executive Independent Director on our Board. He obtained his Bachelor of Engineering from The Birla Institute of Technology & Science (BITS, Pilani) in 1966 and has over 44 years of experience in the field of planning, implementation and financial control of projects & technology. He worked in Indian Railways for 38 years, where he held various positions. In his last position as a member to the Electrical Railway Board, ex-officio secretary to the Government of India, he was responsible for planning, implementation, financial control of projects & technology induction for improving operational efficiency, productivity and safety on Indian Railways.

**Mr. Pramod Kumar Mitra**, aged 62 years, is a Non-Executive Independent Director on our Board. He has done Bachelor of Engineering (Mechanical) from Delhi College of Engineering, Delhi University; Masters of Business Administration (Finance) and Post-Graduate Diploma in Personnel Management from Faculty of Management Studies, Delhi University; and CAIIB from the Indian Institute of Bankers. He has worked for over 37 years from 1972 to 2009 with Punjab National Bank where he worked in various fields such as stressed asset management, legal division, management information system division, human resources development division, heading the Rajasthan zone at Jaipur, handling large ticket advances, etc. He was also the President of PNB Rural Development Trust from Sep 2009 – June 2010. He is currenly working with Sharda University as Director (Human Resources) since July 2010.

**Mr. Kaushal Chand Singhal**, aged 64 years, is a Non-Executive Independent Director on our Board. He has done his Bachelor of Commerce and Bachelor of Laws from Delhi University. He has over 42 years of experience in the field of law and taxation. He practiced as an advocate in the field of taxation from 1969 to 1994. He was selected for the post of Judicial Member of Income Tax Appellate Tribunal (ITAT) in 1993 and promoted to Vice President in 2008. He retired from ITAT in 2009 and started practicing law after that.

**Details of borrowing powers**

The shareholders at the Annual General Meeting held on June 14, 2011 have passed the resolution under section 293(1)(d) of the Companies Act, 1956, authorizing the Board of Directors to borrow such sums of moneys from time to time, as they may deem requisite for the purpose of business of our Company with or without security and upon such terms and conditions as the Board may think fit, notwithstanding that the moneys to be borrowed together with the moneys already borrowed by our Company (apart from the temporary loans borrowed from bankers in the ordinary course of business), shall not exceed at any point of time a sum of ₹ 30,000 lakhs, exclusive of interest, over and above the paid up capital and free reserves of our Company.

**Details of Compensation of Managing Director and Whole Time Directors**

**Mr. Promod Gupta**

1. Basic salary of ₹ 1.45 lakhs per month
2. Perquisities such as house rent allowance, transportation allowance, uniform allowance, medical expenses reimbursement, children education allowance, reimbursement of expenses, provident fund employer's contribution and other benefits, amenities, facilities & perquisites as per the rules of our Company.

3. The aforesaid remuneration & perquisites may be paid as minimum remuneration even in the event of absence or inadequacy of profits in any year during his tenure.

**Mr. Anurag Gupta**
1. Basic salary of ₹ 1.45 lakhs per month
2. Perquisities such as house rent allowance, transportation allowance, uniform allowance, medical expenses reimbursement, children education allowance, reimbursement of expenses, provident fund employer's contribution and other benefits, amenities, facilities & perquisites as per the rules of our Company.
3. Such amount for each accounting year, as commission, as may be decided by the Board subject to the overall limit(s) as provided in the Companies Act, 1956.
4. The aforesaid remuneration & perquisites may be paid as minimum remuneration even in the event of absence or inadequacy of profits in any year during his tenure.

**Mr. Vishal Gupta**
1. Basic salary of ₹ 1.45 lakhs per month
2. Perquisities such as house rent allowance, transportation allowance, uniform allowance medical expenses reimbursement, children education allowance, reimbursement of expenses, provident fund employer's contribution and other benefits, amenities, facilities & perquisites as per the rules of our Company.
3. Such amount for each accounting year, as commission, as may be decided by the Board subject to the overall limit(s) as provided in the Companies Act, 1956.
4. The aforesaid remuneration & perquisites may be paid as minimum remuneration even in the event of absence or inadequacy of profits in any year during his tenure.

**Mr. Vikas Gupta**
1. Basis salary of ₹ 1.45 lakhs per month
2. Perquisities such as house rent allowance, transportation allowance, uniform allowance medical expenses reimbursement, children education allowance, reimbursement of expenses, provident fund employer's contribution and other benefits, amenities, facilities & perquisites as per the rules of our Company.
3. Such amount for each accounting year, as commission, as may be decided by the Board subject to the overall limit(s) as provided in the Companies Act, 1956.
4. The aforesaid remuneration & perquisites may be paid as minimum remuneration even in the event of absence or inadequacy of profits in any year during his tenure.

The following table sets forth total compensation paid by the Company to the Directors for the FY 2010-11:

| Name of Director | Total (in ₹ lakhs) |
|---|---|
| Mr. Promod Gupta | 29.75 |
| Mr. Anurag Gupta | 29.75 |
| Mr. Vishal Gupta | 27.27 |
| Mr. Vikas Gupta | 19.83 |

**Remuneration to Independent and Non-Executive Directors**
Our Independent Directors are paid a sitting fee of ₹ 10,000 for every meeting of the Board of Directors and Committee meetings attended by them. Our Company has paid the following as compensation in the form of sitting fees to our Independent Directors in FY 2010-11:

| Name of Director | Total (in ₹ lakhs) |
|---|---|
| Mr. Prem Pal Malhotra | 0.55 |
| Mr. Suresh Chandra Gupta | 0.75 |
| Mr. Kaushal Chand Singhal | 0.75 |
| Mr. Pramod Kumar Mitra | Nil |

**Corporate Governance**

The provisions of the Listing Agreement to be entered into with the Stock Exchanges with respect to corporate governance shall be applicable to us immediately upon listing of our Company's Equity Shares on the Stock Exchanges. The Company has complied with the requirements of Corporate Governance, particularly those relating to composition of board of directors, constituting the committees such as Audit Committee, Shareholding/Investor Grievance Committee etc.

**Audit Committee**

The Audit Committee was constituted on August 12, 2010 and reconstituted on May 18, 2011. It comprises of four Directors, of which three are Independent Directors. The present composition of the audit committee is as under:

| Name of Director | Status in Committee | Nature of Directorship |
|---|---|---|
| Mr. Kaushal Chand Singhal | Chairman | Independent Director |
| Mr. Suresh Chandra Gupta | Member | Independent Director |
| Mr. Pramod Kumar Mitra | Member | Independent Director |
| Mr. Vishal Gupta | Member | Executive Director – Finance |

The Statutory and Internal Auditors of our Company are permanent invitees at the meetings of the Committee. The Company Secretary of our Company is the Secretary and Compliance Officer to the Committee.

The scope and functions of the Audit Committee are:

- meetings periodically as it may deem necessary and, one meeting before finalization of annual accounts.
- overseeing our Company's financial reporting process,
- recommending to the Board, the appointment, re-appointment, if required, the replacement or removal of the statutory auditor, external auditors and the fixation of audit fee(s),
- approval of payment of statutory auditors and external auditors for any other services rendered by them,
- reviewing the annual financial statements before submission to the Board for approval, with the particular reference to:
    a. Matters require to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Clause No. (2AA) of Section 217 of the Companies Act, 1956. Changes, if any, in accounting policies and practices and reasons for the same.
    b. Major accounting entries involving estimates based on the exercise of judgment by management.
    c. Significant adjustments made in the financial statements arising out of audit findings.
    d. Compliance with listing and other legal requirements relating to financial statements.
    e. Disclosure of any related party transactions.
    f. Qualifications in the draft audit report.
    g. The going concern assumption.
    h. Compliance with accounting standards.
- Reviewing, with the Management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue etc.), the statement of funds utlilised for purposes other than those stated in the offer documents/prospectus/notice and the report, if any, submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter.
- Reviewing with the management, the quarterly financial statements before submission to the Board for approval.
- Reviewing with the management, performance of statutory and internal auditors, 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.

- Discussion with internal auditors any significant findings and follow up thereon.
- 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 payments to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- To review the functioning of the Whistle Blower Mechanism, in case the same is existing.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The recommendations of the Audit Committee on any matter relating to financials including the Audit Report shall be binding on the Board. If recommendations are not accepted by the Board, the reasons for the same shall be recorded in the minutes of the Board meeting or communicated to the shareholders.

**Shareholder's and Investors Grievance Committee**

The Shareholder's and Investors Grievance Committee was constituted on August 12, 2010. The composition of the Shareholder's and Investors Grievance committee is as under:

| Name of Director | Status in committee | Nature of directorship |
|---|---|---|
| Mr. Promod Gupta | Chairman | Chairman and Managing Director |
| Mr. Vishal Gupta | Member | Executive Director – Finance |
| Mr. Kaushal Chand Singhal | Member | Independent Director |

The Company Secretary of our Company is the Secretary and Compliance Officer to the Committee.

The objective of Shareholder's and Investors Grievance Committee is:

- reviewing of the shareholders' / debenture holders' complaints relating to transfer of shares / debentures, non-receipt of balance sheets, declared dividend, interest, redemption payment etc.,
- monitoring and reviewing of systems, procedures relating to processing of transfer of shares, debentures etc.,
- investigating any activity and seek information from any employee of our Company, in discharging its duties
- fixing record date for the purposes as required under the Companies Act, 1956, and/or Listing Agreement
- considering and approving issue of duplicate share certificates in lieu of reported lost, misplaced, torn, mutilated certificates; and other related matters etc.,
- monitoring the matters of litigation related to shareholders and take decisions relating thereto,
- considering, reviewing and monitoring the matters related to the shareholders grievances,
- considering, and finalizing the report on Corporate Governance to be annexed with the Annual Report of the company,
- dealing with matters such as non-receipt of balance sheet, non-receipt of declared dividend, etc,
- To perform the tasks of Share transfer Committee relevant under the Companies (Issue of Share Certificate) Rules, 1960.
- dealing with any other matters related and/or incidental to the shareholders

**Remuneration Committee**

The Remuneration Committee was constituted on August 12, 2010. Its constitution is as follows:

| Name of Director | Status in committee | Nature of directorship |
|---|---|---|
| Mr. Prem Pal Malhotra | Chairman | Independent Director |
| Mr. Kaushal Chand Singhal | Member | Independent Director |
| Mr. Suresh Chandra Gupta | Member | Independent Director |

The Company Secretary of our Company is the Secretary and Compliance Officer to the Committee.

It shall meet at such times as and when necessary to look after all the elements of remuneration of directors and senior management personnel and the matters as detailed below:

- finalize the appointment, terms of engagements, remuneration payable by our Company to its chairman, chief financial officer, managing director, chief executive officer, chief operation officer or any other Director including the functional Directors from time to time keeping in view the provisions of the Companies Act, 1956 read with relative Schedules thereto and that such committee be and is hereby authorized to recommend to the Board such entitlements of remuneration; and
- ensure proper compliance of the conditions precedent to appointment(s) and to generally to attend to all other formalities incidental to or connected with the payment of remuneration to Directors and or managerial person, to decide the revision in remuneration and payment of commission to them within the sanction of the shareholders.

**IPO Committee**
The IPO Committee was constituted on September 25, 2010. Its constitution is as follows:

| Name of Director | Status in committee | Nature of directorship |
|---|---|---|
| Mr. Vishal Gupta | Chairman | Executive Director – Finance |
| Mr. Vikas Gupta | Member | Executive Director – Operations |
| Mr. Promod Gupta | Member | Chairman and Managing Director |

The Company Secretary of our Company is the Secretary and Compliance Officer to the Committee.

It shall meet at such times as and when necessary to take all decisions and approve all matters relating to the Initial Public Offer of the equity shares of our Company including, but not restricted to, the matters as detailed below:

- Deciding on the size of the Issue (as applicable), timing, recommendation for pricing of the offer to the Board and terms and conditions of the Issue, and including the price, and to accept any amendments, modifications, variations or alterations thereto;
- Constitution/ re-constitution of committees as per the Listing Agreement of the stock exchanges;
- Determine and recommend (as applicable) to the Board for the price band for the Issue, Issue and Closing Dates, Issue Price, approve the basis of allocation and confirm allocation of equity shares to various categories of persons as disclosed in the Draft Red Herring Prospectus, Red Herring Prospectus and Prospectus, in consultation with the BRLM and do all such acts and things as may be necessary and expedient for and incidental and ancillary to, the Issue.
- Appointing (where necessary) and entering into arrangements with the book running lead managers, underwriters, syndicate members, brokers, escrow collection bankers, registrars, Issue grading agency, legal advisors, printers and any other agencies or persons whose appointment is required in relation to the Issue;
- Issuing advertisements in such newspapers as it may deem fit and the proposed offer conforming to the guidelines and regulations issued by the Securities and Exchange Board of India in this regard;
- Opening separate current accounts with scheduled banks for receiving applications along with application monies in respect of the offer of the shares of the Company, as required;
- Signing and executing the agreements with the book running lead manager and the registrar respectively, syndicate agreement, escrow agreement and the underwriting agreement and any other deeds, documents and agreements required in relation to the Issue;
- Making applications for listing of the equity shares of the Company in one or more stock exchange(s) and to execute and to deliver or arrange the delivery of the listing agreement(s) or equivalent documentation to the concerned stock exchange(s);

- Do or authorize its offers to do all such deeds and acts as may be required to dematerialize the equity shares of the Company and to sign agreements and/or such other documents as may be required with Central Depository Services (India) Limited ("CDSL") and such other agencies, as may be required in this connection;
- Finalizing the basis of allocation and allotting the equity shares to the successful allottees and issue of share certificates in accordance with the relevant rules;
- Authorizing/ delegate powers to the representatives of the Company to take necessary actions for the purposes of the Issue;
- Settling all questions, difficulties or doubts that may arise in relation to the Issue as it may in its absolute discretion deem fit;
- Authorizing and approving the incurring of expenditure and payment of fees in connection with the Issue of the Company; and
- Submitting undertakings/certificates or providing clarifications to the SEBI and the relevant stock exchanges where the equity shares of the Company are to be listed.

**Shareholding of Directors in the Company**

The Articles of Association of the Company do not require the Directors to hold any equity shares in the Company as qualification shares. The following table sets out the shareholding of the Directors who hold shares either in their personal capacity or as joint holder, as on the date of the Red Herring Prospectus.

| Sr. No. | Name of the Director | Number of Equity Shares | % to pre-issue paid up equity share capital |
|---|---|---|---|
| 1. | Mr. Promod Gupta | 40,16,166 | 37.64% |
| 2. | Mr. Anurag Gupta | 15,14,222 | 14.19% |
| 3. | Mr. Vishal Gupta | 20,75,012 | 19.45% |
| 4. | Mr. Vikas Gupta | 20,70,722 | 19.41% |
| 5. | Mr. Prem Pal Malhotra | - | - |
| 6. | Mr. Suresh Chandra Gupta | - | - |
| 7. | Mr. Pramod Kumar Mitra | - | - |
| 8. | Mr. Kaushal Chand Singhal | - | - |
| | **Total** | **96,76,122** | **90.69%** |

**Interest of Directors**

All the Directors may be deemed to be interested to the extent of the sitting fees payable to them for attending meetings of the Board or any committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them. Further, all directors may also be deemed to be interested to the extent of Equity Shares held by them or that may be subscribed for and allotted to them out of the present issue, if any. Some of the Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the said Equity shares.

Further, except as stated in "Related Party Transactions" beginning on page no. 141 of this Red Herring Prospectus, to the extent of shareholding in our Company either by themselves or shareholding of companies in which they are interested, the Directors do not have any other interest in our Company. Our Directors do not have any interest in any property acquired by our Company in a period of two years before filing this Red Herring Prospectus with SEBI or proposed to be acquired by us as on date of filing this Red Herring Prospectus with SEBI, except for the (i) property being used as manufacturing facility at Unit II, Roorkee, taken on lease from M/s PG Electronics (a part of our Promoter Group) and Mr. Vishal Gupta, one of our Promoters; (ii) property being used as our Registered Office, taken on lease from Mrs. Amrawati Agarwal, mother of Mr. Promod Gupta; and (iii) property proposed to be used as manufacturing facility at Unit III, Greater Noida, for which we have entered into an memorandum of understanding with Bigesto Technologies Limited (formerly Bigesto Foods Limited) (a part of our Promoter Group), for purchase of land. For details of the properties, please refer to the section titled 'Our Property' appearing on page no. 81 of this Red Herring Prospectus.

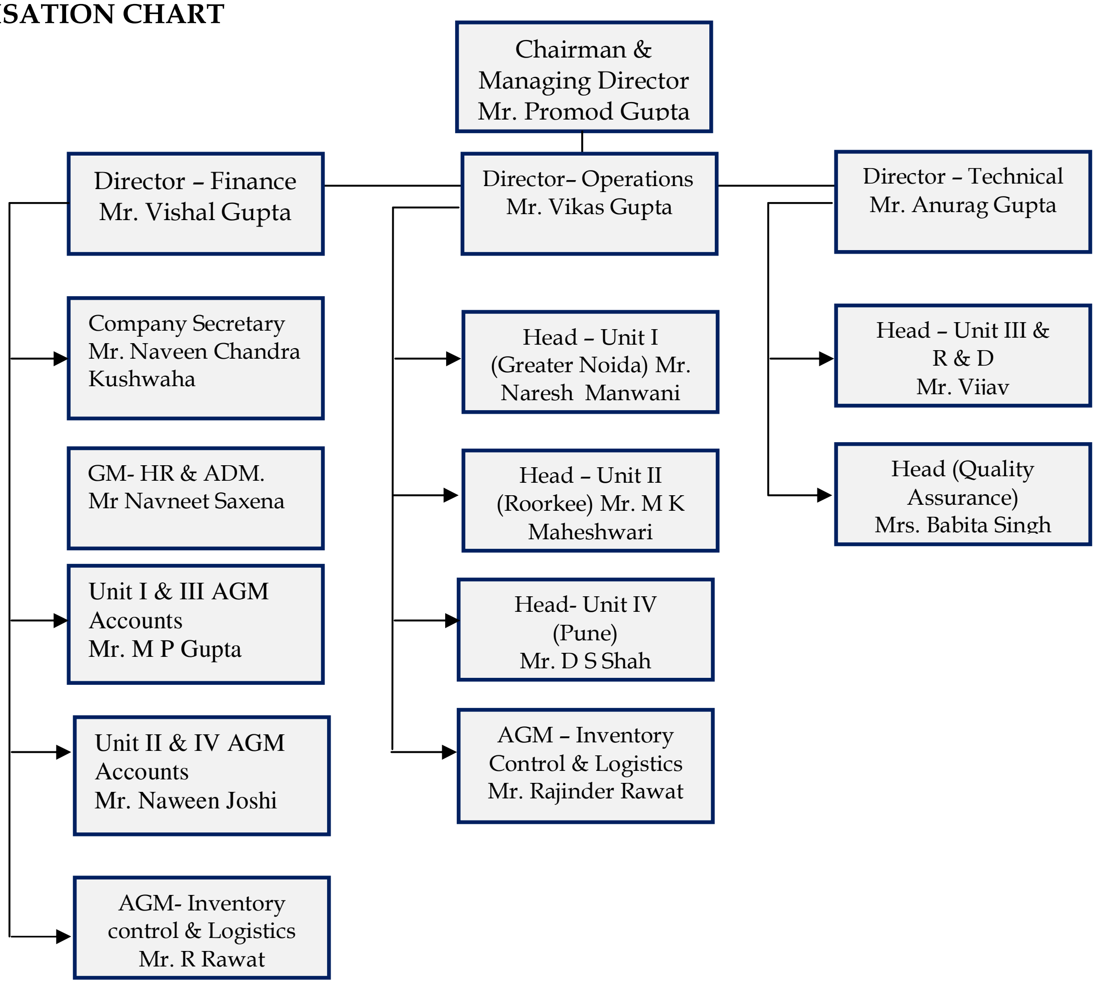
The Directors of our Company shall not subscribe to and not be allotted the equity shares of our Company out of the present Issue.

**Changes in the Directors in the last three years**

The following changes have taken place in the Board of Directors of the Company during the last three years.

| S. No. | Name of Director | Date of Appointment | Date of Resignation / Cessation | Reason for change |
|---|---|---|---|---|
| 1. | Mrs. Sudesh Gupta | March 17, 2003 | April 30, 2010 | Resignation |
| 2. | Mr. Vikas Gupta | May 1, 2010 | - | Appointment |
| 3. | Mr. Vishal Gupta | May 1, 2010 | - | Appointment |
| 4. | Mr. Prem Pal Malhotra | August 12, 2010 | - | Appointment |
| 5. | Mr. Suresh Chandra Gupta | August 12, 2010 | - | Appointment |
| 6. | Mr. Lalit Mohan Gupta | August 12, 2010 | - | Appointment |
| 7. | Mr. Kaushal Chand Singhal | August 12, 2010 | - | Appointment |
| 8. | Mr. Lalit Mohan Gupta | - | March 8, 2011 | Resignation |
| 9. | Mr. Pramod Kumar Mitra | May 18, 2011 | - | Appointment |

**ORGANISATION CHART**



**Key Management Personnel**

The details of the key managerial personnel of our Company are as follows:

| S. No. | Name | Age (Yrs) | Date of Joining | Designation | Academic Qualification | Overall experience | Previous Employment |
|---|---|---|---|---|---|---|---|
| 1. | Mr. M.P.Gupta | 47 | January 1, 2006 | Assistant General Manager - Accounts (Unit I & III) | Cost Accountant | 21 years | Vimal Plast (India) Pvt. Ltd. |
| 2. | Mr. Naween Chandra Joshi | 51 | July 4, 2011 | Asstt. General Manager - Accounts (Unit II & IV) | Post Graduate in Commerce | 25 | Samtel Displays Systems Limited |
| 3. | Mr. Naveen Chandra Kushwaha | 32 | July 15, 2010 | Company Secretary | Company Secretary | 6 years | BLB Limited |
| 4. | Mr. Navneet Saxena | 48 | July 23, 2007 | General Manager – Human Resource | Masters in Business Administration | 27 years | Haldiram Snacks Private Limited |
| 5. | Mr. Naresh Manwani | 42 | February 10, 2002 | Senior Vice President – Head Factory Operations (Unit I) | Mechanical Engineering | 23 years | Inalsa Appliances Limited |
| 6. | Mr. Mohan Kumar Maheshwari | 59 | April 20, 2006 | Senior General Manager – Head Factor Operations (Unit II) | Bachelor of Science, Diploma in Electronics & Radio Enginerring | 37 years | Hotline CPT Limited |
| 7. | Mr. D.S.Shah | 44 | December 1, 2010 | Senior General Manager – Head Factory Operations (Unit IV) | MEP from IIM(A), MBA from IGNOU University, B.E. (Electronics) from the University of Poona | 20 years | Bigesto Technologies Ltd. (formerly Bigesto Foods Limited) |
| 8. | Mr. Rajinder Rawat | 51 | April 4, 2001 | AGM – Inventory Control & Logistics | Bachelor of Arts and Post Graduate Diploma in Material Management | 31 | Onida Savak Limited |
| 9. | Mr. Vijay Choudhary | 55 | March 11, 2003 | Head – Research & Development and Head-Factory Operations (Unit III) | Diploma in Electronics Engineering | 28 years | Bigesto Technologies Limited (formerly Bigesto Foods Limited) |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| **10.** | Mrs. Babita Singh | 35 | September 1, 2007 | Head – Quality Assurance | Diploma in Electronics Engineering | 15 years | Air Vision (India) Private Limited |

1. All the persons named as our Key Managerial Personnel are the permanent employees of our Company.
2. There is no understanding with major shareholders, customers, suppliers or any others pursuant to which any of the above mentioned personnel have been recruited.
3. None of the above mentioned Key Managerial Personnel are related to each other.

**Brief profiles of Key Managerial Personnel**

**Mr. M.P. Gupta**, aged 47 years is Assistant General Manager – Accounts of our Company. He is a Cost Accountant from the Institute of Cost & Works Accountant of India and has over 21 years of experience in the field of finance and accounts. Prior to joining our Company, he worked with Vimal Plast (India) Pvt. Ltd. He oversees the overall accounting, financial controls and management of cash flows for the Unit I & III at Greater Noida in our Company. For Financial Year 2010-11, he was paid a gross remuneration of ₹ 6.15 lakhs.

**Mr. Naveen Chandra Kushwaha**, aged 32 years, is the Company Secretary of our Company. He is a member of the Institute of Company Secretaries of India. He has over 6 years of experience in managing secretarial, SEBI, Stock Exchange and other regulatory compliances. Prior to joining our Company, he worked with BLB Limited. He oversees the overall secretarial and legal compliances of our Company. For Financial Year 2010-11, he was he was paid a gross remuneration of ₹ 4.98 lakhs.

**Mr. Navneet Saxena**, aged 48 years is General Manager – HR of our Company. He did his Masters in Business Administration from University of Indore, in 1980 and has over 27 years of experience in the field of human resource and administration. Prior to joining our Company, he worked with Haldiram Snacks Private Limited, where he was responsible for human resource and administration functions. His responsibilities in our Company include managing the human resource and administration department. For Financial Year 2010-11, he was paid a gross remuneration of ₹ 8.19 lakhs.

**Mr. Naresh Manwani**, aged 42 years, heads the Unit I at Greater Noida as Senior Vice President of our Company. He has done Mechanical Engineering from The Institution of Engineers in 1990 and Post-graduate Diploma in Business Management from Birla Institute of Management Technology in 1994. He has over 23 years of experience in manufacturing sector. Prior to joining our Company, he worked with Inalsa Appliances Limited. He oversees the overall operations for production and marketing, including procurement of raw material and inventory management, labour relations, dispatches, approvals & licenses and filing of central excise returns for our Unit I at Greater Noida. For Financial Year 2010-11, he was paid a gross remuneration of ₹ 22.80lakhs.

**Mr. Mohan Kumar Maheshwari**, aged 59 years, heads the Unit II at Roorkee as a Senior General Manager of our Company. He did his Bachelor of Science from Pune University in 1972 and Diploma in Electronics and Radio Engineering from the Board of Technical Examinations, Maharashtra in 1974. He has over 37 years of experience in manufacturing sector. Prior to joining our Company, he worked with Hotline CPT Limited. He oversees the overall operations for production and marketing including procurement of raw material and inventory management, dispatches, workforce management, approvals & licenses and filing of central excise returns for our Unit II at Roorkee. For Financial Year 2010-11, he was paid a gross remuneration of ₹ 7.35 lakhs.

**Mr. D.S.Shah**, aged 44 years heads the Unit IV at Ahmednagar, Maharashtra as a Senior General Manager of our Company. He has done Management Education Program (MEP) from the Indian Institute of Management (Ahmedabad), MBA in Operations Management from IGNOU University, New Delhi, and B.E. (Electronics) from University of Poona. He has over 20 years of experience in the field of consumer electronics and molding industry with contribution in operations, lean manufacturing, quality assurance and research & development. Prior to joining our Company, he worked with Bigesto Technologies Limited (formerly Bigesto Foods Limited).

He oversees the overall operations for production including procurement of raw material and inventory management, dispatches, workforce management, approvals & licenses and filing of central excise returns for our Unit IV at Ahmednagar. For Financial Year 2010-11, he was paid a gross remuneration of ₹ 3.80 lakhs.

**Mr. Rajinder Rawat**, aged 51 years, has done Bachelor of Arts from the University of Delhi and Post Graduate Diploma in Material Management from the Institute of Industrial Management and Security. He has 31 years of experience in inventory control and logistic operations, including coordination with production, planning and control departments of the company, managing warehousing operations, transportation & other aspects of logistics, risk management, safety measures, general insurance policies and liasoning with Government departments for statutory compliances. Prior to joining our Company, he worked with Onida Savak Limited. In our Company, he is designated as AGM – Inventory Control & Logistics and is responsible for managing inventory control and logistics operations for all the units. For Financial year 2010-11, he was paid a gross remuneration of ₹ 4.59 lakhs.

**Mr. Naween Chandra Joshi**, aged 51 years, is a Post Graduate in Commerce from Kumaun University, Nainital. He has around 25 years of experience in Finance and Accounts. He has diverse experience in areas such as banking, controlling of accounts, excise, sales tax, management information systems, annual accounts and tax audit. He has previously worked with companies such as Samtel Display Systems Limited, Samtel India Limited and Teletube Electronics Limited. He is currently positioned as AGM- Finance and Accounts, with our Company and is responsible for finance and accounting operations for Unit II at Greater Noida and Unit IV at Ahmednagar in our Company. For Financial year 2010-11, he was not paid any remuneration as he joined in July, 2011.

**Mr. Vijay Choudhary**, aged 55 years is the Head – Research & Development and Head – Factory operations (Unit III) of our Company. He did the course of training in the trade of Mechanic – Radio & Television from Industrial Training Institute, New Delhi in 1975; and has over 28 years of experience in the field of development of various eletctronic items. Prior to joining our Company, he worked with Bigesto Technologies Limited (formerly Bigesto Foods Limited), where he was responsible for the research & development activities for manufacturing of electronic products. His responsibilities in our Company include undertaking research & development initiatives by our Company. For Financial Year 2010-11, he was paid a gross remuneration of ₹ 7.18 lakhs.

**Mrs. Babita Singh**, aged 35 years, is Head – Quality Assurance in our Company. She has done Diploma in Electronics from the Board of Technical Education, Uttar Pradesh. She has over 15 years of experience in quality assurance/control and process improvement. Prior to joining our Company, she worked with Air Vision (India) Private Limited. She is responsible for the testing, analyzing, approving of inputs and outputs and developing cost effective methods for new products. For Financial Year 2010-11, she was paid a gross remuneration of ₹ 3.02 lakhs.

**Shareholding of Key Managerial Personnel**

The shareholdings of the key managerial personnel are as under:

| S.No. | Name of the Employee | No. of Shares |
|---|---|---|
| 1. | Mr. MP Gupta | Nil |
| 2. | Mr. Naveen Chandra Kushwaha | Nil |
| 3. | Mr. Navneet Saxena | Nil |
| 4. | Mr. Naresh Manwani | Nil |
| 5. | Mr. Mohan Kumar Maheshwari | Nil |
| 6. | Mr. Vijay Choudhary | Nil |
| **7.** | Mrs. Babita Singh | Nil |
| **8.** | Mr. D.S. Shah | Nil |
| **9.** | Mr. R.S. Rawat | Nil |
| **10.** | Mr. Naween Chandra Joshi | Nil |

**Changes in the key managerial personnel during the last three years**

There have been no changes in the Key Managerial Personnel in our Company during the last three years except as stated below:

| Name of the Key Managerial Person | Designation | Date of Appointment | Date of Resignation / Cessation | Reason |
|---|---|---|---|---|
| Mr. Himanshu Gupta | Assistant General Manager – Accounts | February 1, 2008 | July 15, 2011 | Appointment/Resignation |
| Mr. Naveen Chandra Kushwaha | Company Secretary | July 15, 2010 | - | Appointment |
| Mr. Naween Chandra Joshi | Assistant General Manager – Finance & Accounts | July 4, 2011 | - | Appointment |
| Mr. Rajinder Rawat | Assistant General Manager = Inventory Control & Logistics | April 4, 2001 | - | Promotion |
| Mr. D.S. Shah | Senior General Manager – Head Factor Operations (Unit IV) | December 1, 2010 | - | Appointment |

**Interest of key managerial personnel**
The key managerial personnel of our Company do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business.

Except as stated otherwise in this Red Herring Prospectus, we have not entered into any contract, agreement or arrangement during the preceding 2 years from the date of this Red Herring Prospectus in which the key managerial personnel are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements or are proposed to be made to them.

**Bonus or profit sharing plan for the key managerial personnel**
Our Company does not have any bonus/profit sharing plan for any of the Key Managerial Personnel.

**Employees Share Purchase Scheme / Employees Stock Option Scheme to Employees**
Presently, we do not have ESOP/ESPS scheme for our employees.

**Other benefits to our key managerial personnel**
There is no other benefit payable to our Key Managerial Personnel other than listed above.

## OUR PROMOTERS

The present promoters of our Company are:

1. Mr. Promod Gupta
2. Mr. Anurag Gupta
3. Mr. Vishal Gupta
4. Mr. Vikas Gupta

The brief profile of our Promoters is as follows:

**Mr. Promod Gupta**

| | |
|---|---|
| Permanent Account Number | AAHPG5646F |
| Driving License Number | P01082003187616R |
| Voter Identification Card Number | NWD2 970176 |

For details of Mr. Promod Gupta, please refer to section titled 'Our Management' beginning on page no. 100 of this Red Herring Prospectus.

**Mr. Anurag Gupta**

| | |
|---|---|
| Permanent Account Number | AAHPG5647E |
| Driving License Number | P0809200020088R |
| Voter Identification Card Number | NWD2970127 |

For details of Mr. Anurag Gupta, please refer to section titled 'Our Management' beginning on page no. 100 of this Red Herring Prospectus.

**Mr. Vishal Gupta**

| | |
|---|---|
| Permanent Account Number | AAHPG5643A |
| Driving License Number | DL-0319910145583 |
| Voter Identification Card Number | ARE0003491 |

For details of Mr. Vishal Gupta, please refer to section titled 'Our Management' beginning on page no. 100 of this Red Herring Prospectus.

**Mr. Vikas Gupta**

| | |
|---|---|
| Permanent Account Number | AAHPG5644H |
| Driving License Number | DL-0319910145580 |
| Voter Identification Card Number | NWD2970184 |

For details of Mr. Vikas Gupta, please refer to section titled 'Our Management' beginning on page no. 100 of this Red Herring Prospectus.

We confirm that Permanent Account Number, Bank Account Number and Passport Number of the Promoters have been submitted to Bombay Stock Exchange and The National Stock Exchange of India Limited at the time of filing the Red Herring Prospectus with them.

**Interest of our Promoters**

Our Promoters viz. Mr. Promod Gupta, Mr. Anurag Gupta, Mr. Vishal Gupta and Mr. Vikas Gupta are interested to the extent of their shareholding in our Company. Further, all our Promoters are also the Executive Directors of our Company, and may be deemed to be interested to the extent of remuneration and reimbursement of expenses payable to them.

Our Promoters are also directors / partners / owners on the boards of our Promoter Group Companies / partnership firms / sole proprietorships and may be deemed to be interested to the extent of the payments made by our Company, if any, to these Group Companies/partnerhisp firms/sole proprietorships. For the transactions with our Promoter Group please refer to section titled "Related Party Transactions" on page no. 141 of Red Herring Prospectus.

Our Promoters do not have any interest in any property acquired by our Company in a period of two years before filing this Red Herring Prospectus with SEBI or proposed to be acquired by us as on date of filing this Red Herring Prospectus with SEBI, except for the (i) property being used as manufacturing facility at Unit II, Roorkee, taken on lease from M/s PG Electronics (a part of our Promoter Group) and Mr. Vishal Gupta, one of our Promoters; (ii) property being used as our Registered Office, taken on lease from Late Mrs. Amrawati Agarwal, mother of Mr. Promod Gupta; and (iii) property being used as manufacturing facility at Unit III, Greater Noida, for which we had entered into an memorandum of understanding with Bigesto Technologies Limited (formerly Bigesto Foods Limited) (a part of our Promoter Group), for purchase of land. For details of the properties, please refer to the section titled 'Our Property' appearing on page no. 81 of this Red Herring Prospectus.

**Payment or benefit to Promoters of our Company**

Except as stated in Red Herring Prospectus under related party transactions, no amount or benefit has been paid or given within two years or is intended to be paid or given to any of the promoters or officers of the Company except the normal remuneration for services rendered as directors, officers or employees. For details of payments or benefits paid to our Promoters, please refer to paragraph 'Details of Compensation to Managing Directors / Whole time Directors', respectively of this Red Herring Prospectus.

## OUR PROMOTER GROUP

In addition to the Promoters named above, the following natural persons are part of our Promoter Group:
*As per Regulation 2(1)(zb)(ii) of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, the following natural persons form part of our Promoter Group:*

| Name | Relationship |
|---|---|
| Mrs. Sudesh Gupta | Wife of Mr. Promod Gupta |
| Mr. Vinod Gupta | Brother of Mr. Promod Gupta |
| Ms. Vandana Gupta | Sister of Mr. Promod Gupta |
| Mrs. Amarawati Agarwal | Mother of Mr. Promod Gupta |
| Mr. Ram Baksh Agarwal | Father of spouse of Mr. Promod Gupta |
| Mr. Vishwanath Agarwal | Brother of spouse of Mr. Promod Gupta |
| Mrs. Sneh Lata Agarwal | Sister of spouse of Mr. Promod Gupta |
| Mrs. Neelu Gupta | Wife of Mr. Anurag Gupta |
| Mr. Pranav Gupta and Mr. Aditya Gupta | Sons of Mr. Anurag Gupta |
| Mr. Kewal Kishan Gupta | Father of spouse of Mr. Anurag Gupta |
| Mrs. Anita Gupta | Mother of spouse of Mr. Anurag Gupta |
| Mr. Dinesh Gupta | Brother of spouse of Mr. Anurag Gupta |
| Mrs. Alka Gupta and Mrs. Shashi Garg | Sisters of spouse of Mr. Anurag Gupta |
| Mrs. Sarika Gupta | Wife of Mr. Vishal Gupta |
| Mr. Vatsal Gupta | Son of Mr. Vishal Gupta |
| Ms. Shraddha Gupta | Daughter of Mr. Vishal Gupta |
| Mr. Vinod Agarwal | Father of spouse of Mr. Vishal Gupta |
| Mr. Renu Agarwal | Mother of spouse of Mr. Vishal Gupta |
| Mr. Vipul Agarwal | Brother of spouse of Mr. Vishal Gupta |
| Mrs. Nitasha Gupta | Wife of Mr. Vikas Gupta |
| Mr. Raghav Gupta | Son of Mr. Vikas Gupta |
| Ms. Vrinda Gupta | Daughter of Mr. Vikas Gupta |
| Mr. Subhash Gupta | Father of spouse of Mr. Vikas Gupta |
| Mrs. Suman Gupta | Mother of spouse of Mr. Vikas Gupta |
| Mr. Nitin Gupta | Brother of spouse of Mr. Vikas Gupta |

**Entities forming part of our Promoter Group**

The details of Diamond Mattress Company Private Limited, our Subsidiary, are disclosed on page no. 95. There is no listed promoter group company of our Company. The details of the five largest unlisted group entities which are part of our Promoter Group, based on their total income for the FY 2009-10, are as follows:

1. **M/s PG International** (partnership firm)

| | | | |
|---|---|---|---|
| **Nature of Activity** | To carry on the business of manufacturing, selling & dealing in all kinds of electronic & electrical goods. | | |
| **Date of Incorporation** | January 1, 2004 | | |
| **Registered office address** | 14/39, Shakti Nagar, Delhi – 110007 | | |
| **Name of the partners & their profit sharing ratio** | **Name of the Partners** | **Profit/Loss Share %** | |
| | Mr. Promod Gupta | 25% | |
| | Mr. Anurag Gupta | 25% | |
| | Mr. Vishal Gupta | 25% | |
| | Mr. Vikas Gupta | 25% | |
| **Financial Information** | **2009-2010 (Audited)** | **2008-2009 (Audited)** | **2007- 2008 (Audited)** |

| | | | |
|---|---|---|---|
| | | | (₹ in lakhs) |
| Sales | 5824.83 | 11,496.78 | 17,565.20 |
| Other Income | 161.00 | 350.40 | 8.85 |
| Profit after Tax | 29.55 | 648.01 | 286.75 |
| Partners' Capital | 193.99 | 107.94 | 245.66 |

2. **Bigesto Technologies Limited (formerly Bigesto Foods Limited)** (the Company was converted from a private company to a public limited company on August 16, 2010. Its name was changed from Bigesto Foods Limited to Bigesto Technologoes Limited with effect from September 30, 2010)

| | | | |
|---|---|---|---|
| **Nature of Activity** | To carry on the business of manufacturing, selling & dealing in all kinds of electronic & electrical goods. | | |
| **Date of Incorporation** | April 3, 1989 | | |
| **Registered Office address** | 14/39, Shakti Nagar, Delhi - 110007 | | |
| **Name of the Directors** | Mr. Vikas Gupta, Mrs. Neelu Gupta, Mrs. Sudesh Gupta, Mrs. Nitasha Gupta and Mrs. Sarika Gupta | | |
| **Shareholding Pattern** | **Name of the Shareholder** | **No. of Shares** | **% of Shareholding** |
| | Mr. Promod Gupta | 4500 | 5.33 % |
| | Mr. Anurag Gupta | 4500 | 5.33 % |
| | Mrs. Neelu Gupta | 12380 | 14.67 % |
| | Mr. Vishal Gupta | 4500 | 5.33 % |
| | Mr. Vikas Gupta | 4500 | 5.33 % |
| | Mrs. Sudesh Gupta | 29260 | 34.67 % |
| | Mrs. Nitasha Gupta | 12380 | 14.67 % |
| | Mrs. Sarika Gupta | 12380 | 14.67 % |
| | **Total** | **84,400** | **100.0%** |
| **Financial Information** | **2009-2010 (Audited)** | **2008-2009 (Audited)** | **2007-2008 (Audited)** |
| | | | (₹ in lakhs) |
| Sales | 17689.61 | 5,825.36 | 8,236.59 |
| Other Income | 254.39 | 142.36 | 121.58 |
| Profit after Tax | 33.53 | 36.71 | (31.77) |
| Equity Capital (Face Value – ₹ 100/-) | 77.40 | 77.40 | 50.00 |
| Share application money | 0.77 | 0.77 | 152.35 |
| Reserve & Surplus | 735.43 | 701.89 | 439.13 |
| Earning per share (EPS) (₹) | 43.32 | 71.80 | (65.86) |
| Net Asset Value (NAV) (₹) | 1051.16 | 1,007.83 | 1,282.97 |

**Significant notes of the auditor**

**FY 2009-10**

a) The company had not determined the gratuity liability in respect of employees other than those covered under the LIC policy.
b) Accounting Standard 15 on Employee Benefits was not followed to the extent and manner required to be disclosed therein.
c) The funds amounting to ₹ 14.14 lakhs raised for long term purposed were used for working capital requirements.

**FY 2008-09**

a) The balances of sundry debtors, sundry creditors and advance from customers of group companies were shown business wise instead of entity wise, as a result of which, the current assets and current liabilities were higher by ₹ 5.66 lakhs and ₹ 135.35 lakhs respectively.
b) The company had not determined the gratuity liability in respect of employees other than those covered under the LIC policy.
c) Accounting Standard 15 on Employee Benefits was not followed to the extent and manner required to be disclosed therein.
d) The funds amounting to ₹ 138.00 lakhs raised for long term purposed were used for working capital requirements.

3. **M/s J.B. Electronics** (partnership firm)

| | | | |
|---|---|---|---|
| **Nature of Activity** | To carry on the business of manufacturing, selling & dealing in all kinds of electronic & electrical goods. | | |
| **Date of Incorporation** | December 24, 2001 | | |
| **Registered office address** | C-107, Phase 7, Industrial Area, SAS Nagar, Mohali, Punjab | | |
| **Name of the partners & their profit sharing ratio** | **Name of the Partners** | **Profit/Loss Share %** | |
| | Mr. Anurag Gupta | 40% | |
| | Mr. Vishal Gupta | 30% | |
| | Mr. Vikas Gupta | 30% | |
| **Audited Financial Information** | **2009-2010 (Audited)** | **2008-2009 (Audited)** | **2007- 2008 (Audited)** |
| | | | (₹ in lakhs) |
| Sales | 4923.34 | 4,446.68 | 3,148.14 |
| Other Income | 7.35 | 0.41 | 1.01 |
| Profit after Tax | 23.73 | 25.06 | 17.11 |
| Partners' Capital | 62.87 | 73.02 | 45.64 |

4. **M/s Clearvision Industries** (partnership firm)

| | | | |
|---|---|---|---|
| **Nature of Activity** | To carry on the business of manufacturing, selling & dealing in all kinds of electronic & electrical goods. | | |
| **Date of Incorporation** | March 19, 1999 | | |
| **Registered Office address** | 215-2/A, Saket Nagar, Bhopal, Madhya Pradesh | | |
| **Name of the partners & their profit sharing ratio** | **Name of the Partners** | **Profit / Loss Share %** | |
| | Mr. Promod Gupta | 40% | |
| | Mr. Vishal Gupta | 30% | |
| | Mr. Vikas Gupta | 30% | |
| **Audited Financial Information** | **2009-2010 (Audited)** | **2008-2009 (Audited)** | **2007-2008 (Audited)** |
| | | | (₹ in lakhs) |
| Sales | 5494.02 | 4,160.23 | 861.78 |
| Other Income | 11.56 | 3.84 | 2.74 |
| Profit after Tax | 19.36 | 15.50 | 0.22 |
| Partners' Capital | 122.91 | 118.09 | 141.59 |

5. **Kushang Technologies Limited (formerly Kushang Apparel Limited)**

| | |
|---|---|
| **Nature of Activity** | To carry on the business of manufacturing, selling & dealing in all kinds of electronic & electrical goods. |

| | | | |
|---|---|---|---|
| **Date of Incorporation** | June 2, 1998 | | |
| **Registered office** | B-11, Mahendru Enclave, New Delhi – 110033 | | |
| **Name of Directors** | Mr. Anurag Gupta, Mrs. Sarika Gupta & Mrs. Nitasha Gupta | | |
| **Shareholding Pattern** | **Name of the Shareholder** | **No. of Shares** | **% of Shareholding** |
| | Mr. Promod Gupta | 2,10,000 | 18.92 |
| | Mrs. Sudesh Gupta | 2,34,000 | 21.08 |
| | Mr. Anurag Gupta | 1,11,000 | 10.00 |
| | Mrs. Neelu Gupta | 1,11,000 | 10.00 |
| | Mr. Vishal Gupta | 96,150 | 08.66 |
| | Mrs. Sarika Gupta | 1,25,850 | 11.34 |
| | Mr. Vikas Gupta | 96,150 | 08.66 |
| | Mrs. Nitasha Gupta | 1,25,850 | 11.34 |
| | **Total** | **11,10,000** | **100%** |
| **Audited Financial Information** | **2009-2010 (Audited)** | **2008- 2009 (Audited)** | **2007- 2008 (Audited)** |
| | | | (₹ in lakhs) |
| Sales | 15.10 | 29.90 | 134.80 |
| Other Income (including job work income) | 234.59 | 271.70 | 198.77 |
| Profit after Tax | 19.90 | 47.95 | (72.75) |
| Equity Capital (Face Value – ₹ 10/-) | 111.00 | 111.00 | 111.00 |
| Share application money | 7.23 | 7.23 | 142.23 |
| Reserve & Surplus | 192.75 | 172.85 | 124.91 |
| Earning per share (EPS) (₹) | 1.79 | 4.32 | (6.55) |
| Net Asset Value (NAV) (₹)* | 28.02 | 26.22 | 34.07 |

*including share application money

**Other Group Entities**

1. **M/s Astrotech International** is a partnership firm registered in India, having its registered office at 14/39, Shakti Nagar, New Delhi – 110007. It was formed for the purpose of manufacturing and trading of electronic & electrical goods & parts thereof. However, it is not operational and earns income from sources other than business activities. The promoters and promoter group of our Company together hold 100% profit sharing of this partnership firm.

2. **M/s DD Agarwal & Sons** is a HUF registered in India, having its registered office at 14/39, Shakti Nagar, New Delhi – 110007. It is not operational but earns income from sources other than business activities. Our promoter, Mr. Promod Gupta, is the Karta of this HUF.

3. **M/s Electronic Media Corporation** is a partnership firm registered in India, having its registered office at B-11, Mahendru Enclave, New Delhi – 110033. It was formed for the purpose of manufacturing and trading of electronic & electrical goods & parts thereof. However, it is not operational and earns income from sources other than business activities. The promoters and promoter group of our Company together hold 100% profit sharing of this partnership firm.

4. **Hansali Imports Private Limited** is a company incorporated in India, having its registered office at B-15, Kalindi Colony, New Delhi – 110065. It was formed for the purpose of trading activities. However, it is

not operational and earns income from sources other than business activities. The promoters of our Company hold 100% shareholding of this company.

5. **M/s T.V. Palace** is a partnership firm registered in India, having its registered office at 14/39, Shakti Nagar, Delhi-110007. It is engaged in the business of manufacturing and selling of electronic and electrical equipments on job work basis. The Promoters and Promoter Group of our Company together hold 100% profit sharing of this partnership firm.

6. **M/s LC Aggarwal & Sons** is a HUF registered in India, having its registered office at B-11, Mahendru Enclave, New Delhi – 110033. It is not operational but earns income from sources other than business activities. Our promoter, Mr. Promod Gupta, is the Karta of this HUF.

7. **M/s Promod Gupta** is a sole proprietorship in India, having its registered office at B-11, Mahendru Enclave, New Delhi – 110033. It is engaged in the job work of electronic and electrical equipments. It is owned by our promoter, Mr. Promod Gupta.

8. **PG Appliances Private Limited** is a company incorporated in India, having its registered office at 14/39, Shakti Nagar, New Delhi – 110007. It was formed for the purpose of Manufacturing and selling of electronic appliances. However, it is not operational. The promoters and promoter group of our Company together hold 100% shareholding of this company.

9. **M/s PG Electronics** is a partnership firm registered in India, having its registered office at 14/39, Shakti Nagar, New Delhi – 110007. It is in the business of dealing in electronic products and components. The promoters & promoter group of our Company together hold 100% profit sharing of this partnership firm.

10. **M/s PG Industries** is a partnership firm registered in India, having its registered office at B-11, Mahendru Enclave, New Delhi – 110033. It was formed to carry on the business of dealing in electronic products and components. However, it is not operational and earns income from sources other than business activities. The promoters & promoter group of our Company together hold 100% profit sharing of this partnership firm.

11. **M/s PG Ispat** is a partnership firm registered in India, having its registered office at 14/39, Shakti Nagar, New Delhi – 110007. It was formed to carry on the business of manufacturing of steel rebars. However, it is not operational and earns income from sources other than business activities. The promoters & promoter group of our Company together hold 100% profit sharing of this partnership firm.

12. **M/s PG Metal and Alloys Corporation** is a partnership firm registered in India, having its registered office at 14/39, Shakti Nagar, New Delhi – 110007. It was formed to carry on the business of manufacturing and selling of ferrous & non-ferrous metals. However, it is not operational. The promoters and promoter group of our Company together hold 100% profit sharing of this partnership firm.

13. **M/s Promod Gupta & Sons** is a HUF registered in India, having its registered office at B-11, Mahendru Enclave, New Delhi – 110033. It is not operational but earns income from sources other than business activities. Our promoter, Mr. Promod Gupta, is the Karta of this HUF.

14. **Shradha Realtech Private Limited** is a company incorporated in India, having its registered office at 14/39, Shakti Nagar, New Delhi – 110007. It is in the business of real estate. However, it is not operational. The promoters of our Company hold 100% shareholding of this company.

15. **Shree Sai Forge Private Limited** is a company incorporated in India, having its registered office at L-3/1, MIDC Industrial Area, Ahmednagar – 414111. It is in the business of forging, castings and stamping of metals. However, it is not operational. The promoters of our Company hold 100% shareholding of this company.

16. **Vrinda Infotech Private Limited** is a company incorporated in India, having its registered office at 14/39, Shakti Nagar, New Delhi – 110007. It is an information technology company. However, it is not operational. The promoters of our Company hold 100% shareholding of this company.

**Details of entities from which Promoters have disassociated**
We do not have any Promoter Group Company / entity from which our Promoters have disassociated during the last three years preceding the date of filing of this Red Herring Prospectus.

**Details of Promoter group companies whose names have been struck off from Registrar of Companies**
There are no companies/entities that form part of our Promoter Group, whose names have been struck off from Registrar of Companies in the last 5 years except for PG Electronics Components Private Limited, the application for which was made on August 31, 2010 to Registrar of Companies, NCT of Delhi and Harayana u/s 560 of the Companies Act, 1956 under the Easy Exit Scheme (EES), 2010. The name of PG Electronic Components Private Limited has been struck off by the Registrar of Companies vide their order dated March 7, 2011 under the Easy Exit Scheme, 2010.

**Undertaking / confirmations**
We confirm that PG Industries Limited or Prudential Granite Industries Limited, having their address at 313/71, Anand Nagar, Inderlok, Delhi-110035 and A-30, 2nd Floor, Kailash Colony, New Delhi-110048 is in no way related to PG Industries, which is a partnership concern and a Promoter Group entity of our Company. None of our Promoters or Promoter Group Company/entity or Directors in any way related directly or indirectly with PG Industries Limited or Prudential Granite Industries Limited.

Our Promoters and Promoter Group companies / entities have confirmed that they have not been detained as wilful defaulters by the RBI or any other Government authority. Additionally, there are no violations of securities laws committed by them in the past or are pending against them and none of our Promoters or Promoter Group companies / entities or persons in control of body corporate forming part of our Promoter Group have been restricted from accessing the capital markets for any reasons, by SEBI or any other authorities.

Further none of our Promoters or Promoter Group companies / entities have become sick companies within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 and none of them is under winding up. There are no BIFR proceedings against any of our Promoter Group company / entity.

None of our Promoter Group companies / entities is listed on any stock exchange. Further, none of our Promoter Group Companies / entities has made any public or rights issue in the preceding three years.

**Interest of Promoters /Promoter Group in the Property of our Company**
Our Promoters/Promoter Group have confirmed that they do not have any interest in any property acquired by our Company within two years preceding the date of this Red Herring Prospectus or proposed to be acquired by our Company, except for the (i) property being used as manufacturing facility at Unit II, Roorkee, taken on lease from M/s PG Electronics (a part of our Promoter Group) and Mr. Vishal Gupta, one of our Promoters; (ii) property being used as our Registered Office, taken on lease from Late Mrs. Amrawati Agarwal, mother of Mr.

Promod Gupta; and (iii) property being used as manufacturing facility at Unit III, Greater Noida, for which we had entered into an memorandum of understanding with Bigesto Technologies Limited (formerly Bigesto Foods Limited) (a part of our Promoter Group), for purchase of land. Further, other than as mentioned in the section titled 'Our Business', our Promoters do not have any interest in the acquisition of any land, construction of any building or supply of any equipment/machinery.

**Common Pursuits / Conflict of Interest**

Some of our Promoter Group companies/entities viz. M/s PG International, Bigesto Technologies Limited (formerly Bigesto Foods Limited), M/s J.B. Electronics and M/s Clearvision Industries are engaged in business of manufacturing, selling and trading of electronic products & components. Further, M/s TV Palace, M/s Astrotech International, M/s Electronic Media Corporation, Kushang Technologies Limited (formerly Kushang Apparel Limited), M/s Promod Gupta (sole proprietorship), PG Appliances Private Limited, M/s PG Electronics, and M/s PG Industries, although not operational, have common pursuits and are engaged in business of manufacturing, selling and trading of electronic products & components. Hence, to this extent there is a potential conflict of interest between us and the above-mentioned group companies/entities. We shall adopt necessary procedures and practices as permitted by law to address any conflict situations, as and when they may arise in future.

The main reason for setting up different firms/entities were to take advantage of locational tax benefits and every unit/firm was having different assembly lines and were set up in different States of India in different years.

(a) Our Promoter Group Companies viz. PG International and Bigesto Technologies Limited (formerly Bigesto Foods Limited) in consortium with our Company were awarded different tenders during 2008-09 to 2009-10 through Global Competitive Bidding for supplying 14" colour TV sets to Electronic Corporation of Tamil Nadu (ELCOT), an undertaking of Tamil Nadu Government. Our another Promoter Group Entities viz. Clearvision Industries and JB Electronics alongwith LG Electronics were also awarded the tender. As per the conditions of these tenders, it was mandatory to have local branch office in the State of Tamil Nadu and tie-up for providing service support for the period of two years in addition to facilitate invoicing from local branch offices only. These conditions were being fulfilled by our Promoter Group Companies. Further, Tamil Nadu Government had given exemption for local Sales Tax to the companies executing this order. While our Promoter Group Companies were having branch offices and tie-up with service centres in the State of Tamil Nadu whereas our Company was having necessary infrastructural and execution capabilities.

    The Related Party Transactions were entered into with our Promoter Group Companies mainly to execute the above said order since 2008-09.

(b) Injection moulding capabilities, a critical input for manufacturing CTVs, are present only in our Company within the PG Group. Our Promoter Group Companies viz. Clearvision Industries, JB Electronics and PG International are having their manufacturing facilities for electronic goods located at Bhopal (Madhya Pradesh); Mohali (Punjab) and Roorkee (Uttaranchal) where these companies are enjoying various tax benefits. These Promoter Group Entities receive orders from various OEMs based on these exemptions only for supply of CTVs under the brand of OEMs. Our Company is having moulds for manufacturing of injection moulded components for some of the models of CTVs being manufactured by these Promoter Group Companies. Therefore, these Promoter Group Companies have no other option but to purchase injection moulded products from our Company only, as our Company has been approved by these OEMs for supply of moulded components for these models of CTVs.

(c) Our Promoter Group Company viz. Bigesto Technologies Limited (formerly Bigesto Foods Limited) is the approved vendor by OEMs for supply of some of the models of Printed Circuit Board (PCBs) Assemblies, which facilities are not approved by OEMs for our Company. However, PCB Assemblies required for execution of tender by ELCOT are manufactured by our Company. Therefore, for manufacture of those particular models of CTVs, our Company has to procure the necessary PCB Assemblies from Bigesto Technologies Limited (formerly Bigesto Foods Limited).

Further, promoter group entities namely M/s TV Palace, M/s Astrotech International, M/s Electronic Media Corporation, Kushang Technologies Limited (formerly Kushang Apparel Limited), M/s Promod Gupta (sole proprietorship), PG Appliances Private Limited, M/s PG Electronics, and M/s PG Industries, although not operational, have common business pursuits by virtue of their main objects under their respective Memorandum of Association / incorporation documents. Our Promoters have intended to phase out the business of all these partnership firms to consolidate our group operations.

Further, two entities viz. PG International and Clearvision Industries intend to phase out the manufacturing activities after completion of orders for supply of CTVs to Electronic Corporation of Tamil Nadu (ELCOT).

Another firm viz. M/s J.B. Electronics is enjoying tax benefit status upto 2011-12 and Bigesto Technologies Limited (formerly Bigesto Foods Limited) is the approved vendor by OEMs for supply of some of the models of PCBs Assemblies. Promoters intend to phase out the business of these entities also by merging their operations with the Issuer Company.

The details of each Promoter Group Entity, their common pursuits and their current status are given below:

| Sr. No. | Name of Group entity | Nature of entity | Common pursuits | Status |
|---|---|---|---|---|
| **Entities where common interest is there and are generally non-operational (to be phased out immediately)** | | | | |
| 1. | Astrotech International | Partnership firm | Yes | Non-operational |
| 2. | Electronic Media Corporation | Partnership firm | Yes | Non-operational |
| 3. | Kushang Technologies Ltd. (Kushang Apparel Ltd.) | Company | Yes | Operational |
| 4. | Promod Gupta | Sole Proprietorship | Yes | Operational |
| 5. | PG Appliances Private Ltd. | Company | Yes | Non-operational |
| 6. | PG Electronics | Partnership firm | Yes | Operational |
| 7. | PG Industries | Partnership Firm | Yes | Non-operational |
| **Entities where no common interest is there and non-operational (no definitive plans for phasing out)** | | | | |
| 1. | DD Agarwal & Sons | HUF | No | Non-operational |
| 2. | Hansali Imports Private Limited | Company | No | Non-operational |
| 3. | M/s LC Agarwal & Sons | HUF | No | Non-Operational |
| 4. | PG Ispat | Partnership Firm | No | Non-operational |
| 5. | PG Metal and Alloy Corporation | Partnership Firm | No | Non-operational |
| 6. | M/s Promod Gupta & Sons | HUF | No | Non-operational |
| 7. | Shradha Realtech Private Ltd. | Company | No | Non-operational |
| 8. | Vrinda Infotech Private Ltd. | Company | No | Non-operational |
| 9. | Shree Sai Forge Private Limited | Company | No | Non-operational |
| **Entities where common interest is there and are operational (to be phased out after completion of one or the other activity)** | | | | |
| 1. | T.V. Palace | Partnership Firm | Yes | Non-operational (other income) |
| 2. | Clearvision Industries | Partnership Firm | Yes | Operational |
| 3. | J.B. Electronics | Partnership firm | Yes | Operational |
| 4. | Bigesto Technologies Ltd. (Bigesto Foods Ltd.) | Company | Yes | Operational |
| 5. | PG International | Partnership Firm | Yes | Operational |

There are no transactions relating to sales or purchases between our Company and our Promoter Group Companies / entities during the last 3 years, except as follows:

(₹ in lakhs)

| S.No. | Name of Promoter Group Company / Entity | FY 2010-11 | | FY 2009-10 | | FY 2008-09 | |
|---|---|---|---|---|---|---|---|
| | | Amount | % of sales | Amount | % of sales | Amount | % of sales |
| 1. | Bigesto Technologies Limited (Formerly Bigesto Foods Limited) | 17,130.75 | 38.23 | 10208.28 | 28.81 | 1073.04 | 8.52 |
| 2. | Clearvision Industries | 3,304.70 | 7.37 | 3755.05 | 10.60 | 242.51 | 1.93 |
| 3. | M/s PG International | 1,231.85 | 2.75 | 4235.50 | 11.95 | 1936.92 | 15.38 |
| 4. | M/s J.B. Electronics | 2,565.34 | 5.72 | 4.62 | 0.01 | 41.25 | 0.33 |
| 5. | M/s PG Electronics | - | - | 0.16 | -* | - | - |

** Negligible*

(₹ in lakhs)

| S.No. | Name of Promoter Group Company / Entity | FY 2010-11 | | FY 2009-10 | | FY 2008-09 | |
|---|---|---|---|---|---|---|---|
| | | Amount | % of purchase | Amount | % of purchase | Amount | % of purchase |
| 1. | Bigesto Technologies Limited (formerly Bigesto Foods Limited) | 4,528.29 | 12.14 | 7185.26 | 22.82 | 1223.88 | 10.28 |
| 2. | M/s PG International | 1,089.59 | 2.92 | 840.92 | 2.67 | 481.51 | 4.04 |
| 3. | M/s JB Electronics | - | - | 142.31 | 0.45 | - | - |
| 4. | Clearvision Industries | - | - | 0.41 | -* | 0.32 | -* |
| 5. | PG Metal | - | - | - | - | 0.03 | -* |

** Negligible*

## RELATED PARTY TRANSACTIONS

For details of the related party transactions, please refer to page number 141 of this Red Herring Prospectus appearing as Annexure - XVI of Auditor's Report under section titled "Financial Information".

## DIVIDEND POLICY

We do not have any formal dividend policy. The declaration and payment of dividend if any, will be recommended by the Board of Directors and declared by the shareholders of our Company, in their discretion, and will depend on a number of factors, including but not limited to the profits, capital requirements and overall financial condition. Our Board of Directors may also pay interim dividend from time to time.

Our Company has not declared any dividend during the last five years.

## SECTION V – FINANCIAL STATEMENTS OF THE COMPANY

## AUDITOR'S REPORT

### Auditor's Report on Unconsolidated Restated Financial Information

Board of Directors,
**PG Electroplast Limited**
Plot No. 4/2, 4/3, 4/4, 4/5 & 4/6, Site B,
Surajpur, Gautam Budh Nagar,
Uttar Pradesh

Dear Sirs,

1. We have examined the attached unconsolidated financial information of PG Electroplast Limited (the Company) as at March 31,2011, 2010, 2009, 2008 and 2007, annexed to this report, prepared by the Company and approved by the Board of Directors of the Company, prepared in accordance with the requirements of:

   a) paragraph B(1) of Part II of Schedule II to the Companies Act, 1956 ('the Act');

   b) the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (the 'SEBI (ICDR) Regulations') and the related clarifications issued by the Securities and Exchange Board of India ('SEBI') from time to time and as amended, in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992; and
   c) the terms of our engagement dated May 21, 2011 received from the Company, requesting us to carry out the assignment, proposed to be included in the Red Herring prospectus of the Company in connection with its Initial Public Offering of equity shares.

**Financial information as per audited financial statements:**

2. The attached unconsolidated financial information of PG Electroplast Ltd. has been extracted by the management from the financial statements of the Company for the years ended March 31, 2011, 2010, 2009, 2008 and 2007, as approved by the Board of Directors.

3. 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 confirm that:

   a. The restated unconsolidated summary statement of Profit and Loss, the annexed restated summary statement of Assets and Liabilities, and restated unconsolidated Cash Flow Statements ('Summary Statements') of the Company for the years ended March 31,2011, 2010, 2009, 2008 and 2007, examined by us, as set out in Annexure I, II and III to this report respectively are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies (refer Annexure IV) and Notes to Restated Accounts (refer Annexure V).
   b. Based on the above we are of the opinion that the restated financial information have been made after:

      i. Adjustments have been made for the changes in Accounting Policies and estimates adopted by the company retrospectively in respective financial years to reflect the same accounting treatment as per changed accounting policy and estimates for all the reporting periods;

      ii. Material prior period items have been restated to the respective years to which such prior period items related;

      iii. We further report that there are no extraordinary items which need to be disclosed separately in the Statement of restated financial information;

iv. All qualifications in the auditors' reports, which require any adjustments to the summary statements, have been so adjusted.

**Other Financial Information:**

4. At the Company's request, we have also examined the following unconsolidated financial information proposed to be included in the Offer Document prepared by the management and approved by the Board of Directors of the Company and annexed to this report.

i. Statement of Other Income, enclosed as Annexure VI
ii. Details of Contingent Liabilities, enclosed as Annexure VII
iii. Details of Unsecured Loan, enclosed as Annexure VIII
iv. Statement Showing age-wise Analysis of Sundry Debtors, enclosed as Annexure IX
v. Statement of Loans and Advances, enclosed as Annexure X
vi. Statement of Capitalization, enclosed as Annexure XI
vii. Tax-Shelter Statement, enclosed as Annexure XII
viii. Statement of Investments, enclosed as Annexure XIII
ix. Mandatory Accounting Ratios, enclosed as Annexure XIV
x. Statement of Dividend Paid, enclosed as Annexure XV
xi. Related Party transactions, enclosed as Annexure XVI
xii. Statement of Secured Loans, enclosed as Annexure XVII

In our opinion, the unconsolidated financial information as disclosed in the annexures to this report, read with the respective significant accounting policies and notes disclosed in Annexure IV and after making adjustments and re-groupings as considered appropriate and disclosed in Annexure V, has been prepared in accordance with Part II of Schedule II of the Act and the Guidelines.

This report should not be in any way construed as a reissuance or re-dating 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 statements referred to herein.

This report is intended solely for use of management and for inclusion in the Red Herring Prospectus in connection with the proposed Initial Public Offering of the Company, and is not to be used, referred to or distributed for any other purpose without our prior written consent.

**For M/S Hem Sandeep & Company,**
**Chartered Accountants**
Firm Registration No. 009907N

**CA Manish Gupta**
**Partner**
Membership No. 092257
Place: Noida
Date: 14.06.2011

**Annexure – I**

## UNCONSOLIDATED STATEMENT OF AUDITED PROFITS & LOSSES AS RESTATED

(₹ in lakhs)

| Year/Period ended | Year Ended 31.03.2011 | Year Ended 31.03.2010 | Year Ended 31.03.2009 | Year Ended 31.03.2008 | Year Ended 31.03.2007 |
|---|---|---|---|---|---|
| **Income** | | | | | |
| Sale from products manufactured by the Company | 43,617.58 | 34,924.45 | 10,743.60 | 9,173.58 | 5,058.04 |
| Sale from products traded by the Company | 1,191.33 | 2,188.03 | 2,790.57 | 1,038.22 | 57.47 |
| Less: Excise duty | (2,411.81) | (1,683.07) | (936.98) | (916.24) | (726.44) |
| **Net Sales** | **42,397.10** | **35,429.41** | **12,597.19** | **9,295.56** | **4,389.07** |
| Other Income | 310.29 | 150.31 | (9.75) | 37.06 | 12.56 |
| Increase/ (Decrease) in Inventories | 46.30 | (243.96) | 214.28 | 202.53 | 41.61 |
| **Total Income** | **42,753.69** | **35,335.76** | **12,801.72** | **9,535.15** | **4,443.24** |
| **Expenditure** | | | | | |
| Cost of material | 35,895.04 | 29,393.40 | 8,688.02 | 7,009.76 | 3,288.24 |
| Cost of Traded Goods | 1,172.12 | 2,137.20 | 2,293.83 | 1,021.03 | 52.14 |
| Manufacturing expenses | 1,707.65 | 1,174.15 | 690.97 | 537.85 | 389.95 |
| Payment to & provision for employees | 502.94 | 447.16 | 394.58 | 433.43 | 352.70 |
| Administrative expenses | 384.75 | 328.91 | 209.37 | 209.58 | 159.17 |
| Interest and financial charges | 555.65 | 433.08 | 232.36 | 131.29 | 75.48 |
| Depreciation | 206.78 | 136.33 | 126.32 | 82.25 | 67.15 |
| Service tax paid | 2.72 | 2.68 | 1.08 | 3.20 | 0.71 |
| Preliminary expenses written off. | 0.22 | 0.22 | 0.22 | 0.22 | 0.22 |
| **Total Expenditure** | **40,427.87** | **34,053.13** | **12,636.75** | **9,428.61** | **4,385.76** |
| **Profit before tax and extraordinary items** | **2,325.82** | **1,282.63** | **164.97** | **106.54** | **57.48** |
| **Provision for taxation** | | | | | |
| Income tax | 463.55 | 232.17 | 19.57 | 22.49 | 7.35 |
| Fringe benefit tax | - | - | 5.11 | 6.81 | 6.35 |
| Less/ (Add) Deferred tax | 72.41 | 46.68 | 25.84 | 29.56 | 20.33 |
| **Profit after Tax before extraordinary items** | **1,789.86** | **1,003.78** | **114.45** | **47.68** | **23.45** |
| Extraordinary items | - | - | - | - | - |
| **Net Profit after tax & extraordinary items, as restated** | **1,789.86** | **1,003.78** | **114.45** | **47.68** | **23.45** |

Annexure –II

## UNCONSOLIDATED STATEMENT OF AUDITED ASSETS & LIABILITIES AS RESTATED

(₹ in lakhs)

| Year/Period ended | Year Ended 31.03.2011 | Year Ended 31.03.2010 | Year Ended 31.03.2009 | Year Ended 31.03.2008 | Year Ended 31.03.2007 |
|---|---|---|---|---|---|
| **Fixed Assets (A)** | | | | | |
| Gross Block (including Capital Work in Progress & Intangible Assets) | 8,530.59* | 3,692.62 | 2,519.38 | 2,282.84 | 1,526.35 |
| Less: Accumulated Depreciation | 722.06 | 516.20 | 380.05 | 254.87 | 173.52 |
| **Net Block** | **7,808.53** | **3,176.42** | **2,139.33** | **2,027.97** | **1,352.83** |
| **Investments (B)** | **65.00** | **14.84** | **14.50** | **10.00** | **-** |
| **Current Assets, Loans and Advances (C)** | | | | | |
| Inventories | 1,665.94 | 1,535.15 | 2,034.57 | 883.62 | 272.23 |
| Sundry Debtors | 3,694.52 | 3,562.64 | 1,622.93 | 1,294.55 | 532.69 |
| Cash & Bank Balance | 615.75 | 1,097.56 | 147.48 | 122.60 | 58.31 |
| Loans & Advances | 2,380.30 | 822.62 | 284.86 | 205.26 | 240.73 |
| **Total (C)** | **8,356.51** | **7,017.97** | **4,089.84** | **2,506.03** | **1,103.96** |
| **Total Assets (A)+(B)+(C )** | **16,230.04** | **10,209.23** | **6,243.67** | **4,544.00** | **2,456.79** |
| **Liabilities and Provisions (D)** | | | | | |
| Secured Loans | 6,688.96 | 2,880.17 | 1,758.96 | 1,402.39 | 1,015.59 |
| Unsecured Loans | 157.03 | 1,131.03 | 251.55 | - | - |
| Deferred Tax Liabilities | 299.83 | 227.41 | 180.73 | 154.89 | 125.32 |
| Current Liabilities & Provisions | 4,718.41 | 3,228.20 | 2,314.00 | 1,929.57 | 535.90 |
| **Total (D)** | **11,864.23** | **7,466.81** | **4,505.24** | **3,486.85** | **1,676.81** |
| **Net Worth (A+B+C-D)** | **4,365.81** | **2,742.42** | **1,738.43** | **1,057.14** | **779.98** |
| **Represented by:** | | | | | |
| 1. Share Capital | 1,066.93 | 1,066.93 | 301.08 | 301.08 | 144.76 |
| 2. Share Application Money | - | - | 545.68 | 0.68 | 239.19 |
| 3. Reserves & Surplus | 3,466.22 | 1,676.15 | 892.54 | 778.09 | 417.79 |
| **Total** | **4,533.15** | **2,743.08** | **1,739.30** | **1,079.85** | **801.74** |
| Less: Miscellaneous Expenditure | 167.34 | 0.66 | 0.87 | 22.71 | 21.76 |
| **Net Worth** | **4,365.81** | **2,742.42** | **1,738.43** | **1,057.14** | **779.98** |

* Gross block including Intangible assets of ₹ 8.70 lacs and depreciation of ₹ 0.81 lacs

Annexure III

**UNCONSOLIDATED STATEMENT OF RESTATED CASH FLOW STATEMENT**

(₹ in lakhs)

| Year/Period ended | Year Ended 31.03.2011 | Year Ended 31.03.2010 | Year Ended 31.03.2009 | Year Ended 31.03.2008 | Year Ended 31.03.2007 |
|---|---|---|---|---|---|
| **A) Cash Flow from Operating Activities** | | | | | |
| **Net Profit before tax & Extraordinary Items** | **2,325.82** | **1,282.63** | **164.97** | **106.54** | **57.48** |
| Adjustments for: | | | | | |
| Depreciation | 206.78 | 136.33 | 126.32 | 82.25 | 67.15 |
| Interest & financial charges | 555.65 | 433.08 | 232.36 | 131.29 | 75.47 |
| Misc. expenses written off | 0.22 | 0.22 | 0.22 | 0.22 | 0.22 |
| Profit from chit fund | - | (0.72) | (0.25) | (0.16) | - |
| Dividend received | - | - | - | (4.51) | - |
| Loss/ (Gain) on sale of Fixed Assets | 0.65 | - | 1.76 | 2.11 | (6.24) |
| Interest on fixed deposits | (33.92) | (26.01) | (7.69) | (2.61) | (0.56) |
| **Operating profit before working capital changes** | **3,055.20** | **1,825.53** | **517.69** | **315.13** | **193.52** |
| **Working capital changes:** | | | | | |
| (Increase)/Decrease in inventories | (130.79) | 499.42 | (1,150.95) | (611.39) | (90.03) |
| (Increase)/Decrease in sundry debtors | (131.88) | (1,939.71) | (328.37) | (761.86) | (134.03) |
| (Increase)/Decrease in loans & advances | (1,320.00) | (358.35) | (83.57) | 48.53 | (132.79) |
| Increase/(Decrease) in current liabilities | 1,248.69 | 703.76 | 378.50 | 1,390.39 | 166.65 |
| **Net changes in working capital** | **(333.98)** | **(1,094.88)** | **(1,184.39)** | **65.67** | **(190.20)** |
| Less: Income Tax paid | (459.50) | (201.34) | (14.82) | (39.07) | (13.96) |
| **Net cash generated from Operating Activities** | **2,261.72** | **529.31** | **(681.52)** | **341.73** | **(10.64)** |
| **B) Cash Flow From Investing Activities** | | | | | |
| Purchase of fixed assets | (5,480.77) | (1,193.08) | (772.69) | (787.92) | (273.79) |
| Pre-operative expenses | (98.82) | - | 21.62 | (1.16) | (20.45) |
| Sale of fixed assets | 641.24 | 19.84 | 533.27 | 28.42 | 18.50 |
| Profit from chit fund | - | 0.72 | 0.25 | 0.16 | |
| Purchase of investments | (50.16) | (0.33) | (4.50) | (10.00) | - |
| Interest received | 33.92 | 26.01 | 7.69 | 2.61 | 0.56 |
| Dividend received | - | - | - | 4.51 | - |
| **Net cash used in Investing Activities** | **(4,954.59)** | **(1,146.84)** | **(214.36)** | **(763.38)** | **(275.18)** |
| **C) Cash Flow from Financing Activities** | | | | | |
| Interest & financial charges paid | (555.65) | (433.08) | (232.36) | (131.29) | (75.47) |
| Shares allotted during the year | - | - | - | 156.31 | 0.50 |
| Application money received | - | - | 545.00 | (238.51) | 158.78 |
| Net proceeds from borrowings | 2,834.79 | 2,000.69 | 608.12 | 386.81 | 207.07 |
| Pre-IPO Expenses | (68.08) | - | - | - | - |

| | | | | | |
|---|---|---|---|---|---|
| Share premium received | - | - | - | 312.62 | 34.72 |
| **Net cash used in Financing Activities** | **2,211.06** | **1,567.61** | **920.76** | **485.94** | **325.60** |
| Net Increase/(Decrease) in cash | (481.81) | 950.08 | 24.88 | 64.29 | 39.78 |
| Cash and cash equivalent at the beginning of the year | 1,097.56 | 147.48 | 122.60 | 58.31 | 18.53 |
| **Cash and cash equivalent at the end of the year** | **615.75** | **1,097.56** | **147.48** | **122.60** | **58.31** |

**Annexure IV**

**SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS:**

1. **Accounting Convention**

The Company follows mercantile system of accounting and recognizes income and expenditure on accrual basis. The financial statements are prepared under the historical cost convention as a going concern, and are consistent with generally accepted accounting principles in India, and applicable accounting standards referred to in section 211(3C) of the Companies Act, 1956 .

2. **Use of Estimates**

The preparation of financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions considered in the reported amounts of the assets and liabilities (including current liabilities) as of the date of financial statements, the reported income & expenses during the reporting period and disclosure of contingent liabilities. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Future results could differ from theses estimates.

3. **Revenue Recognition**

- Sales include sale of raw materials, semi-finished goods, finished goods and scrap. Sales are recognized when goods are supplied and are recorded net of sales return, rebates, trade discounts, VAT/ Central sales tax and excise duty.
- Income from rendering of services is recognized based on agreements/arrangements either on Proportionate Completion Method or Completed Service Contract Method.
- Interest income is recognized on accrual basis.
- Dividends from investments in shares are recognized in Profit and Loss Account only when the right to receive payment is established.
- Foreign exchange fluctuation income recognized on accrual basis as per provision of Accounting Standard-11 issued by ICAI.

4. **Fixed Assets**

- Fixed assets are stated at cost of acquisition or construction less accumulated depreciation. Cost includes taxes, duties, freight, installation expenses and other non-refundable incidental expenses related to acquisition or construction. The Vat, cenvat and service tax etc. are not included in the cost the credits of which are taken by the company.
- Gains or losses arising on disposal of fixed assets are recognized in the Profit & Loss Account.
- All expenses directly as well as indirectly related to acquisition / Construction of a capital asset are treated as pre-operative expenses, and capitalized up to the date when such assets are ready for its intended use.
- Foreign exchange fluctuation on capital assets is considered as per Para 46 of Accounting Atandard-11 issued by ICAI and capitalized with value of concerned assets.

5. **Investment**

- Long term investments are valued at cost, less provision for diminution, other than temporary.
- Short term Investments are valued at cost or market value, which is lower.

6. **Depreciation**

- Depreciation on fixed assets is provided on the straight line method as per rates prescribed in Schedule XIV of the Companies Act, 1956.
- Depreciation is provided on pro-rata basis, with reference to the date of addition.
- Leasehold land is amortized over the period of lease.

7. **Inventory**

- Finished goods are valued at cost or net realizable value, whichever is lower. Reusable waste is valued at net realizable value.
- Raw materials and stores & spares are valued at cost.
- Work in progress is valued at cost.
- The cost of inventories comprises all costs of purchase (including duties for which no credit/rebate is to be received), costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Trade discounts, rebates, duty drawbacks and other similar items are deducted in determining the costs of purchase.
- The cost of inventories is arrived by using First-In-First-Out (FIFO) cost formula.
- Stock reserve on stock transfer to inter unit is reduced from value of closing stock of raw material.

8. **Borrowing Cost**

- Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, prior to the commencement of commercial production are capitalized as part of the cost of that asset. A qualifying asset is one which necessarily takes substantial period of time to get ready for its intended use.
- Other borrowing costs are charged to revenue.

9. **Foreign Exchange Transaction**

- The reporting currency of the company is the Indian rupee.
- Foreign currency transactions are recorded on initial recognition in the reporting currency, using the exchange rate at the date of the transaction.
- Exchange differences that arise on settlement of monetary item or on reporting of monetary Items at Balance Sheet date at the closing rate:
  (a) recognized as income or expense in the period in which they arise (other than related to Fixed assets)
  (b) adjusted in the cost of fixed assets in case of capital assets as the exchange difference arising on reporting of long term foreign currency monetary items in the line with companies (Accounting Standards) Amendment Rules 2009 relating to AS-11 notified by Government of India 31st March 2009.

11. **Retirement Benefits**

- Short term employee benefits
  All employee benefits falling due wholly within twelve months of rendering the services are classified as short term employee benefits. The benefits like salaries, wages, and directors remuneration and expected bonus (Ex-gratia and incentives not considered) are recognized as an expense at the undiscounted amount in Profit & Loss account of the year in which the related service is rendered.

- Post-employment benefits
  The company's provident fund scheme, insurance scheme, employee pension scheme and employee state insurance scheme are defined contributions plans. The contribution paid/payable under the schemes is recognized during the period in which the employee renders the related service.

- Defined benefit plan
  The employee's gratuity fund scheme (Insurance plan) managed by Life Insurance Corporation of India is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the "Projected Unit Credit Method".

- Long term benefit
  Other long term benefits (Leave encashment) are recognized as an expense in Profit & Loss account. Estimated liability on account of long term benefit on actuarial valuation using present unit credit method.

**12. Taxation**

- **Current Tax** – Provision is made for Income Tax is determined as the amount of tax payable in respect of taxable income for the year after taking into account the allowances, disallowances and exemptions available under the Income Tax Act, 1961.

- **Deferred Tax** – Deferred tax is recognized on timing differences between the accounting income and the taxable income that originate in one period and are capable of reversal in one or more periods and qualified using the tax rates and tax laws enacted or substantively enacted as at the Balance Sheet date. Deferred tax asset is recognized and carried forward to the extent there is reasonable certainty that future taxable income will be available, against which such deferred tax asset can be realized.

**13. Operating Lease**

Operating lease payments are recognized as an expenses in the Profit and Loss account on accrual basis. Lease payments relating to project under development are capitalized to respective projects.

**14. Impairment of Assets**

The company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If such indication exists, the Company estimates the recoverable amount of the assets. If such recoverable amount of the asset is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account.

**15. Intangible Assets**

- Revenue expenditure on Research and Development is charged to Profit and Loss account in the year the expenditure is incurred.
- Capital expenditure during the development phase is recognized as an asset, only if in the opinion of the management, it is feasible to complete its production, it is intended to be used or sold, it will generate future economic benefits, there are adequate resources available for its completion and it is possible to measure the expenditure incurred on it.
- Capitalized intangible assets are amortized on Straight Line basis over a period of 5 years.

**16. Miscellaneous Expenditure**

Preliminary expenditure is amortized over a period of 10 years.

**17. Provisions Contingent liabilities and contingent Assets**

Provision is recognized when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. Disclosure for contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. No provision is recognized or disclosure for contingent liability is made when there is a possible obligation or a present obligation and the likelihood of outflow of resources is remote. Contingent Asset is neither recognized nor disclosed in the financial statements.

**Annexure V**

**Notes to Restated Accounts**

**(A) Statement of adjustments in Profit and Loss Account arising out of changes in accounting policies and / or material adjustments relating to previous year / periods**

(₹ in lakhs)

| **Year/Period ended** | **Year Ended 31.03.2011** | **Year Ended 31.03.2010** | **Year Ended 31.03.2009** | **Year Ended 31.03.2008** | **Year Ended 31.03.2007** |
|---|---|---|---|---|---|
| **Profit as per Profit & Loss Accounts (after Tax)** | **1,785.32** | **986.38** | **130.90** | **(48.99)** | **124.21** |
| Add/(Less) Adjustment for earlier year taxes (Refer Note 1) | 2.73 | (2.73) | 1.36 | 0.89 | (0.68) |
| Add/(Less) Adjustments for prior period expenses (Refer Note 2) | | | | | |
| a) Payment to & provision for employees | 0.11 | 30.83 | (19.38) | 87.72 | (92.23) |
| b) Administrative expenses | 2.15 | (0.86) | (0.01) | 20.32 | (20.64) |
| c) Manufacturing expenses | - | 0.52 | (0.52) | - | - |
| Depreciation adjustment (Refer Note 3) | - | - | (0.18) | (0.02) | - |
| **Total** | **2.26** | **30.49** | **(20.09)** | **108.02** | **(112.87)** |
| Add: Tax impact of adjustments | (0.45) | (10.36) | 2.28 | (12.24) | 12.79 |
| **Net Profit as per Restated Profit & Loss A/c** | **1,789.86** | **1,003.78** | **114.45** | **47.68** | **23.45** |

**Notes:**

1) The profit & loss account of certain years includes amount paid/provided for or refunded, in respect of short/excess income tax arising out of assessments and on account of short/excess income tax of earlier years. The impact on account of such short/excess income tax has been adjusted in respective years.
2) Prior period expenses have been adjusted in the respective years to which they relate to for the purpose of restated financial statements.
3) Certain plant & machinery purchased in FY 2007-08 was depreciated at the rate of 4.75% in FY 2007-08 and FY 2008-09 instead of 5.38% as required under Schedule XIV of the Companies Act, 1956. The same has now been depreciated at the rate of 5.38% for the purpose of compliance of the Companies Act, 1956

**(B) Material Regroupings**

a) Sales have been bifurcated into sales from manufacturing activity & sales from trading activity. Net sales have been arrived at after deducting excise duty.
b) Total manufacturing expenses is segregated into cost of material, cost of traded goods and other manufacturing expenses.

c) Keyman insurance policy is regrouped under provision & payment to employees and foreign exchange loss & loss on sale of fixed assets have been regrouped with other income.
d) Appropriate adjustments have been made in the restated summary statements of Assets and Liabilities, Profits and Losses and Cash flows, wherever required, by reclassification of the corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the regroupings as per the audited financials of the Company for the FY 2010-11 and the requirements of the Securities and Exchange Board of India (Issue of Capital & Disclosure requirements) Regulations 2009.

**(C) Segment Reporting**

The Principal business of the Company is manufacturing and sale of electronics goods and components. All other activities of the Company revolve around its main business. Hence, there is only one primary reportable business segment as defined by Accounting Standard -17 as notified by the Companies (Accounting Standards) Rules, 2006.

**Annexure VI**

**Statement of Other Income**

(₹ in lakhs)

| **Year/Period ended** | **Recurring / Non-recurring** | **Related/ Not related to business Activity** | **Year Ended 31.03.2011** | **Year Ended 31.03.2010** | **Year Ended 31.03.2009** | **Year Ended 31.03.2008** | **Year Ended 31.03.2007** |
|---|---|---|---|---|---|---|---|
| **Profit before tax & extraordinary items** | | | **2,325.82** | **1,282.63** | **164.97** | **106.54** | **57.48** |
| 20% of Net profit before tax | | | 465.16 | 256.53 | 32.99 | 21.31 | 11.50 |
| **Other Income for the year** | | | | | | | |
| Profit/(Loss) on sale of fixed assets | Not Recurring | Not related | (0.65) | - | (1.76) | (2.11) | 6.24 |
| Rent received | Not Recurring | Not Related | - | - | - | - | - |
| Exchange gain / (loss) | Recurring | Not related | 189.09 | 118.20 | (20.59) | 9.95 | (4.44) |
| Discounts | Not Recurring | Related | - | - | 4.27 | - | - |
| Repair & mould | Not Recurring | Related | 1.45 | - | - | 0.50 | 10.12 |
| Job work income | Not Recurring | Related | 9.03 | - | - | 21.44 | 0.08 |
| Profit on chit fund | Not Recurring | Not Related | - | 0.72 | 0.25 | 0.16 | - |
| Miscellaneous expenses written back | Not Recurring | Not Related | 59.05 | 4.56 | 0.39 | - | - |
| Dividend | Not Recurring | Not Related | - | - | - | 4.51 | - |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Share in partnership | Recurring | Not Related | - | 0.52 | - | - | - |
| Notice pay received | Not Recurring | Not Related | - | 0.30 | - | - | - |
| Interest on fixed deposits with banks | Recurring | Not Related | 33.92 | 26.01 | 7.69 | 2.61 | 0.56 |
| Insurance Claim received | Not Recurring | Related | 17.06 | - | - | - | - |
| Misc. Income | Not Recurring | Not Related | 0.45 | - | - | - | - |
| Duty Draw Back | Not Recurring | Related | 0.89 | - | - | - | - |
| **Total** | | | **310.29** | **150.31** | **(9.75)** | **37.06** | **12.56** |
| Other income as % of profit before tax & extraordinary items | | | 13.34% | 11.72% | (5.91%) | 34.79% | 21.85% |

The classification of income as Recurring/Non-recurring and Related/Non-Related to business activity is based on the current operations and business activity of the company as determined by the management.

**Annexure VII**

**Details of Contingent Liabilities**

(₹ in lakhs)

| **Year/Period ended** | **Year Ended 31.03.2011** | **Year Ended 31.03.2010** | **Year Ended 31.03.2009** | **Year Ended 31.03.2008** | **Year Ended 31.03.2007** |
|---|---|---|---|---|---|
| Bank Guarantee given by the Company's Banker | 1,504.44 | 843.50 | 307.10 | 75.00 | 50.00 |
| Claims against company not acknowledged as debts | 35.73 | 63.51 | 81.18 | 45.62 | 45.59 |
| Letter of Credit given by the Company's Banker | 74.63 | 2,145.31 | 488.05 | - | - |
| Corporate Guarantee for PG International | - | - | - | 617.00 | 617.00 |

Note:

We have examined all the contracts, claims and litigations against the Company and have analyzed the likely impact of the same as indicated above. We certify that apart from the contingent liabilities indicated above the company does not have any other contingent liabilities.

**Annexure VIII**

**Details of Unsecured Loan**

The following is the breakup of outstanding unsecured loans for the years/period ended:

(₹ in lakhs)

| **Particulars as on Year/Period ended** | **Year Ended 31.03.2011** | **Year Ended 31.03.2010** | **Year Ended 31.03.2009** | **Year Ended 31.03.2008** | **Year Ended 31.03.2007** |
|---|---|---|---|---|---|
| From Promoters and Promoter Group Companies / Entities | 7.49 | 381.99 | 221.55 | - | - |

| | | | | | |
|---|---|---|---|---|---|
| From Standard Chartered Bank * | 149.54 | 749.04 | - | - | - |
| From others | - | - | 30.00 | - | - |
| **Total** | **157.03** | **1,131.03** | **251.55** | **-** | **-** |

* The unsecured loans taken from Standard Chartered Bank is repayable on demand. This loan is outstanding against "Invoice Discounting" facility provided by the Standard Chartered Bank against total limit of ₹ 800 lakhs. There is no security against this finance as it is a 'clean loan'. The facility is of discounting of invoices drawn by the Company and accepted by LG Electronics Limited. The facility is a revolving facility and the tenor of each discounting is maximum of 60 days. Interest rate would be as agreed between the Company and Standard Chartered Bank.

Following is the breakup of unsecured loans taken from the Promoters and Promoter Group Companies / Entities:

(₹ in lakhs)

| **Particulars as on Year/Period ended** | **Year Ended 31.03.2011** | **Year Ended 31.03.2010** | **Year Ended 31.03.2009** | **Year Ended 31.03.2008** | **Year Ended 31.03.2007** |
|---|---|---|---|---|---|
| **From Promoters and Promoter Group Companies / Entities** | | | | | |
| Kushang Technologies Limted (earlier Kushang Apparel Limited) | - | - | 39.56 | - | - |
| Mr. Promod Gupta | 6.50 | 8.00 | 8.00 | - | - |
| Mr. Anurag Gupta | 0.99 | 68.99 | 68.99 | - | - |
| Mr. Vishal Gupta | - | 50.00 | 50.00 | - | - |
| M/s TV Palace | - | 5.00 | 5.00 | - | - |
| M/s J.B. Electronics | - | 100.00 | - | - | - |
| M/s Clearvision Industries | - | 100.00 | - | - | - |
| Mr. Vikas Gupta | - | 50.00 | 50.00 | - | - |
| **Total** | **7.49** | **381.99** | **221.55** | **-** | **-** |

Notes:
1. No terms and condition as to repayment and interest are stipulated in respect of the unsecured loans taken from Promoters and Promoter Group Companies / Entities.
2. The said loans are repayable on demand.

**Annexure IX**

**<u>Statement Showing age–wise analysis of Sundry Debtors</u>**

The following is the breakup of outstanding sundry debtors for the years/period:

(₹ in lakhs)

| **Year/Period ended** | **Year Ended 31.03.2011** | **Year Ended 31.03.2010** | **Year Ended 31.03.2009** | **Year Ended 31.03.2008** | **Year Ended 31.03.2007** |
|---|---|---|---|---|---|
| **Debts outstanding exceeding six months** | | | | | |
| Considered good | 424.98 | 521.89 | 55.32 | 62.18 | 15.52 |
| Considered bad | - | - | - | - | - |
| **Other Debts (Less than 6 months)** | | | | | |
| Considered good | 3,269.54 | 3,040.75 | 1,567.61 | 1,232.37 | 517.17 |
| Considered bad | - | - | - | - | - |
| **Total** | **3,694.52** | **3,562.64** | **1,622.93** | **1,294.55** | **532.69** |

Sundry Debtors include debts due by the following firm /Companies in which Director is a Partner / Director / Member:

| Year/Period ended | Year Ended 31.03.2011 | Year Ended 31.03.2010 | Year Ended 31.03.2009 | Year Ended 31.03.2008 | Year Ended 31.03.2007 |
|---|---|---|---|---|---|
| **Debts outstanding exceeding six months** | | | | | |
| M/s Clearvision Industries | - | - | - | 0.20 | 0.42 |
| M/s J.B. Electronics | - | - | - | - | - |
| Bigesto Technologies Limited (earlier Bigesto Foods Limited) | - | - | 13.19 | 0.79 | 0.43 |
| M/s PG International | - | 92.03 | - | 0.64 | 1.25 |
| **Other Debts (Less than 6 months)** | | | | | |
| JB Electronics | 318.58 | - | 2.61 | - | - |
| Clearvision Industries Pvt. Ltd. | 430.87 | - | 131.08 | - | 7.21 |
| M/s J.B. Electronics | - | - | - | - | - |
| Bigesto Technologies Limited (earlier Bigesto Foods Limited | 1,043.85 | 1,444.78 | 501.95 | 11.29 | 50.61 |
| M/s PG International | 166.62 | 322.33 | 182.45 | 0.81 | 26.61 |
| M/s PG Electronics | - | 0.16 | - | - | - |
| **Total** | **1,959.92** | **1,859.30** | **831.28** | **13.73** | **86.53** |

**Annexure X**

**Statement of Loans and Advances**

(₹ in lakhs)

| Year/Period ended | Year Ended 31.03.2011 | Year Ended 31.03.2010 | Year Ended 31.03.2009 | Year Ended 31.03.2008 | Year Ended 31.03.2007 |
|---|---|---|---|---|---|
| Dividend Accrued | - | - | - | 4.51 | - |
| Advances recoverable in cash or in kind or for value to be received | 82.20 | 45.52 | 16.60 | 13.97 | 8.15 |
| **Deposits** | | | | | |
| Security Deposit with Government department and NPCL including Interest | 52.62 | 37.03 | 27.86 | 25.93 | 6.42 |
| Security Deposit For Rent | - | - | 0.17 | - | - |
| Deposit with Sales tax authority | - | - | 41.18 | 21.75 | 0.28 |
| Deposit with Excise & Custom Departments | 1,144.80 | 439.18 | 72.16 | 43.02 | 54.39 |
| Earnest money deposit with ELCOT, Chennai against tender | 0.10 | 10.00 | - | - | - |
| Earnest money deposit with Noida Authority for land | - | 8.15 | - | - | - |
| **Advances** | | | | | |
| Advances for Land | 82.09 | - | - | - | - |
| Advance for Income Tax | 440.14 | 202.45 | 23.04 | 27.00 | 13.95 |

| | | | | | |
|---|---|---|---|---|---|
| Advance to Suppliers | 518.35 | 80.29 | 103.49 | 54.91 | 26.39 |
| Advance to Promoters and Promoter Group Companies / Entities | 60.00 | - | 0.36 | 14.17 | 131.15 |
| **Total** | **2,380.30** | **822.62** | **284.86** | **205.26** | **240.73** |

Following is the breakup of loans and advances given to the Promoters and Promoter Group Companies / Entities:

(₹ in lakhs)

| Year/Period ended | Year Ended 31.03.2011 | Year Ended 31.03.2010 | Year Ended 31.03.2009 | Year Ended 31.03.2008 | Year Ended 31.03.2007 |
|---|---|---|---|---|---|
| Loan to Subsidiary Company | 60.00 | - | - | - | - |
| M/s Clearvision Industries | - | - | - | 14.17 | 29.24 |
| M/s J.B Electronics | - | - | 0.36 | - | 12.84 |
| Kushang Technologies Limited (earlier Kushang Apparel Limited) | - | - | - | - | 1.14 |
| M/s PG International | - | - | - | - | 87.93 |
| **Total** | **60.00** | **-** | **0.36** | **14.17** | **131.15** |

Note:

1. The loans and advances given to the Promoter Group Companies / Entities are repayable on demand.

**Annexure XI**

**Statement of Capitalization**

(₹ in lakhs)

| Particulars | Pre Issue as on March 31, 2011 | Post Issue* |
|---|---|---|
| **Borrowings** | | |
| Short Term Debt | 4,850.23 | [•] |
| Long Term Debt | 1,995.76 | [•] |
| **Total Debt** | **6,845.99** | [•] |
| **Shareholders' Funds** | | |
| Share Capital -Equity | 1,066.93 | [•] |
| Reserve & Surplus | 3,466.22 | [•] |
| Less : Miscellaneous expenditure not written off | (167.34) | [•] |
| **Total Shareholders' Funds** | **4,365.81** | [•] |
| Long Term Debt / Equity Ratio | 0.46 | [•] |

* The above figures shall be disclosed on the conclusion of Book Building Process.

Note: Short Term Debt represents amount repayable within one year from March 31, 2011.

**Annexure XII**

**Tax-Shelter Statement:**

(₹ in lakhs)

| Year / Period Ended | Year Ended 31.03.2011 | Year Ended 31.03.2010 | Year Ended 31.3.2009 | Year Ended 31.3.2008 | Year Ended 31.3.2007 |
|---|---|---|---|---|---|
| Net Profit/(Loss) before Tax (as restated) | 2,325.82 | 1,282.63 | 164.97 | 106.54 | 57.48 |

| | | | | | |
|---|---|---|---|---|---|
| Tax rate – Normal (as applicable) | | 33.99% | | | |
| Minimum Alternate Tax (as applicable) | 19.93% | | 11.33% | 11.33% | 11.22% |
| **Tax at Normal Tax / MAT Rates (A)** | **463.54** | **435.97** | **18.69** | **12.07** | **6.45** |
| **Adjustments :** | | | | | |
| **Permanent Difference (B)** | | | | | |
| Donation & Others | 24.44 | 9.02 | 6.66 | 6.76 | 0.51 |
| Exemption U/S 80IC | (866.73) | (505.39) | (84.86) | - | - |
| Exemption U/S 10 | - | (0.52) | - | - | - |
| Deduction 80G/35AC | (2.05) | (1.00) | (1.17) | - | (0.51) |
| **Total Permanent Difference** | **(844.34)** | **(497.89)** | **(79.37)** | **6.76** | **-** |
| **Temporary Difference (C)** | | | | | |
| Depreciation as per Books | 206.78 | 136.33 | 126.32 | 82.25 | 67.15 |
| Depreciation as per Income Tax | (551.31) | (313.75) | (214.42) | (167.03) | (144.06) |
| Expenses u/s 43B | 15.91 | 9.89 | - | - | - |
| Brought Forward Loss & Other | (3.55) | 11.92 | (17.42) | (28.22) | (93.44) |
| **Total Timing Difference** | **(332.17)** | **(155.61)** | **(105.52)** | **(113.00)** | **(170.35)** |
| **Net Adjustments (B) + (C)** | **(1,176.51)** | **(635.50)** | **(184.89)** | **(106.24)** | **(170.35)** |
| Tax Saving thereon | 234.48 | 222.12 | 20.95 | 12.04 | 19.11 |
| **Net Tax for the year / period** | **Nil** | **Nil** | **Nil** | **Nil** | **Nil** |

Notes:

1. The permanent/timing differences have been computed considering the computing of the income tax by the company for each of the respective years presented in the above statement.
2. The aforesaid statement of Tax Shelters has been prepared as per the restated summary statement of profit and losses of the company.

**Annexure XIII**

**Statement of Investments**

(₹ in lakhs)

| **Year / Period ended** | **Year Ended 31.03.2011** | **Year Ended 31.03.2010** | **Year Ended 31.3.2009** | **Year Ended 31.03.2008** | **Year Ended 31.03.2007** |
|---|---|---|---|---|---|
| **(A) Quoted Investments** | | | | | |
| UTI Mutual Fund | 14.50 | 14.50 | 14.50 | 10.00 | - |
| UTI Master Gain | 10.50 | - | - | - | - |
| SBI Magnum Insta Cash | 10.00 | - | - | - | - |
| **Total (A)** | **35.00** | **14.50** | **14.50** | **10.00** | **-** |
| **(B) Unquoted Investments** | | | | | |
| Investment In Subsidiary company | 30.00 | - | - | - | - |
| Investment in partnership firm | - | 0.34 | - | - | - |
| **Total (B)** | **30.00** | **0.34** | **-** | **-** | **-** |
| **Total (A + B)** | **65.00** | **14.84** | **14.50** | **10.00** | **-** |
| **Aggregate market value of quoted investments** | **31.24** | **13.05** | **10.28** | **9.07** | **-** |

**Annexure XIV**

**Mandatory Accounting Ratios**

(₹ in lakhs)

| Year / Period ended | Year Ended 31.03.2011 | Year Ended 31.03.2010 | Year Ended 31.03.2009 | Year Ended 31.03.2008 | Year Ended 31.03.2007 |
|---|---|---|---|---|---|
| **Basis of Accounting Ratios** | | | | | |
| Net Profit after tax but before Extraordinary Item (1) | 1,789.86 | 1,003.78 | 114.45 | 47.68 | 23.45 |
| Weighted average no. of equity shares for the purpose of EPS calculation (2) | 10,669,332 | 10,077,302 | 9,032,280 | 6,858,101 | 4,334,623 |
| Net Worth (3) | 4,365.81 | 2,742.42 | 1,738.43 | 1,057.14 | 779.98 |
| No. of equity shares for the purpose of NAV calculation considering issue of bonus shares (4) | 10,669,332 | 10,669,332 | 9,032,280 | 9,032,280 | 4,342,980 |
| Total No. of Shares outstanding at the end of year | 10,669,332 | 10,669,332 | 3,010,760 | 3,010,760 | 1,447,660 |
| Accounting Ratios: | | | | | |
| Earnings per share (₹) (1/2) | 16.78 | 9.96 | 1.27 | 0.70 | 0.54 |
| Return on Net Worth (%) (1/3) | 41.00% | 36.60% | 6.58% | 4.51% | 3.01% |
| Net Assets Value per share (₹) (3/4) | 40.92 | 25.70 | 19.25 | 11.70 | 17.96 |

The ratios have been computed as below:

i. Earnings per Share (₹): Net profit attributable to equity shareholders / weighted average number of equity shares outstanding as at the end of the year / period. Earnings per share are calculated in accordance with Accounting Standard 20 "Earnings Per Share", issued by the Institute of Chartered Accountants of India. The Company issued Bonus Shares in the ratio of 2:1 on March 15, 2010. The weighted average numbers of shares have been calculated accordingly.

ii. Return on Net Worth (%): Net Profit after tax / Net Worth as at the end of the year / period.

iii. Net Assets Value (₹): Net worth at the end of the year / Number of Equity Shares outstanding (after adjustment for bonus shares) at the end of the year / period. For the purpose of calculation of NAV, the number of equity shares outstanding as on the last date of respective financial year and after adjustment of issue of bonus shares on March 15, 2010 has been considered

iv. Net profit, as appearing in the statement of restated profits & losses, has been considered for the purpose of computing the above ratios.

**Annexure XV**

**Statement of Dividend Paid**

(₹ in lakhs)

| Year / Period ended | Year Ended 31.03.2011 | Year Ended 31.03.2010 | Year Ended 31.03.2009 | Year Ended 31.03.2008 | Year Ended 31.03.2007 |
|---|---|---|---|---|---|
| Dividend (Interim and final) | Nil | Nil | Nil | Nil | Nil |
| Dividend % | - | - | - | - | - |

**Annexure XVI**

**Related Party Transactions**

As per Accounting Standard (AS-18) on related party disclosures issued by the ICAI, the disclosures of transaction with related party are as follows:

**a) Key Management Personnel / Directors**

i. Mr. Promod Gupta
ii. Mr. Anurag Gupta
iii. Mr. Vishal Gupta
iv. Mr. Vikas Gupta

**b) Relatives of Key Management Personnel / Directors**

i. Mrs. Sudesh Gupta (resigned as Director of the Company on April 30, 2010)
ii. Mrs. Nitasha Gupta
iii. Mrs. Sarika Gupta
iv. Mrs. Neelu Gupta

**c) Enterprises owned or significantly influenced by key management personnel / Directors or their relatives**

i. Bigesto Technologies Limited (earlier Bigesto Foods Limited)
ii. M/s J.B Electronics (partnership firm)
iii. M/s Clearvision Industries (partnership firm)
iv. M/s PG International (partnership firm)
v. M/s TV Palace (partnership firm)
vi. M/s PG Electronics (partnership firm)
vii. Kushang Technologies Limited (earlier Kushang Apparels Limited)
viii. Hansali Imports Private Limited
ix. PG Electronics Components Private Limited
x. M/s PG Metals & Alloys Corporation (partnership firm)
xi. M/s PG Electronics (India) (partnership firm)
xii. M/s PG Industries (partnership firm)
xiii. M/s Electronics Media Corporation (partnership firm)
xiv. M/s Astrotech International (partnership firm)
xv. M/s PG Ispat (partnership firm)
xvi. PG Appliances Private Limited
xvii. Vrinda Infotech Private Limited
xviii. Shradha Realtech Private Limited
xix. M/s Promod Gupta & Sons (HUF)
xx. M/s Promod Gupta (sole proprietorship)
xxi. M/s DD Aggarwal & Sons (HUF)
xxii. M/s LC Aggarwal & Sons (HUF)

**d) Enterprise that are directly/Indirectly controlled by the reporting enterprise.**

i) M/s Diamond Mattress Private Limited – a wholly owned subsidiary

(₹ in lakhs)

| S. No | Name of the Party | Nature of Transaction | Volume of Transaction during the period 2010-11 | Amount outstanding as on 31st March 2011 | Volume of Transaction during the period 2009-10 | Amount outstanding as on 31 March 2010 | Volume of Transaction during the period 2008-09 | Amount outstanding as on 31 March 2009 | Volume of Transaction during the period 2007-08 | Amount outstanding as on 31 March 2008 | Volume of Transaction during the period 2006-07 | Amount outstanding as on 31 March 2007 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Bigesto Technologies Limited (earlier Bigesto Foods Limited) | Sales | 17,130.75 | 1043.85 | 10,208.28 | 1,444.78 | 1,073.04 | 515.14 | 216.82 | 12.08 | 77.44 | 51.04 |
| | | Purchases | 4,528.29 | 282.23 | 7,185.26 | | 1,223.88 | 144.65 | 416.45 | 6.73 | | 0.56 |
| | | Advance taken | - | - | - | - | - | 0.33 | - | - | - | - |
| | | Loan Given | 270.00 | - | - | - | - | - | - | - | - | - |
| | | Job Work Charges Paid | 310.36 | - | 142.86 | - | 89.09 | - | 73.30 | - | - | - |
| | | Purchase of Land | 137.60 | - | - | - | - | - | - | - | - | - |
| | | Reimbursement of Freight Inward | 3.21 | - | - | - | - | - | - | - | - | - |
| | | Recovery of Freight outward | 1.13 | - | - | - | - | - | - | - | - | - |
| | | Liquidation Damage Charges | 10.52 | - | - | - | - | - | - | - | - | - |
| | | Inspection Charges | 1.13 | - | - | - | - | - | - | - | - | - |
| | | Balance Written off | - | - | 0.33 | - | - | - | | - | - | - |
| 2 | J.B.Electronics | Sales | 2,565.34 | 318.58 | 4.62 | | 41.25 | 2.61 | | | | |
| | | Sales Return | - | - | - | - | - | - | 2.66 | - | - | - |
| | | Purchase | - | - | 142.31 | - | - | - | - | - | - | - |
| | | Advances Given | - | - | 0.14 | - | - | 0.36 | - | - | - | 12.84 |
| | | Advance Taken | - | - | - | - | - | - | - | 2.88 | - | - |

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Loan Given | 123.00 | - | | | | | | | | |
| | | Loan Taken | - | - | 100.40 | 100.00 | - | - | - | - | - | - |
| | | Reimbursement of Freight Outward | 1.03 | - | - | - | - | - | - | - | - | - |
| | | Discount Allowed | 0.04 | - | - | - | - | - | - | - | - | - |
| 3 | Clearvision Industries | Sales | 3,304.70 | 430.87 | 3,755.05 | - | 242.51 | 131.08 | 6.02 | 0.20 | 104.29 | 7.63 |
| | | Purchase | - | - | 0.41 | - | 0.32 | - | 0.36 | - | - | - |
| | | Loan Given | 65.57 | - | - | - | - | - | - | 14.17 | - | 29.24 |
| | | Discount Allowed | - | - | 24.35 | 24.35 | - | - | - | - | - | - |
| | | Loan taken | 19.00 | - | 100.00 | 100.00 | - | - | - | - | - | - |
| | | Balance written off | - | - | 0.11 | - | - | - | - | - | - | - |
| | | Advance Taken | - | - | - | - | - | 0.11 | - | - | - | - |
| 4 | M/s Promod Gupta | Job Work Charges Paid | 12.51 | 0.28 | 8.69 | - | - | 0.01 | 9.20 | 0.68 | 11.61 | 1.27 |
| | | Rent | - | - | | - | - | - | 5.00 | - | - | - |
| 5 | PG International | Sales | 1,231.85 | 166.62 | 4,235.50 | 414.36 | 1,936.92 | 182.45 | 889.94 | 1.45 | 946.28 | 27.86 |
| | | Purchase | 1,089.59 | 44.11 | 840.92 | - | 481.51 | 9.70 | 272.89 | 115.65 | - | - |
| | | Advance Given | - | - | - | - | - | - | - | - | - | 87.93 |
| | | Loan Given | 117.00 | - | | | | | | | | |
| | | Discount Allowed | 0.03 | - | 0.71 | - | - | - | - | - | - | - |
| | | Job Work Charges Paid | 0.03 | - | - | - | - | - | - | - | - | - |
| | | Reimbursment of Expenses ( Printing & Painting ) | 0.03 | - | - | - | - | - | - | - | - | - |
| | | Reimbursment of Freight | 1.67 | - | - | - | - | - | - | - | - | - |

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Inward | | | | | | | | | | |
| | | Reimbursment of Freight Outward | 1.47 | - | - | - | - | - | - | - | - | - |
| | | Recovery of Freight inward | 1.59 | - | - | - | - | - | - | - | - | - |
| | | Recovery of Freight outward | 2.21 | - | - | - | - | - | - | - | - | - |
| | | Loan Taken | 30.00 | - | - | - | - | - | - | - | - | - |
| | | Advance Taken | - | - | - | - | - | 0.14 | - | 0.01 | - | 0.14 |
| 6 | PG Electronics | Sale | - | - | 0.16 | 0.16 | - | - | - | - | - | - |
| | | Rent paid | 0.60 | - | 0.60 | - | - | - | - | - | - | - |
| | | Share of profit in partnership firm | - | - | 0.52 | 0.34 | - | 0.83 | - | - | - | - |
| | | Firm tax paid | - | - | 0.18 | - | - | - | - | - | - | - |
| 7 | TV Palace | Purchase of Fixed Assets | - | - | - | - | - | 0.07 | - | - | - | - |
| | | Advances given | - | - | 2.00 | - | - | - | - | - | - | - |
| | | Reimbursement of Insurance Charges | 0.20 | - | - | - | - | - | - | - | - | - |
| | | Loan Taken | - | - | - | 5.00 | 5.00 | 5.00 | - | - | - | - |
| 8 | Kushang Technologies Limited(earlier Kushang Apparels Ltd). | Advances Given | - | - | - | - | - | - | - | - | - | 1.14 |
| | | Job Work Paid | 92.05 | 0.52 | 26.71 | 5.74 | - | - | - | - | - | - |
| | | Interest Paid | - | - | 3.16 | - | - | - | - | - | - | - |
| | | Loan Taken | - | - | - | - | 39.56 | 39.56 | - | - | - | - |
| | Mr. Promod Gupta | Director Remuneration | 27.02 | 1.51 | 25.44 | - | 30.21 | - | 31.80 | - | 31.80 | - |
| | | Loan taken | 8.50 | 6.50 | 31.30 | 8.00 | 8.00 | 8.00 | - | - | - | - |

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Mrs. Sudesh Gupta | Director Remuneration | 1.40 | - | 16.80 | - | 20.95 | - | 24.00 | - | 24.00 | - |
| | | Loan taken | - | - | 5.80 | - | - | - | - | - | - | - |
| 11 | Mr. Anurag Gupta | Director Remuneration | 27.02 | 1.51 | 25.44 | - | 30.21 | - | 31.80 | - | 31.80 | - |
| | | Loan taken | 95.00 | 0.99 | 35.00 | 68.99 | 68.99 | 68.99 | - | - | - | - |
| 12<br>13 | Mr. Vishal Gupta | Director Remuneration | 24.90 | 1.83 | - | - | - | - | - | - | - | - |
| | | Loan taken | 9.00 | - | 3.00 | 50.00 | 50.00 | 50.00 | - | - | - | - |
| | | Rent paid | 0.15 | - | 0.15 | - | - | - | - | - | - | - |
| 14 | Mr. Vikas Gupta | Director Remuneration | 18.44 | 1.47 | | | | | - | - | - | - |
| | | Loan taken | 5.00 | - | 20.00 | 50.00 | 50.00 | 50.00 | - | - | - | - |
| | Mrs. Sarika Gupta | Advances Given | - | - | 0.88 | - | - | - | - | - | - | - |
| | Mrs. Nitasha Gupta | Advances Given | - | - | 0.88 | - | - | - | - | - | - | - |
| 15 | PG Metal | Purchase | - | - | - | - | 0.03 | 0.03 | - | - | - | - |
| 16 | Diamond Mattresses (P) Ltd. | Jobwork Charges Paid | 9.35 | - | - | - | - | - | - | - | - | - |
| | | Loan to Subsidiary Co. | 60.00 | 60.00 | - | - | - | - | - | - | - | - |
| | | Investment in Subsidiary Co. | 30.00 | 30.00 | - | - | | - | - | - | - | - |
| 17 | Late Mrs. Amarawati Agarawal | Rent paid | 0.60 | - | - | - | - | - | - | - | - | - |

**The details of related party transactions in the last 5 years can be summarized as under:**

(₹ in lakhs)

| Particulars | Volume of transaction F.Y. 2010-11 | Amount outstanding as on 31.03.11 | Volume of transaction F.Y. 2009-10 | Amount outstanding as on 31.03.10 | Volume of transaction F.Y. 2008-09 | Amount outstanding as on 31.03.09 | Volume of transaction F.Y. 2007-08 | Amount outstanding as on 31.03.08 | Volume of transaction F.Y. 2006-07 | Amount outstanding as on 31.03.07 |
|---|---|---|---|---|---|---|---|---|---|---|
| Advance given | - | - | 3.90 | - | - | 0.36 | - | | - | 101.91 |
| Advance taken | - | - | - | - | - | 0.58 | - | 2.89 | - | 0.14 |
| Balance written off | - | - | 0.44 | - | - | - | - | - | - | - |
| Director remuneration | 98.78 | 6.32 | 67.68 | - | 81.37 | - | 87.60 | - | 87.60 | - |
| Discount allowed | 0.06 | - | 25.06 | 24.35 | - | - | - | - | - | - |
| Firm tax paid | - | - | 0.18 | - | - | - | - | - | - | - |
| Interest paid | - | - | 3.16 | - | - | - | - | - | - | - |
| Job work charges paid | 424.30 | 0.80 | 178.26 | 5.74 | 89.09 | 0.01 | 82.50 | 0.68 | 11.61 | 1.27 |
| Loan taken | 166.50 | 7.49 | 295.50 | 381.99 | 221.55 | 221.55 | - | - | - | - |
| Loan given | 635.57 | 60.00 | | | | | | 14.17 | | 29.24 |
| Investment in Subsidiary co. | 30.00 | 30.00 | | | | | | | | |
| Purchase | 5,617.88 | 326.34 | 8,168.90 | - | 1,705.74 | 154.38 | 689.70 | 122.38 | - | 0.56 |
| Purchase of fixed assets | 137.60 | - | - | - | - | 0.07 | - | - | - | - |
| Rent paid | 1.35 | - | 0.75 | - | - | - | 5.00 | - | - | - |
| Rent received | - | - | - | - | - | - | - | - | - | - |
| Sales | 24,232.64 | 1,959.92 | 18,203.61 | 1,859.31 | 3,293.72 | 831.28 | 1,112.78 | 13.73 | 1,128.01 | 86.53 |
| Sales return | - | - | - | - | - | - | 2.66 | - | - | - |
| Share in profit in partnership firm | - | - | 0.52 | 0.34 | - | 0.83 | - | - | - | - |
| Reimbursement of Expenses | 7.62 | - | - | - | - | - | - | - | - | - |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Recovery of Expenses | 4.93 | - | - | - | - | - | - | - | - | - |
| Liquidation Damage Charges | 10.52 | - | - | - | - | - | - | - | - | - |
| Inspection Charges | 1.13 | - | - | - | - | - | - | - | - | - |
| Balance written off | **-** | **-** | 0.11 | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| **Total** | **31,368.88** | **2,390.87** | **26,948.07** | **2,271.73** | **5,391.47** | **1,209.05** | **1,980.24** | **153.85** | **1,227.22** | **219.65** |

**Annexure XVII**

**Statement of Secured Loans**

(₹ in lakhs)

| **Year/Period ended** | **Year Ended 31.03.2011** | **Year Ended 31.03.2010** | **Year Ended 31.03.2009** | **Year Ended 31.03.2008** | **Year Ended 31.03.2007** |
|---|---|---|---|---|---|
| Term Loan from Banks | 1,916.65 | 380.95 | 574.74 | 736.65 | 429.34 |
| Corporate loan from Bank | - | - | 12.80 | 20.21 | 60.80 |
| Short Term Loan | 603.78 | 848.26 | - | - | - |
| Cash Credit Facility | 2,151.54 | 1,622.26 | 1,161.55 | 617.90 | 503.17 |
| Vehicle Loans | 63.23 | 18.52 | 9.87 | 27.43 | 14.88 |
| LC & Buyer's Credit outstanding | 1945.37 | | | | |
| Principle Amount Due to UPSIDC | 8.39 | 10.18 | - | 0.20 | 7.40 |
| **Total** | **6,688.96** | **2,880.17** | **1,758.96** | **1,402.39** | **1,015.59** |

**Details of Securities against Loan**

| **Name of Bank** | **Type of Loan** | **Amount sanctioned** | **Amount outstanding as on March 31, 2011** | **Interest / Commission p.a.** | **Security** | **Repayment / Usage period** |
|---|---|---|---|---|---|---|
| Standard Chartered Bank | 1. Bank Overdraft | 350.00 | 113.29 | 12.50% p.a. | 1) First exclusive charge on current assets pertaining to the contract ELCOT being financed by SCB<br>2) 2nd charge on all current assets of co. charged to SBI against reciprocal ceding of 2nd charge on Current Assets financed by SCB.<br>3)Equitable Mortgage, on first exclusive basis, of following properties:<br>(a) D37 Hosiery complex, Ph-II, Noida owned by Hansali Imports (P) Limited<br>(b) Unit No.11, Tower A, Lobe 2, 2nd Floor, Unit No 1 Tower A, Lobe 1 6th floor & Unit No 2 Tower A Lobe 1 6th floor situated at Plot No A-41, Institutional Area , Sect. 62, Noida | 3 Equal Installments at the end of 10th, 11th & 12th month of disbursement |

| | | | | | | |
|---|---|---|---|---|---|---|
| | | | | | (Owned by TV Palace)<br>4) Corporate Guarantee of Kushang Technologies Limited<br>5) Guarantee of PG Electronics (Partnership Firm) | |
| | 2. Term Loan | 2350.00 | 1700.00 | 11.25% for ₹ 2.5 cr, 11.85% for ₹ 5.5 cr, 13.00% for 9.00 cr p.a. | Exclusive charges on following:<br>a)D37 Hosiery complex, Ph-II, Noida owned by Hansali Imports (P) Ltd.<br>b)Unit No.11, Tower A, Lobe 2, 2nd Floor, Unit No 1 Tower A, Lobe 1 6th floor & Unit No 2 Tower A Lobe 1 6th floor situated at Plot No A-41, Institutional Area , Sect. 62, Noida ( Owned by TV palace)<br>c)Personal Guarantee of Mr. Promod Gupta, Mr. Anurag Gupta, Mr. Vishal Gupta, Mr. Vikas Gupta<br>d) Corporate guarantee of Kushang Technologies Ltd.<br>e) Guarantee of PG Electronics(Partnership Firm)<br>f) Exclusive charge over land and building funded by SCB at Greater Noida situated at Noida E-15 & E-14, Site - B, UPSIDC, Surajpur Industrial Area, Gautam Budh Nagar and at A-20/2, MIDC SUPA, Ahmednagar Pune (Maharashtra)<br>g) Exclusive charges over Plant & Machinery and other Immovable Assets and on Stock & Receivable at Greater Noida Unit (New Unit financed by SCB) and | In 49 equal installments commencing from end of 12th month of disbursement |

| | | | | | | |
|---|---|---|---|---|---|---|
| | | | | | Ahmednagar Unit. | |
| | 3. Letter of Credit (USD 30,00,00 @₹45) | 1350.00 | 1,183.68 | 2.50% p.a. | | Maximum usance 360 days |
| | 4. Short Term Loan | 1200.00 | - | 12.00% | | Tenure 90 days |
| | Sub limit: Bank Overdraft | 500.00 | 490.50 | 12.00% | | |
| State Bank of India | 1. Term Loan – I | 100.00 | 21.45 | 13.50% | 1) First hypothecation & mortgage charge over entire fixed & moveable assets present & future, including E.M of property situated at Plot- P-4/2,4/3,4/4,4/5, Site-B, Surajpur, G.Noida of factory Land & Building of the Company<br>2) Collateral Security :-<br>a) Second charge on entire current assets of Unit-I & Unit-II of the Co.<br>b) Mortgage of leasehold rights (for 29 year, valid up to May 2036) of factory land measuring 14760 sq. mtr owned by P G Electronics(Partnership Firm)<br>3) a). Personal Guarantee of following :- Mr. Promod Gupta, Mr. Anurag Gupta, Mr. Vishal Gupta, Mr. Vikas Gupta<br>b) Corporate Guarantee of Kushang Technologies Limited (formerly Kushang Apparel Ltd.)<br>c) Guarantee of PG Electronics(Partnership firm) | 60 monthly installment w.e.f. April 08 20monthly @₹ 1 lac & 40 monthly @₹ 2 lacs |

| | | | | | | |
|---|---|---|---|---|---|---|
| | 2. Term Loan – II | 440.00 | 195.20 | 14.00% | | 60 monthly installments w.e.f. April 08 i.e. 12 monthly inst. of ₹ 5.91 lac, 24 monthly inst. of ₹ 7.10 lac, 12 monthly inst. of ₹ 7.57 lacs & 12 month inst. of ₹ 8.99 lac |
| | 3. One Time LC for import of Capital Goods | 400.00 | 403.45 | | Same as above | |
| | 4. Cash Credit (Hyp of Stock) | 1650.00 | 2151.54* | 14.00% | 1) First pari- passu charge on entire C.A of the Unit - I & Unit - II of the Company<br>2. Collateral Security:-<br>a) Extension of first charge on all F.A Including Equitable Mortgage of property situated at plot-P-4/2 to 4/5, Site-B measuring 13967 mtr, Surajpur G. Noida<br>b) Mortgage of leasehold rights (for 29 year, valid up to May 2036) of factory land measuring 14760 sq. mtr owned by P G electronics(Partnership Firm)<br>3) a. Personal Guarantee of following Directors :- Promod Gupta, Anurag Gupta, Vishal Gupta, Vikas Gupta<br>b) Corporate Guarantee of Kushang Technologies Ltd.<br>c) Guarantee of PG Electronics(Partnership firm) | On Demand |
| | Buyers Credit | 800.00 | 358.23 | | Same as above | On Demand |

| | | | | | | |
|---|---|---|---|---|---|---|
| UPSIDC | Deferred Payment Credit | 10.18 | 8.39 | 16.00% as per allotment letter | Hypothecation of Plot No.: - P-4/6, Site B, Surajpur, Greater Noida | 10 equal half yearly installment commencing from July 2010 |
| ICICI Bank | Car Loan | 22.85 | 15.07 | | Hypothecation of Car Reg No.: DL3CAX5129, DL1CM2241, UP17E3313, UK0850063 | 36 EMI of ₹ 0.17 lakh, 36 EMI of ₹ 0.32 lakh, 36 EMI of ₹ 0.13 lakh, 36 EMI of ₹ 0.13 lakh |
| Tata Capital | Car Loan | 17.62 | 16.32 | | Hypothecation of Car Reg No.: DL1CM2916, DL8CL8973, | 36 EMI of ₹ 0.23 lakh, 36 EMI of ₹ 0.33 lakh |
| HDFC Bank | Car Loan | 36.00 | 24.60 | | Hypothecation of Car Reg No.: DL1CM1809 | 36 EMI of ₹ 1.11 lakh |
| Axis Bank | Car Loan | 13.50 | 7.24 | | Hypothecation of Car Reg No.: DL1CM0513, DL3CBF7608 | 36 EMI of ₹ 0.31 lakh, 37 EMI of ₹ 0.11 lakh |

*The Balance as per Bank was ₹ 1299.25 Lacs as on 31.03.2011.

**Auditor's Report on Consolidated Restated Financial Information**

Board of Directors,
**PG Electroplast Limited**
Plot No. 4/2, 4/3, 4/4, 4/5 & 4/6, Site B,
Surajpur, Gautam Budh Nagar,
Uttar Pradesh

Dear Sirs,

1) We have examined the attached Consolidated financial information of PG Electroplast Limited (the Company) as at March 31,2011, 2010, 2009, 2008 and 2007, annexed to this report, prepared by the Company and approved by the Board of Directors of the Company, prepared in accordance with the requirements of:

   a) paragraph B(1) of Part II of Schedule II to the Companies Act, 1956 ('the Act');

   b) the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (the 'SEBI (ICDR) Regulations') and the related clarifications issued by the Securities and Exchange Board of India ('SEBI') from time to time and as amended, in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992; and

   c) the terms of our engagement dated May 21, 2011 received from the Company, requesting us to carry out the assignment, proposed to be included in the Red Herring prospectus of the Company in connection with its Initial Public Offering of equity shares.

**Financial information as per audited financial statements:**

1. The attached consolidated financial information of PG Electroplast Ltd. has been extracted by the management from the financial statements of the Company for the years ended March 31, 2011, 2010, 2009, 2008 and 2007, as approved by the Board of Directors.

2. 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 confirm that:

   a. The restated consolidated summary statement of Profit and Loss, the annexed restated summary statement of Assets and Liabilities, and restated consolidated Cash Flow Statements ('Summary Statements') of the Company for the years ended March 31,2011, 2010, 2009, 2008 and 2007, examined by us, as set out in Annexure I, II and III to this report respectively are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies (refer Annexure IV) and Notes to Restated Accounts (refer Annexure V).

   b. Based on the above we are of the opinion that the restated financial information have been made after:

      i. Adjustments have been made for the changes in Accounting Policies and estimates adopted by the company retrospectively in respective financial years to reflect the same accounting treatment as per changed accounting policy and estimates for all the reporting periods;

ii. Material prior period items have been restated to the respective years to which such prior period items related;

iii. We further report that there are no extraordinary items which need to be disclosed separately in the Statement of restated financial information;

iv. All qualifications in the auditors' reports, which require any adjustments to the summary statements, have been so adjusted.

**Other Financial Information:**

3. At the Company's request, we have also examined the following consolidated financial information proposed to be included in the Offer Document prepared by the management and approved by the Board of Directors of the Company and annexed to this report.

    i. Statement of Other Income, enclosed as Annexure VI
    ii. Details of Contingent Liabilities, enclosed as Annexure VII
    iii. Details of Unsecured Loan, enclosed as Annexure VIII
    iv. Statement Showing age-wise Analysis of Sundry Debtors, enclosed as Annexure IX
    v. Statement of Loans and Advances, enclosed as Annexure X
    vi. Statement of Capitalization, enclosed as Annexure XI
    vii. Tax-Shelter Statement, enclosed as Annexure XII
    viii. Statement of Investments, enclosed as Annexure XIII
    ix. Mandatory Accounting Ratios, enclosed as Annexure XIV
    x. Statement of Dividend Paid, enclosed as Annexure XV
    xi. Related Party transactions, enclosed as Annexure XVI
    xii. Statement of Secured Loans, enclosed as Annexure XVII

In our opinion, the consolidated financial information as disclosed in the annexures to this report, read with the respective significant accounting policies and notes disclosed in Annexure IV and after making adjustments and re-groupings as considered appropriate and disclosed in Annexure V, has been prepared in accordance with Part II of Schedule II of the Act and the Guidelines.

This report should not be in any way construed as a reissuance or re-dating 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 statements referred to herein.

This report is intended solely for use of management and for inclusion in the Red Herring Prospectus in connection with the proposed Initial Public Offering of the Company, and is not to be used, referred to or distributed for any other purpose without our prior written consent.

**For M/S Hem Sandeep & Company,**
**Chartered Accountants**
Firm Registration No. 009907N

**CA Manish Gupta**
**Partner**
Membership No. 092257
Place: Noida
Date: 14.06.2011

**Annexure – I**

**CONSOLIDATED STATEMENT OF AUDITED PROFITS & LOSSES AS RESTATED**

(₹ in lakhs)

| Year/Period ended | Year Ended 31.03.2011 |
|---|---|
| **Income** | |
| Sale from products manufactured by the Company | 43,617.58 |
| Sale from products traded by the Company | 1,191.33 |
| Less: Excise duty | (2,411.81) |
| **Net Sales** | **42,397.10** |
| Other Income | 310.29 |
| Increase/ (Decrease) in Inventories | 46.30 |
| **Total Income** | **42,753.69** |
| **Expenditure** | |
| Cost of material | 35,895.04 |
| Cost of Traded Goods | 1,172.12 |
| Manufacturing expenses | 1,705.30 |
| Payment to & provision for employees | 503.31 |
| Administrative expenses | 385.21 |
| Interest and financial charges | 556.00 |
| Depreciation | 206.78 |
| Service tax paid | 2.72 |
| Preliminary expenses written off. | 0.22 |
| **Total Expenditure** | **40,426.70** |
| **Profit before tax and extraordinary items** | **2,326.99** |
| **Provision for taxation** | |
| Income tax | 463.92 |
| Fringe benefit tax | - |
| Less/ (Add) Deferred tax | 72.41 |
| **Profit after Tax before extraordinary items** | **1,790.66** |
| Extraordinary items | - |
| **Net Profit after tax & extraordinary items, as restated** | **1,790.66** |

**Annexure –II**

**CONSOLIDATED STATEMENT OF AUDITED ASSETS & LIABILITIES AS RESTATED**

(₹ in lakhs)

| Year/Period ended | Year Ended 31.03.2011 |
|---|---|
| **Fixed Assets (A)** | |
| Goodwill | 29.68 |
| Gross Block (including Capital Work in Progress & Intangible Assets) | 8,538.56* |
| Less: Accumulated Depreciation | 722.06 |
| **Net Block** | **7,816.50** |

| | |
|---|---|
| **Investments (B)** | 35.00 |
| **Current Assets, Loans and Advances (C)** | |
| Inventories | 1,665.94 |
| Sundry Debtors | 3,694.52 |
| Cash & Bank Balance | 621.88 |
| Loans & Advances | 2,376.85 |
| **Total (C)** | **8,359.19** |
| **Total Assets (A)+(B)+(C )** | **16,240.37** |
| **Liabilities and Provisions (D)** | |
| Secured Loans | 6,688.96 |
| Unsecured Loans | 164.65 |
| Deferred Tax Liabilities | 299.82 |
| Current Liabilities & Provisions | 4,720.33 |
| **Total (D)** | **11,873.76** |
| **Net Worth (A+B+C-D)** | **4,366.61** |
| **Represented by:** | |
| 1. Share Capital | 1,066.93 |
| 2. Share Application Money | - |
| 3. Reserves & Surplus | 3,467.02 |
| **Total** | **4,533.95** |
| Less: Miscellaneous Expenditure | 167.34 |
| **Net Worth** | **4,366.61** |

* Gross block including Intangible assets of ₹ 8.70 lacs and depreciation of ₹ 0.81 lacs

**Annexure III**

**CONSOLIDATED STATEMENT OF RESTATED CASH FLOW STATEMENT**

(₹ in lakhs)

| Year/Period ended | Year Ended 31.03.2011 |
|---|---|
| **A) Cash Flow from Operating Activities** | |
| **Net Profit before tax & Extraordinary Items** | **2,326.99** |
| Adjustments for: | |
| Depreciation | 206.78 |
| Interest & financial charges | 556.00 |
| Misc. expenses written off | 0.22 |
| Loss/ (Gain) on sale of Fixed Assets | 0.65 |
| Interest on fixed deposits | (33.92) |
| **Operating profit before working capital changes** | **3,056.72** |
| **Working capital changes:** | |
| (Increase)/Decrease in inventories | (130.79) |
| (Increase)/Decrease in sundry debtors | (131.88) |
| (Increase)/Decrease in loans & advances | (1,316.55) |
| Increase/(Decrease) in current liabilities | 1,250.43 |
| **Net changes in working capital** | **(328.79)** |
| Less: Income Tax paid | (459.69) |
| **Net cash generated from Operating Activities** | **2,268.22** |
| **B) Cash Flow From Investing Activities** | |
| Purchase of fixed assets | (5,488.75) |
| Purchase of Goodwill | (29.68) |
| Pre-operative expenses | (98.82) |
| Sale of fixed assets | 641.24 |
| Purchase of investments | (20.16) |
| Interest received | 33.92 |
| **Net cash used in Investing Activities** | **(4,962.25)** |
| **C) Cash Flow from Financing Activities** | |
| Interest & financial charges paid | (556.00) |
| Net proceeds from borrowings | 2,842.41 |
| Pre-IPO Expenses | (68.08) |
| **Net cash used in Financing Activities** | **2,218.33** |
| Net Increase/(Decrease) in cash | (475.68) |
| Cash and cash equivalent at the beginning of the year | 1,097.56 |
| **Cash and cash equivalent at the end of the year** | **621.88** |

**Annexure IV**

**SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS:**

1. **Principles of Consolidation**

The Consolidated Financial Statements are prepared in accordance with Accounting Standard (AS) 21 on Consolidated Financial Statements issued by The Institute of Chartered Accountants of India. The Consolidated Financial Statements comprise of the financial statement of PG Electroplast Limited and its subsidiary, namely Diamond Mattress Company Private Limited. Further the Company shall mean PG Electroplast Limited. The details of Subsidiary Company which is included in consolidation and the Parent Company's holding therein is as under:-

| Name of Subsidiary | Percentage of Holding | Place of Incorporation | Financial Year Ended on | Subsidiary Since |
|---|---|---|---|---|
| Diamond Mattress Company Private Limited | 100% | India | March 31, 2011 | September 25, 2010 |

The financial statements of the Company and its Subsidiary have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances / transaction. The amounts shown in respect of reserves comprise the amount of relevant reserves as per the balance sheet of the Company and reducing therefrom the accumulated losses of the Subsidiary.

The difference of the cost to the Company of its investment in Subsidiary over its share in the equity fund of the investee company as at the date of acquisition of stake is recognized in financial statements as Goodwill.

As far as possible, the consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the manner as the Company's separate financial statements.

2. **Accounting Convention**

The Company follows mercantile system of accounting and recognizes income and expenditure on accrual basis. The financial statements are prepared under the historical cost convention as a going concern, and are consistent with generally accepted accounting principles in India, and applicable accounting standards referred to in section 211(3C) of the Companies Act, 1956 .

3. **Use of Estimates**

The preparation of financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions considered in the reported amounts of the assets and liabilities (including current liabilities) as of the date of financial statements, the reported income & expenses during the reporting period and disclosure of contingent liabilities. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Future results could differ from theses estimates.

4. **Revenue Recognition**

- Sales include sale of raw materials, semi-finished goods, finished goods and scrap. Sales are recognized when goods are supplied and are recorded net of sales return, rebates, trade discounts, VAT/ Central sales tax and excise duty.
- Income from rendering of services is recognized based on agreements/arrangements either on Proportionate Completion Method or Completed Service Contract Method.
- Interest income is recognized on accrual basis.
- Dividends from investments in shares are recognized in Profit and Loss Account only when the right to receive payment is established.
- Foreign exchange fluctuation income recognized on accrual basis as per provision of Accounting Standard-11 issued by ICAI.

**5. Fixed Assets**

- Fixed assets are stated at cost of acquisition or construction less accumulated depreciation. Cost includes taxes, duties, freight, installation expenses and other non-refundable incidental expenses related to acquisition or construction. The Vat, cenvat and service tax etc. are not included in the cost the credits of which are taken by the company.
- Gains or losses arising on disposal of fixed assets are recognized in the Profit & Loss Account.
- All expenses directly as well as indirectly related to acquisition / Construction of a capital asset are treated as pre-operative expenses, and capitalized up to the date when such assets are ready for its intended use.
- Foreign exchange fluctuation on capital assets is considered as per Para 46 of Accounting Atandard-11 issued by ICAI and capitalized with value of concerned assets.

**6. Investment**

- Long term investments are valued at cost, less provision for diminution, other than temporary.
- Short term Investments are valued at cost or market value, which is lower.

**7. Depreciation**

- Depreciation on fixed assets is provided on the straight line method as per rates prescribed in Schedule XIV of the Companies Act, 1956.
- Depreciation is provided on pro-rata basis, with reference to the date of addition.
- Leasehold land is amortized over the period of lease.

**8. Inventory**

- Finished goods are valued at cost or net realizable value, whichever is lower. Reusable waste is valued at net realizable value.
- Raw materials and stores & spares are valued at cost.
- Work in progress is valued at cost.
- The cost of inventories comprises all costs of purchase (including duties for which no credit/rebate is to be received), costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Trade discounts, rebates, duty drawbacks and other similar items are deducted in determining the costs of purchase.
- The cost of inventories is arrived by using First-In-First-Out (FIFO) cost formula.
- Stock reserve on stock transfer to inter unit is reduced from value of closing stock of raw material.

**9. Borrowing Cost**

- Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, prior to the commencement of commercial production are capitalized as part of the cost of that asset. A qualifying asset is one which necessarily takes substantial period of time to get ready for its intended use.
- Other borrowing costs are charged to revenue.

**10. Foreign Exchange Transaction**

- The reporting currency of the company is the Indian rupee.
- Foreign currency transactions are recorded on initial recognition in the reporting currency, using the exchange rate at the date of the transaction.
- Exchange differences that arise on settlement of monetary item or on reporting of monetary Items at Balance Sheet date at the closing rate:
  - (c) recognized as income or expense in the period in which they arise (other than related to Fixed assets)
  - (d) adjusted in the cost of fixed assets in case of capital assets as the exchange difference arising on reporting of long term foreign currency monetary items in the line with companies (Accounting Standards) Amendment Rules 2009 relating to AS-11 notified by Government of India 31st March 2009.

**11. Retirement Benefits**

- Short term employee benefits

  All employee benefits falling due wholly within twelve months of rendering the services are classified as short term employee benefits. The benefits like salaries, wages, and directors remuneration and expected bonus (Ex-gratia and incentives not considered) are recognized as an expense at the undiscounted amount in Profit & Loss account of the year in which the related service is rendered.

- Post-employment benefits

  The company's provident fund scheme, insurance scheme, employee pension scheme and employee state insurance scheme are defined contributions plans. The contribution paid/payable under the schemes is recognized during the period in which the employee renders the related service.

- Defined benefit plan

  The employee's gratuity fund scheme (Insurance plan) managed by Life Insurance Corporation of India is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the "Projected Unit Credit Method".

- Long term benefit

  Other long term benefits (Leave encashment) are recognized as an expense in Profit & Loss account. Estimated liability on account of long term benefit on actuarial valuation using present unit credit method.

**18. Taxation**

- **Current Tax** – Provision is made for Income Tax is determined as the amount of tax payable in respect of taxable income for the year after taking into account the allowances, disallowances and exemptions available under the Income Tax Act, 1961.

- **Deferred Tax** – Deferred tax is recognized on timing differences between the accounting income and the taxable income that originate in one period and are capable of reversal in one or more periods and qualified using the tax rates and tax laws enacted or substantively enacted as at the Balance Sheet date. Deferred tax asset is recognized and carried forward to the extent there is reasonable certainty that future taxable income will be available, against which such deferred tax asset can be realized.

**19. Operating Lease**

Operating lease payments are recognized as an expenses in the Profit and Loss account on accrual basis. Lease payments relating to project under development are capitalized to respective projects.

**20. Impairment of Assets**

The company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If such indication exists, the Company estimates the recoverable amount of the assets. If such recoverable amount of the asset is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account.

**21. Intangible Assets**

- Revenue expenditure on Research and Development is charged to Profit and Loss account in the year the expenditure is incurred.
- Capital expenditure during the development phase is recognized as an asset, only if in the opinion of the management, it is feasible to complete its production, it is intended to be used or sold, it will generate future economic benefits, there are adequate resources available for its completion and it is possible to measure the expenditure incurred on it.
- Capitalized intangible assets are amortized on Straight Line basis over a period of 5 years.

**22. Miscellaneous Expenditure**

Preliminary expenditure is amortized over a period of 10 years.

**23. Provisions Contingent liabilities and contingent Assets**

Provision is recognized when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. Disclosure for contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. No provision is recognized or disclosure for contingent liability is made when there is a possible obligation or a present obligation and the likelihood of outflow of resources is remote. Contingent Asset is neither recognized nor disclosed in the financial statements.

**Annexure V**

**Notes to Restated Accounts**

**(A) Statement of adjustments in Profit and Loss Account arising out of changes in accounting policies and / or material adjustments relating to previous year / periods**

(₹ in lakhs)

| Year/Period ended | Year Ended 31.03.2011 |
|---|---|
| **Profit as per Profit & Loss Accounts (after Tax)** | **1,786.12** |
| Add/(Less) Adjustment for earlier year taxes (Refer Note 1) | 2.73 |
| Add/(Less) Adjustments for prior period expenses (Refer Note 2) | |
| a) Payment to & provision for employees | 0.11 |
| b) Administrative expenses | 2.15 |
| **Total** | **2.26** |
| **Add: Tax impact of adjustments** | (0.45) |
| **Net Profit as per Restated Profit & Loss A/c** | **1,790.66** |

**Notes:**

1) The profit & loss account of FY 2010-11 includes amount provided for on account of short income tax of FY 2009-10. The impact on account of such short income tax has been adjusted in FY 2010-11 and the corresponding effect has been given in Reserves & Surplus as on March 31, 2010.
2) The profit & loss account of FY 2010-11 includes prior period expenses relating to the FY 2009-10. For the purpose of restated financial statements, such prior period expenses pertaining FY 2009-10 have been adjusted in Reserves & Surplus as on March 31, 2010.

**(B) Material Regroupings**

a) Sales have been bifurcated into sales from manufacturing activity & sales from trading activity. Net sales have been arrived at after deducting excise duty.
b) Total manufacturing expenses is segregated into cost of material, cost of traded goods and other manufacturing expenses.
c) Keyman insurance policy is regrouped under provision & payment to employees and foreign exchange loss & loss on sale of fixed assets have been regrouped with other income.

**(C) Segment Reporting**

The Principal business of the Company is manufacturing and sale of electronics goods and components. All other activities of the Company revolve around its main business. Hence, there is only one primary reportable business segment as defined by Accounting Standard -17 as notified by the Companies (Accounting Standards) Rules, 2006.

**Annexure VI**

**Statement of Other Income**

(₹ in lakhs)

| Year/Period ended | Recurring/ Non-recurring | Related/ Not related to business Activity | Year Ended 31.03.2011 |
|---|---|---|---|
| **Profit before tax & extraordinary items** | | | **2,326.99** |

| | | | |
|---|---|---|---|
| 20% of Net profit before tax | | | 465.40 |
| **Other Income for the year** | | | |
| Profit/(Loss) on sale of fixed assets | Not Recurring | Not related | (0.65) |
| Exchange gain / (loss) | Recurring | Not related | 189.09 |
| Repair & mould | Not Recurring | Related | 1.45 |
| Job work income | Not Recurring | Related | 9.03 |
| Miscellaneous expenses written back | Not Recurring | Not Related | 59.05 |
| Interest on fixed deposits with banks | Recurring | Not Related | 33.92 |
| Insurance Claim received | Not Recurring | Related | 17.06 |
| Misc. Income | Not Recurring | Not Related | 0.45 |
| Duty Draw Back | Not Recurring | Related | 0.89 |
| **Total** | | | **310.29** |
| Other income as % of profit before tax & extraordinary items | | | 13.33% |

The classification of income as Recurring/Non-recurring and Related/Non-Related to business activity is based on the current operations and business activity of the company as determined by the management.

**Annexure VII**

**Details of Contingent Liabilities**

(₹ in lakhs)

| **Year/Period ended** | **Year Ended 31.03.2011** |
|---|---|
| Bank Guarantee given by the Company's Banker | 1,504.44 |
| Claims against company not acknowledged as debts | 35.73 |
| Letter of Credit given by the Company's Banker | 74.63 |

Note:
We have examined all the contracts, claims and litigations against the Company and have analyzed the likely impact of the same as indicated above. We certify that apart from the contingent liabilities indicated above the company does not have any other contingent liabilities.

**Annexure VIII**

**Details of Unsecured Loan**

The following is the breakup of outstanding unsecured loans for the years/period ended:

(₹ in lakhs)

| **Particulars as on Year/Period ended** | **Year Ended 31.03.2011** |
|---|---|
| From Promoters and Promoter Group Companies / Entities | 7.49 |
| From Standard Chartered Bank * | 149.54 |
| From others | 7.62 |
| **Total** | **164.65** |

* The unsecured loans taken from Standard Chartered Bank is repayable on demand. This loan is outstanding against "Invoice Discounting" facility provided by the Standard Chartered Bank against total limit of ₹ 800 lakhs. There is no security against this finance as it is a 'clean loan'. The facility is of discounting of invoices drawn by the Company and accepted by LG Electronics Limited. The facility is a revolving facility and the tenor of each discounting is maximum of 60 days. Interest rate would be as agreed between the Company and Standard Chartered Bank.

Following is the breakup of unsecured loans taken from the Promoters and Promoter Group Companies / Entities:

| **Particulars as on Year/Period ended** | **Year Ended 31.03.2011** |
|---|---|
| **From Promoters and Promoter Group Companies / Entities** | |
| Mr. Promod Gupta | 6.50 |
| Mr. Anurag Gupta | 0.99 |
| **Total** | **7.49** |

Notes:

1. No terms and condition as to repayment and interest are stipulated in respect of the unsecured loans taken from Promoters and Promoter Group Companies / Entities.
2. The said loans are repayable on demand.

**Annexure IX**

**Statement Showing age–wise analysis of Sundry Debtors**

The following is the breakup of outstanding sundry debtors for the years/period:

(₹ in lakhs)

| **Year/Period ended** | **Year Ended 31.03.2011** |
|---|---|
| **Debts outstanding exceeding six months** | |
| Considered good | 424.98 |
| Considered bad | - |
| **Other Debts (Less than 6 months)** | |
| Considered good | 3,269.54 |
| Considered bad | - |
| **Total** | **3,694.52** |

Sundry Debtors include debts due by the following firm /Companies in which Director is a Partner / Director / Member:

| **Year/Period ended** | **Year Ended 31.03.2011** |
|---|---|
| **Debts outstanding exceeding six months** | - |
| **Other Debts (Less than 6 months)** | |
| JB Electronics | 318.58 |
| Clearvision Industries Pvt. Ltd. | 430.87 |
| Bigesto Technologies Limited (earlier Bigesto Foods Limited | 1,043.85 |
| M/s PG International | 166.62 |
| **Total** | **1,959.92** |

**Annexure X**

**Statement of Loans and Advances**

(₹ in lakhs)

| **Year/Period ended** | **Year Ended 31.03.2011** |
|---|---|

| | |
|---|---|
| Advances recoverable in cash or in kind or for value to be received | 82.20 |
| **Deposits** | |
| Security Deposit with Government department and NPCL including Interest | 109.17 |
| Deposit with Excise & Custom Departments | 1,144.80 |
| Earnest money deposit with ELCOT, Chennai against tender | 0.10 |
| **Advances** | |
| Advances for Land | 82.09 |
| Advance for Income Tax | 440.14 |
| Advance to Suppliers | 518.35 |
| **Total** | **2,376.85** |

Note:
On a consolidated level, the Company has not given any loans and advances to Promoters and Promoter Group Companies / Entities.

**Annexure XI**

**Statement of Capitalization**

(₹ in lakhs)

| Particulars | Pre Issue as on March 31, 2011 | Post Issue* |
|---|---|---|
| **Borrowings** | | |
| Short Term Debt | 4,850.23 | [●] |
| Long Term Debt | 2,003.38 | [●] |
| **Total Debt** | **6,853.61** | [●] |
| **Shareholders' Funds** | | |
| Share Capital -Equity | 1,066.93 | [●] |
| Reserve & Surplus | 3467.02 | [●] |
| Less : Miscellaneous expenditure not written off | (167.34) | [●] |
| **Total Shareholders' Funds** | **4,366.61** | [●] |
| Long Term Debt / Equity Ratio | 0.46 | [●] |

* The above figures shall be disclosed on the conclusion of Book Building Process.
Note: Short Term Debt represents amount repayable within one year from March 31, 2011.

**Annexure XII**

**Tax-Shelter Statement**

(₹ in lakhs)

| Year / Period Ended | Year Ended 31.03.2011 |
|---|---|
| Net Profit/(Loss) before Tax (as restated) | 2,326.99 |
| Tax rate – Normal (as applicable) | |
| Minimum Alternate Tax (as applicable) | 19.93% |
| **Tax at Normal Tax / MAT Rates (A)** | **463.77** |
| **Adjustments :** | |
| **Permanent Difference (B)** | |
| Donation & Others | 24.44 |
| Exemption U/S 80IC | (866.73) |
| Exemption U/S 10 | - |

| | |
|---|---|
| Deduction 80G/35AC | (2.05) |
| **Total Permanent Difference** | **(844.34)** |
| **Temporary Difference (C)** | |
| Depreciation as per Books | 206.78 |
| Depreciation as per Income Tax | (551.31) |
| Expenses u/s 43B | 15.91 |
| Brought Forward Loss & Other | (3.55) |
| **Total Timing Difference** | **(332.17)** |
| **Net Adjustments (B) + (C)** | **(1,176.51)** |
| Tax Saving thereon | 234.48 |
| **Net Tax for the year / period** | **Nil** |

Notes:

1. The permanent/timing differences have been computed considering the computing of the income tax by the company for each of the respective years presented in the above statement.
2. The aforesaid statement of Tax Shelters has been prepared as per the restated summary statement of profit and losses of the company.

**Annexure XIII**

**Statement of Investments**

(₹ in lakhs)

| **Year / Period ended** | **Year Ended 31.03.2011** |
|---|---|
| **(A) Quoted Investments** | |
| UTI Mutual Fund | 14.50 |
| UTI Master Gain | 10.50 |
| SBI Magnum Insta Cash | 10.00 |
| **Total (A)** | **35.00** |
| **Aggregate market value of quoted investments** | **31.24** |

**Annexure XIV**

**Mandatory Accounting Ratios**

(₹ in lakhs)

| **Year / Period ended** | **Year Ended 31.03.2011** |
|---|---|
| **Basis of Accounting Ratios** | |
| Net Profit after tax but before Extraordinary Item (1) | 1,790.66 |
| Weighted average no. of equity shares for the purpose of EPS calculation (2) | 10,669,332 |
| Net Worth (3) | 4,366.61 |
| No. of equity shares for the purpose of NAV calculation considering issue of bonus shares (4) | 10,669,332 |
| Total No. of Shares outstanding at the end of year | 10,669,332 |
| Accounting Ratios: | |
| Earnings per share (₹) (1/2) | 16.78 |
| Return on Net Worth (%) (1/3) | 41.01% |
| Net Assets Value per share (₹) (3/4) | 40.93 |

The ratios have been computed as below:

i. Earnings per Share (₹): Net profit attributable to equity shareholders / weighted average number of equity shares outstanding as at the end of the year / period. Earnings per share are calculated in accordance with Accounting Standard 20 "Earnings Per Share", issued by the Institute of Chartered Accountants of India.
ii. Return on Net Worth (%): Net Profit after tax / Net Worth as at the end of the year / period.
iii. Net Assets Value (₹): Net worth at the end of the year / Number of Equity Shares outstanding (after adjustment for bonus shares) at the end of the year / period. For the purpose of calculation of NAV, the number of equity shares outstanding as on the last date of respective financial year and after adjustment of issue of bonus shares on March 15, 2010 has been considered
iv. Net profit, as appearing in the statement of restated profits & losses, has been considered for the purpose of computing the above ratios.

**Annexure XV**

**Statement of Dividend Paid**

(₹ in lakhs)

| **Year / Period ended** | **Year Ended 31.03.2011** |
|---|---|
| Dividend (Interim and final) | Nil |
| Dividend % | - |

**Annexure XVI**

**Related Party Transactions**

As per Accounting Standard (AS-18) on related party disclosures issued by the ICAI, the disclosures of transaction with related party are as follows:

**a) Key Management Personnel / Directors**

i. Mr. Promod Gupta
ii. Mr. Anurag Gupta
iii. Mr. Vishal Gupta
iv. Mr. Vikas Gupta

**b) Relatives of Key Management Personnel / Directors**

i. Mrs. Sudesh Gupta (resigned as Director of the Company on April 30, 2010)
ii. Mrs. Nitasha Gupta
iii. Mrs. Sarika Gupta
iv. Mrs. Neelu Gupta

**c) Enterprises owned or significantly influenced by key management personnel / Directors or their relatives**

i. Bigesto Technologies Limited (earlier Bigesto Foods Limited)
ii. M/s J.B Electronics (partnership firm)
iii. M/s Clearvision Industries (partnership firm)
iv. M/s PG International (partnership firm)
v. M/s TV Palace (partnership firm)
vi. M/s PG Electronics (partnership firm)
vii. Kushang Technologies Limited (earlier Kushang Apparels Limited)
viii. Hansali Imports Private Limited
ix. PG Electronics Components Private Limited
x. M/s PG Metals & Alloys Corporation (partnership firm)

xi. M/s PG Electronics (India) (partnership firm)
xii. M/s PG Industries (partnership firm)
xiii. M/s Electronics Media Corporation (partnership firm)
xiv. M/s Astrotech International (partnership firm)
xv. M/s PG Ispat (partnership firm)
xvi. PG Appliances Private Limited
xvii. Vrinda Infotech Private Limited
xviii. Shradha Realtech Private Limited
xix. M/s Promod Gupta & Sons (HUF)
xx. M/s Promod Gupta (sole proprietorship)
xxi. M/s DD Aggarwal & Sons (HUF)
xxii. M/s LC Aggarwal & Sons (HUF)

(₹ in lakhs)

| S. No | Name of the Party | Nature of Transaction | Volume of Transaction during the period 2010-11 | Amount outstanding as on 31st March 2011 |
|---|---|---|---|---|
| 1 | Bigesto Technologies Limited (earlier Bigesto Foods Limited) | Sales | 17,130.75 | 1043.85 |
| | | Rent Received | - | - |
| | | Purchases | 4,528.29 | 282.23 |
| | | Advance taken | - | - |
| | | Loan Given | 270.00 | - |
| | | Job Work Charges Paid | 310.36 | - |
| | | Purchase of Land | 137.60 | - |
| | | Reimbursement of Freight Inward | 3.21 | - |
| | | Recovery of Freight outward | 1.13 | - |
| | | Liquidation Damage Charges | 10.52 | - |
| | | Inspection Charges | 1.13 | - |
| 2 | J.B.Electronics | Sales | 2,565.34 | 318.58 |
| | | Loan Given | 123.00 | - |
| | | Reimbursement of Freight Outward | 1.03 | - |
| | | Discount Allowed | 0.04 | - |
| 3 | Clearvision Industries | Sales | 3,304.70 | 430.87 |
| | | Loan Given | 65.57 | - |
| | | Loan taken | 19.00 | - |
| 4 | M/s Promod Gupta | Job work charges paid | 12.51 | 0.28 |
| 5 | PG International | Sales | 1,231.85 | 166.62 |
| | | Purchase | 1,089.59 | 44.11 |
| | | Loan Given | 117.00 | - |
| | | Discount Allowed | 0.03 | - |
| | | Job Work Charges Paid | 0.03 | - |
| | | Reimbursment of Expenses ( Printing & Painting ) | 0.03 | - |

| | | | | |
|---|---|---|---|---|
| | | Reimbursment of Freight Inward | 1.67 | - |
| | | Reimbursment of Freight Outward | 1.47 | - |
| | | Recovery of Freight inward | 1.59 | - |
| | | Recovery of Freight outward | 2.21 | - |
| | | Loan Taken | 30.00 | - |
| | PG Electronics | Rent paid | 0.60 | - |
| 8 | TV Palace | Purchase of Fixed Assets | - | - |
| | | Reimbursement of Insurance Charges | 0.20 | - |
| 9 | Kushang Technologies Limited(earlier Kushang Apparels Ltd). | Advances Given | - | - |
| | | Job Work Paid | 92.05 | 0.52 |
| 11 | Mr. Promod Gupta | Director Remuneration | 27.02 | 1.51 |
| | | Loan taken | 8.50 | 6.50 |
| 12 | Mrs. Sudesh Gupta | Director Remuneration | 1.40 | - |
| 13 | Mr. Anurag Gupta | Director Remuneration | 27.02 | 1.51 |
| | | Loan taken | 95.00 | 0.99 |
| 14 | Mr. Vishal Gupta | Director Remuneration | 24.90 | 1.83 |
| | | Loan taken | 9.00 | - |
| | | Rent paid | 0.15 | - |
| 15 | Mr. Vikas Gupta | Director Remuneration | 18.44 | 1.47 |
| | | Loan taken | 5.00 | - |
| 16 | Late Mrs. Amarawati Agarawal | Rent paid | 0.60 | - |

**The details of related party transactions in the last 5 years can be summarized as under:**

(₹ in lakhs)

| PARTICULARS | Volume of transaction F.Y. 2010-11 | Amount outstanding as on 31.03.11 |
|---|---|---|
| Director remuneration | 98.78 | 6.32 |
| Discount allowed | 0.06 | - |
| Job work charges paid | 414.95 | 0.80 |
| Loan taken | 166.50 | 7.49 |
| Loan given | 575.57 | - |
| Purchase | 5,617.88 | 326.34 |
| Purchase of fixed assets | 137.60 | - |
| Rent paid | 1.35 | - |

| | | |
|---|---:|---:|
| Sales | 24,232.64 | 1,959.92 |
| Reimbursement of Expenses | 7.62 | - |
| Recovery of Expenses | 4.93 | - |
| Liquidation Damage Charges | 10.52 | - |
| Inspection Charges | 1.13 | - |
| **Total** | **31269.53** | **2300.87** |

**Annexure XVII**

**Statement of Secured Loans**

(₹ in lakhs)

| **Year/Period ended** | **Year Ended 31.03.2011** |
|---|---:|
| Term Loan from Banks | 1,916.65 |
| Short Term Loan | 603.78 |
| Cash Credit Facility | 2,151.54 |
| Vehicle Loans | 63.23 |
| LC / Buyer's credit outstading | 1945.37 |
| Principle Amount Due to UPSIDC | 8.39 |
| **Total** | **6,688.96** |

**Details of Securities against Loan**

| Name of Bank | Type of Loan | Amount sanctioned | Amount outstanding as on March 31, 2011 | Interest / Commission p.a. | Security | Repayment / Usage period |
|---|---|---|---|---|---|---|
| Standard Chartered Bank | 1. Bank Overdraft | 350.00 | 113.29 | 12.50% p.a. | 1) First exclusive charge on current assets pertaining to the contract ELCOT being financed by SCB<br>2) 2nd charge on all current assets of co. charged to SBI against reciprocal ceding of 2nd charge on Current Assets financed by SCB.<br>3)Equitable Mortgage, on first exclusive basis, of following properties:<br>(a) D37 Hosiery complex, Ph-II, Noida owned by Hansali | 3 Equal Installments at the end of 10th, 11th & 12th month of disbursement |

| | | | | | | |
|---|---|---|---|---|---|---|
| | | | | | Imports (P) Limited<br>(b) Unit No.11, Tower A, Lobe 2, 2nd Floor, Unit No 1 Tower A, Lobe 1 6th floor & Unit No 2 Tower A Lobe 1 6th floor situated at Plot No A-41, Institutional Area , Sect. 62, Noida (Owned by TV Palace)<br>4) Corporate Guarantee of Kushang Technologies Limited<br>5) Guarantee of PG Electronics (Partnership Firm) | |
| | 2. Term Loan | 2350.00 | 1700.00 | 11.25% for ₹ 2.5 cr, 11.85% for ₹ 5.5 cr, 13.00% for 9.00 cr p.a. | Exclusive charges on following:<br>a)D37 Hosiery complex, Ph-II, Noida owned by Hansali Imports (P) Ltd.<br>b)Unit No.11, Tower A, Lobe 2, 2nd Floor, Unit No 1 Tower A, Lobe 1 6th floor & Unit No 2 Tower A Lobe 1 6th floor situated at Plot No A-41, Institutional Area , Sect. 62, Noida ( Owned by TV palace)<br>c)Personal Guarantee of Mr. Promod Gupta, Mr. Anurag Gupta, Mr. Vishal Gupta, Mr. Vikas Gupta<br>d) Corporate guarantee of Kushang Technologies Ltd.<br>e) Guarantee of PG Electronics(Partnership Firm)<br>f) Exclusive charge over land and building funded by SCB at Greater Noida situated at Noida E-15 & E-14, Site - B, UPSIDC, Surajpur Industrial | In 49 equal installments commencing from end of 12th month of disbursement |

| | | | | | | |
|---|---|---|---|---|---|---|
| | | | | | Area, Gautam Budh Nagar and at A-20/2, MIDC SUPA, Ahmednagar Pune (Maharashtra)<br>g) Exclusive charges over Plant & Machinery and other Immovable Assets and on Stock & Receivable at Greater Noida Unit (New Unit financed by SCB) and Ahmednagar Unit. | |
| | 3. Letter of Credit (USD 30,00,00 @₹ 45) | 1350.00 | 1,183.68 | 2.50% p.a. | | Maximum usance 360 days |
| | 4. Short Term Loan | 1200.00 | - | 12.00% | | Tenure 90 days |
| | Sub limit: Bank Overdraft | 500.00 | 490.50 | 12.00% | | |
| State Bank of India | 1. Term Loan – I | 100.00 | 21.45 | 13.50% | 1) First hypothecation & mortgage charge over entire fixed & moveable assets present & future, including E.M of property situated at Plot- P-4/2,4/3,4/4,4/5, Site-B, Surajpur, G.Noida of factory Land & Building of the Company<br>2) Collateral Security :-<br>a) Second charge on entire current assets of Unit-I & Unit-II of the Co.<br>b) Mortgage of leasehold rights (for 29 year, valid up to May 2036) of factory land measuring 14760 sq. mtr owned by P G Electronics (Partnership Firm)<br>3) a). Personal Guarantee of following :- | 60 monthly installment w.e.f. April, 2008 i.e. 20 monthly @₹ 1 lac & 40 monthly @₹ 2 lacs |

| | | | | | | |
|---|---|---|---|---|---|---|
| | | | | | Mr. Promod Gupta, Mr. Anurag Gupta, Mr. Vishal Gupta, Mr. Vikas Gupta<br>b) Corporate Guarantee of Kushang Technologies Ltd. (Kushang Apparel Ltd.)<br>c) Guarantee of PG Electronics (Partnership firm) | |
| | 2. Term Loan – II | 440.00 | 195.20 | 14.00% | | 60 monthly installments w.e.f. April 08 i.e. 12 monthly inst. of ₹ 5.91 lac, 24 monthly inst. of ₹ 7.10 lac, 12 monthly inst. of ₹ 7.57 lacs & 12 month inst. of ₹ 8.99 lac |
| | 3. One Time LC for import of Capital Goods | 400.00 | 403.45 | | Same as above | |
| | 4. Cash Credit (Hyp of Stock) | 1650.00 | 2151.54* | 14.00% | 1) First pari- passu charge on entire C.A of the Unit - I & Unit - II of the Company<br>2. Collateral Security:-<br>a) Extension of first charge on all F.A Including Equitable Mortgage of property situated at plot-P-4/2 to 4/5, Site-B measuring 13967 mtr, Surajpur G. Noida<br>b) Mortgage of leasehold rights (for 29 year, valid up to May 2036) of factory land measuring 14760sq. mtr owned by P G electronics(Partnership Firm)<br>3) a. Personal Guarantee of following | On Demand |

| | | | | | | |
|---|---|---|---|---|---|---|
| | | | | | Directors :-<br>Promod Gupta, Anurag Gupta, Vishal Gupta, Vikas Gupta<br>b) Corporate Guarantee of Kushang Technologies Ltd.<br>c) Guarantee of PG Electronics (Partnership firm) | |
| | Buyers Credit | 800.00 | 358.23 | | Same as above | On Demand |
| UPSIDC | Deferred Payment Credit | 10.18 | 8.39 | 16.00% as per allotment letter | Hypothecation of Plot No.: - P-4/6, Site B, Surajpur, Greater Noida | 10 equal half yearly installment commencing from July 2010 |
| ICICI Bank | Car Loan | 22.85 | 15.07 | | Hypothecation of Car Reg No.: DL3CAX5129,<br>DL1CM2241,<br>UP17E3313,<br>UK0850063 | 36 EMI of ₹ 0.17 lakh,<br>36 EMI of ₹ 0.32 lakh,<br>36 EMI of ₹ 0.13 lakh,<br>36 EMI of ₹ 0.13 lakh |
| Tata Capital | Car Loan | 17.62 | 16.32 | | Hypothecation of Car Reg No.: DL1CM2916,<br>DL8CL8973, | 36 EMI of ₹ 0.23 lakh,<br>36 EMI of ₹ 0.33 lakh |
| HDFC Bank | Car Loan | 36.00 | 24.60 | | Hypothecation of Car Reg No.: DL1CM1809 | 36 EMI of ₹ 1.11 lakh |
| Axis Bank | Car Loan | 13.50 | 7.24 | | Hypothecation of Car Reg No.: DL1CM0513,<br>DL3CBF7608 | 36 EMI of ₹ 0.31 lakh,<br>37 EMI of ₹ 0.11 lakh |

*The Balance as per Bank was ₹ 1299.25 Lacs as on 31.03.2011.

## MANAGEMENT'S 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 unconsolidated financial statements (as restated) for the five financial years ended March 31, 2011, March 31, 2010, March 31, 2009, March 31, 2008, and March 31, 2007 including the schedules, annexure and notes thereto and the reports thereon, which appear in the section titled "Financial Statements of the Company" beginning on page no. 154 of this Red Herring Prospectus. You are also advised to read the section titled "Risk Factors" beginning on page no. iii 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, 1956 and the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and restated as described in Auditors' Report of M/s Hem Sandeep & Company, Chartered Accountants, dated June 14, 2011.

The following discussions are based on our restated unconsolidated financial statements for the five financial years ended March 31, 2011, March 31, 2010, March 31, 2009, March 31, 2008, and March 31, 2007 which have been prepared in accordance with Indian GAAP, the Companies Act, 1956 and the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 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.

**Indian electronics industry**

Indian Electronics Industry is a high growth industry which is attracting global attention as apart from a growing market, it also has the potential to deliver high quality product at a lower cost than its western counterparts. Sensing vast opportunity, this has led to many global players setting up their production base in the country. Production by the industry is estimated to account for about 2.5% of the country's GDP in FY 2011, an increase from ~1.74% in FY 2006.

The electronics industry consists of electronics hardware and can be broadly classified into six main verticals viz. consumer electronics, communication & broadcast equipments, industrial electronics, computer hardware, components, and strategic electronics. Consumer electronics is the largest segment of the Indian electronics industry closely followed by the communication & broadcasting equipments segment.

India is a net importer of electronics goods, which however has declined in FY 2010 from the previous year. Declining prices of electronics goods coupled with appreciating rupee are the probable reasons for decline registered by imports, which otherwise has grown over the FY 2006-09 period. The major demand drivers of the industry are:

- Advent of new technologies, increasing expenditure by companies on electronics products, and several government initiatives coupled with favourable population, increasing personal disposable income and declining prices of the electronics goods are the major demand drivers of the electronics industry.
- Use of electronics products to augment production/ other activity by automating processes has been resulting in more and more companies adopting the newer technology that is helping growth of the electronics industry.
- Government initiatives for the better governance through effective administration can be achieved through the use of technology. Plan like e-governance is aimed to achieve such initiative of the government that is likely to drive demand for electronic goods.

*Source: Ministry of IT; DGCIS; D&B Research, July 2011*

**Our Company's Overview**
Our Company is an Electronic Manufacturing Services (EMS) provider for Original Equipment Manufacturers (OEMs) of consumer electronic products in India. We manufacture and/or assemble a comprehensive range of consumer electronic components and finished products such as colour television (CTV) sets & components, air conditioners (ACs) sub-assemblies, DVD players, water purifiers and Compact Fluorescent Lamps (CFL) for third parties. As backward integration, we also do plastic injection moulding and manufacture Printed Circuit Boards (PCB) assemblies for CTVs, DVD players and CFL. Some of our clients include leading brands in the electronic products market.

We have four operational manufacturing facilities located at Greater Noida in Uttar Pradesh (Unit I and Unit III), at Roorkee in Uttrakhand (Unit II), and at Ahmednagar in Maharashtra (Unit IV). We commenced manufacturing operations at Unit I in Greater Noida facility in FY 2002-03, at Unit II in Roorkee facility in FY 2007-08, at Unit III in Greater Noida in FY 2011-12 and at Unit IV in Ahmednagar in FY 2010-11. At present, we have a consolidated installed capacity of manufacturing 16,00,000 pieces p.a. of PCB assemblies for CTVs and DVD players; 16,056 tonnes p.a. for plastic injection moulding; 16,05,000 sets p.a. of CTVs; 30,00,000 pieces p.a. of PCB assemblies for CFL; 30,00,000 pieces p.a. of CFL assemblies; and 3,00,000 pieces of DVD players at our manufacturing facilities in Greater Noida (Unit I and Unit III), Roorkee (Unit II) and Ahmednagar (Unit IV). We recently have set up manufacturing units for plastic injection moulding under Phase I at Unit III and IV in the months of July 2011 and March 2011 respectively with total installed capacity of 3,000 tonnes p.a. and 5,675 tonnes p.a. respectively. However, with addition of balance plant & machinery at Unit III, this capacity will increase upto 3,600 tonnes p.a. by September 2011. We also intend to further expand the installed capacities of Unit III and Unit IV, under Phase II, by funds to be raised through this Issue. For details relating to the proposed expansion during Phase I and Phase II, please refer to the section titled 'Objects of the Issue' beginning on page no. 28 of this Red Herring Prospectus.

**Factors affecting results of our operations**

Our results of operations could potentially be affected by the following factors:

- Dependence on the regular orders received from our customers
- Volatility in the prices of raw materials
- Availability of skilled labour and technical staff
- Timely availability of funds
- Our ability to scale operations
- Competition
- Compliance with necessary regulatory norms
- General economic conditions in India

**Overview of our results of operations**

***Income***
Our total income comprises of our income from operations, which includes:
a) Income from the sale of electronic products and components manufactured us.
b) Income from trading activities
c) Other income

**Income from sale of electronic products and components manufactured by us**

We manufacture and/or assemble and sell consumer electronic components and finished products such as colour television (CTV) sets & components, air conditioners (ACs) sub-assemblies, DVD players and compact fluorescent lamps (CFL).

**Income from trading activities**

Trading income represents revenue from sale of scraps; and sale of components and plastic raw materials.

The revenue generated from the sale of our products during the last three years is as under:

(₹ in lakhs)

| Products | FY 2010-11 | | FY 2009-10 | | FY 2008-09 | | FY 2007-08 | |
|---|---|---|---|---|---|---|---|---|
| | Amount | % of total sales | Amount | % of total sales | Amount | % of total sales | Amount | % of total sales |
| PCB assemblies (CTV and DVD) * | 217.66 | 0.48% | - | - | - | - | - | - |
| PCB assemblies (CFL) | 25.00 | 0.06% | - | - | - | - | - | - |
| Plastic injection moulding | 7,783.68 | 17.37% | 6,318.18 | 17.0% | 4,896.71 | 36.2% | 4,694.42 | 45.7% |
| Colour TVs | 34,426.18 | 76.83% | 25,347.25 | 68.3% | 3,284.48 | 24.3% | 1,747.19 | 17.1% |
| CFL | 734.53 | 1.64% | 0.02 | 0.0% | - | - | - | - |
| DVD players | 343.66 | 0.77% | 3,259.00 | 8.8% | 2,551.71 | 18.9% | 2,731.97 | 26.8% |
| Trading Income** | 1,278.20 | 2.85% | 2,188.03 | 5.9% | 2,801.28 | 20.7% | 1,038.22 | 10.2% |
| **Total** | **44,808.91** | **100.0%** | **37,112.48** | **100.0%** | **13,534.18** | **100.0%** | **10,211.80** | **100.0%** |

** PCB assemblies for CTV & DVD are primarily used for our captive consumption.*

*** Trading income represents revenue from sale of components & plastic raw materials and from sale of scrap materials.*

***Dependence on single or few major customers***

We alongwith our Promoter Group Companies viz. PG International and Bigesto Technologies Limited (formerly Bigesto Foods Limited) were awarded different tenders during 2008-09, 2009-10 and 2010-11 through Global Competitive Bidding for supplying 14” colour TV sets to Electronic Corporation of Tamil Nadu (ELCOT), an undertaking of Tamil Nadu Government. During 2008-09, 2009-10 and 2010-11, our sales of products manufactured by our Company to Promoter Group Entities on account of ELCOT orders were 5.18%, 43.64% and 50.94% respectively, which was significant. Therefore, we are dependent on a limited number of customers for a significant portion of our revenues. Our top five customers contributed more than 93.78% of our sales during 2010-11. Out of this, the top customer accounted for 40.91% of our total income and the next four contributed 52.87% of our total revenue, which are related to our Promoter Group Entities. Any loss of business or significant reduction in the volume of work from ELCOT or any of the top customer(s) could adversely affect our revenues and profitability.

**Other income**

Other income includes exchange gain / (loss), profit on investments, interest on fixed deposits with banks and other miscellaneous income.

*Expenditure*
Our total expenditure is accounted for under the following heads:

**Cost of material**
The materials consumed by us in manufacturing of electronic goods are High Impact Poly Styrene (HIPS), Acrylonitrile Butadiene Styrene (ABS), Poly Propylene, bare PCB boards, Fly Back Transformer (FBT) and Tuner, colour picture tubes (CPT), cabinets and metal parts & optical loaders for DVD players.

**Cost of traded goods**
Cost of traded goods include cost of components and products purchased by our Company for trading purposes.

**Manufacturing expenses**
Manufacturing expenses include expenses incurred on job work charges, printing and painting charges, wages, power & fuel, freight & cartage, repair & maintenance on machinery etc.

**Payment to & provision for employees**
Payment to & provision for employees include salaries and wages, Directors' remuneration, gratuity, contribution to provident fund etc.

**Administrative expenses**
Administrative expenses include expenses on legal & professional charges, travelling & conveyance, electricity & lighting expenses, insurance, ROC charges, office expenses, insurance expenses, auditors' fees and other miscellaneous charges.

**Interest and financial charges**
The interest and financial charges include interest payable by us for short term and long term loans including working capital loans, interest on unsecured loans, charges on Letter of Credit, facility processing fees, etc.

**Depreciation**
This includes depreciation/amortization on factory building, plant and machinery, electrical installations, furniture & fixtures, office equipments, motor vehicles etc.

**Provision for taxation**
Income taxes are accounted for on accordance with AS-22, issued by ICAI on "Accounting for Taxes on Income". Taxes comprise current tax, deferred tax & fringe benefit tax.

***Analysis on results of financial operations***

(₹ in lakhs)

| Year/Period ended | Year Ended 31.03.2011 | Year Ended 31.03.2010 | Year Ended 31.03.2009 | Year Ended 31.03.2008 | Year Ended 31.03.2007 |
|---|---|---|---|---|---|
| **Income** | | | | | |
| Sale from products manufactured by the Company | 43,617.58 | 34,924.45 | 10,743.60 | 9,173.58 | 5,058.04 |
| Sale from products traded by the | 1,191.33 | 2,188.03 | 2,790.57 | 1,038.22 | 57.47 |

| | | | | | |
|---|---|---|---|---|---|
| Company | | | | | |
| Less: Excise duty | (2,411.81) | (1,683.07) | (936.98) | (916.24) | (726.44) |
| **Net Sales** | **42,397.10** | **35,429.41** | **12,597.19** | **9,295.56** | **4,389.07** |
| Other Income | 310.29 | 150.31 | (9.75) | 37.06 | 12.56 |
| Increase/ (Decrease) in Inventories | 46.30 | (243.96) | 214.28 | 202.53 | 41.61 |
| **Total Income** | **42,753.69** | **35,335.76** | **12,801.72** | **9,535.15** | **4,443.24** |
| **Expenditure** | | | | | |
| Cost of material | 35,895.04 | 29,393.40 | 8,688.02 | 7,009.76 | 3,288.24 |
| Cost of Traded Goods | 1,172.12 | 2,137.20 | 2,293.83 | 1,021.03 | 52.14 |
| Manufacturing expenses | 1,707.65 | 1,174.15 | 690.97 | 537.85 | 389.95 |
| Payment to & provision for employees | 502.94 | 447.16 | 394.58 | 433.43 | 352.70 |
| Administrative expenses | 384.75 | 328.91 | 209.37 | 209.58 | 159.17 |
| Interest and financial charges | 555.65 | 433.08 | 232.36 | 131.29 | 75.48 |
| Depreciation | 206.78 | 136.33 | 126.32 | 82.25 | 67.15 |
| Service tax paid | 2.72 | 2.68 | 1.08 | 3.20 | 0.71 |
| Preliminary expenses written off. | 0.22 | 0.22 | 0.22 | 0.22 | 0.22 |
| **Total Expenditure** | **40,427.87** | **34,053.13** | **12,636.75** | **9,428.61** | **4,385.76** |
| **Profit before tax and extraordinary items** | **2,325.82** | **1,282.63** | **164.97** | **106.54** | **57.48** |
| **Provision for taxation** | | | | | |
| Income tax | 463.55 | 232.17 | 19.57 | 22.49 | 7.35 |
| Fringe benefit tax | - | - | 5.11 | 6.81 | 6.35 |
| Less/ (Add) Deferred tax | 72.41 | 46.68 | 25.84 | 29.56 | 20.33 |
| **Profit after Tax before extraordinary items** | **1,789.86** | **1,003.78** | **114.45** | **47.68** | **23.45** |
| Extraordinary items | - | - | - | - | - |
| **Net Profit after tax & extraordinary items, as restated** | **1,789.86** | **1,003.78** | **114.45** | **47.68** | **23.45** |

**Comparison of FY 2010-11 with FY 2009-10**

*Net Sales*

Net sales increased by 19.67% to ₹ 42,397.10 lakhs in FY 2010-11 from ₹ 35,429.41 lakhs in FY 2009-10. The reason for increase in net sales was due to rise in manufacturing sales to ₹ 43,617.58 lakhs in FY 2010-11 from ₹ 34,924.45 lakhs in FY 2009-10 representing an increase of 24.89%. During FY 2010-11, the sale of CTVs increased by 35.82% to ₹ 34,426.18 lakhs from ₹ 25,347.25 lakhs in FY 2009-10. The increase in sales of CTVs was mainly on account of increased sales of 14" CTVs to Tamil Nadu Government (the ELCOT order). Our Company had received an order of ₹ 13500 lakhs from the Tamil Nadu Government, which were majorily supplied during FY 2010-11 and FY 2009-10. We had installed an assembly line of CTVs in February 2009 at our Unit I and Unit II, which resulted in full year production in FY 2010-11 and FY 2009-10.

The income from sale of traded products decreased by 45.55% to ₹ 1,191.33 lakhs lakhs in FY 2010-11 from ₹ 2,188.03 lakhs in FY 2009-10 due to decrease in trading of components and plastic raw materials owing to increased focus on manufacturing activities.

*Other Income*

Other income increased to ₹ 310.29 lakhs in FY 2009-10 from ₹ 150.31 lakhs in FY 2008-09 due to increase in interest income on fixed deposits with the banks and foreign exchange rate gain, miscellaneous expenses written back and insurance claim received.

**Cost of material**

The cost of materials consumed by us increased by 22.12% to ₹ 35,895.04 lakhs in FY 2009-10 from ₹ 29,393.40 lakhs in FY 2009-10, which is in line with the increase in sale from products manufactured by our Company.

**Cost of Traded goods**

The cost of traded goods decreased to ₹ 1,172.12 lakhs in FY 2010-11 from ₹ 2,137.20 lakhs in FY 2009-10, a decrease of 45.16%. The decrease in cost of traded goods was in line with the decrease in sale from products traded by our Company.

**Manufacturing expenses**

Expenditure incurred on manufacturing increased by 45.44% to ₹ 1,707.65 lakhs in FY 2010-11 from ₹ 1,174.15 lakhs in FY 2009-10. Manufacturing expenses as percentage to manufacturing sales were 3.9% in FY 2010-11, as compared to 3.4% in FY 2009-10. The increase in manufacturing expenses was in line with the increase in sale from products manufactured by our Company.

**Payment to & provision for employees**

The expenditure on employee costs increased to ₹ 502.94 lakhs in FY 2010-11 from ₹ 447.16 lakhs in FY 2009-10, an increase of 12.47% over the last year. The employee cost was 1.19% of the total income in FY 2010-11 as against 1.26% in FY 2009-10. The increase in employee cost in absolute terms is in line with the increase in production levels, however in percentage terms, the employee cost decreased on account of higher level of production during 2010-11.

**Administrative expenses**

Administrative expenses increased by 16.98% to ₹ 384.75 lakhs in FY 2010-11 from ₹ 328.91 lakhs in FY 2009-10. The less than proportionate increase in the administrative expenses was on account of higher level of manufacturing activity during FY 2010-11.

**Interest and financial charges**

Our interest and financial charges increased by 28.3% to ₹ 555.65 lakhs in FY 2010-11 from ₹ 433.08 lakhs in FY 2008-09 due to additional short-term loans and working capital facilities for the orders received from the Tamil Nadu Government (the ELCOT order).

**Depreciation**

Depreciation increased by 51.68% to ₹ 206.78 lakhs in FY 2009-10 from ₹ 136.33 lakhs in FY 2008-09. The increase in depreciation was mainly due to the Unit IV coming up at Ahmednagar.

**Profit before Tax**

The profit before tax increased by 83.44% to ₹ 2,352.82 lakhs in FY 2010-11 from ₹ 1282.63 lakhs in FY 2009-10. Profit before tax as a percentage to total income increased to 5.4% in FY 2010-11 from 3.6% in FY 2009-10. The increase in profit before tax was as a result of increased sales and improved operational efficiencies during the year.

**Comparison of FY 2009-10 with FY 2008-09**

*Net Sales*

Net sales increased by 181.2% to ₹ 35,429.41 lakhs in FY 2009-10 from ₹ 12,597.19 lakhs in FY 2008-09. The reason for increase in net sales was due to rise in manufacturing sales to ₹ 34,924.45 lakhs, which increased by 225.1% during FY 2009-10 on account of receipt of order from Tamil Nadu Government for supplying 14" colour televisions. The total order value amounting was ₹ 13500 lakhs, which were majorily supplied during 2009-10. Accordingly, the assembly line of CTVs was installed in February 2009 at our Unit I and Unit II, which resulted in full year production in FY 2009-10.

The income from sale of traded products decreased by 21.6% to ₹ 2,188.03 lakhs in FY 2009-10 from ₹ 2,790.57 lakhs in FY 2008-09 due to decrease in trading of components and plastic raw materials owing to increased focus on manufacturing activities.

*Other Income*

Other income increased to ₹ 150.31 lakhs in FY 2009-10 from a loss of ₹ 9.75 lakhs in FY 2008-09 due to increase in interest income on fixed deposits with the banks and foreign exchange rate gain of ₹ 118.20 lakhs compared to foreign exchange loss of ₹ 20.59 lakhs in FY 2008-09.

**Cost of material**

The cost of materials consumed by us increased by 238.32% to ₹ 29,393.40 lakhs in FY 2009-10 from ₹ 8688.02 lakhs in FY 2008-09, which is in line with the increase in net sales.

**Cost of Traded goods**

The cost of traded goods decreased to ₹ 2,137.20 lakhs in FY 2009-10 from ₹ 2,293.83 lakhs in FY 2008-09, a decrease of 6.83% over the last year. The decrease in cost of traded goods was due to the decrease in sale from products traded by our Company.

**Manufacturing expenses**

Expenditure incurred on manufacturing increased by 69.9% to ₹ 1174.15 lakhs in FY 2009-10 from ₹ 690.97 lakhs in FY 2008-09, which is in line with the increase in net sales during the year. Manufacturing expenses as a percentage to manufacturing sales reduced to 3.4% in FY 2009-10 from 6.4% in FY 2008-09 due to economies of scale.

**Payment to & provision for employees**

The expenditure on employee costs increased to ₹ 447.16 lakhs in FY 2009-10 from ₹ 394.58 lakhs in FY 2008-09. The employee cost was 1.3% of the total income in FY 2009-10 as against 3.1% in FY 2008-09. The employee cost increased in absolute terms, which is in line with the increase in production levels, however in percentage terms, the cost decreased on account of higher level of production during 2009-10.

**Administrative expenses**

Administrative expenses increased by 57.1% to ₹ 326.76 lakhs in FY 2009-10 from ₹ 209.37 lakhs in FY 2008-09, which is in line with the increase in net sales. As a percentage to total income, administrative expenses reduced to 0.9% in FY 2009-10 compared to 1.6% in FY 2008-09 because of economies of scale.

**Interest and financial charges**

Our interest and financial charges increased by 86.4% to ₹ 433.08 lakhs in FY 2009-10 from ₹ 232.36 lakhs in FY 2008-09 due to increase in term loans and working capital facilities. As a percentage to total income, interest and financial charges reduced marginally to 1.2% in FY 2009-10 from 1.8% in FY 2008-09.

**Depreciation**
Depreciation expenses increased by 7.9% to ₹ 136.33 lakhs in FY 2009-10 from ₹ 126.32 lakhs in FY 2008-09. The increase in depreciation was mainly due to additions of ₹ 1,173.24 lakhs to the fixed assets during the FY 2009-10.

**Profit before Tax**
The profit before tax increased by 677.5% to ₹ 1,282.63 lakhs in FY 2009-10 from ₹ 164.97 lakhs in FY 2008-09. Profit before tax as a percentage to total income increased to 3.6% in FY 2009-10 from 1.3% in FY 2008-09. The increase in profit before tax was as a result of increased sales and improved operational efficiencies during the year.

**Comparison of FY 2008-09 with FY 2007-08**

*Net Sales*
Net sales increased by 35.5% to ₹ 12,597.19 lakhs in FY 2008-09 from ₹ 9,295.56 lakhs in FY 2007-08. The reason for increase in net sales was due to rise in manufacturing sales, which increased by 17.1% in FY 2008-09 on account of higher production. The primary reason for increase in net sales was increased sale of CTVs, plastic injected moulded products and sale of traded products which increased by 87.99%, 4.3% and 168.8% respectively. The increase in CTVs was on account of higher capacity utilization at Unit II and commencement of commercial production at Unit I at Greater Noida. However, during FY 2008-09, sale of DVDs decreased by 6.6% on account of lower demand.

*Other Income*
Other income decreased by 126.3% to a loss of ₹ 9.75 lakhs in FY 2008-09 compared to positive income of ₹ 37.06 lakhs in FY 2007-08. The major components of other income in FY 2008-09 included an interest income of ₹ 7.69 lakhs and foreign exchange loss of ₹ 20.59 lakhs; while the major components of other income in FY 2007-08 included foreign exchange gain of ₹ 9.95 lakhs, job work income of ₹ 21.44 lakhs, dividend income of ₹ 4.51 lakhs and interest income of ₹ 2.61 lakhs.

**Cost of material**
The cost of materials consumed by us increased by 36.7% to ₹ 10,981.85 lakhs in FY 2008-09 from ₹ 8,030.79 lakhs in FY 2007-08, which is in line with the increase in net sales.

**Cost of Traded goods**
The cost of traded goods increased to ₹ 2,293.83 lakhs in FY 2008-09 from ₹ 1,021.03 lakhs in FY 2007-08, an increase of 124.7% over the last year. The increase in cost of traded goods was in line with the increase in sale from products traded by our Company.

**Manufacturing expenses**
Expenditure incurred on manufacturing increased by 28.5% to ₹ 690.97 lakhs in FY 2008-09 from ₹ 537.85 lakhs in FY 2007-08, which is in line with the increase in net sales during the year. Manufacturing expenses as a percentage to manufacturing sales increased to 6.4% in FY 2008-09 from 5.9% in FY 2007-08.

**Payment to & provision for employees**
The expenditure on employee costs decreased by 9.0% to ₹ 394.58 lakhs in FY 2008-09 from ₹ 433.43 lakhs in FY 2007-08. Employee cost was 3.1% of the total income in FY 2008-09 as against 4.5% in FY 2007-08 as a result of implementation of lean manufacturing systems in that year.

**Administrative expenses**
Administrative expenses decreased marginally by 0.1% to ₹ 209.37 lakhs in FY 2008-09 from ₹ 209.58 lakhs in FY 2007-08. As a percentage to total income, administrative expenses reduced to 1.6% in FY 2008-09 compared to 2.2% in FY 2007-08 due to decrease in legal & professional charges and insurance expenses.

**Interest and financial charges**
The interest and financial charges increased by 77.0% to ₹ 232.36 lakhs in FY 2008-09 from ₹ 131.29 lakhs in FY 2007-08 due to increase in term loans and working capital facilities.

**Depreciation**
Depreciation expenses increased by 53.6% to ₹ 126.32 lakhs in FY 2008-09 from ₹ 82.25 lakhs in FY 2007-08. The increase in depreciation was mainly due to additions of fixed assets during the FY 2008-09.

**Profit before Tax**
The profit before tax increased by 54.8% to ₹ 164.97 lakhs in FY 2008-09 from ₹ 106.54 lakhs in FY 2007-08. The increase in profit before tax was as a result of increased sales. Profit before tax as a percentage to total income increased marginally to 1.3% in FY 2008-09 from 1.1% in FY 2007-08.

**Other Matters**

***Unusual or infrequent events or transactions***
There are no unusual or infrequent events or transactions that have significantly affected our business.

***Significant economic changes that materially affected or are likely to affect income from continuing operations***
Except as described in this Red Herring Prospectus in general, "Risk Factors" on page no. iii and this section in particular, to the best of our knowledge and belief, there are no significant economic changes that materially affected Company's operations or are likely to affect income from continuing operations.

***Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations.***
There are no known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations except as described in the section titled "Risk Factors" on page no. iii and in "Management Discussion and Analysis of Financial Condition and Results of Operations" appearing on page no. 175 of this Red Herring Prospectus, to the best of our Company's knowledge.

***Future changes in relationship between costs and revenues***
Other than as described in the sections titled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages iii and 175 respectively of this Red Herring Prospectus and elsewhere in this Red Herring Prospectus, there are to the best of our knowledge, no known factors which would have a material adverse impact on the relationship between costs and income of our Company.

***Increases in net sales or revenue and introduction of new products or services or increased sales prices***

Increases in revenues are as a result of increases in volume of manufacturing activity carried out by our Company at our present and proposed manufacturing units.

***Total turnover of each major industry segment in which the Company operated***
Our Company operates in only one Industry Segment i.e. the electronics industry.

***Status of any publicly announced New Products or Business Segment***
Our Company has not announced any new products or business segment, except for setting up of PCB and CFL assembly lines in 2010-11 and introduction of Water Purifier as a new product in FY 2011-12.

***Seasonality of business***
Our Company's business is not seasonal in nature.

***Dependence on a single or few suppliers or customers***
We source our raw materials from a number of suppliers and do not have excessive dependence on any single supplier. We do depend on few customers for selling our products since our top customer accounts for 40.91% of our sales during FY 2010-11. Our top five customers account for 93.78% of our total revenue. For details of dependence on a single or few customers, please refer to page no. 177 of this Red Herring Prospectus.

***Competitive conditions***
We face competition from existing players in our industry.

***Details of material developments after the date of last balance sheet***
No other circumstances have arisen, since the date of the last financial statement until the date of filing of this Red Herring Prospectus with SEBI, which materially and adversely affect or is likely to affect the operations or profitability of our Company, or value of its assets, or its ability to pay its liability within twelve months.

## SECTION VI: LEGAL AND OTHER INFORMATION

## OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

Except as stated herein, there are no outstanding or pending litigation, suits, civil prosecution, criminal proceeding or tax liabilities against our company, or against any other company whose outcome could have a materially adverse effect on the operations and finances of the our company. Specifically, there are no proceedings initiated for economic offences, or non compliance with securities laws and any other offences including past cases where penalties were imposed, nor any prosecution under any enactment in respect of Schedule XIII of the Companies Act, 1956. There are no defaults, non payment of statutory dues and no disciplinary action has ever been taken by SEBI or any stock exchange against our Company.

Further there is no show-cause notices/claims served on our Company, our Promoters, our Directors or Promoter Group from any statutory authority/revenue authority that would have a material adverse affect on our business except as mentioned hereinafter.

As per the audited restated unconsolidated financial statements, for the period ended March 31, 2011, we have following outstanding contingent liabilities:

(₹ in lakhs)

| Particulars | March 31, 2011 |
|---|---|
| Bank Guarantee given by the Company's Banker | 1,504.44 |
| Claims against company not acknowledged as debts | 35.73 |
| Letter of Credit given by Company's banker | 74.63 |
| **Total** | **1,614.80** |

### I. OUTSTANDING LITIGATION INVOLVING OUR COMPANY AND OUR DIRECTORS:

There is no litigation pending against or filed by our Company and our Directors involving criminal offences, securities and economic laws, statutory, civil and labour laws except as stated herein below: The summary of the cases is as follows:-

| Type | Total Number (Show Cause notices /cases) | Amount involved (₹ in Lakhs) | Nature of Case |
|---|---|---|---|
| **Litigation against our Company** | | | |
| Income Tax | One | 0.57 | Notice of demand under Section 156 of the Income Tax Act, 1961. |
| Customs and Central Excise | Seven | 7.52 | Six Show Cause Notices and one recovery notice for Cenvat Credit of Special Additional Duty. |
| Labour | Two | 2.40 | One claim u/s 36- Labour (1) CP/706/07 and the other u/s 20(2) of the Minimum Wages Act, 1936 |
| Central Sales Tax | Two | 97.40 | The claims are for financial years 2007-2008 (April, 2007 to December, 2007), 2008-2009, and 2009-2010 |
| Directorate of Revenue Intelligence (DRI) | One | 130 | Directorate of Revenue Intelligence (DRI) had conducted search and seizure on the factory premises of the Company and the residence of the Promoters, on March 08, 2011. The Company has deposited anti- dumping duty to the extent of ₹ 130 Lacs. |

| | | | |
|---|---|---|---|
| **TOTAL** | | **237.89** | |
| **Litigation by our Company** | | | |
| Customs | One | 0.20 | Appeal filed against the order passed by the Office of the Commissioner of Customs (Report & Refund Section, New Customs House, New Delhi). The Commissioner of Customs rejected the said appeal filed by the Company for refund of ₹ 0.20 lacs on account of excess duty of Customs. No further appeal has been filed by our Company against the said order. |
| **TOTAL** | | **0.20** | |
| **Litigation against the Subsidiary Company** | | | |
| Civil suit for encroachment | One | No amount has been claimed | The case has been filed before the Lower District Court at Parner. The Hon'ble Court passed an injunction order restraining the company from any further construction activity on said plot till the final decision |
| **TOTAL** | | **Nil** | |
| **Litigation against the Group Companies** | | | |
| Customs and Central Excise | Six | 411.13 | Four show cause notices issued by the Central Excise Department to Bigesto Food Pvt. Ltd. and two show cause notices issued to Clearvision Industries by the Customs & Central Excise Department and the Deputy Commissioner, Central Excise respectively. |
| Service Tax | Six | 1.24 | Six show cause notices issued by Central Excise Department against Clearvision Industries regarding service tax on telephone/mobile, courier /security, vehicle/general. |
| Central Sales Tax | Two | 9.39 | Bigesto Technologies Ltd. is due to pay an amount of ₹ 0.00018 lac and ₹ 9.39 lacs for the returns filed for the Assessment Years 2007-08 (April 07-Dec. 07) and 2007-08 (Jan 08 – March 08) respectively as per the order passed by the Joint Commissioner of Commercial Tax, Noida. |
| Income tax | Three | 1.62 | Assessment Orders under section 143(3) and 271(1) of the Income Tax Act for the years 2007-08, 2008-09 were passed. Out of which, one is against Clearvision Industries and the other two were against Bigesto Technologies Ltd. The Assessment Order passed against Kushang Technologies Ltd. has been accepted by the company and for Assessment Order against Bigesto Technologies Ltd. the amount has been deposited by the company. |
| Labour | Eight | 2.81* | Four cases filed against Kushang Apparels and three against Astrotech International for unlawful termination of services along with demand for payment of back wages and reinstatement of services. *Out of seven cases, amount of claim in four cases is not ascertainable. One additional case |

| | | | |
|---|---|---|---|
| | | | has been filed against Astrotech International under Section 15(5b) of the Payment of Wages Act, for recovery of amount directed to be paid. |
| **TOTAL** | | **426.19** | |
| **Litigation by the Group Companies** | | | |
| Civil Cases (Consumer) | One | 129.97 | Claim filed under Section 21 (a) (i) of the Consumer Protection Act, 1986 by Clearvision Industries claiming for losses incurred in fire accident. |
| **Penalties imposed on our Company** | | | |
| Companies Act, 1956 | Two | 0.49 | The first application was filed to the Registrar of Companies, NCT of Delhi & Haryana for compounding of offence committed under Section 297(1) of the Companies Act, which was punishable in the manner provided under Section 629A of the Act. It was ordered that the application was accepted provided the officers in default would pay the penalty from their personal sources. The second application under Section 141 of the Companies Act, 1956 for condonation of delay and extension of time for filing the particulars of satisfaction of charge, which was accepted by the Company Law Board. |

**A. LITIGATION AGAINST OUR COMPANY:**

**1. Notice of Demand under Section 156 of the Income Tax Act, 1961 dated December 08, 2009 from the Assistant Commissioner of Income Tax pursuant to Assessment Order passed on the same date:**

A notice under Section 143(2) of the Income Tax Act, 1961 was issued to our Company for the assessment year 2007-08 by the Assistant Commissioner of Income Tax (ACIT), Circle 14(1), New Delhi. The documents and replies filed by our Company were considered by the ACIT. Vide the Assessment Order dated December 08, 2009, it was concluded that our Company ("Assessee") had treated the amount of ₹ 1.80 lacs paid to the ROC as revenue expenditure instead of capital expenditure. Hence, the amount paid to the ROC was disallowed and added to the assessee's total income. Further, ₹ 1.00 lacs from the head of vehicle running and maintenance expenses and ₹ 1.00 lacs out of traveling and conveyance expenses were disallowed for want of bills and vouchers. Subsequently, a Notice of Demand along with a Challan was issued to our Company under Section 156 of the Income-Tax Act, 1961 stating that a sum of ₹ 0.57 lacs was payable by us. The notice stated that the said payment should be made within 30 days of service of the notice failing which simple interest of one half percent of every month/part of month from the date commencing after end of the prescribed period of 30 days and a penalty which might be as much as the amount of tax in arrear might be levied on our Company. The payment has not been deposited by our Company as yet. An appeal has been filed by our Company against the order of the Assessing Officer (AO) on December 24, 2009. The last hearing in the present matter was on September 15, 2010. Due to the unavailability of the designated authority the hearing did not take place on the scheduled date viz. September 15, 2010. The final order on the said matter has been passed on January 14, 2011, whereby our Company has deposited an amount of ₹ 0.28 lakh vide an online Challan dated June 01, 2011 bearing number 06541.

**2. Show Cause Notice dated November 11, 2008 by the Assistant Commissioner, Customs & Central Excise Division- V, Noida**

A Show Cause Notice was issued to our Company by the Assistant Commissioner, Central Excise Division, Noida demanding for appropriate reasons as to why the inadmissible Cenvat Credit of ₹ 0.20 lacs availed & utilized by them during January 2008 to March 2008 should not be recovered from them under the provisions of Rule 14 of Cenvat Credit Rules 2004 read with first provision of Section 11A of Central Excise Act, 1944. The Notice also demanded for appropriate cause as to why the amount of ₹ 0.20 lacs debited by them as on August 18, 2008 should not be appropriated towards the Cenvat credit demanded. Our Company is yet to file a response before the Assistant Commissioner. However, the amount of ₹ 0.20 lacs was deposited under protest as service tax to the Assistant Commissioner, Customs and Central Excise Division vide Debit entry 219 dated August 18, 2008. The last personal hearing was held on December 12, 2008. Orders are awaited in the said matter. There has been no further development since then.

**3. Show Cause Notice dated May 02, 2008 by the Assistant Commissioner, Customs & Central Excise Division- V, Noida**

A Show Cause Notice was issued to our Company by the Assistant Commissioner, Central Excise Division, Noida demanding for appropriate reasons as to why the inadmissible Cenvat Credit of ₹ 2.40 lacs paid on outward transportation by road charges during Januray 2006 to March 2006 and Cenvat Credit amounting to ₹ 0.87 lacs paid on outward transportation by road charges during the period from January 2007 to December 2007 should not be disallowed to & demanded from our Company under Rule 14 of Cenvat Credit Rules 2004 read with first provision of Section 11A of Central Excise Act, 1944. The Notice also demanded for appropriate cause as to why the said amount subsequently debited vide Cenvat credit A/C Entry No. 4227 as on December 18, 2007 and January 16, 2008 should not be appropriated towards the Cenvat credit against the said demand. The SCN also demanded for appropriate reasons as to why the interest of ₹ 0.53 lacs on inadmissible Cenvat Credit of ₹ 2.40 lacs and the interest on inadmissible Cenvat Credit of ₹ 0.87 lacs should not be demanded under the provisions of Rule 14 of Cenvat Credit Rules, 2004 r/w Section 11 AB of Central Excise Act, 1944. Our Company is yet to file a response before the Assistant Commissioner. However, the amount of ₹ 2.40 lacs was deposited under protest as service tax to the Assistant Commissioner vide Debit Entry No. 4227 dated 18-12-07, Customs and Central Excise Act, Div – V, Noida. The last personal hearing was held on December 12, 2008. Orders are awaited in the said matter. There has been no further development since then.

**4. Show Cause Notices dated March 31, 2008, May 01, 2008 and October 24, 2008 from the Assistant Commissioner, Customs and Central Excise, Noida**

Three Show Cause Notices (SCN) dated March 31, 2008, May 01, 2008 and October 24, 2008 were issued to our Company by the Assistant Commissioner, Central Excise Division, Noida demanding for appropriate reasons as to why the interest of ₹ 0.51 lacs on Service Tax and Ed. Cess of ₹ 0.68 lacs paid from the Cenvat Credit account during Jan 2005 to July 2005 should not be demanded under Rule 14 of Cenvat Credit Rules 2004 read with Section 11 AB of Central Excise Act, 1944. The SCN also demanded for appropriate reasons as to why the inadmissible Cenvat Credit of ₹ 1.00 lacs availed & utilized wrongly by them during the period Jan 2005 – Dec 2005 should not be disallowed & demanded from them under Rule 14 of Cenvat Credit Rules, 2004 read withfirst proviso to Section 11A of Central Excise Act, 1944, along with reasons as to why the said amount debited by them as on October 24, 2007 should not be appropriated towards the Cenvat credit demanded herein. Our Company was also to show appropriate cause as to why the protest filed vide letter dated October 31, 2007 should not be disposed off. On the similar grounds as stated above, the SCN dated May 01, 2008 demanded an amount of ₹ 3.19 lacs and the SCN dated October 24, 2008 demanded an amount of ₹ 0.20 lacs from our Company. A common reply to all the three SCNs was submitted on December 12, 2008 and a personal hearing was attended on the same date. The claimed amount has been deposited with the Commissioner under protest. The last personal hearing was held on December 12, 2008. Orders are awaited in the said matter. There has been no further development since then.

**5. Show Cause Notice dated August 17, 2009 by the Assistant Commissioner, Central Excise Division, Noida.**

A Show Cause Notice dated August 17, 2009 was issued against our Company by the Assistant Commissioner, Central Excise Division, Noida demanding appropriate reasons as to why the inadmissible Cenvat Credit of ₹ 0.17 lacs availed & utilized by them during January 2007 should not be recovered from them under the provisions of Rule 14 of Cenvat Credit Rules 2004 read with first provision of Section 11A of Central Excise Act, 1944. The reply was filed on October 18, 2010 and the case was heard on the very same day by the Assistant Commissioner. The final order is awaited.

**6. Recovery of Cenvat Credit of Special Additional Duty (SAD) passed by L.G. Electronics India Pvt. Ltd. with the department of Customs and Central Excise.**

A notice of Recovery of Cenvat credit of SAD passed by LG Electronics India Pvt Ltd Greater Noida numbering C.No-20-CE/PG/R-28/SI/07/2008/496 was issued to our Company dated December 18, 2008 by the Customs and Central Excise department. The notice stated that LG Electronics had passed Cenvat Credit of SAD amounting to ₹ 0.17 lacs vide their invoice No 10129186 & 10129187 both dated October 27, 2008. The department claimed that the said amount of credit was passed by them by way of suppression of fact with intend to evade payment of duty and a SCN has already been issued to them by the Director General of Central Excise Intelligence (DGCEI), New Delhi. Therefore, the department requested our Company to reverse the said amount of ₹ 0.17 lacs as Cenvat Credit. The protest letter against the said notice was filed to the department of Customs and Central Excise as on January 23, 2009. Our Company had taken credit on Supplementary Invoices correctly in terms of Cenvat Credit Rules, as we have received inputs from L.G. Electronics India Pvt. Ltd. The last personal hearing was held on January 18, 2010. Orders are awaited in the said matter. There has been no further development since then.

7. A claim bearing number 57/11 was filed by one Mr. Kanhaiya Kumar Singh against our Company before the Labour Court Noida, UP. A summon has been received by the Company on the complaint filed by Kanhaiya Kumar Singh u/s 36- Labour (1) CP/706/07, on September 09, 2010. The matter has been fixed for filing of written submission on September 15, 2011.

8. A claim bearing number 126/09 was filed by Mr. Ankit Kumar and Others against our Company before the Assistant Labour Commissioner, Haridwar. An application dated April 01, 2011 was filed by the complainants for seeking the remaining dues/wages to the extent of ₹ 2.40 lacs along with compensation of ten times of the said amount u/s 20(2) of the Minimum Wages Act, 1936. Subsequently, our Company has filed a letter dated May 25, 2011, denying that Ankit Kumar had ever worked with the Company. Whereas, the complainant has alleged to be working with the Company since 2006, which was refuted by the Company stating that the said Unit of the Company itself had been established on June 18, 2008. The matter is sub-judice. The next date of hearing has not been affixed in the present matter.

**9. P/08/09 for the assessment year 2008-2009 before the Deputy Commissioner, Commercial Tax, Gautam Budh Nagar, UP**

Our Company had filed the sales tax return depositing ₹ 47.36 lacs as State sales tax and ₹ 58.05 lacs as Central sales tax. The said return and the books of the Company were examined and the DC, Commercial tax came to a finding that the Company had deposited State sales tax which was short by ₹ 0.00033 lacs which was ordered to be deposited within 30 days of the order dated January 5, 2011. The DC came to a finding vide order dated January 5, 2011, that the Company had deposited CST which was short by ₹ 0.00345 lacs which was ordered to be deposited within 30 days of the aforesaid order. It was further held vide order dated January 5, 2011 that the Company had collected and deposited Central sales tax which was short by ₹ 2.26 lacs and has been ordered to be deposited by the Company by December 31, 2011 along with interest thereon. The recovery of the said amount has been stayed till December 31, 2011.

**10. P/09/10 for the assessment year 2009 – 2010 before the Deputy Commissioner, Commercial Tax, Gautam Budh Nagar, UP**

Our Company had filed the sales tax return depositing ₹ 101.44 lacs as State sales Tax and ₹ 138.49 lacs as Central sales tax. The said return and the books of the Company were examined and the DC, Commercial tax came to a finding that the Company had deposited Central sales tax which was short by ₹ 95.14 lacs which has been ordered to be deposited by the Company by March 31, 2012 along with interest thereon. The recovery of the said amount has been stayed till March 31, 2012. It was further held that the Company had collected and deposited an extra State sales tax of ₹ 1.42 lacs which was impounded by the department under VAT Rules. The current status of the said matter stands that our Company is to ensure that the deficient Central sales tax of ₹ 95.14 lacs is to be deposited by March 31, 2012.

11. **Search and seizure proceedings conducted on the factory premises of the Company by Directorate of Revenue Intelligence:**

Directorate of Revenue Intelligence (DRI) had conducted search and seizure on the factory premises of the Company and the residence of the Promoters, on March 08, 2011. A Panchnama was prepared in the presence of two witnesses, viz. Shri Ajay Goel and Shri Rishi Pal Singh. DRI seized certain records, Laptops and hard discs from the premises. These records pertained to import of picture tubes from Malyasia and Cenvat Credit entries, including the bank files.

DRI issued summons in the name of Mr. Vishal Gupta, Executive Director of the Company on March 08, 2011; March 29, 2011; April 04, 2011 and April 29, 2011, in the name of Mr. Anurag Gupta, Executive Director of the Company on March 08, 2011, in the name of Mr. R.C.Phuloria, Manager Import of the Company on March 29, 2011 and April 04, 2011. These summons were issued u/s 108 of the Customs Act, 1962, for attending the DRI Office, to give evidence and/or to produce documents or things in their possession. Both the Directors and the Manager appeared before the DRI Authorities. In pursuance to the advise given to them, the Company has deposited anti-dumping duty to the extent of ₹ 130 Lacs. However, DRI has not issued any Show Cause Notice to the Company and/or its Directors, till date.

**B. LITIGATION BY OUR COMPANY:**

1. Order passed by the Office of the Commissioner of Customs (Report & Refund Section, New Customs House, New Delhi (C No. VH1(1)20/R/607/2010)

The claim has been filed by our Company in the Office of the Commissioner of Customs. Our Company imported 1 unit of Clamping Module, Spare Parts for Injection Molding Machine and filed Bill of Entry No. 549775 dated August 18, 2009 which was assessed to duty of ₹ 0.62 lacs by the

Competent Authority. We deposited duty of ₹ 0.82 lacs vide TR-6 Challan No. 99110523 dated August 28, 2009 against the said bill of entry which has resulted into excess payment of duty of ₹ 0.20 lacs. The Commissioner rejected the refund of excess customs duty of ₹ 0.20 lacs filed by our Company holding the claim to be barred by limitation vide its order dated June 10, 2010 bearing number 2225/SV/10. An appeal numbering CC(A)CUS/I&G/03/2011 was filed by our company on July 23, 2010 to the Commissioner Appeal Customs, New Delhi. Vide order dated January 07, 2011, the Commissioner of Customs rejected the said appeal filed by the Company for refund of ₹ 0.20 lacs on account of excess duty of Customs. No further appeal has been filed by our Company against the order passed by the Commissioner of Customs.

**II. OUTSTANDING LITIGATIONS INVOLVING OUR PROMOTERS:**

There are no litigation pending against or filed by the Promoters involving criminal offences, securities and economic laws, statutory, civil and labour laws.

**III. OUTSTANDING LITIGATIONS INVOLVING SUBSIDIARY COMPANY:**
**(i) Civil Suit No. 50 before the Lower District Court at Parner**

A civil suit has been filed against Diamond Mattress Co. Pvt. Ltd. by N. S. Govandi Industries Pvt. Ltd. for encroachment. The case has been filed before the Lower District Court at Parner. The Plaintiff has claimed that the company had while constructing a boundary wall on their plot of land, had encroached upon the land of the Plaintiff. Hence the said suit was filed. The Hon'ble Court issued summons dated February 02, 2011 to the company, instructing them to appear before the Hon'ble Court on February 05, 2011. The representative of the company did not appear on the said date. The Hon'ble Court passed an injunction order restraining the company from any further construction activity on said plot till the final decision of the Hon'ble Court. The next date of hearing has been fixed for August 30, 2011.

**IV. OUTSTANDING LITIGATION INVOLVING GROUP COMPANIES/ ENTITIES:**

**KUSHANG TECHNOLOGIES LTD. (KTL) (FORMERLY APPARELS LTD.) (KAL)**

1. A claim bearing number 2268/2008 was filed by one Mr. Prem Kumar, employed with Kushang Apparels Ltd. on June 13, 2005, under Section 15.5B of the Payment of Wages Act 1936 and Section 2A of the Industrial Disputes Act 1947 before the Conciliation Officer alleging that he was illegally terminated on April 04, 2005 without any prior notice and demanding a sum of ₹ 0.11 lacs as unlawful deduction from his wages for the period February 01, 2005 to March 31, 2005, along with a compensation amounting to ₹ 1.1 lacs thereby aggregating to ₹ 1.12 lacs. The claimant has also asked for reinstatement of his services with all back wages etc. The last date of hearing in the case was on July 26, 2011, on which date the Petitioner was not present. The next date of hearing has been fixed for September 08, 2011.

2. The claim bearing number 2126/2008 was filed by one Mr. Tek Chand, employed with Kushang Apparels Ltd. on June 13, 2005 under Section 15.5B of the Payment of Wages Act 1936 and Section 2A of the Industrial Disputes Act 1947 before the Conciliation Officer alleging that he was illegally terminated on April 01, 2005 without any prior notice and demanding a sum of ₹ 0.90 lacs as unlawful deduction from his wages for the period February 01, 2005 to March 31, 2005, along with a compensation amounting to ₹ 0.87 lacs, thereby aggregating to ₹ 0.96 lacs. The claimant has also asked for reinstatement of his services with all back wages etc. The Conciliation Officer has directed KAL to furnish the Notice displayed for the general information of the workmen regarding shifting of KAL from Sector 57, Noida to Suraj Pur, Greater Noida and the Factory Licence at Suraj Pur, which

KAL proposes to do on the next date of hearing. The matter was scheduled to be heard on September 03, 2010, however, the case was not heard on the scheduled date due to the inter shuffling of designated authority and the next date of hearing had been fixed for October 04, 2010. The last date of hearing was on May 02, 2011, on which date the designated Magistrate was not present. The next date of hearing has been fixed for October 28, 2011.

3. The claim bearing number 250/2004 was filed by one Mr. Praveen Kumar, employed with Kushang Apparels Ltd. on April 05, 2006 under Section 15.5B of the Payment of Wages Act 1936 and Section 2A of the Industrial Disputes Act 1947 before the Conciliation Officer alleging that he was illegally terminated on June 03, 2003. Praveen Kumar claimed for reinstatement of his service with the payment of back wages. The case was last heard on November 02, 2007, wherein the reply was filed by KAL and the rejoinder was filed by the Claimant. The last date of hearing was on June 15, 2011, on which date the designated Magistrate was not present. The next date of hearing is on September 06, 2011.

4. The claim bearing number 568/2008 was filed by one Mr. Kailash Tiwari, employed with Kushang Apparels Ltd. on December 31, 2003 under Section 15.5B of the Payment of Wages Act 1936 and Section 2A of the Industrial Disputes Act 1947 before the Conciliation Officer alleging that he was illegally terminated on August 09, 2003 without any prior notice and demanding a sum of ₹ 0.70 lacs as unlawful deduction from his wages for the period June 2003 to July 2003, along with a compensation amounting to ₹ 0.67 lacs, thereby aggregating to ₹ 0.73 lacs. The claimant has also asked for reinstatement of his services with all back wages etc. Vide order Novenmer 14, 2009 the Labour Court, Gautam Budh Nagar, Noida, U.P. decreed the case in favour of KAL. An appeal has been filed by Mr. Kailash Tiwari dated May 20, 2010 against the aforesaid order for reopening the case. Subsequently, the case was last heard on August 18, 2010. The last date of hearing was on August 04, 2011, on which date the second party was not present. The next date of hearing has been fixed for August 29, 2011.

**BIGESTO TECHNOLOGIES LIMITED (FORMERLY BIGESTO FOODS LIMITED (BFL)**

**1. S.C.N. No-V(15) ADJ/NOIDA/172/03/14970DT06/11/2003**

A show cause was issued on November 06, 2003 by the Central Excise Department seeking cause as to why the excise duty should not be levied on BFL on the manufacturing of TV as a whole. Initially BFL was paying duty on Assembly-Sub Assembly parts. The department was of the view that it was not Assembly-Sub Assembly parts but was considered a complete TV under Rule 2f of Central Excise Tariff Act, and duty should be levied accordingly. A duty of ₹ 218.29 lacs was imposed. The Commissioner confirmed the demand order no 88/2004 dated October 28, 2004 and issued on December 03, 2004. BFL has filed an appeal numbering E/825/05 with the CESTAT on March 04, 2005 against the aforesaid order dated December 02, 2004. A hearing was held in the month of January 2010 pursuant to which orders are awaited. However the matter has been listed for August 30, 2011 for another hearing.

**2. S.C.N. No.-IV-CE(9)CP/20/06/3197 DT 05/12/2006**

The Duty on debit notes upto March 31, 2006 in respect of "Rate difference" were issued by the Additional Commissioner, Central Excise, Noida on December 05, 2006. A reply to the SCN was filed on May 16, 2007. The demand of duty of ₹ 41.17 lacs, along with a penalty of ₹ 2.00 lacs was confirmed by the A.D.C. vide order dated March 03, 2008. A penalty of ₹ 2.00 lacs was imposed on Vijay Choudhary, Unit Head of Bigesto Technologies Ltd. at that point of time. An appeal numbering 102/03/08 has been filed with the Commissioner (Appeal), Noida The said appeal was decided in favour of BFL and the earlier order dated March 03, 2008 was set aside by the Commissioner (Appeal) Noida vide order dated September 30, 2008. Subsequently the Excise department filed an appeal in CESTAT numbering which has not been listed for hearing as yet.

**3. S.C.N No-IV-CR(9)CP/BIGESTO/85/09/1806DT10/08/2009**

The SCN was issued by the Commissioner Central Excise, Noida on August 10, 2009 demanding ₹ 113.00 lacs availed & utilized by BFL on February 05, 2007 under the provisions of Rule 14 of CENVAT Credit Rules, 2004 read with proviso to section 11A(1) of Central Excise Act 1994. The department also wanted BFL to show cause as to why the said amount should not be demanded under the provisions of section 11AB of Central Excise, 1944 and also regarding imposing of penalty under Rule 15 of Central Credit Rules, 2004 read with Rule 25 of Central Excise Rules 2002 as well as under the provisions of section 11AC of the Central Excise Act 1944. A reply to the said show cause was filed by BFL on January 19, 2010. Personal hearing was fixed for September 08, 2010, wherein the Commissioner Central Excise, Noida said that the next hearing will be held after the decision in the appeal filed by L.G. Electronics Ltd. is passed in CESTAT, New Delhi.

**4. S.C.N. NO-V(15) ADJ/DEM/BFPL/NOIDA/73/08/3869 DT 04/05/2009**

The SCN was issued by the Assistant Commissioner, Central Excise, Division-V, Noida on May 04, 2009 asking to show cause as to why the inadmissible Cenvat Credit of ₹ 2.25 lacs, Educational Cess of ₹ 0.45 lacs & higher education Cess ₹ 0.00766 lakh availed & utilized by them during the period January 2005 to March 2008 should not be recovered from them under the provisions of Rule 14 of Cenvat Credit Rules, 2004 read with first proviso to Section 11A of Central Excise Act, 1944 and the same amounts debited by them vide entry No. 1836 dated December 31, 2008 under protest should not be appropriated towards the Cenvat credit so demanded. A written submission was filed on the hearing date i.e. October 29, 2009. Further orders are still awaited.

**5. Assessment Order under Section 143(3), Section 271(1)(c) of the Income Tax Act, 1961 for the assessment year 2008-09**

The company (Assessee) had filed its return of income on September 30, 2008 for the Assessment Year 2008-09 declaring an income of ₹ 7.23 lacs. The Assessee paid tax under Section 15JB of the IT Act. Subsequently, a notice dated August 03, 2009 was issued to the Assessee under section 143(2) of the IT Act. Further, notices under Section 142(1) of the IT Act along with questionnaire were issued to the company on April 28, 2010. Vide Assessment Order dated December 14, 2010 the income of the company was assessed to be ₹ 8.15 lacs. The AO ordered for tax to be charged under Section 115JB of the IT Act and Interest to be levied as per the rules. Further, a Notice for Demand under Section 156 of the IT Act was served upon the company demanding for a sum of ₹ 0.33 lacs for the same assessment year. Also, penalty proceeding under section 271(1)(C) of the IT Act, 1961 was been initiated.

The assessment for the said year was completed under Section 143 of the IT Act on December 14, 2010 wherein the income of the company (assessee) was assessed at ₹ 8.15 lacs. The case was assessed under Section 15JB at ₹ 15.21 lacs. It was observed by the IT Department that the Assessee had not deducted the TDS in respect of payment of ₹ 0.92 lacs as per the provisions of Section 40(a) read with Section 200 of the IT Act. Since, the aforesaid additions were treated as concealed income and inaccurate particulars of income of the Assessee, a penalty proceeding under Section 271(1)(c) of the IT Act were initiated. Notice was issued to the company on December 14, 2010. Subsequent to this, a notice was issued to the company on June 03, 2011 fixing the date of hearing on June 15, 2011. The Assessee had replied to the said Notice on June 13, 2011. Vide Assessment Order passed by the

Assessment Officer dated June 24, 2011, a penalty of ₹ 0.28 lacs was levied on the company. A notice of demand for the same amount was served upon the company on the same day.

The company has deposited an amount of ₹ 0.28 lacs on June 30, 2011 vide online Challan number 05879, dated June 30, 2011. It is stated that the company deposited the principal amount against the amount demanded and the amount of ₹ 0.048 lacs is the interest which would be adjusted against the IT returns due to the company.

6. **Assessment Order under Section 143(3) of the Income Tax Act, 1961 for the assessment year 2007-08**

The company (Assessee) filed its return of income for the Assessment Year 2007-08 declaring an income of ₹ 29.76 lacs on October 27, 2007. Notice under Section 143(2) of the Income Tax Act, 1961 was issued on September 22, 2008. Vide the Assessment Order under Section 143(3) of the IT Act passed by the Assessing Officer (AO) dated December 24, 2009 it was stated that during the previous year the Assessee had declared a profit of ₹ 10946.62 lacs and a book profit before tax of ₹ 44.39 lacs. Further, in consideration of various other factors the AO computed the total income of the Assessee to be ₹ 32.23 lacs. Subsequently, separate Notice of Demand under Section 156 of the IT Act was served upon the Assessee on the same date, demanding for a sum of ₹ 0.87 lacs. The company has filed an Appeal before Comissioner of Income Tax, Delhi against the said Notice of Demand on January 14, 2010 and the appeal fee was paid on January 10, 2010. The said matter was last heard on June 22, 2011, wherein the company has filed its further submission. The appeal is pending before CIT Appeal (IV), Delhi. Neither any further order has been passed in the said matter nor any further date has been affixed in the said matter.

7. **P/07/08 for the assessment year 2007 - 2008 (April, 2007 to December, 2007) before the Joint Commissioner, Commercial Tax, Gautam Budh Nagar, UP**

The company had filed the sales tax return depositing ₹ 150.40 lacs as State Sales Tax and ₹ 87.23 lacs as Central Sales Tax and ₹ 15.86 lacs as State Development Tax. The said return and the books of the company were examined and the DC, Commercial Tax came to a finding that the Company had deposited an extra tax of ₹ 4.07 lacs in the State Sales Tax after adjustment of the State Development Tax, which was retained by the department u/s 29 Central Sales Tax Act since there were certain errors in the rate of taxation in some bills. It was further held that the Central Sales Tax which was deposited by the company was deficit by an amount of ₹ 0.00018 lacs and the said amount was to be deposited by the company with interest from October 01, 2007 till the date of deposit and the company was found not liable to pay any entry tax in terms of Rule 4(6) of the UP Entry Tax Rules. The present status of the matter is that the company is to ensure that the deficient Central Sales Tax of ₹ 0.00018 lacs is deposited alongwith interest with effect from October 01, 2007.

**8. P/07/08 for the assessment year 07-08 (January, 2008 to March, 2008) before Joint Commissioner, Commercial Tax, Gautam Budh Nagar, UP**

The company had filed the sales tax return depositing ₹ 5.11 lacs as State Sales Tax and ₹ 12.22 lacs as Central Sales Tax. The said return and the books of the Company were examined and the DC, Commercial Tax came to a finding that the Company has deposited the State Sales Tax was at a deficit by an amount of ₹ 4.61 lacs and the Central Sales Tax was at a deficit by an amount of ₹ 9.39 lacs which has been ordered to be deposited along with interest. The company is yet to deposit the said amount in this regard.

**ASTROTECH INTERNATIONAL ("Astrotech")**

1. The present claim bearing number 365/2003 was filed by one Mr. Vinod Kumar Yadav employed by Astrotech International on October 26, 2004 with the remuneration of ₹ 0.18 lakh per month under Section 15.5B of the Payment of Wages Act 1936 and Section 2A of the Industrial Disputes Act 1947 before the Conciliation Officer alleging that he was illegally terminated from service on August 01, 1997 without any prior notice. Vinod Kumar alleged that his termination from Astrotech was illegal. He demanded for reinstatement along with the back wages, which would be calculated from the date of termination to the date of decision of the court. Astrotech International filed its response The case was last heard on May 02, 2011, on which date the designated Magistrate was not present. The next date of hearing is fixed for September 28, 2011.
2. The present claim bearing number 156/2009 was filed by one Mr. Rajendra Singh employed by Astrotech International on December 17, 2003 under Section 15.5B of the Payment of Wages Act 1936 and Section 2A of the Industrial Disputes Act 1947 before the Conciliation Officer, alleging that he was illegally terminated from his service on November 12, 1998 without any prior notice. Rajendra claimed that he was terminated illegally and hence, should be reinstated with the back wages. The response by Astrotech International was filed on August 20, 2010. The case was last heard on May 02, 2011, on which date the designated Magistrate was not present. The next date of hearing is fixed for August 30, 2011.

3. The present claim bearing number 836/2009 was filed by one Mr. Sukendra Singh employed by Astrotech International under Section 2A of the Payment of Wages Act 1936 before the Conciliation Officer. The case was settled in favour of Astrotech. However, a fresh notice was received in the name of the Chairman of Astrotech for attending the fresh litigation in the matter before the Labour Court at Noida. The case was last heard on May 02, 2011, on which date the designated Magistrate was not present. The next date of hearing is fixed for October 24, 2011.

4. The present claim bearing number 550/2009 was filed by one Mr. Sukendra Singh employed by Astrotech International under Section 15 (5B) of the Payment of Wages Act, 1936 before the Conciliation Officer. The case was settled in favour of Astrotech. However, a fresh notice was received in the name of the Chairman of Astrotech for attending the fresh litigation in the matter before the Labour Court at Noida. The case was last heard on May 02, 2011, on which date the designated Magistrate was not present. The next date of hearing is scheduled for September 28, 2011.

**CLEARVISION INDUSTRIES-BHOPAL**

1. **SCN No. V(85)15-61/BPL-II/09/888 dated April 17, 2009**
   The SCN was issued by the Commissioner, Customs & Central Excise, Bhopal on April 17, 2009. The Commissioner demanded Clearvision Industries to show cause as to why the total central excise duty amounting to ₹ 8.60 lacs should not be demanded and recovered from them under Section 11A of the Central Excise Act, 1944. Secondly, Clearvision Industries was required to show cause to the commissioner as to why the total Cenvat credit amounting to ₹ 24.81 lacs should not be disallowed/recovered from them under Rule 14 of the Cenvat Credit Rules 2004 read with Section 11A of the Central Excise Act 1944. The reply to the SCN was filed on September 15, 2009. A personal hearing was fixed and attended on April 13, 2010 before the Additional Commissioner Central Excise, Bhopal, further orders are awaited in the present case.

2. Six SCNs were issued regarding Service Tax on Telephone/Mobile, Courier/Security, Vehicle/General with an amount of ₹ 1.24 lacs involved as duty. A reply was filed on October 31, 2007. Since, all the SCNs were based on similar grounds the same reply was considered for all the notices. Vide Order number 16-19/ADJ/SPDT(Adj)/Bpl-II/2010 dated August 05, 2008 wherein, out of the six SCNs four of them were dropped by the Superintendent, Central Excise (Tech), Div –II, Bhopal. Rest of the two pending SCNs involve an amount of ₹ 0.68 lacs. The personal hearing was attended on October 31, 2007 and further orders are awaited in the said matter.

3. Consumer Petition filed by Clearvision Industries against United India Insurance Co. Ltd before the National Consumer Dispute Redressal Commission: - The present claim number CC/88/2010 under Section 21 (a) (i) of the Consumer Protection Act, 1986 was filed on May 06, 2010, before the National Consumer Dispute Redressal Commission, New Delhi by Clearvision Industries. It is alleged that since 2006, the complainant had been taking Fire and Special Peril Policy from United India Insurance Co. Ltd (Opposite Party/OP) covering its building, plant and machinery, furniture and fittings, including office equipments etc. and stocks of all kinds of raw materials, semi finished goods. The first policy was issued for a sum of ₹ 488.00 lacs for the period of May 31, 2006 to May 30, 2007. Similar Policy was issued for the period May 30, 2007 to May 30, 2008 for a sum of ₹ 510.00 lacs and for the period of May 31, 2008 to May 30, 2009. In June 2008, the Complainant wanted to increase the sum insured from ₹ 510.00 lacs to ₹ 610.00 lacs, to which the Opposite Party stated that for increasing the sum insured the existing policy would have to be surrendered and another policy for increased sum should be issued. Accordingly, the Complainant surrendered its policy which was valid for the period 31.5.08 to May 30, 2009 on June 26, 2008 and obtained another policy which was valid for June 26, 2008 to June 25, 2009. However, the said policy issued by the Opposite Party did not contain the Reinstatement Clause.

A fire broke out in the premises of the Complainant on November 7, 2008 Though the estimated loss was over ₹ 400.00 lacs, the Complainant submitted a claim form claiming loss to the tune of ₹ 363.19 lacs. According to the Opposite Party, reinstatement clause was not incorporated due some clerical error.

The Opposite Party had approved the claim for an amount of ₹ 234.30 lacs and ₹ 213.03 lacs was released to the complainant vide cheque no. 081876 dated August 27, 2009. However, the Complainant was intimated that unless the discharge voucher was executed even the said amount would not be released to the complainant. Hence, due to compulsion and coercion the Complainant was compelled to execute the blank discharge voucher and accept the said amount although the loss and damage suffered by the complainant was much more. No details of the loss assessment nor any copy of the survey report was furnished to the Complainant by the OP. The case was last heard on September 07, 2010 and the next hearing has been scheduled on October 29, 2010.

Further an amount of ₹ 20.20 lacs was received by the complainant vide cheque dated September 30, 2009. The Complainant repeatedly requested the O.P. to furnish details of the loss assessment and a copy of the survey report. According to the Complainant the deductions made by the O.P. were totally incorrect, wrong, baseless and were not justified and the latter requested the O.P. to release the balance amount wrongly deducted. Various reminders were sent to the O.P. for the same. Therefore, in the present claim the Complainant prays that the O.P. should be liable to pay to the complainant the balance amount of the claim of ₹ 129.97 lacs (₹ 363.19 lacs – 233.23 lacs as received by the complainant) along with interest at 15% and also to pay interest at 15% on the amount of ₹ 213.03 lacs and ₹ 20.20 lacs from the date of loss till the date of payment

The case was last heard on March 24, 2011, wherein the written submission was filed by the opposite parties. No further date of hearing has been affixed nor has any order been passed in the said matter.

**4 SCN No. IV(16)05/SCN/BPL-II/10-11/2636 dated March 28, 2011**

A Show Cause Notice bearing C NO. IV(16)05/SCN/BPL-II/10-11/2636 was issued to Clearvision Industries on March 28, 2011 by the Deputy Commissioner, Central Excise, Division-II, Bhopal, for: (i) Recovery of Service Tax amounting to ₹ 0.017 lacs short paid by the noticee under the provisions of Section 73(1) of the Finance Act, 1994 along with interest under Section 75 of the said Act; and (ii) Imposition of a penalty of ₹ 0.54 lacs under Section 76 of Finance Act, 1994 for delayed payment of Service Tax. The Company has filed a reply to the said Show Cause on July 26, 2011. No further date of hearing has been scheduled in the present matter.

**5. Assessment Order under Section 143(3) of the Income Tax Act, 1961 for the Assessment year 2008-09**

The return declaring a total income of ₹ 0.61 lacs was filed by the company (Assessee) on September 20, 2008. After scrutiny a Notice under Section 143(2) of the IT Act dated September 10, 2009 was duly served upon the Assessee. Further Notice along with detailed questionnaire under Section 142(1) of the IT Act dated October 01, 2010 was issued. The Assessment Officer (AO) vide its order dated November 30, 2011 had stated that it found that the Assessee had debited expenses in P&L account relating to mobile expenses, telephone expenses, travelling expenses, vehicle running charge, vehicle repair & maintenance etc. The assessee was unable to explain and establish that the aforesaid expenses were incurred for the purpose of business. The AO had stated that a lump sum of ₹ 0.40 lacs was disallowed from personal use and added to total income of the Company. The AO computed the total income of the Company as ₹ 1.01 lacs. The AO ordered that the Company was to be assessed under Section 143(3) of the IT Act at the computed total income viz. ₹ 1.01 lacs. A Notice of Demand for an amount of ₹ 0.14 lacs was issued to the company on November 30, 2010. The company has filed an application dated January 10, 2011 requesting the Dy. Commissioner of Income Tax to adjust the said amount from its refund of ₹ 0.12 lacs for the assessment year 2008-09.

**V. PENALTIES IMPOSED ON OUR COMPANY:**

**1. Application for compounding of offence under Section 621A(4)(a) of the Companies Act, 1956**

Our Company had failed to obtain prior approval of the Central Government before entering into transaction with M/s Bigesto Foods Pvt. Ltd. and M/s J.B. Electronics, M/s Clearvision Industries, M/s PG International in which the Director of our Company and their relatives had interest. An application was filed by our Company, Sh. Anurag Gupta (Director), and Sh. Promod Gupta (Managing Director) ("Applicants") to the Registrar of Companies, NCT of Delhi & Haryana for compounding of offence committed under Section 297(1) of the Companies Act, which was punishable in the manner provided under Section 629A of the Act. The said application was forwarded to the Company Law Board, New Delhi Bench, New Delhi. The Registrar of Companies had submitted a report to the CLB on January 19, 2011 wherein it stated that our Company had failed to obtain prior approval of the Central Government before entering into transaction with M/s Bigesto Foods Pvt. Ltd. and M/s J.B. Electronics, M/s Clearvision Industries, M/s PG International in which the Director of our Company and their relatives had interest. Therefore, the Registrar urged violation of the provisions of Section 297 of the Companies Act, 1956. After considering the averments of the representative of the Applicants and the report submitted by the Registrar of Companies, the Hon'ble

Board compounded the aforesaid offence on payment of ₹ 0.002 lacs for each year of default (since incorporation of the Company i.e. 2003). It was ordered that the officers in default would pay the penalty from their personal sources. Pursuant to the order of the Hon'ble Bench the applicants have lodged a Demand Draft bearing No. 920821, 920809 and 920810 for a sum of ₹ 0.16 lacs each.

**2. Petition under Section 141 of the Companies Act, 1956**

A petition under Section 141 of the Companies Act, 1956 was filed by Company on September 21, 2010 for condonation of delay and extension of time for filing the particulars of satisfaction of charge made on April 07, 2010. The said charge was created in favour of Barclays Bank PLC for a credit facility of ₹ 1000.00 lacs which was repaid by our Company. The Company had filed the particulars of satisfaction of the said charge with the Register of Companies, NCT & Haryana on September 08, 2010 which was in delay to its scheduled date of submission in terms of Section 138 of the Companies Act, 1956 which was on May 06, 2010. An online receipt was generated by the Ministry of Corporate Affairs on September 08, 2010 and advised the Company to approach the Company Law Board. The Hon'ble Board accepted the Petition filed by our Company and condoned the delay of 125 days in filing the particular of satisfaction of charge and had extended up to September 08, 2010 subject to the payment of ₹ 0.012 lacs as cost under Section 141(2) of the Act. Our Company was directed to pay the additional fees as levied by the Registrar under Section 611(2) of the Companies Act, 1956.

**AMOUNT OWED TO SMALL SCALE UNDERTAKINGS**

Following is the list of creditors as on March 31, 2011to whom our Company owes a sum exceeding ₹ One Lac, outstanding for more than thirty days:

| S. NO. | Name of Creditors | Amount (₹ in lakhs) |
|---|---|---|
| 1 | AEROL FORMULATIONS PVT.LTD. | 1.13 |
| 2 | AFFINITI FORWARDERS PVT. LTD | 9.16 |
| 3 | AL SHIN SYNTHETICS PVT. LTD. | 2.71 |
| 4 | ALOK INDUSTRIES | 14.33 |
| 5 | AMBER ENTERPRISES (INDIA) PVT.LTD | 1.89 |
| 6 | AROSON PLASTICS PVT. LTD | 2.30 |
| 7 | AVON CONTAINNERS PVT. LTD | 2.50 |
| 8 | BHAGWATI INDUSTRIES | 11.12 |
| 9 | BHURJI SUPER-TEK INDUSTRIES LTD | 1.89 |
| 10 | BIGESTO TECHNOLOGIES LIMITED | 235.94 |
| 11 | CHENAB PACK PVT.LTD. | 20.34 |
| 12 | CHIPQO ENTERPRISES | 1.11 |
| 13 | COLORTEK POLYMERS | 50.37 |
| 14 | D.R.POLYMERS LTD. | 15.72 |
| 15 | DELIGHT ENGINEERS | 16.66 |
| 16 | DIPIKA POLYMERS PRIVATE LIMITED | 2.78 |
| 17 | DIRCO POLYMERS PVT.LTD. | 9.83 |
| 18 | DIXON TECHNOLOGIES (INDIA) PVT. LTD | 3.09 |
| 19 | ELITE ENGINEERS | 1.32 |
| 20 | EMPIRE FASTENERS | 3.17 |
| 21 | G.M.PACKAGING | 2.74 |
| 22 | GEETU ELECTONICS PVT.LTD | 3.67 |
| 23 | GLOBE PLASTICS | 6.81 |
| 24 | GURDEEP INDUSTRIES | 1.60 |
| 25 | H.L.GANDHI ENTERPRISES PVT.LTD. | 2.41 |

| | | |
|---|---|---|
| 26 | HARIOM FASTENERS | 1.94 |
| 27 | HORA ART CENTRE (P) LTD. | 1.03 |
| 28 | HORIZON RUBBER PRODUCTS LTD | 5.69 |
| 29 | IA BHAI ENTERPRISES PVT LTD | 1.18 |
| 30 | IL JIN ELECTRONICS (I) PVT.LTD. | 39.71 |
| 31 | INNO COLOR & COMPOUNDS PVT. LTD. | 15.33 |
| 32 | Jay Polychem (India) Ltd-DELHI | 22.55 |
| 33 | KALYAN POLYPACKS PVT. LTD | 10.56 |
| 34 | KHANDELWAL TRADERS | 4.02 |
| 35 | KORTEK ELECTRONICS (INDIA) PVT. LTD | 22.61 |
| 36 | L.G.ELECTRONICS INDIA LTD | 31.26 |
| 37 | L.G.POLYMERS INDIA PRIVATE LTD. | 30.10 |
| 38 | MANI TECH PRINT LINKS | 1.67 |
| 39 | METALIC IMPRESSIONS INDIA PVT. LTD. | 6.87 |
| 40 | METONE ELECTRONICS PVT. LTD | 5.19 |
| 41 | MITSUMI ELECTRONICS PVT.LTD | 2.98 |
| 42 | NORTH WEST POLYMERS (P) LTD | 10.28 |
| 43 | P.R. PETROLEUM | 2.83 |
| 44 | PRECISION METAL PLAST | 6.78 |
| 45 | PRECISION PRODUCTS | 17.57 |
| 46 | RAJDHANE PRINTERS AND PACKAGING | 1.05 |
| 47 | RANJIT ENTERPRISES | 2.31 |
| 48 | S.S. TECHNO PLAST | 2.26 |
| 49 | S.V. BOND MANUFACTURERS PVT. LTD. | 2.95 |
| 50 | SAI PRODUCTS & GRAFIQ PVT.LTD. | 4.61 |
| 51 | SALORA INTERNATIONAL LTD | 27.38 |
| 52 | SAN AUTOMOTIVE INDUSTRIES PVT LTD | 12.33 |
| 53 | SHARAD ELECTRONICS | 5.16 |
| 54 | SHIV POLYMERS | 1.95 |
| 55 | SHREE TAPE MANUF. | 1.92 |
| 56 | STATESMAN AUTOMATION | 1.99 |
| 57 | SUMI MOTHERSON INNOVATIVE ENGG.LTD | 11.94 |
| 58 | SUNVOICE ELECTRONICS PVT.LTD. | 21.93 |
| 59 | TRANSPOLE LOGISTICS PVT. LTD | 1.00 |
| 60 | Tricuta Cool Industries | 3.03 |
| 61 | TWIN TECH (INDIA)PVT LTD | 5.73 |
| 62 | UNIPACK PACKAGING PVT. LTD | 73.40 |
| 63 | UNITED SERVICES | 1.36 |
| 64 | UNITED TRADING COMPANY | 1.40 |
| 65 | VAISHNO THERMOPACK & PACKAGING PVT. LTD. | 1.88 |
| 66 | VANSH ELECTROMECHANICAL DEVICES PVT. LTD | 2.74 |
| 67 | VERONICA PRINTERS | 4.28 |
| | **TOTAL:-** | **857.69** |

**MATERIAL DEVELOPMENTS**

No circumstances have arisen, since the date of the last financial statement until the date of filing of this Red Herring Prospectus with SEBI, which materially and adversely affect or is likely to affect the operations or profitability of our Company, or value of its assets, or its ability to pay its liability within twelve months.

## GOVERNMENT APPROVALS / LICENSING ARRANGEMENTS

*In view of the approvals listed below, we can undertake this Issue and our present business activities and no further major approvals from any governmental or regulatory authority or any other entity are required to undertake this Issue and our present business activities. It must however, be distinctly understood that in granting the above approval, the Government and the other authorities do not take any responsibility for the financial soundness of the Company or for the correctness of any of the statement or any commitments made or opinion expressed. Unless otherwise stated, these approvals are all valid as of the date of this Red Herring Prospectus.*

**Approvals for the Issue**

1. The Board of Directors has, pursuant to resolutions passed at its meeting held on August 14, 2010, authorised the Issue, subject to the approval by the shareholders of our Company under section 81(1A) of the Companies Act.

2. The shareholders have, pursuant to a resolution dated August 25, 2010, under Section 81(1A) of the Companies Act, authorised the Issue.

**Approvals related to the Issue**

1. Approval from the National Stock Exchange Limited dated November 18, 2010 admitting the listing of the equity shares of our Company.

2. Approval from the Bombay Stock Exchange Limited dated October 15, 2010 admitting the listing of the equity shares of our Company.

**NOTE:** Our Company has, with respect to all the government approvals stated herein above, intimated the concerned authorities for taking on record the present name of our Company.

***Company specific approvals***

| Sr. No. | Authority Granting Approval | Approval/Registration Number | Date of Approval/ Certificate | Nature of Approval | Validity |
|---|---|---|---|---|---|
| 1 | Registrar of Companies at N.C.T. of Delhi & Haryana | U32109DL2003PLC119416 (Pursuant to conversion of our Company to a Public Limited Company and change of name from PG Electroplast Private Limited to PG Electroplast Limited)<br><br>U32109DL2003PTC119416 | August 6, 2010<br><br>March 17, 2003 | Certificate of Incorporation | Valid till Cancelled/ Surrendered<br><br>-- |
| 2 | Income Tax Department | AACCP9321Q | --- | Permanent Account Number (PAN) | Valid till Cancelled/ Surrendered |
| 3 | Income Tax Department | DELP07999F | --- | Tax Deduction Account Number (TAN) | Valid till Cancelled/ Surrendered |

| | | | | | |
|---|---|---|---|---|---|
| 4 | Office of Foreign Trade Development Officer | 0503010014<br>(Approval for Unit I i.e. Plot No. P-4/2, P-4/3, P-4/4; Unit II i.e. Khasra No. 268 & 275)<br><br>0503010014<br>(Unit I i.e. Plot No. P-4/5, P-4/6; Unit III i.e. Plot No. E-15; Unit IV i.e. Plot No. A 20/2, Ahmednagar included in the registration)<br><br>0503010014<br>(Unit III i.e. Plot No. E-14 included in the registration.) | May 23, 2003<br><br><br><br>September 14, 2010<br><br><br><br><br><br>June 23, 2011 | Importer Exporter Code | Valid till Cancelled/ Surrendered |

*Unit specific approvals:*

**Unit I at Plot no. P-4/2, P-4/3, P-4/4, P-4/5 & P-4/6, Site B, Surajpur Industrial Area, Gautam Budh Nagar (U.P.) 201306.**

**Industrial Approvals:**

| Sr. No. | Authority Granting Approval | Particulars | Date of Approval/ Certificate | Nature of Approval | Validity |
|---|---|---|---|---|---|
| 1 | Director of Factories, Uttar Pradesh | Approval No.: NDA-2705<br><br>On the change of Factory Manager from Mr. Pradeep Kaul to Mr. Mukesh Kumar Jha, with effect from July 07, 2010, our Company has duly intimated the Director of Factories, vide Form 4A dated July 27, 2010.<br><br>(Approval for Plot No. P-4/2, P-4/3, P-4/4, P-4/5 & P-4/6.) | March 06, 2009 | Factory License under the Factories Act, 1948 | Valid till December 31, 2011 |
| 2 | Chief Controller of Explosives | Approval No.: P/HQ/UP/15/4587(P173102)<br><br>(Approval for unit at Plot P-4/2, P-4/3, P-4/4. Since there is no such storage at plot no. P-4/5 & P-4/6, these plots are not included in the license.) | May 26, 2006, further renewed on December 30, 2008 | License for the importation of 25KL Petroleum of Class B in bulk and for storage in one aboveground Petroleum Class 'B' (H.S.D.) storage tank together with connected facilities at our units at P-4/2, P-4/3, P-4/4. | Valid till December 31, 2011 |

| | | | | | |
|---|---|---|---|---|---|
| 3 | U.P. Pollution Control Board | Approval No.: G-12/55/2009<br><br>(Approval for Plot No. P-4/2, P-4/3, P-4/4, P-4/5 & P-4/6.) | January 22, 2010 | Consent to Operate under Section 25/26 of Water (Prevention and Control of Pollution) Act, 1974 and Section 21 of Air (Prevention and Control of Pollution) Act, 1981 | Valid upto December 31, 2011. |
| 4 | Fire and Safety Department, Noida | Approval no. N-2/F. S. II/ No. 64/04<br>(Approval for Plot No. P-4/2, P-4/3, P-4/4)<br><br>Approval no. N-2/F. S.-2/No. 237/07<br>(Plot No. P-4/5 included)<br><br>Our Company has made an application dated August 05, 2010 to the authorities for inclusion of Plot No. P-4/6 in the existing NOC. | September 09, 2004<br><br><br><br>February 09, 2007 | No Objection Certificate | Valid till Cancelled/ Surrendered |
| 5 | Chief Executive, Noida Power Company Limited | Approval for Plot No. P-4/2, P-4/3 & P-4/4<br><br><br>Plot No. P-4/5 & P-4/6 has been included in the said approval.<br><br>(NPCL has agreed to offer 750 KVA load by installing a service connection at 33000 volts 3 phase 50 cycles per second under "HV-2" schedule. The load was increased to 150 KVA in 2007. It was further increased to 500 KVA in the year 2009. Therefore, at present, the total contractual load sanctioned to our Company is 1400 KVA.) | March 27, 2004<br><br><br>November 27, 2010 | Sanction Letter for supply of power | Valid till Cancelled/ Surrendered |

**Commercial/Service/Central Excise Tax Approvals**

| Sr. No. | Authority Granting Approval | Particulars | Date of Approval/ Certificate | Nature of Approval | Validity |
|---|---|---|---|---|---|
| 1 | Department of Commercial Taxes, Govt. of Uttar Pradesh | Approval no. 09466100968<br><br>(Approval for Plot No. P-4/2, P-4/3, P-4/4,)<br><br>Plot No. P-4/5 & P-4/6 included in the registration.<br><br>Unit III, i.e. Plot No. E-14 & E-15, Site B included in the registration | April 23, 2003<br><br><br><br>November 30, 2009<br><br>May 18, 2011 | Taxpayer's Identification Number (VAT TIN) Under the Uttar Pradesh Value Added Tax Act, 2007 | Valid till Cancelled/ Surrendered |
| 2 | Assistant Commissioner, Customs & Central Excise, Div-V, Noida | Approval No. AACCP9321QXM001 (Approval for Plot No. P-4/2, P-4/3, P-4/4.)<br><br>Approval No. AACCP9321QXM001 (Pursuant to inclusion of Plot No. P-4/5 & P-4/6) | September 23, 2003<br><br><br><br>September 24, 2010 | Central Excise Registration Certificate | Valid till Cancelled/ Surrendered |
| 3 | Superintendent of Customs, Central Excise & Service Tax, Div-V, Noida (UP) | Approval No. 12/ST/R-28/D-V/04 (Approval for Plot No. P-4/2, P-4/3, P-4/4.)<br><br>Approval No. AACCP9321QST001 (Pursuant to inclusion of Plot No. P-4/5 & P-4/6 in the registration) | October 28, 2004<br><br><br><br>September 21, 2010 | Service Tax Registration Certificate | Valid till Cancelled/ Surrendered |
| 4 | Assistant Commissioner, Central Excise Division-V, Noida | Approval No. 01/PGEPL/07-08 (Approval for Plot No. P-4/2, P-4/3, P-4/4.)<br><br>Approval No. 02/PGEL/N-V/10-11 (Pursuant to inclusion of Plot No. P-4/5 & P-4/6) | July 26, 2007<br><br><br><br>September 27, 2010 | Registration Certificate under the Customs (Import of Goods at Concessional Rate of Duty for Manufacture of Excisable Goods) Rules, 1996<br><br>(The Registration certifies the nature and description of the imported goods i.e. the parts of C. D. Deck Mechanism to be used by our | Valid till our Company carries on the activity for which the certificate has been issued or till our Company surrenders the certificate, whichever is earlier |

| | | | | | |
|---|---|---|---|---|---|
| | | | | Company in the manufacture of excisable goods and the nature and description of the excisable goods i.e. the C. D. Mechanism manufactured by our Company from the imported goods.) | |

**Labour Law Approvals**

| Sr. No. | Authority Granting Approval | Particulars | Date of Approval/ Certificate | Nature of Approval | Validity |
|---|---|---|---|---|---|
| 1 | Regional Office, Kanpur | Code No.: 21-14265-90 (Approval for Plot No. P-4/2, P-4/3 & P-4/4)<br><br>(Plot no P-4/5 & P-4/6 are not included in the registration because the registration under this Act is 'company specific' and not 'unit specific')<br><br>Unit III, i.e. Plot No. E-14 & E-15, Site B has been included in the registration | February 25, 2004<br><br>June 04, 2011 | Employer's Code Number under Employee's State Insurance Act, 1948 | Valid till Cancelled/ Surrendered |
| 2 | Assistant Provident Fund Commissioner | Code No.: U.P. 32481 (Approval for Plot No. P-4/2, P-4/3 & P-4/4)<br><br>(Plot no P-4/5 & P-4/6 are not included in the registration because the registration under this Act is 'company specific' and not 'unit specific')<br><br>Unit III, i.e. Plot No. E-14 & E-15 included in the registration. | December 01, 2003<br><br>May 26, 2011 | Establishment Code Number under E.P.F. & Misc. Provisions Act, 1952 | Valid till Cancelled/ Surrendered |
| 3 | Deputy Labour Commissioner, Noida | Approval No.: 546/06 (Approval for unit at Plot No. P-4/2, P-4/3 & P-4/4)<br><br>The Licensing Officer has issued an Amendment Letter No. 1 to the Company | June 17, 2006<br><br>May 21, 2011 | Registration as principal employer under the Contract Labour (Regulation and Abolition) Act, 1970<br><br>The categories covered in the registration are: | Valid till Cancelled/ Surrendered |

| | | | | | |
|---|---|---|---|---|---|
| | | whereby Plot No. P-4/5 & P-4/6 have been included in the said registration and the names of the contractors and the number of the contract labour is each category has been updated. The total number of contract labour employed by the Company is 50.<br><br>The Licensing Officer has issued an Amendment Letter No. 2 to the Company whereby the error in the names of the contractors as stated in Amendment No. 1 has been rectified by the Department. | May 31, 2011 | a. loading, unloading & material shifting: no. of contract labour -15<br>b. security service: no. of contract labour -10<br>c. printing activity: no. of contract labour -10<br>d. painting of cabinet: no. of contract labour -08<br>e. housekeeping: no. of contract labour -06 | |

**ISO Certification**

| Sr. No. | ISO Certification | Certificate Number | Nature of Certification | Date of Approval / Certificate | Validity |
|---|---|---|---|---|---|
| 1 | ISO 9001:2008 | 51048 (Certification for Plot No. P-4/2, P-4/3, P-4/4, P-4/5 & P-4/6)<br><br>51048 (Certification reissued for inclusion of more items) | Manufacture, assembly and supply of plastic moulded parts and design, manufacture and supply of CTV Receivers and DVD Players<br><br>Manufacture, assembly and supply of Desktop Computers, Laptop computers, IT Peripherals, Juicers, Mixers, Grinders and other Kitchen Appliances | December 04, 2010<br><br>Reissued on June 19, 2011 | Valid upto November 12, 2011<br><br>Valid upto November 12, 2011 |

**SIA Registration**

| S. No. | SIA Acknowledgement Number & Particulars | Date | Item Description | Capacity |
|---|---|---|---|---|
| 1 | 2826/SIA/IMO/2003 (For Plot No. P-4/2, P-4/3, P-4/4, P-4/5 & P-4/6.) | October 03, 2003 | T. V. cabinets, DVD and VCD parts and other consumer electronic goods, refrigerator & washing machine parts, other plastic products | 5000 Tons p.a. each. |
| 2 | 2355/SIA/IMO/2010<br><br>(For Plot No. P-4/2, P- | July 15, 2010 | T. V. receivers (including manufacture of video monitors/projectors), | 500000 sets p.a. |

| | | | | |
|---|---|---|---|---|
| | 4/3, P-4/4, P-4/5 & P-4/6.)<br><br>The Department has issued Amendment No. 1 to the IEM Acknowledgements in the present name of our Company. | September 09, 2010. | Video recording or reproducing apparatus,<br><br>Audio & video records and tapes etc.<br><br>Parts and accessories<br><br>Parts and accessories for computers and computer based systems<br><br>Parts and accessories for refrigerating, air conditioning | 100000 sets p.a.<br><br>500000 sets p.a.<br><br>200000 sets p.a.<br><br>300000 sets p.a.<br><br>500000 sets p.a. |

**Unit II at Khasra No. 268 & 275, Raipur, Pargana-Bhagwanpur Tehsil, Distt Roorkee, Hardwar, Uttarakhand.**

**Industrial Approvals:**

| Sr. No. | Authority Granting Approval | Particulars | Date of Approval/ Certificate | Nature of Approval | Validity |
|---|---|---|---|---|---|
| 1 | Director of Factories, Uttarakhand | Approval No.: HWR-642 (Approval for Khasra No. 268)<br><br>Approval No.: HWR-642 (Khasra No. 275 has been included in the said license.)<br><br>On the change of Factory Manager from Mr. Rakesh Kumar Singh to Mr. M. K. Maheshwari, with effect from December 01, 2008, our Company has duly intimated the Director of Factories vide Form 4 A dated December 01, 2008. | December 23, 2009<br><br>September 21, 2010 | Factory License under the Factories Act, 1948 | Valid till December 31, 2011 |
| 2 | Uttarakhand Environment Protection and Pollution Control Board | Approval No.: UEPPCB/HO/CON/P-85/09/1333 (Approval for Khasra No. 268)<br><br>(Our Company has made an application dated August 31, 2010 to the authorities for inclusion of Khasra No. 275 in the consent.) | January 23, 2010 | Consent to operate under Section 25 & 26 of Water (Prevention and Control of Pollution) Act, 1974<br><br>and<br><br>Section 21 of Air (Prevention and Control of | Consent was valid upto March 31, 2010.<br><br>Applied for renewal vide application dated August 18, 2010. |

| | | | | | |
|---|---|---|---|---|---|
| | | | | Pollution) Act, 1981 | |
| 3 | Fire and Safety Department, Roorkee | NOC No. FSR/10<br><br>(Approval for Khasra No. 268 & 275) | August 12, 2010 | No Objection Certificate | Valid till December 2011 |
| 4 | Uttarakhand Power Corporation Limited, Roorkee | The power sanction for 200 KVA at Khasra No. 268 is in the name of P. G. Electronics. Our Company has taken Khasra No. 268 on lease from P. G. Electronics. The electricity bill is paid by our Company. | -- | Sanction for power supply | -- |
| 5 | Head (Dehradun Branch Office), BIS | License No.: CM/L 3139248 (Approval for Khasra No. 268)<br><br>(Khasra no. 275 is not included in the license because the lamps, for which the license has been taken, are being manufactured only at Khasra no. 268) | August 18, 2010 | License under the Bureau of Indian Standards Act, 1986<br><br>The license has been issued in respect of self ballasted lamps upto and including 23W, 220-240V, 50Hz, Colour temperature 2700K & 6500K, P.F. 0.85, B22d, E-14 & E-27 caps" which is manufactured in accordance with Indian Standards i.e. IS 15111 (Pt. 1&2):2002. The marking fee per unit being ₹ 33 per unit for 5000 units and ₹ 16.50 per unit for rest of the units with a minimum marking fee of 1.38 lakhs during the operative period of one year. | The License was valid till August 16, 2011.<br><br>Company has vide application dated May 14, 2011 applied for renewal of the license. |

**Commercial/Service/Central Excise Tax Approvals**

| Sr. No. | Authority Granting Approval | Particulars | Date of Approval/ Certificate | Nature of Approval | Validity |
|---|---|---|---|---|---|
| 1 | Department of Commercial | 05007141941 (Approval for Khasra No. 268 | May 07, 2007 | Certificate of Registration under the | Valid till Cancelled/ |

| | | | | | |
|---|---|---|---|---|---|
| | Tax, Govt. of Uttarakhand | & 275)<br><br>The items for which the authorization to purchase at concessional rates was given were extended as per the list attached in the letter dated April 30, 2010. | | Uttarakhand Value Added Tax Act, 2005 | Surrendered |
| 2 | Department of Commercial Tax, Govt. of Uttarakhand | 05007141941<br>(Approval for Khasra No. 268 & 275) | May 07, 2007 | Recognition Certificate under Section 4(7) of the Uttarakhand Value Added Tax Act, 2005 | Valid till Cancelled/ Surrendered |
| 3 | Department of Commercial Tax, Govt. of Uttarakhand | RK5100584/7-5/2007<br>(Approval for Khasra No. 268 & 275) | May 07, 2007 | Central Sales Tax Registration | Valid till Cancelled/ Surrendered |
| 4 | Assistant Commissioner, Customs & Central Excise Uttarakhand | Approval No. AACCP9321QST003<br>(Approval for Khasra No. 268)<br><br>Approval No. AACCP9321QST001<br>(Pursuant to inclusion of Khasra No. 275 in the registration) | July 16, 2008<br><br>September 07, 2010 | Service Tax Registration Certificate | Valid till Cancelled/ Surrendered |
| 5 | Assistant Commissioner of Central Excise, Dehradun | AACCP9321QXM003<br>(Approval for Khasra No. 268 & 275) | September 23, 2009 | Central Excise Registration Certificate | Valid till Company carries on the activity for which it has been issued or surrenders/ Revoked |
| 6 | Deputy Commissioner, Central Excise, Dehradun | 35/Conc.Import/PGElectroplast/07<br><br>(Approval for Khasra No. 268 & 275) | November 18, 2009 | Registration Certificate under the Customs (Import of Goods at Concessional Rate of Duty for Manufacture of Excisable Goods) Rules, 1996<br><br>The Registration certifies the nature and description of the imported goods to be used by our Company in the manufacture of excisable goods and the nature and | Valid till our Company carries on the activity for which the certificate has been issued or till our Company surrenders the certificate, whichever is earlier. |

| | | | | | |
|---|---|---|---|---|---|
| | | | | description of the excisable goods manufactured by our Company from the imported goods under Notification no. 25/99-Cus dated February 28, 1999 and Notification no. 25/2002-Cus dated March 01, 2002. | |

**Labour Law Approvals**

| Sr. No. | Authority Granting Approval | Particulars | Date of Approval/ Certificate | Nature of Approval | Validity |
|---|---|---|---|---|---|
| 1 | Regional Office, Dehradun | 61-6615-67/BR<br><br>(Approval for unit at Khasra No. 268 )<br><br>(Khasra No. 275 is not included in the registration because the registration under this Act is 'company specific' and not 'unit specific') | September 24, 2008. | Employer's Code Number under Employee's State Insurance Act, 1948 | Valid till Cancelled/ Surrendered |
| 2 | Assistant Provident Fund Commissioner | UK/35015<br>(Approval for unit at Khasra No. 268 )<br><br>(Khasra No. 275 is not included in the registration because the registration under this Act is 'company specific' and not 'unit specific') | August 11, 2008 | Establishment Code Number under E.P.F. & Misc. Provisions Act | Valid till Cancelled/ Surrendered |
| 3 | Office of the Deputy Labour Commissioner, Dehradun | 527/D.C.L/2010<br>(Approval for Khasra No. 268 & 275) | October 05, 2010 | Registration as principal employer under the Contract Labour (Regulation and Abolition) Act, 1970 | Valid till Cancelled/ Surrendered |

**ISO Certification**

| Sr. No. | ISO Certification | Certificate Number | Nature of Certification | Date of Approval/ Certificate | Validity |
|---|---|---|---|---|---|
| 1 | ISO 9001:2008 | 50809<br><br>(Certification for Khasra No. 268) | Manufacture and supply of Color TV Receivers, Audio and Video products | April 26, 2010 | Valid upto April 21, 2013 |

| | | | | | |
|---|---|---|---|---|---|
| | | (Our Company has sent a letter dated September 08, 2010 to the authorities for inclusion of Khasra No. 275 in the existing registration.) | | | |

**SIA Registration**

| S. No. | SIA Acknowledgement Number & Particulars | Date | Item Description | Capacity |
|---|---|---|---|---|
| 1 | 2366/SIA/IMO/2010<br><br>(For Khasra No. 268 & 275) | July 15, 2010 | Discharge lamps: fluorescent, hot-cathode or other discharge lamps, parts of electric lamps, other electric lamps etc. | 1,00,00,000 sets p.a. |
| | The Department issued Amendment No. 1 to the IEM Acknowledgement in the present name of our Company | September 09, 2010. | Parts of electric lamp<br><br>Other electric lamps<br><br>Television receivers<br><br>Video recording or reproducing apparatus<br><br>Audio and video tapes<br><br>Parts and accessories of computer and computer based systems | 1,00,00,000 sets p.a.<br><br>1,00,00,000 sets p.a.<br><br>50,000 sets p.a.<br><br>1,00,000 sets p.a.<br><br>50,000 sets p.a.<br><br>3,00,000 sets p.a. |
| | Entrepreneurs Memorandum Number 050131200385<br><br>(For Khasra No. 268 & 275) | October 17, 2007 | Plastic moulding items<br><br>Electronic items<br><br>Television<br><br>Audio/Video Products<br><br>Consumer Durables all types | 12000 MT PA/Shift<br><br>10 Lacs/PA/Shift<br><br>10 Lacs/PA/Shift<br><br>10 Lacs/PA/Shift<br><br>10 Lacs/PA/Shift |
| | Entrepreneurs Memorandum Number 050131200491<br><br>(For enhancement of production capacity at Khasra No. 268) | March 30, 2010 | Electronic items<br><br>Television<br><br>Audio & Video<br><br>Consumer durables all<br><br>Plastic mouldings<br><br>Compact Florescent Lamps | 50 Lac Nos./PA<br><br>30 Lac Nos./PA<br><br>50 Lac Nos./PA<br><br>50 Lac Nos./PA<br><br>12000 MT/PA<br><br>150 Lac Nos./PA |

**Unit III at Plot no. E-14 & E-15, Site B, Surajpur Industrial Area, Gautam Budh Nagar (U.P.) 201306**

**Industrial Approvals:**

| Sr. No. | Authority Granting Approval | Approval/Registration Number | Date of Approval / Certificate | Nature of Approval | Validity |
|---|---|---|---|---|---|
| 1 | Director of Factories, Uttar Pradesh | NDA-4870 (Approval for Plot No. E-14 & E-15, Site B) | May 30, 2011 | Factory License under the Factories Act, 1948 | Valid till December 31, 2011 |
| 2 | Noida Power Company Limited | Approval for Plot No. E-14 & E-15, Site B | November 16, 2010 | Sanction for power supply (Sanctioned load – 900 KvA) | Valid till Cancelled/ Surrendered |
| 3 | Fire and Safety Department, Gautam Budh Nagar | 392/CFO/GBN-10(G.N.)/365 (Approval for Plot No. E-14 & E-15, Site B) | March 29, 2011 | No Objection Certificate | Valid till Cancelled/ Surrendered |
| 4 | U.P. Pollution Control Board | G-5/51/2011 (Consent for Plot No. E-14 & E-15, Site B) | June 21, 2011 | Consent to Operate under Section 25/26 of Water (Prevention and Control of Pollution) Act, 1974 and Section 21 of Air (Prevention and Control of Pollution) Act, 1981 | Valid upto December 31, 2011. |

**Commercial/Service/Central Excise Tax Approvals**

| Sr. No. | Authority Granting Approval | Patriculars | Date of Approval/ Certificate | Nature of Approval | Validity |
|---|---|---|---|---|---|
| 1 | Department of Commercial Taxes, Govt. of Uttar Pradesh | 09466100968<br><br>(Approval for Plot No. E-14 & E-15, Site B)<br><br>(The said unit has been added in the registration certificate dated April 23, 2003 for Unit 1) | May 18, 2011 | Taxpayer's Identification Number (VAT TIN) Under the Uttar Pradesh Value Added Tax Act, 2007 | Valid till Cancelled / Surrendered |
| 2 | Assistant Commissioner, Customs & Central Excise, Div-V, Noida | AACCP9321QEM006<br><br>(Approval for Plot No. E-14 & E-15, Site B) | April 19, 2011 | Central Excise Registration Certificate | Valid till Cancelled / Surrendered |
| 3 | Superintendent o Service Tax, Div-III, Noida (UP) | AACCP9321QSD006<br><br>(Approval for Plot No. E-14 & E-15, Site B) | June 17, 2011 | Service Tax Registration Certificate | Valid till Cancelled / Surrendered |

**Labour Law Approvals**

| Sr. No. | Authority Granting Approval | Particulars | Date of Approval/ Certificate | Nature of Approval | Validity |
|---|---|---|---|---|---|
| 1 | Sub Regional Office, Noida | 67000142650000999<br><br>(Approval for Plot No. E-14 & E-15, Site B)<br><br>(The said unit has been added to the registration certificate dated December 01, 2003 for Unit I) | June 04, 2011 | Employer's Code Number under Employee's State Insurance Act, 1948 | Valid till Cancelled/ Surrendered |
| 2 | Assistant Provident Fund Commissioner | U.P. 32481<br><br>(Approval for Plot No. E-14 & E-15, Site B)<br><br>(The said unit has been added to the registration certificate dated December 01, 2003 for Unit I) | May 26, 2011 | Establishment Code Number under E.P.F. & Misc. Provisions Act | Valid till Cancelled/ Surrendered |

**ISO Certification**

| Sr. No. | ISO Certification | Certificate Number | Nature of Certification | Date of Approval / Certificate | Validity |
|---|---|---|---|---|---|
| 1 | ISO 9001:2008 | 51240 (Certification for Plot No. E-14 & E-15, Site B) | Manufacture, assembly & supply of plastic moulded parts, consumer electronics and home appliances products | June 30, 2011 | Valid upto June 02, 2012 |

**SIA Registration**

| S. No. | SIA Acknowledgement Number & Particulars | Date | Item Description | Capacity |
|---|---|---|---|---|
| 1 | 2355/SIA/IMO/2010<br><br>(For Plot No. E-14 & E-15, Site B) | July 15, 2010 | T. V. receivers (including manufacture of video monitors/projectors),<br><br>video recording or reproducing apparatus,<br><br>audio & video records and tapes etc.<br><br>parts and accessories<br><br>Parts and accessories for computers and computer based systems<br><br>Parts and accessories for refrigerating, air conditioning | 500000 sets p.a.<br><br>100000 sets p.a.<br><br>500000 sets p.a.<br><br>200000 sets p.a.<br><br>300000 sets p.a.<br><br>500000 sets p.a. |

**Unit IV at Plot No. A-20/2, Supa Parner Industrial Area, Ahmednagar, Maharashtra.**

**Industrial Approvals**

| Sr. No. | Authority Granting Approval | Approval/Registration Number | Date of Approval/ Certificate | Nature of Approval | Validity |
|---|---|---|---|---|---|
| 1 | Maharashtra Pollution Control Board | Consent No. MPCB/SRO/ANR/ C-175/1686<br><br>(Consent for Plot No. A-20/2) | August 10, 2011 | Consent to Establish under Section 25/26 of Water (Prevention and Control of Pollution) Act, 1974 and Section 21 of Air (Prevention and Control of Pollution) Act, 1981 and Hazardous Waste (Management & Handling) Rules, 2000 | The consent to establish is granted for a period upto commissioning of the unit or 5 years which ever is earlier. |
| 2 | Office of Sub Engineer, MIDC, Maintenance Sub Division, Ahmednagar | Customer No. 5147<br><br>(The water connection was in the name of Diamond Mattress Private Limited. On application, the Department transferred the water connection in the name of our Company.) | August 09, 2011 | Approval for water connection | Valid till Cancelled/ Surrendered |
| 3 | MSEDCL, Ahmednagar | Consumer No. 150519007850 | August 17, 2011 | Sanction for power supply | Valid till Cancelled/ Surrendered |

**Commercial/Service/Central Excise Tax Approvals**

| Sr. No. | Authority Granting Approval | Particulars | Date of Approval/ Certificate | Nature of Approval | Validity |
|---|---|---|---|---|---|
| 1 | Sales Tax Officer, Ahmednagar | CST TIN: 27490798716C<br><br>(Approval for Plot No. A-20/2) | November 08, 2010 | Taxpayer's Identification Number under the Central Sales Tax (Registration & Turnover) Rules, 1957 | Valid till Cancelled/ Surrendered |
| 2 | Sales Tax Officer, Ahmednagar | VAT TIN: 27490798716V<br><br>(Approval for Plot No. A-20/2) | November 08, 2010 | Taxpayer's Identification Number under Maharashtra Value Added Tax Act, 2002 | Valid till Cancelled/ Surrendered |
| 3 | Superintendent of Customs, Central Excise & Service Tax, | AACCP9321QSD005<br><br>(Approval for Plot No. A-20/2) | December 07, 2010 | Service Tax Registration Certificate | Valid till Cancelled/ Surrendered |

| | | | | | |
|---|---|---|---|---|---|
| | Ahmednagar Division | | | | |
| 4 | Assistant Commissioner, Customs & Central Excise, Ahmednagar | AACCP9321QEM004<br><br>(Approval for Plot No. A-20/2) | December 03, 2010 | Central Excise Registration Certificate | Valid till Cancelled/ Surrendered |
| 5 | Profession Tax Officer, Ahmednagar | 27490798716P<br><br>(Approval for Plot No. A-20/2) | December 10, 2010 | Registration under the Maharashtra State Tax on Professions, Trades, Callings and Employment Act, 1975 | Valid till Cancelled/ Surrendered |

**Labour Law Approvals**

| Sr. No. | Authority Granting Approval | Approval/Registration Number | Date of Approval / Certificate | Nature of Approval | Validity |
|---|---|---|---|---|---|
| 1 | Assistant Provident Fund Commissioner (Compliance) Sub Regional Office, Nasik | Code No. MH/56236<br><br>(Approval for Plot No. A-20/2) | March 09, 2011<br><br>(w.e.f. December 01, 2010) | Establishment Code Number under E.P.F. & Misc. Provisions Act | Valid till Cancelled / Surrendered |

**SIA Registration**

| S. No. | SIA Acknowledgement Number & Particulars | Date | Item Description | Capacity |
|---|---|---|---|---|
| 1 | 2219/SIA/IMO/2010<br><br>(For Plot No. A-20/2)<br><br>The Department issued Amendment No. 1 to the IEM Acknowledgement in the present name of our Company | July 01, 2010<br><br>September 09, 2010 | Plastic products<br><br>Moulded industrial accessories of plastics (including electrical insulating fittings of plastic)<br><br>Other plastic products | 5,000 TPA<br><br>5,000 TPA<br><br>5,000 TPA |
| 2 | 2361/SIA/IMO/2010<br><br>(For Plot No. A-20/2)<br><br>The Department issued Amendment No. 1 to the IEM Acknowledgement in the present name of our Company | July 15, 2010<br><br>September 09, 2010 | Refrigerators, air conditioners and fire fighting equipment and their parts and accessories<br><br>Parts and accessories NEC for refrigerating, air conditioning and fire fighting equipment | 5,00,000 sets p.a.<br><br>5,00,000 sets p.a. |
| 3 | 2367/SIA/IMO/2010<br><br>(For Plot No. A-20/2)<br><br>The Department issued Amendment No. 1 to the IEM Acknowledgement | July 15, 2010<br><br>September 09, 2010 | Discharge lamps: Fluorescent, hot cathode or other discharge lamps<br><br>Parts of electric lamps<br><br>Other electric lamps NEC | 1,00,00,000 sets p.a.<br><br>1,00,00,000 sets p.a.<br><br>1,00,00,000 sets p.a. |

| | | | | |
|---|---|---|---|---|
| | in the present name of our Company | | Television receivers<br><br>Video Recording or reproducing apparatus<br><br>Audio and video records and tapes<br><br>Parts and accessories for computer and computer based system | 5,00,000 sets p.a.<br><br>1,00,000 sets p.a.<br><br>5,00,000 sets p.a.<br><br>3,00,000 sets p.a. |

*Approvals for which applications are made and are pending*:

**Unit I at Plot no. P-4/2, P-4/3, P-4/4, P-4/5 & P-4/6, Site B, Surajpur Industrial Area, Gautam Budh Nagar (U.P.) 201306.**

1. Our Company has applied to the Fire Officer, Greater Noida for inclusion of Plot No. P-4/6 in the NOC vide application dated August 05, 2010. The application is still pending.

**Unit II at Khasra No. 268 & 275, Raipur, Pargana-Bhagwanpur Tehsil, Distt Roorkee, Hardwar, Uttarakhand.**

1. Our Company has applied for renewal of consent to operate to the Uttarakhand Environment Protection and Pollution Control Board vide application dated August 18, 2010. Our Company had also made an application dated August 31, 2010 to the authorities for inclusion of Khasra No. 275 in the consent. The applications are still pending.

2. Our Company has applied for renewal of License No. CM/L 3139248 to the Director & Head, Bureau of Indian Standards, Dehradun vide application dated May 14, 2011. The application is still pending.

3. Our Company has made an application dated September 08, 2010 for inclusion of Khasra No. 275 in the existing ISO 9001:2008 Certification no. 50809. The application is still pending.

**Unit IV at Plot No. A-20/2, Supa Parner Industrial Area, Ahmednagar, Maharashtra.**

1. Our Company has applied for issue of factory license under the Factories Act, 1948 vide application dated January 28, 2011 to the Additional Director, Industrial Safety and Health Department, Ahmednagar, for our unit at Plot No. A-20/2. The application is still pending.

2. Our Company has applied for No Objection Certificate to the Divisional Fire Officer, MIDC Fire Station vide application dated April 12, 2011 for our unit at Plot No. A-20/2. The application is still pending.

3. Our Company has applied for change of name in the sanction for power supply at our unit at Plot No. A-20/2 to the Superintending Engineer, MSEDCL, Ahmednagar vide application dated August 17, 2011. The application is still pending.

## SECTION VII – OTHER REGULATORY AND STATUTORY DISCLOSURES

**Authority for the Issue**

The Issue of Equity Shares in the Issue by the Company has been authorized by the resolution of the Board of Directors passed at their meeting held on August 14, 2010 subject to the approval of shareholders through a special resolution to be passed pursuant to Section 81(1A) of the Companies Act, 1956. The shareholders approved the issue at the Annual General Meeting of the Company held on August 25, 2010.

**Prohibition by SEBI**

Our Company, its Directors, its Promoters, the Promoter Group, and the companies in which the Directors are associated as directors, have not been prohibited from accessing or operating in the capital market or restrained from buying, selling or dealing in securities under any order or directions passed by SEBI or any other authority.

Our Directors are not in any manner associated with the securities market and there has been no action taken by SEBI against the Directors or any entity our Directors are involved in as promoters or Directors.

Neither our Company nor our Directors, our Promoters, their relatives, our Promoter Group are detained as willful defaulters by RBI/Government authorities and there are no proceedings relating to violations of securities laws pending against them and there are no violations of securities laws committed by them in the past.

**Eligibility for the Issue**

Our Company is eligible for the Issue under Regulation 26(1) of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009. As confirmed by the Auditors of our Company:

- our Company has net tangible assets of atleast ₹ 300.00 lakhs in each of the 3 preceding full years (of 12 months each) of which not more than 50% is held in monetary assets.
- our Company has a pre-issue net worth of not less than ₹ 100.00 lakhs in each of the three preceding full years (of 12 months each).
- our Company has a track record of distributable profits as per Section 205 of the Companies Act, 1956, for atleast three out of the immediately preceding five years (extraordinary items are not considered for calculating distributable profits in terms of Section 205 of the Companies Act, 1956).
- the proposed issue size including all previous issues in the same financial year would not exceed five (5) times the pre-issue net worth of our Company as per the audited accounts for the year ended March 31, 2010.
- our Company has not changed its name within the last one year.

The net tangible assets, monetary assets, distributable profits and net worth as derived from the restated financial statements prepared in accordance with SEBI (ICDR) Regulations, for the last five financial years is set forth below: (₹ in lakhs)

| **Financial Year** | **2009-10** | **2008-09** | **2007-08** | **2006-07** | **2005-06** |
|---|---|---|---|---|---|
| Net tangible assets | 6,981.03 | 3,929.67 | 2,616.43 | 1,920.89 | 1,496.26 |
| Monetary assets | 1,097.56 | 147.48 | 122.60 | 58.31 | 18.53 |
| Monetary assets as a %age of net tangible assets | 15.7% | 3.8% | 4.7% | 3.0% | 1.2% |

| | | | | | |
|---|---|---|---|---|---|
| Distributable profits | 1003.78 | 114.45 | 47.68 | 23.45 | 81.38 |
| Net Worth | 2,742.42 | 1,738.43 | 1,057.14 | 779.98 | 582.76 |

(1) Net tangible assets is defined as the sum of fixed assets (including capital work in progress and excluding revaluation reserves), investments, current assets (excluding deferred tax assets) less current liabilities (excluding deferred tax liabilities and long term liabilities).
(2) Monetary assets include cash on hand and bank.
(3) The distributable profits of the company as per section 205 of the Companies Act have been calculated from the restated unconsolidated Financial Statements.
(4) Net Worth includes equity share capital and reserves (net off miscellaneous expenditure not written off, if any).

Further, in accordance with Regulation 26(4) of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, our Company shall ensure that number of prospective allottees to whom the Equity Shares will be allotted in the Issue shall not be less than 1000, failing which the entire application money will be refunded forthwith.

**SEBI Disclaimer clause**

**AS REQUIRED, A COPY OF THIS DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SECURITIES AND EXCHANGE BOARD OF INDIA (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, ALMONDZ GLOBAL SECURITIES LIMITED, HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, ALMONDZ GLOBAL SECURITIES LIMITED IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGE THEIR RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGER, ALMONDZ GLOBAL SECURITIES LIMITED HAS FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED SEPTEMBER 18, 2010 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, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE ISSUER,**

**WE CONFIRM THAT:**

- **(A) THE DRAFT RED HERRING PROSPECTUS FILED WITH THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**
- **(B) ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE, AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS, ETC. FRAMED / ISSUED BY THE BOARD, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
- **(C) THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.**

3. **WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATION IS VALID.**

4. **WHEN UNDERWRITTEN, WE SHALL SATISFY OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.**

5. **WE CERTIFY THAT WRITTEN CONSENT FROM THE PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR EQUITY SHARES AS PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE EQUITY SHARES PROPOSED TO FORM PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED OR SOLD OR TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF THE LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.**

6. **WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS' CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATIONS HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS.**

7. **WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (c) AND (d) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE**

REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE. - NOT APPLICABLE.

8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.

9. WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 73 OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION.

10. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE. NOT APPLICABLE- AS THE ISSUE SIZE IS MORE THAN RS. 1000 LAKHS, HENCE UNDER SECTION 68B OF THE COMPANIES ACT, 1956, THE EQUITY SHARES ARE TO BE ISSUED IN DEMAT ONLY.

11. WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.

12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:

(A) AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME THERE SHALL BE ONLY ONE DENOMINATION FOR THE SHARES OF THE COMPANY AND
(B) AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.

13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.

14. **WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BACKGROUND OR THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE, ETC.**

15. **WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY."**

**THE FILING OF THE DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTIONS 63 OR 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR 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 OFFER DOCUMENT.**

**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, NCT OF DELHI AND HARYANA IN TERMS OF SECTION 60B OF THE COMPANIES ACT, 1956.**

**Disclaimer from the Issuer Company and the Book Running Lead Manager**

Our Company, our Directors and the Book Running Lead Manager accept no responsibility for statements made otherwise than in this Red Herring Prospectus or in the advertisement or any other material issued by or at its instance and that anyone placing reliance on any other source of information would be doing so at his or her own risk.

The BRLM accept no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into between the Book Running Lead Manager, Almondz Global Securities Limited and our Company dated September 10, 2010 and the Underwriting agreement to be entered into between the Underwriters and our Company.

All information shall be made available by the BRLM and the Company to the public and investors at large and no selective or additional information would be available for a section of investors in any manner whatsoever including road show presentations, research or sales reports or at collection centres or elsewhere.

Neither the Company nor BRLM or Syndicate Member or SCSB shall be liable to the Bidders for any failure in uploading the bids due to faults in any software/ hardware system or otherwise.

**Caution**

Investors that bid in this Issue will be required to confirm and will be deemed to have represented to the Company and the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approval to acquire Equity Shares and will not offer, sell, pledge or transfer the Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approval to acquire Equity Shares. The Company and the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares.

**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, HUF, 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), trusts registered under the Societies Registration Act, 1860,as amended from time to time, or any other trust law and who are authorised under their constitution to hold and invest in shares, permitted insurance companies and pension funds and to NRIs on non-repatriable basis and FIIs and sub-account registered with SEBI other than a sub-account which is a foreign corporate or foreign individual. This Red Herring Prospectus does not, however, constitute an Issue to sell or an invitation to subscribe to shares issued hereby in any other jurisdiction to any person to whom it is unlawful to make an issue or invitation in such jurisdiction. Any person into whose possession this Red Herring Prospectus comes into is required to inform himself 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 New Delhi only.

No action has been or will be taken to permit a public offering in any jurisdiction where permission would be required for that purpose, except that this Red Herring Prospectus has been filed with SEBI for observations and SEBI has given its observations and the Red Herring Prospectus has been filed with RoC as per the provisions of the Act. Accordingly, the Equity Shares, represented thereby may not be offered or sold, directly or indirectly, and this Red Herring Prospectus may not be distributed, in any jurisdiction, except in requirements applicable in such jurisdiction. Neither the delivery of this Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been and will not be registered under the US Securities Act ("the Securities Act") or any state securities laws in the United States and may not be issued 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 issued and sold (i) in the United States to "qualified institutional buyers", as defined in Rule 144A of the Securities Act in reliance on Rule 144A under the Securities Act and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdiction where those issues and sales occur.

**Disclaimer clause of Bombay Stock Exchange Limited (BSE, the Designated Stock Exchange)**

Bombay Stock Exchange Limited ("the Exchange") has given vide its letter dated October 15, 2010, 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 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 the National Stock Exchange of India Limited (NSE)**

As required, a copy of this Offer Document has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter ref: NSE/LIST/151614-T dated November 18, 2010, permission to the Issuer to use 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 scrutinised 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 NSE should not in any way be deemed or construed that the Offer Document has been cleared or approved by NSE; 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 Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoter, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to an 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.

**Disclaimer clause of CARE for IPO Grading**

CARE's IPO grading is a one time assessment and the analysis draws heavily from the information provided by the issuer as well as information obtained from sources believed by CARE to be accurate and reliable. However, CARE, does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. CARE's IPO grading does not take cognizance of the price of the security and it is not a recommendation to buy, sell or hold shares/securities. It is also not a comment on the offer price or the listed price of the scrip. It does not imply that CARE performs an audit function or forensic exercise to detect fraud. It is also not a forecast of the future market performance and the earnings prospects of the issuer; also it does not indicate compliance/violation of various statutory requirements. CARE shall not be liable for any losses incurred by users from any use of the IPO grading.

**Filing**

A copy of this Draft Red Herring Prospectus has been filed with SEBI at Corporation Finance Department, SEBI Bhavan, Plot No. C-4A, G Block, Bandra Kurla Complex, Bandra (East), Mumbai –

400 051, Maharashtra and with the Bombay Stock Exchange Limited, Mumbai and National Stock Exchange of India Limited, Mumbai.

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, will be delivered for registration to the ROC and a copy of the Prospectus required to be filed under Section 60 of the Companies Act will be delivered for registration to the RoC situated at Registrar of Companies, NCT of Delhi & Haryana, 4th floor, IFCI Tower, 61, Nehru Place, New Delhi-110019.

**Listing**

The initial listing applications have been made to Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) for permission to list the Equity Shares and for an official quotation of the Equity Shares of the Company. The Bombay Stock Exchange Limited (BSE) will be the Designated Stock Exchange.

In case the permission for listing of the Equity Shares and for official quotation of the Equity Shares is not granted by any of the above mentioned Stock Exchanges, the Company shall forthwith repay, without interest, all monies received from the applicants in pursuance of this Red Herring Prospectus and if such money is not repaid within eight days after the day from which the Issuer becomes liable to repay it, then the Company and every Director of the Company who is an officer in default shall, on and from the expiry of 8 days, be jointly and severally liable to repay the money with interest prescribed under Section 73 of the Companies Act 1956.

The Company with the assistance of the Book Running Lead Manager shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at both the Stock Exchanges mentioned above are taken within twelve working days of the Bid /Issue Closing Date.

**Consents**

Consents in writing of Directors, the Company Secretary, Compliance Officer, the Statutory Auditors, Banker to the Company, Book Running Lead Manager to the Issue, Registrars to the Issue, and Legal Advisors, to act in their respective capacities, have been obtained and shall be filed along with a copy of the Red Herring Prospectus with the Registrar of Companies, as required under Sections 60 of the Companies Act, 1956 and such consents have not been withdrawn up to the time of delivery of a copy of the Red Herring Prospectus, for registration with the Registrar of Companies, NCT of Delhi & Haryana.

M/s. Hem Sandeep & Co., Statutory Auditors, have also given their consent to the inclusion of their report as appearing hereinafter in the form and context in which it appears in this Red Herring Prospectus and also tax benefits accruing to the Company and to the members of the Company and such consent and report have not been withdrawn up to the time of delivery of this Red Herring Prospectus for registration with the Registrar of Companies, NCT of Delhi & Haryana.

**Expert opinion**

No opinion of any expert has been obtained by the Company, except that of M/s. Hem Sandeep & Co., Statutory Auditors of our Company and M/s. Link Legal , Legal Advisors to the Issue.

**Public issue expenses***

The expenses for this Issue includes Issue management fees, underwriting & selling commission, registrars' fee, grading fee, printing and distribution of issue stationery, advertisement and marketing expenses, legal counsel fees and listing fess payable to the stock exchanges, among others.

The total expenses for this Issue are estimated to be ₹ [●] lakhs, details of which are as under:

(₹ in lakhs)

| Sr. No. | Activity | Amount | % of Total Issue size | % of Issue Expenses |
|---|---|---|---|---|
| 1 | Issue Management Fees, Underwriting & Selling Commission (including commission to SCSB for ASBA applications) & Brokerage | [●] | [●] | [●] |
| 2 | Registrars fees | [●] | [●] | [●] |
| 3 | Fees for Legal Counsel to the Issue | [●] | [●] | [●] |
| 4 | Fees payable to Grading Agency for grading the Issue | [●] | [●] | [●] |
| 5 | Fees to the Bankers to the Issue | [●] | [●] | [●] |
| 6 | Printing and Distribution of Issue Stationery | [●] | [●] | [●] |
| 7 | Advertising and Marketing expenses | [●] | [●] | [●] |
| 8 | Other expenses (stamp duty, initial listing fees, depository fees, charges for using the book building software of the exchanges and other related expenses) | [●] | [●] | [●] |
| | **Total** | [●] | [●] | [●] |

* Will be incorporated after finalization of Issue Price

**Fees payable to the BRLM, underwriting, brokerage and selling commission**

The total fees payable to the BRLM including brokerage and selling commission for the Issue will be as per the engagement letter(s) dated August 27, 2010 is available for inspection at the Corporate Office of our Company.

**Fees payable to the Registrar to the Issue**

The total fees payable to the Registrar to the Issue will be as per the Memorandum of Understanding executed between the Company and the Registrar dated August 27, 2010, copy of which is available for inspection at the Registered Office of the Company.

Adequate funds will be provided to the Registrar to the Issue to enable them to send refund order(s) or allotment advice by registered post or speed post or under certificate of posting.

**Previous public or rights issues**

Our Company has not made any public or rights issue during the last five years.

**Previous issues of shares otherwise than for cash**

The Company has not issued shares for consideration other than for Cash, except as stated in the title "Capital Structure" on page no. 18 of this Red Herring Prospectus.

**Commission and brokerage paid on previous issues**

Since this is the initial public issue of the Company, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of Equity Shares of the Company since its inception.

**Details of capital issue made during last three years in regard to the Issuer Company and other listed group companies /subsidiaries/associates.**

There have been no capital issues during last 3 years by our Company and any other listed group companies/ entities/ subsidiaries/associates.

**Option to subscribe**
Equity Shares being issued through this Red Herring Prospectus can be applied for in Dematerialized form only.

**Promise vis-à-vis performance**
Our Company has not made any Issue in the past.

**Outstanding debentures, bonds, redeemable preference shares or other instruments**
As on the date of filing of this Red Herring Prospectus with SEBI, our Company does not have any outstanding debentures, bonds, redeemable preference shares or other instruments.

**Stock market data for equity shares of the Company**
As this is the Initial Public Issue of our Company, the Equity Shares are not listed on any stock exchange.

**Mechanism for redressal of investor grievances**
We have appointed Karvy Computershare Private Limited as the Registrar to the Issue, to handle the investor grievances in co-ordination with Compliance Officer of our Company. All grievances relating to the present issue may be addressed to the Registrars to the Issue, with a copy to the Compliance Officer, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and Bidder/Bank branch where the application was submitted. Our Company will monitor the work of the Registrars to the Issue to ensure that the grievances are settled expeditiously and satisfactorily.

All grievances relating to the ASBA process may be addressed to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the Designated Branch or the collection centre of the SCSB where the Bid-cum-ASBA Form was submitted by the ASBA Bidders.

**Disposal of investor grievances**
Karvy Computershare Private Limited, the Registrars to the Issue, or the SCSBs in case of ASBA Bidders, will handle investor grievances pertaining to the Issue. A fortnightly status report of the complaints received and redressed by them would be forwarded to our Company. Our Company would also be coordinating with Registrar to the Issue in attending to the grievances of the investors. Our Company assures that the Board of Directors, in respect of the complaints, if any, to be received, shall adhere to the following schedules:

| Sr. No. | Nature of Complaint | Time Taken |
|---|---|---|
| 1. | Non-receipt of refund | Within 7 days of receipt of complaint, subject to production of satisfactory evidence. |
| 2. | Change of Address notification | Within 7 days of receipt of Information |
| 3. | Any other complaint in relation to Public Issue | Within 7 days of receipt of complaint with all relevant details |

We have appointed Mr. Naveen Chandra Kushwaha as Compliance Officer who would directly deal with SEBI with respect to implementation /compliance of various laws, regulations and other directives issued by SEBI and matters related to investor Complaints. The investor may contact the Compliance Officer in case of any pre issue/post issue related problems. The Compliance Officer can be contacted at the following address:

**Mr. Naveen Chandra Kushwaha**
**Company Secretary & Compliance Officer**
PG Electroplast Limited
P-4/2 to 4/6, Site-B,
UPSIDC Industrial Area,
Surajpur, Greater Noida-201 306,
District Gautam Budh Nagar,
Uttar Pradesh, India
Tel No: +91-120-2569323
Fax No: +91-120-2569131
Email: ipo@pgel.in

**Changes in Auditors**
There has been no change in the Auditors of the Company during the last three years except that during 2008-09, Mr. Manish Gupta was appointed as Statutory Auditors of our Company, on account of preoccupation of M/s Hem Sandeep & Company.

**Capitalization of reserves or profits (during the last five years)**
The Company has not capitalized its profits or reserves at any time except as stated in the section titled "Financial Statements of the Company" and "Capital Structure" on page no. 125 and 18 of this Red Herring Prospectus.

**Revaluation of assets (during the last five years)**
There has been no revaluation of the assets of our Company during the last five years.

## SECTION VIII: ISSUE RELATED INFORMATION

## TERMS OF THE ISSUE

The Equity Shares being issued are subject to the provisions of the Companies Act, our Company's Memorandum and Articles of Association, the terms of the Red Herring Prospectus, Red Herring Prospectus, Prospectus, Bid-cum-Application Form, the revision form, Bid-cum-ASBA Form, Abridged Prospectus, the Confirmation of Allocation Note and other terms and conditions as may be incorporated in the 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, Stock Exchanges, FIPB, RBI, RoC and/or other authorities, as in force on the date of the Issue and to the extent applicable.

**Ranking of Equity Shares**

The Equity Shares being issued shall be subject to the provisions of the Companies Act, Memorandum and Articles of Association of our Company 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. For further details, please see the section titled "Main Provisions of Articles of Association of the Company" beginning from page no. 271 of this Red Herring Prospectus.

**Mode of payment of Dividend**

Our Company shall pay dividend, if any, to its shareholders as per the provisions of the Companies Act, 1956.

**Face Value and Issue Price**

The Equity Shares with a face value of ₹ 10/- each are being issued in terms of the Red Herring Prospectus / Red Herring Prospectus / Prospectus at a Issue Price of ₹ [•] per Equity Share. At any given point of time there shall be only one denomination for the Equity Shares, 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 subject to any statutory and other preferential claims being satisfied;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the terms of the listing agreements with the Stock Exchanges and Memorandum and Articles of Association of the Company.

For a detailed description of the main provisions of Articles of Association of our Company dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation/splitting, please refer to the section "Main Provisions of Articles of Association of the Company" beginning on page no. 271 of this Red Herring Prospectus.

**Market lot and trading lot**

In terms of Section 68B of the Companies Act, the Equity Shares of the Company shall be allotted only in dematerialised form. As per existing SEBI (ICDR) Regulations, the trading of Equity Shares of our Company shall be in dematerialised form only. Since trading of Equity Shares of the Company is compulsorily in dematerialized mode, the tradable lot is one Equity Share. Allotment through this Issue will be done only in electronic form in multiples of One Equity Share subject to a Minimum Allotment of 30 Equity Shares.

**Joint Holders**

Subject to provisions contained in our Articles, where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as joint tenants with benefits of survivorship.

**Nomination facility to the investor**

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidder, 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 allotted, 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 benefits 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 with the Registrar or 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:

a. to register himself or herself as the holder of the Equity Shares; or
b. 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 the Issue will be made only in dematerialised mode, there is no need to make a separate nomination with the Company. Nominations registered with the respective depository participant of the applicant would prevail. If an investor needs to change the nomination, they are requested to inform their respective Depository Participant.

**Issue Period**

Bidders may submit their Bids only in the Bid/Issue Period. The Bid/Issue Opening Date is September 7, 2011 and the Bid/Issue Closing Date is September 12, 2011.

**Minimum Subscription**

If our Company does not receive the minimum subscription of 90% of the Issue to the public to the extent of the amount, including devolvement of Underwriters, within 60 days from the Bid Closing

Date, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after our Company become liable to pay the amount (i.e., 60 days from the Bid Closing Date), our Company shall pay interest prescribed under Section 73 of the Companies Act.

In accordance with Regulation 26(4) of the SEBI (ICDR) Regulations, our Company shall ensure that the number of prospective allottees to whom the Equity Share will be allotted will not be less than 1000.

**Application by NRIs, FIIs, Sub-Accounts and FVCIs**
It is to be distinctly understood that there is no reservation for NRIs, FIIs, Sub-Accounts and FVCIs. As per existing regulations, OCBs cannot participate in this Issue.

**Arrangements for disposal of odd lots**
There are no arrangements for disposal of odd lots.

**Restriction on Transfer of Shares**
Except for the lock-in of the pre-Issue capital of our Company and the Promoter's contribution as provided the section titled "Capital Structure" on page no. 18 of this Red Herring Prospectus and otherwise as provided in our Articles, there are no restrictions on transfer and transmission of shares / debentures and on their consolidation and splitting.  Please see section "Main Provisions of Articles of Association of the Company" on page no. 271 of the Red Herring Prospectus.

**Withdrawal of the issue**
In accordance with the SEBI Regulations, our Company, in consultation with Book Running Lead Manager, reserves the right not to proceed with this Issue at anytime after the Bid /Issue Opening Date, but before the allotment of Equity Shares In such an event, the Company shallgive the reason thereof within two days of the Bid /Issue Closing Date by way of a public notice which shall be published within two days of the Bid /Issue Closing Date in the same newspapers where the pre-Issue advertisement was published. Further, the Stock Exchanges shall be informed promptly in this regard and the Book Running Lead Manager, through the Registrar to the Issue, shall notify the SCSBs to unblock the Bank Accounts of the ASBA Bidders within one day from the date of receipt of such notification. In the event of withdrawal of the Issue and subsequently, plans of an IPO by our Company, a Draft Red Herring Prospectus will be submitted again for observations of SEBI.

Notwithstanding the foregoing, this Issue is also subject to obtaining the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after allotment, and the final RoC approval of the Prospectus.

In terms of the SEBI Regulations, QIBs Bidding in the QIB Portion shall not be allowed to withdraw their Bids after the Bid Closing Date.

**Option to receive Equity Shares in Dematerialised Form**
Investors should note that allotment of Equity Shares to all successful Bidders will only be in dematerialised form. Bidders will not have the option of getting allotment of the Equity Shares in physical form. The Equity Shares on allotment shall be traded only in the dematerialised segment of the Stock Exchanges.

**Jurisdiction**
Exclusive jurisdiction for the purpose of this Issue is with competent courts/authorities in New Delhi, India.

# ISSUE PROCEDURE

*This section applies to all Bidders. Please note that pursuant to the SEBI circular dated April 29, 2011, bearing no. CIR/CFD/DIL/2011, all non-Retail Individual Bidders i.e. QIBs and Non-Institutional Bidders are mandatorily required to submit their Bids by way of ASBA. ASBA Bidders should note that the ASBA process involves application procedures that are different from the procedure applicable to the Bidders other than the ASBA Bidders. Bidders applying through the ASBA process should carefully read the provisions applicable to such applications before making their application through the ASBA process. Please note that all the Bidders are required to make payment of the full Bid Amount or instruct the relevant SCSB to block the full Bid Amount along with the Bid cum Application Form or ASBA Form, as the case may be.*

*Our Company and the members of the Syndicate do not accept any responsibility for the completeness and accuracy of the information stated in this section, and are not liable for any amendment, modification or change in applicable law, which may occur after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that their Bids do not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or as specified in this Red Herring Prospectus and the Prospectus.*

## Book Building Procedure

This Issue is being made through a 100% Book Building Process wherein not more than 50% of the Issue to Public shall be allotted on a proportionate basis 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 shall be available for allotment on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. Further, not less than 15% of the Issue to Public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue to Public 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.

Undersubscription, if any, in any category, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company, in consultation with the BRLM.

QIBs and Non-Institutional Bidders can participate in this Issue only through the ASBA process while Retail Individual Bidders have the option to bid through the ASBA process. ASBA Bidders are required to submit their Bids at the members of the Syndicate at the Syndicate ASBA Bidding Locations (Mumbai, Chenai, Kolkatta, Delhi, Ahmedabad, Rajkot, Jaipur, Bengaluru, Hyderabad, Pune, Vadodara and Surat) and that the SCSB where the ASBA Account (as specified in the Bid cum ASBA Form) is maintained has named at least one branch at that location for the members of the Syndicate to deposit Bid cum ASBA Forms (a list of such branches is available at http://www.sebi.gov.in/pmd/scsb-asba.html), or to the SCSBs. Bidders other than ASBA Bidders are required to submit their Bids to the members of the Syndicate.

Our Company will comply with the SEBI (ICDR) Regulations and any other ancillary directions issued by SEBI for this Issue.In case of QIB Bidders, our Company in consultation with BRLM may reject Bid procured by any or all members of the syndicate at the time of acceptance of Bid-cum-ASBA Form provided that the reasons for rejecting the same are provided to such Bidders in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, our Company would have a right to reject the Bids only on technical grounds.

**<u>Investors should note that Equity Shares would be allotted to all successful Bidders only in dematerialized form. Bidders will not have the option of getting allotment of the Equity Shares in physical form. The Equity Shares on allotment shall be traded only in the dematerialized segment of the Stock Exchanges.</u>**

**Bid-cum-Application / ASBA Form**

Copies of the Bid cum Application Form will be available for all categories of Bidders, with the Syndicate Member(s) and our Registered Office. In addition, Bid cum ASBA Forms in physical form will be available with the Designated Branches of SCSBs and with Syndicate/Sub-Syndicate Members; and electronic Bid cum ASBA Forms will be available on the websites of the SCSBs and of the Stock Exchanges at least one day prior to the Issue Opening Date. Copies of the Red Herring Prospectus shall, on a request being made by any Bidder, be furnished to such Bidder at our Registered Office, BRLM and the Designated Branches.

Bidders, including Syndicate ASBA 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, unless they are using the ASBA process directly via the SCSBs. The Bidder shall have the option to make a maximum of three Bids (in terms of number of Equity Shares and respective bid prices) in the Bid-cum-Application Form and such options shall not be considered as multiple Bids. The Bid-cum-Application Form shall be serially numbered and the date and time stamped at the Bidding Centres and such form shall be issued in duplicate signed by the Bidder and countersigned by the relevant member of the Syndicate.

Upon the allocation of Equity Shares, dispatch of the 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.

Bidders can also submit their Bids through the ASBA process by submitting Bid-cum-ASBA Forms, either in physical or electronic mode. An ASBA Bidder shall use the ASBA Form obtained from the Designated Branches for the purpose of making a Bid. ASBA Bidders can submit their Bids, either in physical or electronic mode. In case of application in physical mode, the ASBA Bidder shall submit the ASBA Form either (i) at the relevant Designated Branch of an SCSB which shall be stamped, at the relevant Designated Branch; or (ii) to the members of the Syndicate in case of applications by Syndicate ASBA Bidders, who shall submit the same to the respective SCSB, which shall be stamped, at the relevant Syndicate ASBA Centre. In case of application in electronic form, the ASBA Bidder shall submit the ASBA Form either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for bidding and blocking funds in the ASBA Account held with SCSB, and accordingly registering such Bids. The SCSB shall block an amount in the ASBA Account equal to the Bid Amount specified in the ASBA Form. Upon completing and submitting the ASBA Form to the SCSB or the member of the Syndicate, as the case may be, the ASBA Bidder is deemed to have authorised: (i) the SCSBs to do all acts as are necessary to make an application in the Issue, including uploading his or her Bid, blocking or unblocking of funds in the ASBA Account and transfer funds to the Public Issue Account on receipt of instructions from the Registrar to the Issue after approval of basis of Allotment by the Designated Stock Exchange; (ii) the Registrar to the Issue to issue instructions to the Controlling Branch of SCSBs to unblock the funds in the ASBA Account, upon approval of the basis of Allotment by the Designated Stock Exchange; and (iii) our Company to make the necessary changes in the Red Herring Prospectus and the ASBA 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 ASBA Bidder.

To supplement the foregoing, the mode and manner of Bidding is illustrated in the following chart:

| **Category of the Bidder** | **Available mode of Bidding** | **Application Form to be used for bidding** | **Application Form to be submitted to** | | |
|---|---|---|---|---|---|
| | | | **In case of ASBA** | | **In case of non ASBA** |
| | | | **Physical** | **Electronic** | |
| Retail Individual Investor | ASBA or non ASBA | ASBA Form (physical or electronic) or Bid cum Application Form | 1. Syndicate/sub-Syndicate Members at Syndicate ASBA centres only; or 2. Designated Branches of the SCSBs | 1. Through internet banking where the ASBA account is maintained | 1. Syndicate/ sub-Syndicate Members at the bidding centres |
| Non Institutional Investors & QIBs | ASBA | ASBA Form (physical or electronic) | 1. Syndicate/sub-Syndicate Members at Syndicate ASBA centres only; or 2. Designated Branches of the SCSBs | 1. Through internet banking where the ASBA account is maintained | NA |

The prescribed colour of the Bid-cum-Application Form for various categories is as follows:

| **Category** | **Colour of Bid-cum-Application / Bid-cum-ASBA Form*** |
|---|---|
| Indian Nationals or NRIs applying on a non-repatriation basis | White |
| NRIs or FIIs or Foreign Venture Capital Funds registered with SEBI, Multilateral and Bilateral Development Financial Institutions applying on a repatriation basis | Blue |

** Excluding electronic Bid cum ASBA Forms. Electronic Bid cum ASBA Forms for ASBA Bidders will be made available on the websites of NSE (www.nseindia.com) and BSE (www.bseindia.com) at least one day prior to Bid/Issue Opening Date. A hyperlink to the website of the Stock Exchanges for this facility will be provided on the website of the BRLM and the SCSBs.*

**Who Can Bid?**

1. Persons eligible to invest under all applicable laws, rules, regulations and guidelines;

2. Indian nationals resident in India who are majors, in single or joint names (not more than three) or in the names of their minor children as natural/legal guardians in single or joint names (not more than three);

3. 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 or ASBA 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;

4. Companies and corporate bodies registered under the applicable laws in India and authorized to invest in Equity shares;
5. Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts/societies and who are authorized under their constitution to hold and invest in equity shares;
6. Mutual funds registered with SEBI;
7. Indian financial institutions, scheduled commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to RBI regulations and SEBI Guidelines and Regulations, as applicable);
8. FIIs and sub-account registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual;
9. Sub-accounts of FIIs registered with SEBI which are foreign corporate or foreign individuals only under the Non-Institutional Bidders category.
10. Foreign corporate or individuals bidding in the QIB Portion, in accordance with all applicable laws;
11. Venture capital funds registered with SEBI;
12. Foreign venture capital funds registered with SEBI;
13. State Industrial Development Corporations;
14. Insurance companies registered with the Insurance Regulatory and Development Authority;
15. As permitted by the applicable laws, Provident funds with minimum corpus of ₹ 2500 Lakhs and who are authorized under their constitution to hold and invest in Equity Shares;
16. Pension funds with minimum corpus of ₹ 2500 Lakhs and who are authorized under their constitution to hold and invest in Equity Shares;
17. Multilateral and bilateral development financial institutions;
18. Eligible Non-residents including NRIs and FIIs on a repatriation basis or a non- repatriation basis subject to applicable local laws;
19. Scientific and/or industrial research organizations in India authorized under their constitution to invest in equity shares;
20. Limited Liability Partnerships;
21. Insurance funds set up and managed by the Department of Posts, India;
22. National Investment Fund set up by resolution F. No. 2/3/2005-DD-11 dated November 23, 2005 of Government of India, published in the Gazette of India;
23. Insurance funds set up and managed by army, navy or air force of the Union of India; and
24. Any other persons eligible to Bid in this Issue, under the laws, rules, regulations, guidelines and policies applicable to them

**As per existing regulations, OCBs are prohibited from investing in this Issue.**

**Note:** The BRLM and Syndicate Member shall not be allowed to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations, if any. However, associates and affiliates of the BRLM and Syndicate Member 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 Bidders, 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. All categories of investors, including associates or affiliates of BRLM and Syndicate Members, shall be treated equally for the purpose of allocation to be made 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.**

**Bids by Mutual Funds**

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Funds Portion. In the event that the demand is greater than 1,43,625 Equity Shares, allocation shall be made to Mutual Funds on proportionate basis to the extent of the Mutual Funds Portion. The remaining demand by Mutual Funds shall, as part of the aggregate demand by QIB Bidders, be made available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Funds Portion.

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 for which the Bid has been made.

**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 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 capital carrying voting rights. These limits would have to be adhered to by the mutual funds for investment in the Equity Shares. The Bids made by Asset Management Companies or custodians of Mutual Fund shall clearly indicate the name of the concerned schemes for which the application is being made.

**Bids by Eligible NRIs**

Eligible NRI Bidders to comply with the following:

a) Individual NRI Bidders can obtain the Bid-cum-Application Forms from Registered Office of our Company or members of the Syndicate.

b) Eligible NRI Bidders may please note that only such Bids as are accompanied by payment in free foreign exchange shall be considered for allotment. Eligible NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the Bid-cum-Application Form meant for resident Indians (White in colour). All instruments accompanying bids shall be payable in Mumbai only.

**Bids by FIIs**

**As per the current regulations, the following restrictions are applicable for investments by FIIs:**

No single FII can hold more than 10% of post-issue paid-up capital of our Company (i.e., 10% of 1,64,14,332 Equity Shares). In respect of an FII investing in Equity Shares of our Company on behalf of its sub-accounts (other than a sub-account which is a foreign corporate or foreign individual bidding under the QIB Portion), the investment on behalf of each such sub-account shall not exceed 10% of total issued equity capital or 5% of our total issued equity capital in case such sub-accounts is a foreign corporate or a foreign individual. Under the current foreign investment policy applicable to us foreign equity participation upto 100% is permissible under the automatic route.

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-accounts 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 in 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 VCF and FVCI**

The SEBI (Venture Capital Funds) Regulations, 1996, and the SEBI (Foreign Venture Capital Investors) Regulations, 2000, prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, the investment by any VCF or FVCI should not exceed the prescribed investment limit as the case may be.

Accordingly, the holding by any individual VCFs in one company should not exceed 25% of the corpus of the said VCF. Further, VCFs and FVCIs can invest only up to 33.33% of the investible funds by way of subscription to an initial public offer of a venture capital undertaking.

According to Regulation 37(b) of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, the equity shares held by a venture capital fund or foreign venture capital investor would be exempt from the lock-in requirements only if the equity shares have been held for a period of at least one year prior to the date of the filing of the Red Herring Prospectus with the SEBI.

**Bids by limited liability partnerships**

In case of Bids made by limited liability partnerships under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form or the ASBA Form. Failing this, our Company reserves the right to reject any Bid without assigning any reason thereof.

**Bids by insurance companies**

In case of Bids made by insurance companies registered with Insurance Regulatory and Development Authority, a certified copy of the certificate of registration issued by Insurance Regulatory and Development Authority must be submitted with the Bid-cum-ASBA Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case without assigning any reason thereof.

**Bids by provident funds / pension funds**

In case of Bids made by provident fund with the minimum corpus of ₹ 2500 Lakhs (subject to applicable law) and pension fund with the minimum corpus of ₹ 2500 Lakhs, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged with the Bid-cum-ASBA Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case without assigning any reason thereof.

**Bids and revision of Bids by non-residents including Eligible NRIs, FIIs and Foreign Venture capital Funds registered with SEBI on a repatriation basis must be made:**

1. On the prescribed Bid-cum-Application/ASBA Form or Revision Form/ASBA Revision Form, as applicable (blue in colour) 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 and in the same order as their Depository Participant details);
3. Eligible NRIs for a Bid Amount of up to ₹ 2,00,000 would be considered under the Retail Bidders portion for the purposes of allocation and Bids for a Bid amount of more than ₹ 2,00,000 would be considered under the Non-Institutional Bidders portion for the purposes of allocation; Other Non-Resident Bidders must bid for a minimum of such number of Equity Shares and in multiples of 30 Equity Shares thereafter that the Bid amount exceeds ₹ 2,00,000; for further details see "Maximum and Minimum Bid Size" at page no. 237 of this Red Herring Prospectus.
4. In the names of individuals, or in the names of FIIs or in the names of Foreign Venture Capital Funds registered with SEBI, Multilateral and Bilateral Development Financial Institutions but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into U.S. 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 Non-Resident External (NRE) accounts, details of which should be furnished in the space provided for this purpose in the Bid-cum-Application Form. The Company 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 Non Residents, NRIs, FIIs and Foreign Venture Capital Funds and all Non Residents, NRI, FII and Foreign Venture Capital Funds applicants will be treated on the same basis with other categories for the purpose of allocation.**

**The above information is given for the benefit of the Bidders. Our Company and the BRLM are not liable for any amendments or modifications or changes in the applicable laws or regulations, which may occur after the date of this 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 or as specified in this Red Herring Prospectus.**

**Bids under Power of Attorney**

In case of bids made pursuant to a power of attorney 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 Article of Association and/or Bye Laws must be lodged along with the Bid-cum-Application or ASBA 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 thereof.

In case of Bids made pursuant to a Power of Attorney by FIIs, FVCIs, VCFs and Mutual Funds, 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 submitted with the Bid-cum-ASBA Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case without assigning any reason thereof.

In case of Bids made pursuant to Power of Attorney by Mutual Fund registered with SEBI, venture capital fund registered with SEBI and foreign venture capital investor registered with SEBI, a certified copy of the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be submitted with the Bid-cum-ASBA Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.

In case of Bids made pursuant to Power of Attorney by National Investment Fund or Insurance funds set up by resolution F. No. 2/3/2005-DD-II dated November 23, 2005 of Government of India published in the Gazette of India and fund set and managed by army, navy or air force of the Union of India, a certified copy of the relevant resolution or authority, as the case may be must be submitted with the Bid-cum-ASBA Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.

With respect to Bids by insurance companies registered with the Insurance Regulatory and Development Authority, in addition to the above, a certified copy of the certificate of registration issued by the Insurance Regulatory and Development Authority must be lodged along with the Bid cum ASBA Form.

With respect to Bids made by provident funds with a minimum corpus of ₹ 2500 lakhs (subject to applicable law) and pension funds with a minimum corpus of ₹ 2500 lakhs, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Bid cum ASBA Form.

In case of Bids made pursuant to Power of Attorney by ASBA Bidders, a certified copy of the power of attorney must be lodged along with the ASBA Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.

Our Company, in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid-cum-Application Form or ASBA Form, subject to such terms and conditions as our Company and the BRLM may deem fit.

The Company in its absolute discretion reserves the right to permit the holder of the power of attorney to request the Registrar to the Issue that for the purpose of printing particulars on the refund order and mailing of the refund order/CANs/ allocation advice, 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 to the Issue shall use Demographic details as given on the Bid-cum-Application Form or ASBA Form instead of those obtained from the Depositories.

**Maximum and Minimum Bid size**

**For Retail Bidders:** The Bid must be for a minimum of 30 Equity Shares and in multiples of 30 Equity Shares and it must be ensured that the Bid Amount payable by the Bidder does not exceed ₹ 2,00,000. ***Bidders may note that the total Bid amount will be used to determine if a Bid is in the retail category or not, and not just the amount payable on Application***. In case of revision of Bids, the

Retail Individual Bidders have to ensure that the Bid amount does not exceed ₹ 2,00,000. In case the Bid amount is over ₹ 2,00,000 due to revision of the Bid or revision of the Price Band or on exercise of option to Bid at Cut-off price, the Bid would be considered for allocation under the Non-Institutional Portion. The option to Bid at Cut-off price is an option given only to the Retail Individual Bidders indicating their agreement to bid and purchase Equity Shares at the final Issue Price as determined at the end of the Book Building Process.

**For Non-Institutional Bidders and QIB Bidders:** The Bid must be for a minimum of such number of Equity Shares in multiples of 30 Equity Shares such that the Bid Amount payable by the Bidder exceeds ₹ 2,00,000 and in multiples of 30 Equity Shares thereafter. A Bid cannot be submitted for more than the Issue size. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. **Under the existing SEBI (ICDR) Regulations, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing.** The identity of QIBs bidding in the Issue in the Net QIB Portion shall not be made public during the Bidding Period.

In case of revision in Bids, the Non-Institutional Bidders who are individuals have to ensure that the Bid Amount is greater than ₹ 2,00,000, for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to ₹ 2,00,000 or less due to a revision in Bids or revision of the Price Band, the same would be considered for allocation under the Retail Portion in respect of the Bids by Non-Institutional Bidders who are otherwise eligible 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.**

**Information for the Bidders**

a. Our Company will file the Red Herring Prospectus with the RoC at least three days before the Bid/Issue Opening Date.

b. Our Company and the BRLM shall declare the Bid/Issue Opening Date, Bid/Issue Closing Date and Price Band after registering the Red Herring Prospectus with RoC and also publish the same in two widely circulated national newspapers (one each in English and Hindi) and a regional language newspaper of wide circulation in the place where our Registered Office is situated. This advertisement, subject to the provisions of Section 66 of the Companies Act shall be in the format prescribed in Part A of Schedule XIII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.

c. The members of the syndicate shall accept bids from the Bidders during the Bidding/Issue Period in accordance with the terms of the Syndicate Agreement.

d. The members of the Syndicate will circulate copies of the Red Herring Prospectus along with the Bid-cum-Application Form to their potential investors. Any investor (who is eligible to invest in the Equity Shares) desirous of obtaining a copy of the Red Herring Prospectus along with the Bid-cum- Application Form can obtain the same from the Registered Office of our Company or from the BRLM, or from a member of the Syndicate.

e. Eligible investors who are interested in subscribing for the Equity Shares should approach the BRLM or Syndicate Member or their authorized agent(s) to register their Bids. Bidders who wish to use the ASBA process should approach the Designated Branches of the SCSBs to register their

Bids, except for Syndicate ASBA Bidders who should approach the Syndicate/Sub-Syndicate in order to register their Bids.

f. The Bids should be submitted on the prescribed Bid-cum-Application / Bid cum ASBA Forms Form only. Bid-cum-Application Forms and Bid cum ASBA Forms, which are submitted by the Syndicate ASBA Bidders, should bear the stamp of a member of the Syndicate, otherwise they will be rejected. Bids by Syndicate ASBA Bidders shall be accepted by the Syndicate who shall in turn forward the same to the SCSBs, in accordance with the SEBI (ICDR) Regulations and any circulars issued by SEBI in this regard. Bids by ASBA Bidders, apart from Syndicate ASBA Bidders, shall be accepted by the Designated Branches of the SCSBs in accordance with the SEBI (ICDR) Regulations and any circulars issued by SEBI in this regard. Such Bids should be submitted on the Bid cum ASBA Forms bearing the stamp of the relevant SCSB, otherwise they will be rejected.

g. The Bidding/Issue Period shall be a minimum of three working days and shall not exceed seven working days. The members of the Syndicate shall accept Bids from the Bidders during the Bidding/Issue Period in accordance with the terms of the Syndicate Agreement.

h. In case the Price Band is revised, the Bidding/ Issue Period may be extended, if required, by an additional three days, subject to the total Bidding/ Issue Period not exceeding 10 working days. The revised Price Band and Bidding/ Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, and by publishing in two widely circulated national newspapers (one each in English and Hindi) and a regional language newspaper of wide circulation in the place where our Registered Office is situated and also by indicating the change on the websites of the Book Running Lead Manager and at the terminals of Syndicate Members.

i. We, in consultation with the BRLM, can finalise the Issue Price within the Price Band, without the prior approval of, or intimation to the Bidders.

**Information specific to ASBA Bidders**

a. ASBA Bidders who would like to obtain the Red Herring Prospectus and/or the physical ASBA Form can obtain the same from the Designated Branches of the SCSBs and the members of the Syndicate. ASBA Bidders can also obtain a copy of the Red Herring Prospectus and/or the ASBA Form in electronic form on the websites of the SCSBs or Syndicate Member and Stock Exchanges.

b. The Bids should be submitted to the SCSBs or the Member of the Syndicate on the prescribed ASBA Form if applied in physical mode. SCSBs may provide the electronic mode of bidding either through an internet enabled bidding and banking facility or such other secured, electronically enabled mechanism for bidding and blocking funds in the ASBA Account.

c. The SCSBs shall accept Bids only during the Bidding Period and only from the ASBA Bidders. The SCSBs shall not accept any ASBA Form after the closing time of acceptance of Bids on the Issue Closing Date.

d. The Company and the Book Running Lead Manager shall ensure that adequate arrangements are made to circulate copies of the Red Herring Prospectus and ASBA Form to the SCSBs and the Syndicate at the Syndicate ASBA Centres. The SCSBs and Syndicate, at Syndicate ASBA Centres, will then make available such copies to investors intending to apply in this Issue through the ASBA process. Additionally, our Company and the Book Running Lead Manager shall ensure that the SCSBs are provided with soft copies of the abridged prospectus as well as the ASBA Form and that the same are made available on the websites of the SCSBs. The Bid cum ASBA Form shall also be available on the websites of the Stock Exchanges at least one day prior to the Bid/Issue Opening Date. The Book Running Lead Manager shall ensure that certain information, including a soft copy of the abridged prospectus, is provided to the Stock Exchanges at least two days prior to the Bid/Issue Opening Date to enable the Stock Exchanges to include such information in the Bid-cum-ASBA Form before it is made available on their websites.

**Method and Process of bidding**

1. During the Bidding period, Bidders should approach members of the Syndicate or their authorised agents to register their Bids. ASBA Bidders (other than Syndicate ASBA Bidders) should approach the SCSBs and/or Designated Branches to register their Bids.

2. The Price Band has been fixed at ₹ 190 to ₹ 210 per Equity Share. The Bidders can bid at any price within the Price Band, in multiples of ₹ 1 (One). Each Bid-cum-Application Form/ASBA Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph titled "Bids at Different Price Levels" on page no. 241 of this Red Herring Prospectus) within the Price Band 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/ASBA 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.

3. The Bidder cannot bid on another Bid-cum-Application Form or ASBA Form after Bids on one Bid-cum-Application Form or ASBA Form have been submitted to any member of the Syndicate or SCSB as the case may be. Submission of a second Bid-cum-Application Form to either the same or to another member of the Syndicate or an ASBA Form to any SCSB will be treated as multiple bidding 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 allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form/ASBA Revision Form as the case may be, the procedure for which is detailed in the paragraph "Build up of the Book and Revision of Bids" on page no. 252 of this Red Herring Prospectus.

4. The members of the Syndicate or SCSB 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 or ASBA Form.

5. With regard to Syndicate ASBA, upon receipt of the ASBA Form by a member of the Syndicate, the concerned member of the Syndicate shall issue an acknowledgement by giving the counter foil of the ASBA Form to the ASBA Bidder as proof of having accepted the Bid. In case Syndicate or sub-syndicate member procure ASBA Forms from Bidders, these ASBA Forms shall be submitted to SCSBs by them. Syndicate / Sub-syndicate member would be required to upload the Bid and other relevant details of such ASBA Forms in the bidding platform provided by the Stock Exchanges and forward the same to the respective SCSBs. SCSBs shall carry out further action for such ASBA Forms such as signature verification, blocking of funds, etc. and forward these Forms to the Registrars to the Issue.

6. During the Bidding Period, the Bidders may approach 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.

7. Our Company, in consultation with the BRLM shall decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of ₹ 5,000 to

₹ 7,000.

8. 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 the Escrow Collection Account" on page no. 253 of this Red Herring Prospectus.

9. For the Bidders who apply through the ASBA process, SCSBs shall block the Bid Amount in an ASBA Account. Upon submission of an ASBA Form with the SCSB, whether in physical or electronic mode, or submisstion of an ASBA Form to the Syndicate/Sub-Syndicate Member, as the case may be, each ASBA Bidder shall be deemed to have agreed to block an amount equivalent to the Bid Amount and authorized the Designated Branch to block the Bid Amount in the ASBA Account.

10. The Bid Amount shall remain blocked in the ASBA Account until finalization of the 'Basis of Allocation' or withdrawal/failure of the Issue or withdrawal/rejection of the ASBA Bid, as the case may be. In the event the ASBA Account does not have a sufficient credit balance for the Bid Amount, the Bid shall be rejected by the SCSB and no funds shall be blocked in that ASBA Account.

11. The ASBA Form should not be accompanied by cash, draft, money order, postal order or any mode of payment other than blocked amount in the ASBA Account.

12. On the Designated Date, the SCSBs shall initiate transfer of the blocked Bid Amount from the ASBA Account for successful Bids into the Public Issue Account and the balance amount, if any, shall be unblocked. Not more than five ASBA Forms can be submitted when utilizing an ASBA Account.

**Bids at different price levels and revision of Bids**

1. The Price Band has been fixed at ₹ 190 to ₹ 210 per Equity Share of ₹ 10/- each, ₹ 190 being the lower end of the Price Band and ₹ 210 being the higher end of the Price Band. The Bidders can bid at any price with in the Price Band, in multiples of ₹ 1 (One).
2. Our Company, in consultation with the BRLM, can revise the Price Band during the Bid/Issue Period in accordance with the SEBI (ICDR) Regulations, 2009, in which case the Bidding Period shall be extended further for a period of additional three working days, subject to the total Bidding Period not exceeding ten working days. The cap on the Price Band should not be more than 20% of the Floor of the Price-Band. The floor of Price Band can move up or down to the extent of 20% of the Floor Price disclosed in this Red Herring Prospectus.
3. Any revision in the Price Band and the revised Bid /Issue Period, if applicable, will be widely disseminated by informing the stock exchanges and the SCSBs and by issuing a public notice in two widely circulated national newspapers (one each in English and Hindi) and a regional language newspaper of wide circulation in the place where our Registered Office is situated and also indicating the change on the relevant website of the BRLM, Company and the terminals of Syndicate Members.
4. The Company, in consultation with the BRLM, can finalise the Issue Price within the Price Band, in accordance with this clause, without the prior approval of, or intimation to, the Bidders.
5. 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 ₹ 2,00,000 may bid at "Cut-off". However, bidding

at "Cut-off" is not permitted for QIB or Non-Institutional Bidders who bid for and such Bids from QIBs and Non-Institutional Bidders shall be rejected.

6. Retail Individual Bidders who bid at the Cut-off agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders 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 who bid at the Cut-off Price, such Bidders shall receive the refund of the excess amounts from the respective Refund Account.
7. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders, who had bid at Cut-Off Price could either (i) revise their Bid or (ii) make additional payment based on the cap of the revised Price Band (such that the total amount i.e. original Bid Amount plus additional payment does not exceed ₹ 2,00,000 if the bidder wants to continue to bid at Cut-off Price), with the member of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e. original Bid Amount plus additional payment) exceeds ₹ 2,00,000, the Bid by Retail Individual Bidder 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 downward for the purpose of allocation, such that no additional payment would be required from the Bidder and the Bidders is deemed to have approved such revised Bid at Cut-off Price.
8. In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have bid at Cut-off could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the respective Refund Account or unblock in the respective ASBA Accounts, in case of ASBA Bidders.
9. In the event of any revision in the Price Band, whether upwards or downwards, the Minimum Application Size shall be within the range of ₹ 5,000 to ₹ 7,000. The Company in consultation with the BRLM shall accordingly stipulate the minimum application size (in terms of number of shares) falling within the aforesaid range.
10. 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 during the Bidding/Issue Period using the printed Revision Form, which is a part of the Bid-cum-Application Form and ASBA Form.
11. 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 changed in the Revision Form. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate.
12. The Bidder can make revision any number of times during the Bidding 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.
13. 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.
14. 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 this Red Herring Prospectus.

15. 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.**

**General Instructions**

**Do's:**

(a) Check if you are eligible to apply having regard to applicable laws, rules, regulations, guidelines and approvals and the terms of this Red Herring Prospectus;
(b) Read all the instructions carefully and complete the Bid-cum-Application Form (white or blue in colour) as the case may be;
(c) Ensure that the details about Depository Participant and Beneficiary Account are correct and the Beneficiary Account is activated, as allotment of Equity Shares will be in the dematerialised form only.
(d) Ensure that the Bids, including Bids by Syndicate ASBA Bidders, are submitted at the Bidding Centres or Syndicate ASBA Centres, as applicable, only on forms bearing stamp of the Syndicate Member;
(e) 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.
(f) Ensure that you have been given a TRS for all your Bid options;
(g) Submit revised bids to the same Syndicate Member through whom the original Bid was placed and obtain a revised TRS;
(h) Ensure that the Bid is within the Price Band.
(i) Except for Bids (i) on behalf of Central or State Government and officials appointed by the courts, and (ii) from the residents of the state of Sikkim, each Bidder should mention his or her Permanent Account Number (PAN) allotted under the I.T. Act. Bid cum Application Forms/ASBA Forms in which the PAN is not provided will be rejected. In case of Bids submitted on behalf of the Central Government or the State Government or officials appointed by a court, such Bidders shall provide sufficient documentary evidence in support of the fact that such Bids have been submitted on behalf of the Central Government or the State Government or officials appointed by a court. Residents of Sikkim shall provide sufficient documentary evidence in support of their address as provided in the SEBI MRD Circular MRD/DOP/Dep/cir-29/2004 dated August 24, 2004. With effect from August 16, 2010, the beneficiary accounts of Bidders for whom PAN details have not been verified have been labelled "suspended for credit" by the Depositories, and no credit of Equity Shares pursuant to the Issue will be made in the accounts of such Bidders;
(j) Ensure that demographic details are updated true and correct in all respects.

**Don'ts:**

a. Do not Bid if you are prohibited from doing so under the law of your local jurisdiction;
b. Do not Bid for lower than minimum Bid size;
c. Do not Bid or revise the Bid to less than the lower end of the Price Band or higher than the higher end of the Price Band;
d. Do not Bid on another Bid-cum-Application Form after you have submitted a Bid to the members of the Syndicate;

e. Do not pay Bid amount in cash, money order, postal order or by stockinvest;
f. Do not Bid at cut off price (for QIB Bidders and Non-Institutional Bidders)
g. Do not bid where bid amount exceeds ₹ 2,00,000 (for Retail Individual Bidders)
h. Do not fill up the Bid-cum-Application Form for an amount that exceeds the Issue size and / or investment limit or maximum number of Equity Shares that can be held by a Bidder under the applicable laws / regulations or maximum amount permissible under the applicable regulations.
i. Do not send Bid-cum-Application Form by post; instead submit the same to a member of the Syndicate only.
j. Do not provide your GIR number instead of your PAN as bid is liable to be rejected on those ground.
k. Do not submit the Bid without the Full Bid Amount through the Bid-cum-Application Form.
l. Do not submit a Bid in case not competent to contract under the Indian Contract Act, 1872, as amended.

**Instructions specific to ASBA Bidders**

**Do's:**

a. Ensure that you use the Bid-cum-ASBA Form specified for the purposes of ASBA process.
b. Read all the instructions carefully and complete the Bid-cum-ASBA Form.
c. Ensure that the details of your Depository Participant and beneficiary account are correct and that your beneficiary account is activated, as Equity Shares will be allotted in dematerialised form only.
d. In case of other than Syndicate ASBA Bidders, ensure that your Bid is submitted at a Designated Branch of an SCSB, with a branch of which the ASBA Bidder or a person whose bank account will be utilized by the ASBA Bidder for bidding has a bank account and not to the Bankers to the Issue/Collecting Banks (assuming that such Collecting Bank is not a SCSB), to the Company or Registrar or BRLM to the Issue.
e. For Syndicate ASBA Bidders, ensure that your Bid cum ASBA Form is submitted to the members of the Syndicate at the Syndicate ASBA Centers not to the the Bankers to the Issue/Collecting Banks (assuming that such Collecting Bank is not a SCSB), to the Company or Registrar or BRLM to the Issue.
f. If you are a Syndicate ASBA Bidder, before submitting the physical Bid cum ASBA Form with the member of the Syndicate, ensure that the SCSB whose name has been filled in the Bid cum ASBA Form has named a branch in the centre.
g. Ensure that the Bid-cum-ASBA Form is signed by the account holder in case the applicant is not the account holder.
h. Ensure that you have mentioned the correct bank account number in the Bid-cum-ASBA Form.
i. Ensure that you have funds equal to the Bid Amount mentioned in the Bid-cum-ASBA Form available in your bank account maintained with the SCSB before submitting the Bid-cum-ASBA Form to the respective Designated Branch of the SCSB or the Syndicate/Sub-Syndicate Member, as the case may be.
j. Ensure that you have correctly checked the authorisation box in the Bid-cum-ASBA Form, or have otherwise provided an authorisation to the SCSB via the electronic mode, for the Designated Branch to block funds equivalent to the Bid Amount mentioned in the Bid-cum-ASBA Form in your ASBA Account maintained with a branch of the concerned SCSB.
k. Ensure that you receive an acknowledgement from the Designated Branch of the concerned SCSB or the concerned member of the Syndicate, as the case may be, for the submission of your Bid-cum-ASBA Form.
l. Ensure that you have mentioned your Permanent Account Number ("PAN") allotted under the I.T. Act.

m. Ensure that the name(s) given in the Bid-cum-ASBA Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the ASBA Bid is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Bid-cum-ASBA Form.
n. Ensure that the Demographic Details are updated, true and correct, in all respects.
o. Ensure that the ASBA Revision Form is submitted with the same Designated Branch or concerned member of the Syndicate, as the case may be, thorough whom the Bid cum ASBA Form was placed and obtain a revised acknowledgement.

**Don'ts:**

a. Do not Bid or revise Bid price to less than the Floor Price or more than the cap price.

b. Do not Bid for lower than the minimum Bid size.

c. Do not Bid through another ASBA or non Bid-cum-ASBA Form after you have submitted a Bid to a Designated Branch of the SCSB or to a member of the Syndicate, as the case may be.

d. Do not submit the Bid cum ASBA Form with a member of the Syndicate at a location other than the Syndicate ASBA Centres.

e. Payment of Bid Amounts in any mode other than blocked amounts in the bank accounts maintained by SCSBs, shall not be accepted under the ASBA process.

f. Do not send your physical Bid-cum-ASBA Form by post; instead submit the same to a Designated Branch of the SCSBs or a Syndicate/Sub-Syndicate Member, as the case may be.

g. Do not fill up the Bid-cum-ASBA Form such that the bid amount against the number of Equity Shares Bid for exceeds the investment limit under the applicable laws or regulations or maximum amount permissible under the applicable regulations or under the terms of the Red Herring Prospectus.

h. Do not submit the GIR number instead of the PAN Number.

i. Do not instruct your respective banks to release the funds blocked in the bank account under the ASBA process.

j. Do not submit more than five Bid cum ASBA Forms per ASBA Account.

**Instructions for completing the Bid-cum-Application / ASBA Form**

(a) Made only in the prescribed Bid-cum-Application Form or Revision Form, as applicable (white colour for Resident Indians and non-residents applying on a non-repatriation basis; blue colour for the Eligible NRIs and FIIs applying on a repatriation basis).

(b) In single name or in joint names (not more than three, and in the same order as their Depository Participant details).

(c) 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.

(d) The Bids from the Retail Individual Bidders must be for a minimum of 30 Equity Shares and in multiples of 30 Equity Shares thereafter, subject to a maximum Bid Amount of ₹ 2,00,000.

(e) For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares in multiples of 30 Equity Shares such that the Bid Amount exceeds ₹ 2,00,000 and in multiples of 30 Equity Shares. Bids cannot be made for more than the Issue. 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.

(f) 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.

(g) ASBA Bidders should correctly mention the ASBA Account number and ensure that funds equal to the Bid Amount are available in the ASBA Account before submitting the ASBA Form to the Designated Branch or Syndicate/Sub-Syndicate Member otherwise the concerned SCSB shall reject the Bid.

(h) If the ASBA Account holder is different from the ASBA Bidder, the ASBA Form should be signed by the ASBA Account holder, in accordance with the instructions provided in the ASBA Form.

(i) Bidders should correctly mention their name, DP ID and Client ID and such other details as required in the Bid-cum-Application Form, or the ASBA Form, as the case may be. For the purpose of evaluating the validity of Bids, the Demographic Details of Bidders shall be derived from the DP ID and Client ID mentioned in the Bid cum Application Form, or the ASBA Form, as the case may be.

(j) For ASBA Bidders, the Bids in physical mode should be submitted to the SCSBs or the members of the Syndicate, as the case may be, on the prescribed ASBA Form. SCSBs may provide the electronic mode of bidding either through an internet enabled bidding and banking facility or such other secured, electronically enabled mechanism for bidding and blocking funds in the ASBA Account.

(k) ASBA Forms should bear the stamp of the Syndicate Member and/or Designated Branch. ASBA Forms which do not bear the stamp will be rejected.

**Application in the Issue**

Equity Shares being issued through this Red Herring Prospectus can be applied for in the dematerialized form only.

**Bidder's Depository Account Details**

**Bidders should note that on the basis of Depository Participant Identification number, Beneficiary Account Number and PAN provided by them in the Bid-cum-Application Form or Bid-cum-ASBA 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 or giving credit through ECS, Direct Credit, RTGS or NEFT or unblocking of ASBA account and occupation (hereinafter referred to as "Demographic Details"). Hence, Bidders should carefully fill in their Depository Account details in the Bid-cum-Application Form or ASBA Form.**

**IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN THE DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR PAN, DEPOSITORY PARTICIPANT'S IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID-CUM-APPLICATION FORM OR ASBA FORM. INVESTORS MUST ENSURE THAT**

**THE DP ID, CLIENT ID AND PAN GIVEN IN THE BID-CUM-APPLICATION FORM OR ASBA FORM IS EXACTLY THE SAME AS THE DP ID, CLIENT ID AND PAN AVAILABLE IN THE DEPOSITORY DATABASE. IN CASE THE BID-CUM-APPLICATION FORM OR ASBA 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 OR ASBA 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 order or for refunds through electronic transfer of funds, as applicable. The Demographic Details given by Bidders in the Bid-cum-Application Form or ASBA Form would not be used for any other purposes by the Registrars to the Issue.

**Hence, Bidders are advised to update their Demographic Details as provided to their Depository Participants and ensure that they are true and correct.**

By signing the Bid-cum-Application Form or Bid-cum-ASBA Form, Bidder would be deemed to have authorised the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic details as available on its records.

Refund Orders/ Allocation Advice/ CANs would be mailed to the Bidder as per the Demographic Details received from the Depositories. Bidders may note that 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 Bidders other than ASBA Bidders 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 Company, the Registrar, Escrow Collection Bank(s) nor the BRLM/Syndicate Member 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 of refunds through electronic modes as detailed in this Red Herring Prospectus, bidders may note that refunds may get delayed if bank particulars obtained from the depository participants are incorrect.

In case no corresponding record is available with the Depositories that matches three parameters, namely, PAN of the sole/First Bidder, the Depository Participant's identification number (DP ID) and the beneficiary's account number, then such Bids are liable to be rejected. Our Company in its 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 or ASBA 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 or ASBA 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 or ASBA Form. The Company and/or**

**the Book Running Lead Manager will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.**

## OTHER INSTRUCTIONS

### Joint Bids in the case of Individuals

Individuals may make bid in single or joint names (not more than three). In the case of joint Bids, all refunds will be made out in favour 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 as per the Demographic Details received from the Depository.

Further, ASBA Bids may be made in single or joint names (not more than three). In case of joint Bids by ASBA Bidders, all communications will be addressed to the first Bidder and will be dispatched to his/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 this regard, illustrations of certain procedures, which may be followed by the Registrar to the Issue to detect multiple applications, are provided below:

1. All applications with the same name and age will be accumulated and taken to a separate process file, which would serve as a multiple master.
2. In this master, a check will be carried out for the same PAN. In cases where the PAN numbers are different, the same will be deleted from this master.
3. The Registrar will obtain, from depositories, details of the applicants' address based on the DP ID and Beneficiary Account Number provided in the Bid-cum-Application Form and create an address master.
4. The addresses of all the applicants in the multiple master will be strung from the address master. This involves putting the addresses in a single line after deleting non-alpha and non-numeric characters i.e. commas, full stops, hash etc. Sometimes, the name, the first line of addresses and pin code will be converted into a string for each application received and a photo match will be carried out amongst all the application processed. A print-out of the addresses will be taken to check for common names. The application with same name and same address will be treated as multiple applications.
5. The applications will be scrutinised for their DP ID and Beneficiary Account Numbers. In case applications bear the same DP ID and Beneficiary Account Numbers, these will be treated as multiple applications.
6. Subsequent to the aforesaid procedures, a print out of multiple master will be taken and applications physically verified to tally signatures as also father's/husband's names. On completion of this, the applications will be identified as multiple applications.

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.

The Company reserves the right to reject, in their absolute discretion, all or any multiple Bids in any or all categories. A check will be carried out for the same PAN. In cases where the PAN is same, such bids will be treated as multiple applications.

An ASBA Bidder should submit only one Bid. Two or more Bids will be deemed to be multiple bids if the sole or first Bidder is the same.

**Permanent Account Number (PAN)**

Except for the Bids on behalf of Central and State Government and officials appointed by Court, the Bidders or in the case of Bids made in joint names, each of the Bidder, should mention his or her Permanent Account Number (PAN) allotted under the I.T. Act. SEBI has issued a Circular No. MRD/DoP/Cir-05/2007 dated April 27, 2007 requiring that with effect from July 2, 2007 the PAN would be the sole identification number for the participants transacting in the securities market, irrespective of the amount of transaction. **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.**

However, the exemption for the Central or State Government and the officials appointed by the courts and for investors residing in the State of Sikkim is subject to the Depository Participants' verifying the veracity of such claims of the investors by collecting sufficient documentary evidence in support of their claims. At the time of ascertaining the validity of these Bids, the Registrar will check under the Depository records for the appropriate description under the PAN field i.e. either Sikkim category or exempt category.

With effect from August 16, 2010, the beneficiary accounts of Bidders for whom PAN details have not been verified have been labelled "suspended for credit" by the Depositories and no credit of Equity Shares pursuant to the Issue will be made in the accounts of such Bidders.

**IMPERSONATION**

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below:

**"Any person who:**

**(a) makes in a fictitious name, an application 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."**

**Submission of Bid-cum-Application Form**

All Bid-cum-Application Forms or Revision Forms duly completed and accompanied by Account Payee cheques or demand drafts shall be submitted to the Members of the Syndicate at the time of submitting the Bid . With respect to the ASBA Bidders, the Bid cum ASBA Form shall be submitted to the Designated Branches or the members of the Syndicate in case of Syndicate ASBA Bidders.

No separate receipts shall be issued for the money payable on submission of Bid-cum-Application Form or Revision Form. However, the collection centre 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 and the Bidder shall preserve this and should provide the same for any queries relating to non-allotment of Equity Shares in the Issue.

**Electronic Registration of Bids by Bidders**

(a) The members of the Syndicate and SCSBs will register the Bids using the on-line facilities of the Stock Exchanges. There will be at least one on-line connectivity in each city, where a stock exchange is located in India and where Bids are being accepted. Our Company BRLM, and the Registrar to the Issue are not responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the Bids accepted by the Syndicate Members and the SCSBs, (ii) the Bids uploaded by the Syndicate Members and SCSBs, (iii) the Bids accepted but not uploaded by the Syndicate Members and SCSBs or (iv) with respect to ASBA Bids accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for Bids uploaded by the SCSBs and the Syndicate Members for the Syndicate ASBA Bidders, the Bid Amount has been blocked in the relevant ASBA Account. The members of the Syndicate and the SCSBs shall be responsible for any error in the Bid details uploaded by them.

(b) The Members of the Syndicate and the SCSBs will undertake modification of selected fields in the Bid details already uploaded within one Working Day from the Issue Closing Date to amend some of the data fields (currently DP ID, Client ID) entered by them in the electronic bidding system.

(c) In case of apparent data entry error by either the members of the Syndicate or the collecting bank in entering the Bid cum Application Form number in their respective schedules other things remaining unchanged, the Bid cum Application Form may be considered as valid and such exceptions may be recorded in minutes of the meeting submitted to Stock Exchange(s).

(d) The Stock Exchanges will offer an electronic facility for registering Bids for the Issue. This facility will be available with members of the Syndicate and their authorised agents and the SCSBs during the Issue Period. The members of the Syndicate and the Designated Branches can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for Book Building Process on a regular basis. On the Issue Closing Date, the members of the Syndicate and the Designated Branches shall upload the Bids till such time as may be permitted by the Stock Exchanges. This information will be available with the members of the Syndicate and the Book Running Lead Manager on a regular basis. Bidders are cautioned that a high inflow of high volumes on the last day of the Issue Period may lead to some Bids received on the last day not being uploaded and such Bids will not be considered for allocation.

(e) Based on the aggregate demand and price for Bids registered on the electronic facilities of the Stock Exchanges, a graphical representation of consolidated demand and price would be made available at the bidding centres during the Issue Period.

At the time of registering each Bid, the members of the Syndicate and the Designated Branches shall enter the following details of the investor in the on-line system:

- Name of the Bidder(s): Bidders 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/ASBA Form is submitted in joint names, Bidders 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/ASBA Form;

- Investor Category – Individual, Corporate, QIB, NRI, FII, Mutual Fund etc.;
- PAN (of First Bidder in case of more than one Bidder);
- Numbers of Equity Shares bid for;
- Bid price;
- Bid-cum-Application Form number;
- Cheque details (other than ASBA Bidders);
- Depository Participant Identification Number and Client Identification Number of the demat Account of the Bidder.

In case of ASBA Bidder: At the time of registering each Bid, the Designated Branches of the SCSBs or the Syndicate/Sub-Syndicate Members, as the case may be, shall enter the information pertaining to the investor into the online system, as detailed above.

(f) 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 or the Designated Branches of the SCSBs, as the case may be.** The registration of the Bid by the Members of the Syndicate or the Designated Branches of the SCSBs does not guarantee that the Equity Shares shall be allocated either by the members of the Syndicate or our Company.

(g) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

(h) The BRLM/ Member of the Syndicate have the right to accept the Bid or reject it in case of QIBs; 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 and Retail Individual Bidders, Bids should not be rejected except on the technical grounds listed on page no. 256 of this Red Herring Prospectus. The Members of the Syndicate may also reject Bids if all the information required is not provided and the Bid cum Application Form/Bid-cum-ASBA Form is incomplete in any respect. The SCSBs shall have no right to reject Bids except on technical grounds.

(i) It is to be distinctly understood that the permission given by NSE and BSE 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 or BRLM are cleared or approved by NSE and BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, our Promoters, our management or any scheme or project of our Company.

(j) It is also to be distinctly understood that the approval given by BSE and/or NSE should not in any way be deemed or construed that this Red Herring Prospectus has been cleared or approved by BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the BSE and NSE.

(k) It is to be noted that Syndicate Members shall be responsible for any error in the Bid details uploaded by them. In case of apparent data entry error by either Syndicate Member or collecting bank in entering the application number in their respective schedules other things remaining unchanged, the Bid may be considered as valid and such exceptions may be recorded in minutes of the meeting submitted to Stock Exchange(s). In the event of mistake in capturing the application number by either the Syndicate Member or collecting bank leading to rejection of Bid, the Registrar may identify based on the Bid form, the entity responsible for the error. Valid records in electronic file will be those for which money is received.

(l) Only Bids that are uploaded on the online IPO system of the NSE and BSE shall be considered for allocation/ allotment. Members of the Syndicate and the Designated Branches of the SCSBs will be given up to one working day after the Bid/Issue Closing Date to verify DP ID and Client ID uploaded in the online IPO system during the Bidding/Issue Period after which the data will be sent to the Registrar for reconciliation and Allotment of Equity Shares. In case of discrepancy of data between BSE or NSE and Members of the Syndicate or the Designated Branches of the SCSBs, the decision of our Company, in consultation with the BRLM and the Registrar to the Issue, shall be final and binding to all concerned.

(m) The members of the Syndicate located at the Syndicate ASBA Centres shall, before accepting the Bid cum ASBA Forms, satisfy themselves that the SCSBs whose name has been filled in the Bid cum ASBA Forms, has named a branch in that centre to accept the Bid cum ASBA Forms.

**Build up of the Book and Revision of Bids**

(a) Bids registered by various Bidders through the members of the Syndicate and the SCSBs shall be electronically transmitted to the NSE or BSE mainframe on a regular basis.

(b) The book gets build up at various price levels. This information will be available with the BRLM on a regular basis.

(c) During the Bidding 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/ASBA Revision Form, which is a part of the Bid-cum-Application Form/ASBA Form.

(d) Revisions can be made in both the desired numbers of Equity Shares and the bid price by using the Revision Form or ASBA Revision Form as the case may be. Apart from mentioning the revised options in the revision form or ASBA Revision Form, as the case may be, the Bidder must also mention the details of all the options in his or her Bid-cum-Application Form/ASBA Form or earlier Revision Form/ASBA Revision Form. For example, if a Bidder has bid for three options in the Bid-cum-Application Form/ASBA Form and he is changing only one of the options in the Revision Form/ASBA Revision Form, he must still fill the details of the other two options that are not being changed, in the Revision Form/ASBA Revision Form unchanged. Incomplete or inaccurate Revision Forms/ASBA Revision Forms will not be accepted by the members of the Syndicate or the Designated Branches of the SCSBs.

(e) 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. With respect to the ASBA Bids, if revision of the Bids results in an incremental amount, the SCSBs shall block the additional bid amount. The excess amount, if any, resulting from downward revision of the Bid would be returned or unblocked, as the case may be, to the Bidder at the time of refund in accordance with the terms of this Red Herring Prospectus.

(f) The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate or the Designated Branch of the SCSB through whom he or she has placed the original Bid. Bidders are advised to retain copies of the blank Revision Forms/ASBA Revision Form and the revised Bid must be made only in such Revision Form/ASBA Revision Form or copies thereof.

(g) 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 or the SCSB, as applicable. **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.**

(h) Only Bids that are uploaded on the online IPO system of the NSE and BSE shall be considered for allocation/allotment. Members of the Syndicate and the Designated Branches of the SCSBs will be given up to one working day after the Bid/Issue Closing Date to verify DP ID and Client ID uploaded in the online IPO system during the Bidding/Issue Period after which the data will be sent to the Registrar for reconciliation and Allotment of Equity Shares. In case of discrepancy of data between BSE or NSE and members of the Syndicate or the Designated Branches of the SCSBs, the decision of our Company, in consultation with the BRLM and the Registrar to the Issue,shall be final and binding to all concerned.

(i) QIBs shall not be allowed to withdraw their bids after the BID/Issue Closing Date.

**PAYMENT INSTRUCTIONS**

**Escrow Mechanism for Bidders other than ASBA Bidders**

1. Our Company and Syndicate Members shall open Escrow Accounts with one or more Escrow Collection Banks in whose favour the Bidders shall make 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 for the Issue. The Escrow Collection Banks will act in terms of this Red Herring Prospectus and an Escrow Agreement. The monies in the Escrow Account of our Company 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 the Bankers to the Issue and to the Refund Account as per the terms of the Escrow Agreement. Payment of refund to the Bidders shall also be made from the Refund Account as per the terms of the Escrow Agreement and this Red Herring Prospectus.

2. The Bidders may note that the Escrow Mechanism is not prescribed by SEBI and the same has been established as an arrangement between our Company, the Syndicate, Escrow Collection Bank(s) and the Registrars to the Issue to facilitate collections from the Bidders.

**Terms of Payment and Payment into the Escrow Collection Account for Bidders other than ASBA Bidders**

Each Bidder, shall provide the applicable Bid Amount, with the submission of the Bid-cum-Application Form by drawing a cheque, demand draft in favour of the Escrow Account of the Escrow Collection Bank(s) as per the below terms:

(a) 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 the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds whose bids have been accepted from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Banker(s) to the Issue and the SCSBs will also transfer the funds represented by allocation of Equity Shares from the respective ASBA Accounts to the Public Issue Account. The balance amount after transfer to the Public Issue Account shall be held in the Refund Account for the benefit of the Bidders who are entitled to refunds.

(b) Each Bidder would be required to pay their Full Bid Amount at the time of the submission of the Bid-cum-Application Form by way of 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) and submit the same to the member of the Syndicate to whom the Bid is being submitted. (For details please see the section titled "Issue Procedure - Payment Instructions" beginning on page no. 253 of this Red Herring Prospectus. The Bid Amount payable by each Bidder is mentioned in the section titled "Basic Terms of the Issue" beginning on page no. 50 of this Red Herring Prospectus. Bid-cum-Application Forms accompanied by cash 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.

(c) 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, to Non-ASBA Bidders within 10 working days from the Bid Closing Date/Issue Closing Date, failing which our Company shall pay interest @ 15% per annum for any delay beyond the periods mentioned above.

(d) The Bidders shall, at the time of submission of the Bid-cum-Application Form, draw a payment instrument for the Bid Amount in favour of the Escrow Account of our Company and submit the same to the member of the Syndicate.

(e) The payment instruments for payment into the Escrow Account of our Company should be drawn in favour of:

(i) In case of Resident Retail Bidders- **"Escrow Account – PG – Public Issue - R"**
(ii) In case of Non –Resident Retail Bidders **– "Escrow Account – PG – Public Issue - NR"**

(f) 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 authorised 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 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.

(g) In case of Bids by NRIs applying on non 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 authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance or out of an NRO account of a Non-resident Bidder bidding on non 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 or an NRO account.

(h) Where a Bidder has been allocated a lesser number of equity shares then the Bidder has bid for, the excess amount, if any, paid on bidding, after adjusting towards the balance payable on equity shares allocated, will be refunded to the Bidder from the refund amount.

(i) The monies deposited in the Escrow Account of our Company will be held for the benefit of the Bidders till the Designated Date. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account of our Company as per the terms of the Escrow Agreement into the Public Issue Account with the Bankers to the Issue.

(j) On the Designated Date and no later than 10 working days from the Bid/Issue Closing Date, the Escrow Collection Bank shall refund all amounts payable to unsuccessful Bidders (other than ASBA Bidders) and the excess amount paid on Bidding, if any, after adjusting for allocation to the Bidders.

(k) Payments should be made by cheque, or demand drafts 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 center where the Bid-cum-Application Form is submitted. Outstation cheque/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/ Stockinvest/ Money Orders/ Postal Orders will not be accepted.

(l) Bidders are advised to mention the number of the Bid-cum-Application Form on the reverse of the cheque or demand draft to avoid misuse of the instrument submitted along with the Bid-cum-Application Form.

**Payment mechanism for ASBA Bidders**

The ASBA Bidders shall specify the ASBA Account number in the ASBA Form and the relevant SCSB shall block an amount equivalent to the application money in the ASBA Account specified in the ASBA Form. The SCSB shall keep the Bid Amount in the relevant bank account blocked until withdrawal/ rejection of the ASBA Bid or receipt of instructions from the Registrar to the Issue to unblock the Bid Amount. In the event of withdrawal or rejection of the ASBA Form or for unsuccessful ASBA Forms, the Registrar to the Issue shall give instructions to the SCSB to unblock the application money in the relevant ASBA Account within 9 working days of the Issue Closing Date. The Bid Amount shall remain blocked in the ASBA Account until approval of the Basis of Allotment in the Issue and consequent transfer of the Bid Amount to the Public Issue Account, or until withdrawal/ failure of the Issue or until rejection of the ASBA Bid, as the case may be.

**Payment by Stock-invest**

In terms of Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.00/2003-2004 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. Hence, payment through stock-invest would not be accepted in this Issue.

**Announcement of Pre-Issue Advertisement**

Subject to Section 66 of the Companies Act, our Company shall, after registering the Red Herring Prospectus with Registrar of Companies, make a Pre-Issue Advertisement in the format specified in Part A of Schedule XIII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, in one English national daily newspaper with wide circulation, and one Hindi national daily newspaper with wide circulation.

**Advertisement regarding Issue Price and Prospectus**

An advertisement will be issued by our Company in one English national daily newspaper with wide circulation and one Hindi national daily newspaper with wide circulation, after filing of the Prospectus with the RoC. This advertisement in addition to the information that has to be set out in the advertisement shall indicate the Issue Price. Any material updates between the date of the Red Herring Prospectus and the Prospectus will be included in such advertisement.

**Right to Reject Bids**

In case of QIB Bidders, the 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 writing. In case of Non-Institutional Bidders and Retail Individual Bidders, the Company would have a right to reject Bids only on technical grounds.

**Right to reject ASBA Bids**

The Designated Branches of the SCSBs shall have the right to reject ASBA Bids if at the time of blocking the Bid Amount in the ASBA account, the respective Designated Branch ascertains that sufficient funds are not available in the Bidder’s bank account maintained with the SCSB. Subsequent to the acceptance of the ASBA Bid by the SCSB, our Company would have a right to reject the ASBA Bids only on technical grounds.

Further, in case any DP ID, Client ID or PAN mentioned in the Bid-cum-ASBA Form does not match with one available in the depository’s database, such ASBA Bid shall be rejected by the Registrar to the Issue.

**Withdrawal of Bids**

In case an ASBA investor wants to withdraw his/her ASBA during the Bidding Period, he/she shall submit his withdrawal request to the SCSB or to the Members of the Syndicate, as the case may be, which shall do the necessary, including deletion of details of the withdrawn ASBA from the electronic bidding system of the Stock Exchanges and unblocking of funds in the relevant bank account.

In case an ASBA Investor (except QIB Bidders ) wants to withdraw his/her Bid after the Bid/ Issue Closing Date, he/she shall submit the withdrawal request to the Registrar before finalization of Basis of Allotment. The Registrar shall delete the withdrawn Bid from the bid file. The instruction for unblocking of funds in the relevant ASBA Account, in such withdrawals, shall be forwarded by the Registrar to the Issue to the SCSB on finalization of the Basis of Allotment.

**Grounds 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 value of Equity Shares bid for. With respect to ASBA Bidders, the amounts mentioned in the Bid cum ASBA Form does not tally with the Bid Amount;
2. Age of First Bidder not given;
3. In case of Partnership firms, the shares may be registered in the name of individual partners and no such partnership firm shall be entitled to apply. However a limited liability partnership firm

can apply in its own name;

4. Bids by Persons not competent to contract under the Indian Contract Act, 1872, including minors, insane Persons;
5. PAN not stated in the Bid cum Application Form or ASBA Form, except for Bids by or on behalf of the Central or State Government and the officials appointed by the courts and by investors residing in the State of Sikkim provided such claims have been verified by the Depository Participants, DP ID and Client ID not mentioned in the Bid cum Application Form or ASBA Form;
6. Bids for lower number of Equity Shares than specified for that category of investors;
7. Bids at a price less than the lower end of the Price Band;
8. Bids at a price more than the higher end of the Price Band;
9. Bids for number of Equity Shares, which are not in multiples of 30;
10. Category not ticked or wrongly ticked;
11. Multiple bids as defined in this Red Herring Prospectus;
12. In case of Bid under power of attorney by limited companies, corporate, trust etc., relevant documents are not submitted;
13. Bids accompanied by Stock invest/money order/ postal order/ cash;
14. Signature of sole and/or joint Bidders missing; In addition, with respect to ASBA Bids, the Bid-cum-ASBA Form not being signed by the account holders, if the account holder is different from the Bidder;
15. Bids by QIBs and Non-Institutional Bidders not submitted through ASBA;
16. Bids through the non-ASBA process submitted by Retail Individual Bidders, wherein the Bid Amount exceeds ₹ 200,000 upon revision of Bids;
17. Bid-cum-Application Form or ASBA Form does not have the stamp of the BRLM or the Syndicate Member or the SCSB (except for electronic ASBA Bids);
18. Bid-cum-Application Form or ASBA Form does not have Bidder's depository account details;
19. Bid-cum-Application Forms or ASBA Form are not submitted by the Bidders within the time prescribed as per the Bid-cum-Application Form or ASBA Form and the Red Herring Prospectus and as per the instructions in the Red Herring Prospectus and the Bid-cum-Application Form and ASBA Form;
20. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
21. In case no corresponding record is available with the Depositories that matches three parameters, namely, PAN, the depository participant's identity (DP ID) and the beneficiary's account number;
22. Bids by OCBs;
23. Bids by US persons other than "Qualified Institutional Buyers" as defined in Rule 144A of the Securities Act or other than in reliance Regulation under the Securities Act;
24. Bids by QIBs not submitted through BRLM or members of the syndicate;
25. Bids by NRIs not disclosing their residential status;
26. If GIR number is mentioned instead of PAN number;
27. Bids where clear funds are not available in Escrow Accounts as per final certificate from the Escrow Collection Banks;
28. With respect to ASBA Bids, inadequate funds in the ASBA Account to block the Bid Amount specified in the ASBA Form at the time of blocking such Bid Amount in the ASBA Account;
29. Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by

SEBI or any other regulatory authority;

30. Bids by any person resident outside India, if not in compliance with applicable foreign and Indian laws, or by any persons who are not eligible to acquire Equity Shares of the Company, in terms of all applicable laws, rules, regulations, guidelines and approvals;
31. Bids at cut-off price by Non-Institutional and QIB Bidders;
32. In case of ASBA Forms submitted to the Members of the Syndicate, if the SCSB whose name has been included in the ASBA Form does not have a branch at the relevant ASBA bidding locations, as displayed on the website of SEBI, to accept the ASBA Forms;
33. Bids or revision thereof by QIBs and Non-Institutional Bidders where the Bid Amount is in excess of ₹ 2,00,000, uploaded after 4.00 p.m. or any such time as prescribed by Stock Exchanges on the Bid/Issue Closing Date;
34. Authorisation for blocking funds in the ASBA Account not ticked or provided;
35. Bids not uploaded in the books; and on the terminals of the Stock Exchanges.
36. Submission of more than five Bid cum ASBA Forms per ASBA Account.

**For Bid cum Application Forms from non-ASBA Bidders, the basis of Allotment will be based on the Registrar's validation of the electronic Bid details with the depository records, and the complete reconciliation of the final certificates received from the Escrow Collection Banks with the electronic bid details in terms of the SEBI circular CIR/CFD/DIL/3/2010 dated April 22, 2010. The Registrar to the Issue will undertake technical rejections based on the electronic bid details and the depository database. In case of any discrepancy between the electronic Bid data and the depository records, the Issuer reserves the right to proceed as per the depository records or treat such Bid as rejected.**

**In terms of the SEBI circular CIR/CFD/DIL/3/2010 dated April 22, 2010, for Bid cum ASBA Forms, the Registrar to the Issue will reconcile the compiled data received from the stock exchanges and all SCSBs, and match the same with the depository database for correctness of DP ID, Client ID and PAN. In cases where any DP ID, Client ID and PAN mentioned in the Bid file for an ASBA Bidder does not match the one available in the depository database the Issuer reserves the right to proceed as per the depository records on, such ASBA Bids or treat such ASBA Bids as rejected. The Registrar to the Issue will reject multiple ASBA Bids based on common PAN.**

**Price Discovery and Allocation**

(a) After the Bid/Issue Closing Date, the BRLM shall analyze the demand generated at various price levels. The Registrar to the Issue shall aggregate the demand generated under the ASBA and provide the same to the BRLM.

(b) Our Company, in consultation with the BRLM shall finalise the "Issue Price" and the number of Equity Shares to be allotted in each category to Bidders.

(c) Not more than 50% of the Issue to Public shall be allotted on a proportionate basis 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 shall be available for allotment on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. Further, not less than 15% of the Issue to Public shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Issue to Public 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

(d) Under-subscription, if any, in any category of the Issue, would be allowed to be met with spill over from any of the other categories at the discretion of our Company, in consultation with BRLM. If the aggregate demand by Mutual Funds is less than 1,43,625 Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the QIB Portion and be allotted proportionately to the QIB Bidders. In the event that the aggregate demand in the QIB portion has been met, under-subscription, if any, would be allowed to be met with spillover from any other category or combination of categories at the discretion of our Company, in consultation with the BRLM and the Designated Stock Exchange.

(e) Allocation to Eligible NRIs, FIIs, foreign venture capital funds, multi-lateral and bilateral development financial institutions registered with SEBI applying on repatriation basis will be subject to the applicable laws, rules, regulations, guidelines and approvals.

(f) The BRLM, in consultation with our Company shall notify the Syndicate Member of the Issue Price and allocations to their respective Bidders.

(g) Our Company, in consultation with the BRLM, reserves the right not to proceed with the Issue in accordance with SEBI (ICDR) Regulations. Provided, if our Company withdraws the Issue after the Bid/Issue Closing Date, the reason thereof shall be provided within two days of the Bid/Issue Closing Date by way of a public notice in the same newspapers in which the pre-issue advertisement had appeared. The Stock Exchanges shall also be informed promptly.

(h) In terms of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, QIB Bidders shall not be allowed to withdraw their bid after the bid / issue closing date.

(i) The allotment details shall be put on the website of the Registrar to the Issue at www.karvy.com.

(j) Bids received from ASBA Bidders will be considered at par with Bids received from other Retail Individual Bidders. No preference shall be given to ASBA bidders vis-à-vis other Retail Individual Bidders or vice-versa. The "Basis of Allocation' to such valid ASBA and other Retail Individual Bidders will be that applicable to QIBs, Retail Individual Bidders and Non-Institutional Bidders

**Signing of Underwriting Agreement and ROC Filing**

(a) Our Company, the BRLM, and the Syndicate Member shall enter into an Underwriting Agreement on or immediately after finalisation of the Issue Price.

(b) After signing the Underwriting Agreement, our Company will update and file the updated Red Herring Prospectus with RoC in terms of Section 56, 60 and 60B of the Companies Act, 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.

**Filing of the Red Herring Prospectus and the Prospectus with ROC**

The Company will file a copy of the Red Herring Prospectus and the Prospectus with the Registrar of Companies, NCT of Delhi and Haryana in terms of Section 56, Section 60 and Section 60B of the Companies Act, 1956.

**Issuance of Confirmation of Allocation Note**

(a) Upon approval of the basis of Allotment by the Designated Stock Exchange and allotment of the equity shares, the Registrar to the Issue shall dispatch a allotment advice to the Bidders who have been allotted Equity Shares in the Issue. Investor should note that the instructions by our Company for demat credit of the Equity Shares pursuant to allotment shall be made on the same or the next date as the date of Allotment to all investors in this Issue;

(b) The dispatch of a allotment advice shall be deemed to be a valid, binding and irrevocable contract for the Bidder;

**Unblocking of ASBA Account**

1. Upon approval of the 'Basis of Allocation' by the Designated Stock Exchange, the Registrar to the Issue shall send a list of the ASBA Bidders who have been allocated Equity Shares in the Issue to the Controlling Branches along with:

(i) The number of Equity Shares to be allotted against each successful ASBA Form;

(ii) The amount to be transferred from the ASBA Account to the Public Issue Account, for each successful ASBA Form;

(iii) The date by which the funds referred to in sub-para (ii) above, shall be transferred to the Public Issue Account; and

(iv) The details of rejected ASBA Forms, if any, along with reasons for rejection and details of withdrawn or unsuccessful ASBA Forms, if any, to enable SCSBs to unblock the respective ASBA Accounts. SCSB shall thereafter unblock the amounts blocked in the account of the ASBA Investors.
ASBA Bidders should note that our Company shall ensure that the instructions by our Company for demat credit of the Equity Shares to all investors in this Issue shall be given on the same or the next date as the date of Allotment; and

2. The ASBA Bidders shall directly receive the CANs from the Registrar to the Issue. The dispatch of a CAN to an ASBA Bidder shall be deemed a valid, binding and irrevocable contract with the ASBA Bidder.

**Designated Date and Allotment of Equity Shares**

1. Our Company will ensure that (i) Allotment of Equity Shares; and (ii) credit to the successful Bidders' depositary account will be completed within 10 (ten) Working Days of the Bid/Issue Closing Date.

2. **As per the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, 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 so allotted, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

**Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated to them pursuant to this Issue.**

**Basis of Allocation**

**A. 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 allotment to all the successful

Retail individual Bidders will be made at the Issue Price.

- The Issue size less allocation to Non-Institutional Bidders and QIB Bidders 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 valid Bids in this category is less than or equal to 20,10,750 Equity Shares at or above the Issue Price, full allotment shall be made to the Retail Individual Bidders to the extent of their valid bids.
- If the valid Bids in this category is greater than 20,10,750 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of 30 Equity Shares and in multiples of one Equity Shares thereafter. For the method of proportionate basis of allocation, refer below.

**B. 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 allotment to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Issue size less allocation to QIB Bidders and Retail Individual Bidders 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 valid Bids in this category is less than or equal to 8,61,750 Equity Shares at or above the Issue Price, full allotment shall be made to Non-Institutional Bidders to the extent of their demand.
- In case the valid Bids in this category is greater than 8,61,750 Equity Shares at or above the Issue Price; allocation shall be made on a proportionate basis up to a minimum of 30Equity Shares and in multiples of one Equity Shares thereafter. For the method of proportionate basis of allotment refer below.

**C. For QIB Bidders**

- 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 QIBs will be made at the issue price.
- The Issue size less allocation to Non-Institutional portion and Retail Portion shall be available for allocation to QIB Bidders who have bid in the Issue at a price, which is equal to or greater than the Issue Price.
- However, eligible Bids by Mutual Funds only shall first be considered for allocation proportionately in the Mutual Funds Portion. After completing proportionate allocation to Mutual Funds up to 1,43,625 Equity Shares (the Mutual Funds Portion), the remaining demand by Mutual Funds, if any, shall then be considered for allocation proportionately, together with Bids by other QIBs, in the remainder of the QIB Portion (i.e. after excluding the Mutual Funds Portion). For the method of allocation in the QIB Portion, see the paragraph titled "Illustration of Allotment to QIBs" appearing below. If the valid Bids by Mutual Funds are for less than 1,43,625 Equity Shares, the balance Equity Shares available for allocation in the Mutual Funds Portion will first be added to the QIB Portion and allocated proportionately to the QIB Bidders.
- The allotment shall be undertaken in the following manner –
  (a) In the first instance, allocation to mutual funds for upto 5% of the QIB portion shall be

determined as follows-

- In the event that bids from mutual funds exceed 5% of the QIB portion, allocation to mutual funds shall be done on a proportionate basis upto 5% of the QIB portion.
- In the event that the aggregate demand from mutual funds is less than 5% of QIB portion, then all mutual funds shall get full allotment to the extent of valid bids received above the issue price.
- Equity Shares remaining unsubscribed, if any, not allocated to mutual funds shall be available for allocation to all QIB Bidders as set out in as (b) below;

(b) In the second instance, allocation to all QIBs shall be determined as follows –

- 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 upto 95% of the QIB portion.
- 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.
- 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.

Under-subscription, if any, in any category would be allowed to be met with spillover from any other category or combination of categories at the sole discretion of the Company in consultation with the BRLM.

**Procedure and Time Schedule for Allotment**

The Issue will be conducted through a "100% book building process" pursuant to which the Syndicate/Sub-Syndicate Members or SCSBs will accept bids for the Equity Shares during the Bidding Period. The Bidding Period will commence on September 7, 2011 and expire on September 12, 2011. 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 allotment and entitlement to allotment are finalised based on the bids received and subject to the confirmation by the BSE/NSE. Successful bidders will be provided with a confirmation of their allocation. The Prospectus will be filed with SEBI and the Registrar of Companies and will be made available to investors. SEBI (ICDR) Regulations require our Company to complete the allotment and credit to successful bidders within 11 working days of the expiration of the Bidding Period. Upon approval by the Stock Exchanges, the Equity Shares will be listed and trading will commence.

**Method of Proportionate Basis of Allocation**

In the event of the issue being over-subscribed, our Company shall finalise the basis of allotment 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 Registrars to the issue shall be responsible for ensuring that the basis of allotment is finalized in a fair and proper manner.

Bidders will be categorized according to the number of Equity Shares applied for by them and the allotment shall be made on a proportionate basis as explained below:-

(a) 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.

(b) Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, which is the total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.

(c) If the proportionate allotment to a Bidder is a number that is more than 30 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. Allotment to all Bidders in such categories would be arrived at after such rounding off.

(d) In all Bids where the proportionate allotment is less than 30 Equity Shares per Bidder, the allotment shall be made as follows:
- 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; and
- Each successful Bidder shall be Allotted a minimum of [•] Equity Shares; and

(e) 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.

**Illustration of Allotment to QIBs and Mutual Funds ("MF")**

**A. Issue details**

| **Sr. No.** | **Particulars** | **Issue details** |
|---|---|---|
| 1 | Issue size | 10 Lakhs Equity Shares |
| 2 | Allocation to QIB (not more than 50% of the Issue) | 5 Lakhs Equity Shares |
| | Of which: | |
| | a. Reservation For Mutual Funds, (5%) | 0.25 Lakhs Equity Shares |
| | b. Balance for all QIBs including Mutual Funds | 4.75 Lakhs Equity Shares |
| 3 | Number of QIB applicants | 10 |
| 4 | Number of Equity Shares applied for | 25 Lakhs Equity Shares |

**B. Details of QIB Bids**

| **Sr. No.** | **Type of QIB bidders#** | **No. of shares bid for (in Lakhs)** |
|---|---|---|
| 1 | A1 | 2.5 |
| 2 | A2 | 1.0 |
| 3 | A3 | 6.5 |
| 4 | A4 | 2.5 |
| 5 | A5 | 2.5 |
| 6 | MF1 | 2.0 |
| 7 | MF2 | 2.0 |
| 8 | MF3 | 4.0 |
| 9 | MF4 | 1.0 |
| 10 | MF5 | 1.0 |
| | **TOTAL** | **25** |

*# A1-A5: (QIB Bidders other than Mutual Funds), MF1-MF5 (QIB Bidders which are Mutual Funds)*

**C. Details of Allotment to QIB Bidders/Applicants**
*(Number of equity shares in Lakhs)*

| Type of QIB bidders | Shares bid For (in Lakhs) | Allocation of 0.25 Lakhs Equity Shares to MF proportionately (please see note 2 below) | Allocation of balance 4.75 Lakhs Equity Shares to QIBs proportionately (please see note 4 below) | Aggregate allocation to MFs |
|---|---|---|---|---|
| **(I)** | **(II)** | **(III)** | **(IV)** | **(V)** |
| A1 | 2.5 | 0 | 0.48 | 0 |
| A2 | 1.0 | 0 | 0.192 | 0 |
| A3 | 6.5 | 0 | 1.248 | 0 |
| A4 | 2.5 | 0 | 0.480 | 0 |
| A5 | 2.5 | 0 | 0.480 | 0 |
| MF1 | 2.0 | 0.050 | 0.374 | 0.424 |
| MF2 | 2.0 | 0.050 | 0.374 | 0.424 |
| MF3 | 4.0 | 0.100 | 0.748 | 0.848 |
| MF4 | 1.0 | 0.025 | 0.187 | 0.212 |
| MF5 | 1.0 | 0.025 | 0.187 | 0.212 |
| | **25.0** | **0.250** | **4.750** | **2.120** |

**Please note:**

1. The illustration presumes compliance with the requirements specified in this Red Herring Prospectus in the section titled "Basic Terms of the Issue" beginning on page no. 50 of this Red Herring Prospectus.
2. Out of 5 Lakhs Equity Shares allocated to QIBs, 0.250 Lakhs (i.e. 5%) will be allocated on proportionate basis among five Mutual Fund applicants who applied for 100 lakh shares in the QIB Portion.
3. The balance 4.75 Lakhs Equity Shares [i.e. 5.00 – 0.25 (available for Mutual Funds only)] will be allocated on proportionate basis among 10 QIB Bidders who applied for 25 Lakhs Equity Shares (including 5 Mutual Fund applicants who applied for 10 Lakhs Equity Shares).
4. The figures in the fourth column titled "Allocation of balance 4.75 Lakhs Equity Shares to QIBs proportionately" in the above illustration are arrived as under:

   i. For QIBs other than Mutual Funds (A1 to A5)= Number of Equity Shares Bid for X 4.75/24.75

   ii. 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 4.75/24.75

The numerator and denominator for arriving at allocation of 4.75 Lakhs Equity Shares to the 10 QIBs are reduced by 0.25 Lakhs shares, which have already been allotted to Mutual Funds in the manner specified in column III of the table above.

**Equity Shares in Dematerialised 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 dematerialised 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 tripartite agreements have been signed among the Company, the Depositories and the Registrar,

1. An Agreement dated September 9, 2010 among NSDL, our Company and Registrar to the Issue.
2. An Agreement dated August 31, 2010 among CDSL, our Company and Registrar to the Issue.

All Bidders can seek allotment only in Dematerialized mode. Bids from any Bidder without the following details of his or her depository account are liable to be rejected:

1. A Bidder applying for Equity Shares must have at least one valid beneficiary account with either of the Depository Participants of NSDL or CDSL prior to making the Bid.
2. The Bidder must necessarily fill in the details (including the PAN, beneficiary account number and Depository Participant's Identification number) appearing in the Bid-cum-Application Form / ASBA Form or Revision Form/ASBA Revision Form.
3. 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.
4. Names in the Bid-cum-Application Form/ASBA Form or Revision Form/ASBA 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 depository account details of the Bidder(s) with the Depository.
5. Non Transferable allotment advice or refund orders will be directly sent to the Bidders by the Registrar to the Issue.
6. If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid-cum-Application Form/ASBA Form or Revision Form/ASBA Revision Form, it is liable to be rejected.
7. The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid-cum-Application Form/ASBA Form vis-à-vis those with his or her Depository Participant.
8. It may be noted that Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL or CDSL. All the stock exchanges where Equity Shares are proposed to be listed are connected to NSDL and CDSL.
9. The trading of Equity Shares of the Company would only be in dematerialized form for all investors in the demat segment of the respective Stock exchanges.

**Disposal of Applications and Applications Money and Interest in case of delay**

With respect to Bidders other than ASBA Bidders, our Company shall ensure dispatch of Allotment Advice, refund orders (except for Bidders who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchanges within 2 working days after the Allotment.

In case of Bidders who receive refunds through ECS, or RTGS or Direct Credit or NEFT, the refund instructions will be given to the clearing system and a suitable communication shall be sent to such Bidders within 11 working days from the Bid/Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

We undertake that all steps will be taken for completion of necessary formalities for listing and commencement of trading at all the stock exchanges where the Equity Shares are proposed to be listed within 12 working days of the Bid/Issue Closing Date.

The Company shall dispatch refund orders, as per the procedure mentioned under section “Dispatch of Refund Orders" on page no. 267 of this Red Herring Prospectus, at the sole or First Bidder's sole risk.

**The Company will provide adequate funds required for dispatch of refund orders or for credit of refunds, as the case may be, to the Registrar to the Issue.**

In accordance with the Companies Act, the requirements of the stock exchanges and SEBI (ICDR) Regulations, the Company further undertakes that:

- Allotment of Equity Shares shall be made only in dematerialized form within 10 working days of the Bid/Issue Closing Date;

- With respect to Bidders other than ASBA Bidders, dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within 11 Working Days of the Issue Closing Date would be ensured. With respect to the ASBA Bidders, instructions for unblocking of the ASBA Bidder's ASBA Account shall be made within nine working days from the Issue Closing Date; and

- Our Company shall pay interest at 15% per annum for any delay beyond the 12 Working Days from the Bid/Issue Closing Date as mentioned above, if allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/or demat credits are not made to investors within the 11 Working Days prescribed above. If such money is not repaid within eight days from the day our Company becomes liable to repay, our Company and every Director of our Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to repay the money with interest as prescribed under the applicable law.

Our Company will provide adequate funds required for dispatch of refund orders or Allotment advice to the Registrar to the Issue as per the mode disclosed under "Dispatch of Refund Order" appearing on page no. 267 of this Red Herring Prospectus.

Save and except refunds effected through the electronic mode i.e. ECS, Direct Credit 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

**Letters of Allotment or Refund Orders**
The Registrars to the Issue shall give instructions for credit to the beneficiary account with depository participants within 11 working days from the Issue Closing date. Applicants having bank accounts at any of the 68 centres where clearing houses are managed by the Reserve Bank of India (RBI) will get refunds through Electronic Credit Service (ECS) only, except where applicant is otherwise disclosed as eligible to get refunds through direct credit or Real Time Gross Settlement (RTGS). In case of other applicants, our Company shall dispatch refund orders, if any, by registered post only at the sole or first Bidder's sole risk within 11 working days of the Bid / Issue Closing date. Applicants to whom refunds are made through Electronic transfer of funds will be sent a letter through registered postwithin 11 working 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.

In case of ASBA Bidders, the Registrar to the Issue shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the ASBA Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within 11 Working Days of the Offer Closing Date.

**DISPATCH OF REFUND ORDERS**

The payment of refund, if any, would be done through various modes in the following order of preference –

1. ECS – Payment of refund would be done through ECS for applicants having an account at any of the following 68 centers - Ahmedabad, Bangalore, Bhubneshwar, Kolkatta, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna and Thiruvanthapuram (managed by RBI); Baroda, Dehradun, Nashik, Panaji, Surat, Trichy, Trichur, Jodhpur, Gwalior, Jabalpur, Raipur, Calicut, Siliguri (Non-MICR), Pondicherry, Hubli, Shimla (Non-MICR), Tirupur, Burdwan (Non-MICR), Durgapur (Non-MICR), Sholapur, Ranchi, Tirupati (Non-MICR), Dhanbad (Non-MICR), Nellore (Non-MICR) and Kakinada (Non-MICR) (managed by State Bank of India); Agra, Allahabad, Jalandhar, Lucknow, Ludhiana, Varanasi, Kolhapur, Aurangabad, Mysore, Erode, Udaipur, Gorakpur and Jammu (managed by Punjab National Bank); Indore (managed by State Bank of Indore); Pune, Salem and Jamshedpur (managed by Union Bank of India); Visakhapatnam managed by Andhra Bank); Mangalore (managed by Corporation Bank); Coimbatore and Rajkot (managed by Bank of Baroda); Kochi/Ernakulum (managed by State Bank of Travancore); Bhopal (managed by Central Bank of India); Madurai (managed by Canara Bank); Amritsar (managed by Oriental Bank of Commerce); Haldia (Non-MICR) (managed by United Bank of India); Vijaywada (managed by State Bank of Hyderabad); and Bhilwara (managed by State Bank of Bikaner and Jaipur). This mode of payment of refunds would be subject to availability of complete bank account details including the MICR Code as appearing on a cheque leaf from the Depositories. The payment of refunds is mandatory through this mode for applicants having a bank account at any of the above mentioned 68 centers, except where the applicant, being eligible, opts to receive refund through direct credit or RTGS or NEFT. Refunds through ECS may also be done at other locations based on operational efficiency and in terms of demographic details obtained by the Registrar from the Depository Participant.

2. Direct Credit – Applicants having bank accounts with the Refund Banker, shall be eligible to receive funds through direct credit. Charges, if any, levied by the Refund Banker for the same would be borne by the Company.

3. RTGS – Applicants having a bank account at any of the above-mentioned 68 centers, have also the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC Code in the Bid-cum-Application form. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the refund banks for the same would be borne by the Company. Charges, if any, levied by the applicants' bank receiving the credit would be borne by the applicant.

4. NEFT – Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the IFSC, which can be linked to a MICR, if any, available to that particular bank branch. IFSC will be obtained from the website of RBI as on a date immediately prior to the date of payment 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 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 hence use of NEFT is

subject to operational feasibility, cost and process efficiency. In the event that NEFT is not operationally feasible, the payment of refunds would be made through any one of the other modes as discussed in the sections.

5. Refund Orders – For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be dispatched through Registered Post. 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 applicants having a bank account at any of the 68 centres where clearing houses for ECS are managed by the RBI, State Bank of India, Punjab National Bank, State Bank of Indore, Union Bank of India, Andhra Bank, Corporation Bank, Bank of Baroda, State Bank of Travancore, Central Bank of India, Canara Bank, Oriental Bank of Commerce, United Bank of India, State Bank of Hyderabad and State Bank of Bikaner and Jaipur are eligible to receive refunds through the modes detailed in 1, 2, 3 & 4 hereinabove. For all the other applicants, including applicants who have not updated their bank particulars along with the nine digit MICR code, the refund orders would be dispatched through Registered Post.**

**UNDERTAKING BY THE COMPANY**

Our Company undertake as follows:

(a) that the complaints received in respect of this Issue shall be attended to by us expeditiously and satisfactorily;
(b) 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 12 working days of the Bid/Issue Closing Date;
(c) that the funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed under the heading "Dispatch of Refund Orders" on page no. 267 of this Red Herring Prospectus shall be made available to the Registrar to the Issue by our Company;
(d) that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 11 working days of closure of Issue, giving details of the bank where refunds shall be credited alongwith the amount and expected date of electronic credit of refund;
(e) that the refund orders or allotment advice to the Eligible NRIs or FIIs shall be dispatched within specified time; and
(f) that no further Issue of Equity Shares shall be made until the Equity Shares Issued through this Red Herring Prospectus are listed or until the Bid Money is refunded on account of non-listing, under-subscription etc.
(g) that adequate arrangements shall be made to collect all Applications Supported by Blocked Amount (ASBA) and to consider them similar to non-ASBA applications while finalizing the basis of allotment.
(h) that we shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from all the Stock Exchanges where listing is sought, has been received.

**UTILISATION OF ISSUE PROCEEDS**

Our Board of Directors of the 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, 1956;

(b) details of all monies utilized out of the Issue referred above shall be disclosed under an appropriate separate head in its balance sheet indicating the purpose for which such monies have been utilized;

(c) details of all unutilized monies out of the Issue, if any, shall be disclosed under the appropriate separate head in its balance sheet indicating the form in which such unutilised monies have been invested;

Our Company shall comply with the requirements of Clause 49 of the Listing Agreement in relation to the disclosure and monitoring of the utilization of the proceeds of the Issue.

Our Company shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

**COMMUNICATIONS**

All future communications in connection with Bids by Bidders 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/ASBA Form number, Bidder's DP ID, PAN, beneficiary account number, number of Equity Shares applied for, date of Bid-cum-Application Form/ASBA Form, name and address of the member of the Syndicate or the Designated Branch where the Bid was submitted and cheque or draft number and issuing bank thereof or with respect to ASBA Bids, ASBA Account number in which the amount equivalent to the Bid Amount was blocked.

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 respective beneficiary accounts, refund orders etc. In case of ASBA Bids submitted with the Members of the Syndicate/Designated Branches, Bidders can contact the relevant Designated Branch of the SCSBs. The SCSB or the Syndicate/ sub-syndicate Member, as applicable, shall be responsible for any damage or liability resulting from any errors, fraud or willful negligence on the part of any employee of the concerned SCSB or the Syndicate/sub-syndicate Member, as applicable, including its Designated Branches and the branches where the ASBA Accounts are held. Our Company, the BRLM, the Syndicate Members and the Registrar accept no responsibility for errors, omissions, commission or any acts of SCSBs including any defaults in complying with its obligations under applicable SEBI (ICDR) Regulations.

The Book Running Lead Manager undertakes that the complaints or comments received in respect of this Issue shall be attended to by the Company expeditiously and satisfactorily.

**Restrictions on Foreign Ownership of Indian Securities**

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the GoI and FEMA. While the Industrial Policy 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 of the Government of

India, unless specifically restricted, foreign investment is freely permitted in all sectors of 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.

**Subscription by Non-Residents**

The Equity Shares have not been and will not be registered under 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 or the requirements of the Investment Company Act.

Accordingly, the Equity Shares are only being offered and sold (i) in the United States to entities that are both "qualified institutional buyers", as defined in Rule 144A of the Securities Act and "qualified purchasers" as defined under the Investment Company Act and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur. QIBs does not refer to a category of institutional investor defined under applicable Indian regulations and referred to in the Red Herring Prospectus as "QIBs") in transactions exempt from, or not subject to, to the registration requirements of the Securities Act, and (ii) outside the United States in reliance on Regulation S under the Securities Act.

**As per the current regulations, OCBs cannot participate in this Issue.**

The above information is given for the benefit of the Bidders. The Company, the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of this 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. However we shall update this Red herring Prospectus and keep the public informed of any material changes in matters concerning our business and operations till the listing and commencement of trading of the Equity Shares.

## SECTION IX: MAIN PROVISIONS OF ARTICLES OF ASSOCIATION OF THE COMPANY

### SHARE CAPITAL

**3. Amount of Share Capital:**
The Authorised Share Capital of the company shall be such amounts and be divided into such shares as may, from time to time, be provided in Clause V of the Memorandum of Associations with power to increase or reduce the capital in accordance with the Company's regulations and legislative provisions for the time being in force on that behalf with the powers to divide the share capital. Whether original or increased or decreased into several classes and attach there to respectively such ordinary, preferential or special rights and conditions in such a manner as may for the time being be provided by the Regulations of the Company and allowed by law. The minimum paid up capital of the Company shall be ₹ 5,00,000/- (Rupees Five Lacs).

**4. Increase in the share capital of the Company**
The Company may by an ordinary resolution passed at a General Meeting increase the share capital by such sum to be divided into shares of such amount as the resolution may prescribe. The new shares shall be issued on such terms and conditions and with such rights and privileges annexed thereto, as the resolution may prescribe and direct, and if no direction be given, as the Directors shall determine, and in particular, such shares may be issued subject to articles, with a preferential or qualified right to dividends, and in the distribution of assets of the Company and with a right to vote at the General Meeting in conformity with Sections 87 and 88 of the Act. Unless otherwise stated, all new shares of the same class shall rank pari passu with existing shares of the same class. Whenever the Capital of the Company is increased under the provisions of this Article, the Board shall comply with the provisions of section 97 of the Act.

**5. New Capital same as existing Capital:**
Except so far as otherwise provided by the conditions of the issue or by these presents, any Capital raised by the creation of new shares shall be considered as part of the existing Capital, and shall be subject to the provisions herein contained, with reference to the payment of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.

**6. Equity Share Capital with Differential Rights:**

(a) Subject to the provisions of Section 86 of the Act and applicable rules, guidelines and regulations, the Company shall have the power to issue equity shares with differential right as to dividend, voting or otherwise.

(b) To the extent that the Company is permitted by applicable law to issue non-voting shares or shares which have rights attached thereto different from the rights attached to equity shares or any other kind, class or type of shares, the Company may, if so authorised by the resolution of the members under section 81 (1A) of the Act, and other relevant provisions of the Act, issue such shares upon such terms and conditions and which such rights and privileges attached thereto as thought fit as may be permitted by applicable law.

**7. Redeemable Preference Shares:**
Subject to the provisions of Section 80 of the Act and applicable rules, guidelines and regulations, the Company shall have the power to issue Preference Shares which are, or at the option of the Company

are to be liable, to be redeemed and the resolution authorising such issue shall prescribe the manner, terms and conditions of redemption.

**8. Provisions to apply on issue of redeemable preference shares:**
On the issue of Redeemable Preference Shares under the provisions of Article 7 hereof the following provisions shall take effect: -

(a) No such shares shall be redeemed except out of the profits of the Company which would otherwise be available for dividend or out of the 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 must have been provided for out of the profits of the Company or the Company's Securities Premium Account before the shares are redeemed;

(d) Where any such shares are redeemed otherwise than 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 section 80 of the Act, apply as if the Capital Redemption Reserve Account were paid up share Capital of the Company.

**9. Power of the Company to buy its own shares:**
Subject to the provisions as laid down in Section 77A, 77AA and 77B and subject to such approvals as may be required under other applicable sections of the Act, if any, and other provisions, rules, guidelines, regulations and any amendment and modifications thereto, the Company shall have the power to purchase / buy back its own shares and / or other securities.

**10. Funds of the company not to be applied in purchase of shares of the Company**
None of the funds of the Company shall be applied in the purchase of any shares of the Company, and it shall not give any financial assistance for or in connection with the purchase or subscription of any shares in the Company or in its holding Company save as provided by section 77 of the Act.

**11. Sub-division, consolidation and cancellation of shares:**
The Company may, by ordinary resolution in general meeting:

(a) consolidate and divide all or any of its capital into shares of larger amounts than its existing shares.

(b) sub-divide its shares or any of them, into shares of similar amounts than is fixed by the Memorandum of Association, so however, than in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived;

(c) cancel any share which, at the date of the passing of the resolution in that behalf, 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.

**12. Issue of Sweat Equity Shares:**

Company shall subject to and in accordance with the provisions of section 79A of the Act, shall have the power, by a Special Resolution passed at a General Meeting to issue Sweat Equity Shares to the Directors, Employees of the Company.

**13. Provision for issue of shares under Employees' Stock Option Scheme**

(a) Subject to the provisions of section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956, subject to the passing of special resolution in general meeting and these Regulations, the Board may, from time to time, create, offer and issue to or for the benefit of the Company's employees including the Directors, Executive Chairman, Vice- Chairman, the Managing Directors and the Whole time Directors such number of equity shares of the Company, in one or more trenches on such terms as may be determined by the Board prior to the issue and offer, in consultation with the authorities concerned and in accordance with such guidelines or other provisions of law as may be prevalent at that time but ranking pari passu with the existing equity shares of the Company.

(b) The issue price of such shares shall be determined by the Board in accordance with the laws prevalent at the time of the issue.

(c) In the alternative to equity shares, mentioned hereinabove, the Board may also issue bonds, equity warrants or other securities as may be permitted in law, from time to time.

**14. Reduction of Share Capital**

The Company may, from time to time, by special resolution and on compliance with the provisions of Section 100 to 105 of the Act, reduce its share capital and any capital reserve fund or share premium account.

**15. Modification of Rights**

(a) If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of Sections 106 and 107 of the Act, modified, commuted, affected, abrogated, dealt with or varied with the consent in writing of the holders of three fourths of the issued shares of that class or with a sanction of a special resolution passed at a separate meeting of the holders of the shares of that class.

(b) Subject to the provisions of the Act, to every such separate meeting, the provisions of these regulations relating to meetings shall mutatis mutandis apply, but so that the necessary quorum shall be five persons at least holding or representing by proxy or one-third of the issued shares of the class in question.

(c) The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not unless otherwise provided by the terms of issue of the shares of that class be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.

**16. Commission and Brokerage on shares:**

(a) The company may exercise the powers of paying commission offered by Section 76 of the Act, provided that the rate percent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by the Section.

(b) The rate of commission shall not exceed the rate of 5% ( five percent) of the price at which the shares in respect whereof the same is paid are issued or an amount equal to 5% (five percent) of such price, as the case may be and in the case of debentures 2½%(two and a half percent) of the price at which the debentures in respect whereof the same is paid are issued or an amount equal to 2½ (two and a half percent) of such price, as the case may be.

(c) The commission may be satisfied by payment in cash or by allotment of fully or partly paid shares or partly in one way and partly in the other.

(d) The Company may also, on any issue of shares, pay such brokerage as may be lawful.

**Interest out of Capital**

**17. Payment of Interest out of Capital**
The Company shall have power to pay interest out of its capital on so much of shares which were 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 for the Company in accordance with the provisions of Section 208 of the Act.

**Shares and Certificates**

**18. Further issue of Capital:**

(a) When at any time after the expiration of two years from the formation of the Company or at any time after the expiration 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 share capital of the Company by the allotment of further shares, either out of the unissued capital or out of the increased share capital then:

(i) 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 near as circumstances admit, to the capital paid up on those shares at that date;

(ii) such offer shall be made by a notice specifying the number of shares offered and limiting the time not being less than 15 days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined.

(iii) the offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person and notice referred to in clause (ii) above 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.

(iv) After the expiry of the time specified in the notice aforesaid, or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose off them in such manner as they think fit most beneficial to the Company.

(b) Notwithstanding anything contained in 16(a) above, the further shares aforesaid may be offered to any persons whether or not those persons include the persons referred to in clause (i) of Article 16 (a) in any manner whatsoever-

(i) if a special resolution to that effect is passed by the Company in General Meeting, or

(ii) 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 so to do, 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.

(c) Nothing in clause (iii) of Article 16 (a) above shall be deemed-

(i) to extend the time within which the offer should be accepted, or

(ii) To authorise any person to exercise the right of renunciation for a second time, on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.

(d) 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 debentures issued or loans raised by the Company-

(i) to convert such debentures or loans into shares in the Company, or

(ii) to subscribe for shares in the Company.

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-

I. either has been approved by the Central Government before the issue of debentures or the raising of the loans, or is in conformity with the rules, if any, made by that Government in this behalf; and

II. in the case of debentures or loans other than debentures issued to, or loans obtained from, the 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 General Meeting before the issue of the debentures or the raising of the loans.

**19. Shares at the disposal of Directors:**

Subject to the provisions of these Articles and of the Act, the shares in the Capital of the Company for the time being shall be under the control of the Board of 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 at such time as they think fit and may issue and allot any shares in the capital of the Company on payment in full or part of any property sold and transferred or in consideration of the services rendered to the Company in the conduct of its business and the shares which may be so allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid up shares. The Directors shall have full power to give to any persons the option or right to call of or be allotted shares of the Company of any class, either at premium or at par or at a discount and for such time and for such consideration as the Board of Directors thinks fit (subject to the provisions of Section 78 and 79 of the Act), provided that option or right to call of shares shall not be given to any person except with the sanction of the Company by passing special resolution in General Meeting. The Board shall cause to be made the returns as the allotment provided for in Section 75 of the Act.

**20. Power to offer Shares/options to acquire Shares:**

Without prejudice to the generality of the powers of the Board given under Article 17 or in any other Article of these Articles of Association;

(a) 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-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.

(b) In addition to the powers of the Board under Article 18 (a), the Board may also allot the Shares referred to in Article 18 (a) 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 18 (a)] 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.

(c) 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 18 (a) and (b) above.

**21. Acceptance of Shares:**

Any application signed by or on behalf of an applicant for shares in the Company, followed by an allotment of any shares therein, shall be an acceptance of shares within the meaning of these Articles; and every person who thus or otherwise accepts any shares and whose name is on the register shall, for the purposes of the Articles, be a member.

**22. Deposit and call etc., to be debt payable**

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 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.

**23. Liability of Members:**
Every Member, or his heirs, executors or administrators shall pay to the Company the portion of the Capital represented by his share or shares which may, for the time being, remain unpaid thereon, in such amounts, at such time or times, and in such manner as the Board shall, from time to time in accordance with the Company's regulations, require or fix for the payment thereof.

**24. Register and Index of Members:**
The Company shall keep a Register of its members and debenture holders commencing from the date of registration of the Company and Index of its members and debenture holders and enter therein the particulars as prescribed in Section 150, 151 and 152 of the Act and the Depositories Act, 1996 with the details of shares held in physical or dematerialised form in any media as permitted by applicable law including any form of electronic media. The Company shall be entitled to keep in any State or country outside India a branch Register of Members resident in that State or Country. The Register and Index of beneficial owners maintained by Depository under Section 11 of the Depositories Act, 1996 shall be deemed to be the Register and Index of Members for the purpose of this Act in respect of shares held in dematerialised form.

**26. Issue of Share Certificates:**
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 be 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. The Common seal shall be affixed in the presence of two Directors or persons acting on behalf of the Directors under a duly registered power of attorney and the Secretary or some other person appointed by the Board for the purpose, and two Directors or their attorneys and the Secretary or other person shall sign the share certificate, provided that if the composition of the Board permits of it, at least one of the aforesaid two Directors shall be a person other than a Managing or a Whole time Director. Particulars of every share certificate issued shall be entered in the Register of Members against the name of the person, to whom it has been issued, indicating the date of issue.

Provided that, these provisions shall not apply to the shares held in dematerialised form.

**27. Issue or Renewal of Share Certificates:**
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, the Board may order the same to be cancelled, and may issue a new certificate in lieu thereof, and if any certificate be lost or destroyed, then, upon proof thereof to the satisfaction of the Board and on such indemnity as the Board deems

adequate being given, a new certificate in lieu thereof may be given to the party entitled to such lost or destroyed certificate. Every certificates under the Article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding ₹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.

Provided that notwithstanding what is stated above the Directors shall comply with such rules or regulations or requirements of any Stock Exchange or the rules made under the act or the rules made under Securities Contracts (Regulation) Act, 1956 or any other Act, or rules applicable in this behalf.

The provisions contained in these Articles in respect of Share Certificates shall mutatis mutandis apply to any debentures of the Company.

**28. The first named of joint holders deemed sole holder:**

If any share stands in the names of two or more persons, the person first named in the register of members shall as regards receipts of dividends, the service of notices and subject to the provisions of these Articles, all or any other matter connected with the Company except the issue of share certificates, voting at meeting and the transfer of the share, be deemed the sole holder thereof.

**29. Liability of Joint Holders**

If any share stands out in the names of two or more persons all the joint holders of the share shall be severally as well as jointly liable for the payment of all deposits, installments, and calls due in respect of such shares, and for all incidents thereof according to the Company's Regulations, but the person first named in the Register shall, as regards receipt of dividend or bonus or service of notice, and all or any other matters connected with the Company, except voting at meetings and the transfer of the shares, and any other matter by the said Act or herein otherwise provided, be deemed the sole holder thereof.

**30. Company not bound to recognize any interest in share other than that of registered holder:**

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 to register any Share in the joint names of any two or more persons (but not exceeding 3 persons) or the survivor or survivors of them.

**31. Fractional Certificates**

The Company may issue such fractional coupons as the Board may approve in respect of any of the shares of the Company on such terms as the Board thinks fit.

**32. Declaration by person not holding beneficial interest in any shares:**

(a) Notwithstanding anything herein contained a person whose name is at any time in the Register of Members of the Company as the holder of a share in Company, but who does not hold the beneficial interest in such share, shall, if so required by the Act, within such time and in such form as may be prescribed, make a declaration to the Company specifying the name and other particulars of person or persons who hold the beneficial interest in such share in the manner provided in the Act;

(b) A person who holds a beneficial interest in a share or a class of shares of the Company shall, if so required by the Act, within the time prescribed, after his becoming such beneficial owner, make a declaration to the Company specifying the nature of his interest, particulars of the person in whose name the shares stand in the Register of Members of the Company and such other particulars as may be prescribed as provided in the Act;

(c) Whenever there is change in the beneficial interest in a share referred to above, the beneficial owner shall, if so required by the Act, within the time prescribed, from the date of such change, make a declaration to the Company in such form and containing such particulars as may be prescribed in the Act.

**DEMATERIALISATION OF SECURITIES**

**33.** The Company shall be entitled to appoint a Depository and to dematerialize/ rematerialise its Securities and to offer Securities in the dematerialized form pursuant to the Depositories Act.

**34. Dematerialisation of securities:**

a.) 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.

b.) Options to receive security certificates or hold securities with depository, 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 allottee as the beneficial owner of that security.

c.) Securities with depositories to be in fungible form all securities held by a depository shall be dematerialised and shall be in a fungible form.

d.) Nothing contained in Sections 153, 153B, 187C and 372A of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.

**35. Rights of depositories and beneficial owners:**

(a) Notwithstanding anything to the contrary contained in the Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner.

(b) Save as otherwise provided in (a) above, the depository as a registered owner shall not have any voting rights or any other rights in respect of securities held by it.

(c) 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.

**36. Depository to furnish information:**

Every depository shall furnish to the Company information about the transfer of securities in the name of the beneficial owners at such intervals and in such manner as may be specified by the bye laws and the Company in that behalf.

**37. Option to opt out in respect of any security:**

(a) If a beneficial owner seeks to opt out of a depository in respect of any security, the beneficial owner shall inform the depository accordingly.

(b) The depository shall, on receipt of intimation as above, make appropriate entries in its records and shall inform the Company.

(c) The Company shall, within thirty (30) days of the receipt of 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.

**38. Section 83 and 108 of the Act not to apply:**

(a) Notwithstanding anything to the contrary contained in the Articles, Section 83 of the Act shall not apply to the shares held with a depository.

(b) Section 108 of the Act shall not apply to transfer of security effected by the transferor and the transferee both of whom are entered as beneficial owners in the records of a depository.

**39. Service of documents:**

Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.

**40. Allotment of securities dealt within a depository:**

Notwithstanding anything in the Act or these Articles where securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.

**41.** Upon receipt of certificate of securities of surrender by a person who has entered into an agreement with the Depository through a Participant, the Company shall cancel such certificate and substitute in its records the name of Depository as the registered owner in respect of the said securities and shall also inform the Depository accordingly.

**42. Register and Index of beneficial owners:**

(a) The Register and index of beneficial owners maintained by a depository under, the Depositories Act, 1996 shall be deemed to be the Register and Index of Members and Security holders for the purposes of these Articles.

(b) Notwithstanding anything contained in the Act and Articles hereof, where any declaration referred to above is made to the Company, the Company shall, if so required by the Act, make a note of such declaration in the Register of Members and file within the time prescribed from the date of receipt of the declaration a Return in the prescribed form with the Registrar with regard to such declaration.

**43.** Except as specifically provided in these Articles, the provisions relating to joint holders of shares, calls, lien on shares, forfeiture of shares and transfer and transmission of shares shall be applicable to shares held in Depository so far as they apply to shares held in physical form subject to the provisions of the Depository Act.

**CALLS ON SHARES**

**44. Directors may make calls:**

The Board of Directors may, from time to time, make calls upon the members in respect of money unpaid on their shares ( whether on account of the nominal value of the shares or by way of premium ) and not by the condition of allotment thereof made payable at fixed times.

**45. Notice of call:**

Each member shall, subject to receiving at least 15 days' notice specifying the time or times and place of payment of the call money pay to the Company at the time to times and place so specified, the amount called on his shares.

**46. Calls to be on uniform basis**

Any call for share capital shall be made on a uniform basis on all Shares falling under the same class. For the purpose of these Articles Shares of the same nominal value, on which different amounts have been paid up, shall not be deemed to fall under the same class.

**47. Call may be revoked or postponed:**

A call may be revoked or postponed at the discretion of the Board.

**48. Call deemed to be duly made:**

A call shall be deemed to have been duly made at the time when the resolution of the Board authorizing the call was passed. Call money may be required to be paid by Installments.

**49. Liability of joint holders:**

The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

**50. Interest on call to be paid in case of delay in payment:**

(a) If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest thereon from the day appointed for payment thereof to the time of actual payment at such rate of interest as the Board may determine.

(b) The Board shall be at liberty to waive payment of any such interest wholly or in part.

**51. Directors may extend time for payment:**

The Board may, from time to time at its discretion, extend the time fixed for the payment of any call, and may extend such time as to all or any of the Members or other cause, the Board may deem fairly entitled to such extension but no Member shall be entitled to such extension save as a matter of grace and favour.

**52. Amount payable at fixed time or by installments to be treated as calls**

(a) Any sum which by the terms of issue of a share become payable on allotment or at any fixed date, whether on account of the nominal value of the shares or by way of premium, shall for purposes of these regulations, be deemed to be a call duty made and payable on the date on which by the terms of issue such sum becomes payable.

(b) In case of non-payment of such sum, all the relevant provisions of these regulations as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duty made and notified.

**53. Payment in Anticipation of Call may carry Interest:**

Subject to the provisions of Section 92 of the Act, the Board:-

(a) May, if it thinks fit, receive from any member willing to advance all or any part of the money uncalled and unpaid upon any shares held by him; and

(b) If it thinks fit, may pay interest upon all or any of the moneys advanced on uncalled and unpaid shares (until the same would but for such advance become presently payable) at such rate not exceeding, unless the Company in general meeting shall otherwise direct, 9% (nine percent) per annum as may be agreed upon between the Board and the member paying the sums or advances, Money so paid in advance shall not confer a right to dividend or to participate in profits. The Directors may at any time repay the amount so advanced.

(c) The concerned member shall not be entitled to any voting rights in respect of the moneys so advanced by such member until the same would but for such payment, become presently payable.

(d) The provisions of these Articles shall mutatis mutandis apply to the calls on debentures of the Company.

**54. Proof on trial of suit for money due on:**

On the trail or hearing of any suit or proceedings brought by the Company against any member or his representative to recover any debt or money claimed to be due to the Company in respect of his share, it shall be sufficient to prove that the name of the defendant is or was, when the claim arose, on the Register of members of the Company as a holder or one of the holders of the number of shares in respect of which such claim is made and that the amount claimed is not entered as paid in the books of the Company and it shall not be necessary to prove the appointment of the Directors who resolved to make any call, nor that a quorum of Directors was present at Board Meeting at which any call was resolved to be made, nor that the meeting at which any call was resolved to be made was duly convened or constituted nor any other matter, but the proof of the matters aforesaid shall be conclusive evidence of the debt.

**55. Partial payment not to preclude forfeiture:**

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, nor any indulgence granted by the Company in respect of the payment of any such money, shall, preclude the Company from thereafter proceeding to enforce a forfeiture of such shares as hereinafter provided.

**LIEN**

**56. Company to have lien on shares/debentures:**

(a) The Company shall have a first and paramount lien upon all the 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. 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/debentures. The Directors may at any time declare any shares/debentures wholly or in part to be exempt from the provisions of this clause.

(b) The Company's lien, if any, on a share shall extend to all dividends and bonuses from time to time declared in respect of such securities.

(c) Fully paid shares shall be free from all lien and that in the case of partly paid shares the Issuer's lien shall be restricted to moneys called or payable at a fixed time in respect of such shares.

**57. Enforcing lien:**

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:-

(i) Unless a sum in respect of which the lien exists is presently payable; or

(ii) 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.

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.

(iii) 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.

**58. Application of proceeds of sale:**

The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue, if any, shall (subject to a like lien for sums not presently payable as existed upon the shares before the sale) be paid to the persons entitled to the shares at the date of the sale.

**FORFEITURE OF SHARES**

**59. Notice to be given if call is not paid**

If a member fails to pay any call or installment of a call, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or installment remains unpaid, serve a notice on him requiring payment of so much of the call or installment as is unpaid together with any interest which may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.

**60. Content of notice:**
The notice aforesaid shall:-

(i) name of further day (not earlier than the expiry of 30 (thirty) days from the date of service of notice) on or before which the payment required by the notice is to be made ; and

(ii) state that, in the event of non-payment on or before the days so named, the shares in respect of which the call was made, will be liable to be forfeited.

**61. Shares to be forfeited if default in payment**
If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time, thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the date of forfeiture, which shall be the date on which the resolution of the Board is passed forfeiting the shares.

**62. Notice of forfeiture to a member:**
When any share shall have been so forfeited, notice of the forfeiture shall be given to the Member in whose name it stands 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.

**63. Forfeited shares to be property of the Company & may be sold etc.:**
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 thereof or to any other person, upon such terms and in such manner as the Board shall think fit.

**64. Members still liable to pay money due notwithstanding the forfeiture**

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, amounts, 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 as the Board may determine and the Board may enforce the payment thereof if it thinks fit.

**65. Board may annul forfeiture:**
The Board 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.

**66. Declaration of forfeiture:**
A duty verified declaration in writing that the declarant is a director or the secretary of the Company and that a share in the company has been duly forfeited on a date state in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share.

**67. Effect of forfeiture:**

(a) The forfeiture of a share shall involve the extinction of all interest in and also of all claims and demands against the Company in respect of the share, and all other rights incidental thereto except only such of those rights as by these Articles are expressly saved.

(b) The Company may receive the consideration, if any, given for the share on any sale or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed off.

(c) The transferee shall thereupon be registered as the holder of the share.

(d) The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale of disposal of the share.

**68. Validity of sale:**

Upon any sale, after forfeiture or for enforcing a lien in purported exercise of powers herein before 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 in respect of the shares sold and the purchaser 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 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 damage only and against the Company exclusively.

**69. Cancellation of Share Certificates upon forfeiture:**

Upon any sale, re-allotment or other disposal under the provisions of these Articles relating to lien or to forfeiture, the certificate or certificates originally issued in respect of the relative 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. When any shares, under the powers in that behalf herein contained are sold by the Board and the certificate in respect thereof has not been delivered up to the Company by the former holder of such shares, the Board may, issue a new certificate for such shares distinguishing it in such manner as it may think fit, from the certificate not so delivered.

**70. Provisions of these articles as to forfeiture to apply in case of nonpayment of any sum:**

The provisions of these regulations as to forfeiture shall apply, in the case of nonpayment 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 the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

**71. Directors may accept surrender of shares:**

The Directors may, subject to the provisions of the Act, accept from any member on such terms and conditions as shall be agreed, a surrender of his shares or stock or any part thereof.

**TRANSFER AND TRANSMISSION OF SHARES**

**72. Register of transfer/transmission to be maintained:**

The Company shall keep a "Register of Transfers", and therein shall be fairly and distinctly enter particulars of every transfer or transmission of any share and whereas in case of shares held in dematerialised form, the Register of Transfer maintained by the Depository shall be deemed to be the Register of Transfer.

**73. No transfers to minors etc:**

No share shall in any circumstances be transferred to any minor, insolvent or person of unsound mind. However a transfer of fully paid-up shares to a minor shall be allowed.

**74. Execution of transfer:**

(a) 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.

(b) The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.

**75. Form of transfer:**

(a) The instrument of transfer shall be in writing and all the provisions of Section 108 of the Companies Act, 1956 and of any modification thereof for the time being shall be complied with in respect of all transfers of shares and registration thereof.

(b) In the case of transfer of shares or other marketable securities where the Company has not issued any certificates and where such shares or securities are being held in electronic form, the provisions of the Depositories Act, 1996, as amended, shall apply.

**76. Notice to transferor if instrument submitted by transferee:**

Unless the Director decide otherwise, when an instrument of transfer is tendered by the transferee, before registering any such transfer, the Directors shall give notice by letter sent by registered acknowledgement due post to the registered holder that such transfer has been lodged and that unless objection is taken the transfer will be registered. If such registered holder fails to lodge an objection in writing at the office within ten days from the posting of such notice to him, he shall be deemed to have admitted the validity of the said transfer. Where no notice is received by the registered holder, the Directors shall be deemed to have decided not to give notice and in any event the non-receipt by the registered holder of any notice shall not entitle him to make any claim of any kind against the Company or the Directors in respect of such non-receipt.

**77. Transfer of partly paid up shares:**

When the application is made by the transferor and relates to partly paid-up shares, the transfer shall not be registered unless the Company gives notice by registered post with acknowledgement due, of the application to the transferee and the transferee make no objection to the transfer within two weeks from the receipt of the notice.

**78. Closure of transfer books, register of members/debenture holders:**

The Board shall have power on giving not less than seven days previous notice by advertisement in some newspaper circulating in the district in which the office of the Company is situated to close the Transfer Books, the Register of Members and/or the Register of Debenture 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 in each year.

**79. Directors may refuse to register transfer:**

(a) Subject to the provisions of Section 111 of the Act and Section 22A of the Securities Contracts (Regulation) Act, 1956, the Directors may, at their own absolute and uncontrolled discretion and by giving reasons, decline to register or acknowledge any transfer of shares whether fully paid or not and the right of refusal, shall not be affected by the circumstances that the proposed transferee is already a member of the Company but in such cases, the Directors shall within one month from the date on which the instrument of transfer was lodged with the company, send to the transferee and transferor notice of the refusal to register such transfer provided that registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except when the company has a lien on the shares. Transfer of shares / debentures in whatever lot shall not be refused.

(b) The Board may also decline to recognise any instrument of transfer unless-

(i) the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and

(ii) the instrument is in respect of only one class of shares.

(iii) if the transfer results in, or is perceived to or may result in, a contravention or violation of any restriction under law as applicable to the Company.

The decision of the Board or person (s) designated by the Board with respect to whether the transfer results in, or is perceived to or may result in, a contravention or violation of any restriction under law as applicable to the Company shall be final and binding in all respects.

**80. Instrument of transfer to be retained:**

All instruments of transfer which shall be registered shall be retained by the Company, but may be destroyed upon the expiration of such period as the Board may from time to time determine. Any instrument of transfer which the Board declines to register shall (except in any case of fraud) be returned to the person depositing the same.

**81. Suspension of transfers:**

The registration of transfers may be suspended at such times and for such period as the Board may, from time to time, determine. Provided that such registration shall not be suspended for more than forty-five days in the aggregate in any year or for more than thirty days at any one time.

**82. No fee to be charged:**

There shall be no charge for:

(a) registration of shares or debentures;

(b) sub-division and/or consolidation of shares and debentures certificates and sub-division of Letters of Allotment and split consolidation, renewal and pucca transfer receipts into denominations corresponding to the market unit or trading;

(c) sub-division of renouncible Letters of Right;

(d) issue of new certificates in replacement of those which are decrepit or worn out or where the cages on the reverse for recording transfers have been fully utilised;

(e) registration of transfer, transmission, probate, succession certificate and letters of administration, certificate of death or marriage, power of attorney or similar other document.

**83. Death of one or more joint holders of shares:**

(a) On the death of a member, the survivor or survivors where the member was a joint holder and his legal representative where he was a sole holder shall be the only person recognised by the Company as having any title to his interest in the shares.

(b) Nothing in clause (a) shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.

**84. Person entitled may register as holder or transfer:**

(a) Any person becoming entitled to a share in consequence of the death, lunacy, bankruptcy or insolvency of a member or by any lawful means other than by a transfer in accordance with these Articles may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided elect, either-

(i) to be registered himself as holder of the share; or

(ii) to make such transfer of the shares as the deceased or insolvent member could have made.

(b) The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had himself transferred the share before his death or insolvency.

(c) If the person so becoming entitled, shall elect to be registered as holder of the share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.

(d) If the person aforesaid shall elect to transfer the share, he shall testify his election by executive a transfer of the share.

(e) All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice of transfer were a transfer signed by that member.

**85. Person entitled may receive dividend without being registered as member:**

On the transfer of the share being registered in his name a person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he was the registered holder of the share and that he shall not, before being registered as a member in respect of the share be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.

Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share and if the notice is not complied with within 90 (ninety) days, the Board may thereafter with hold payment of all dividends, bonus or other moneys payable in respect of the share, until the requirements of the notice been complied with.

**86. Company not liable for disregard of a notice prohibiting registration of transfer:**

The Company shall incur no liability whatever in consequence of its registering or giving effect, to any transfer of share made or purporting to be made by any apparent legal owner thereof (as show or appearing in the register of members) to the prejudice of persons having or claiming any equitable right, title of interest to or in the said shares notwithstanding that the Company may have had notice of such equitable rights, 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 or required to regard or attend or give effect to any notice which may be given to it of any equitable rights, title or interest or be under any liability for refusing or neglecting so to do, though it may have been entered or referred to in some book of the Company but the Company though not bound so to do, shall be at liberty to regard and attend to any such notice and give effect ;thereto if the Board shall so think fit.

**CONVERSION OF SHARES INTO STOCK**

**87. Shares can be converted into stock:**

The Company may, by an ordinary resolution:-

(a) convert any paid-up shares into stock; and

(b) reconvert any stock into paid-up shares of any denomination authorised by these regulations.

**88. Transfer stock:**

The holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which, the shares from which the stock arose might before the conversion have been transferred or as near thereto as circumstances admit.

Provided the Board may, from 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 the stock arose.

**89. Right of stockholders:**

The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regard dividends voting and meeting of the Company, and other matters, as if they held the 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 that privilege or advantage.

**SHARE WARRANTS**

**90. Company may issue share warrants:**

The Company may issue share warrant, subject to and in accordance with, the provisions of Sections 114 and 115 of the Act and accordingly the Board may in its discretion, with respect of any share which is fully paid up, on application in writing signed by the person 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 person 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.

**91. Depositing share warrant:**

(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 calling 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 shares included in the deposited warrant.

(b) Not more than one person shall be recognised as depositor of the share warrant.

(c) The company shall, on two days' written notice, return the deposited share warrant to the depositor.

**92. Privileges and disabilities of holder of share warrant:**

(a) Subject as herein otherwise expressly provided, no person shall, as bearer of a share warrant, sign a requisition for calling meeting of the Company or attend or vote or exercise any other privilege of a member at a meeting of the Company or be entitled to receive any notice from the Company.

(b) The bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he was named in the register of member as the holder of the shares included in the warrant and he shall be deemed to be a member of the Company in respect thereof.

**93. Board may make rules for issue of share warrants/coupons:**

The Board may, from time to time, make rules as to the 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 of the original.

**GENERAL MEETING**

**94. Company to hold annual general meeting each year:**

The Company shall in each year hold in addition to any other meeting, a General Meeting as its Annual General Meeting. Every annual general meeting shall be called for at a time during business hours, on a day that is not a public holiday and shall be held either at registered office of the Company or at some other place within the city, town or village in which the registered office of the Company is situated, as the directors may determine, and the notice calling the meeting shall specify at as the annual general meeting. Not more than fifteen months shall elapse between the date of an annual general meeting and the next provided that the Company may, with the sanction of the Registrar of Companies, extend the date of its holding the annual general meeting by a period not exceeding three months. The 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 Auditor of the Company shall have the right to attend and to be heard at any General Meeting which he attends on any part of the business which concerns him as Auditor.

**96. Extra-Ordinary General Meeting:**

(a) All General Meetings other than the Annual General Meetings of the Company shall be called Extra-Ordinary General Meetings.

(b) The Directors may, whenever they think fit, convene an Extra-Ordinary General Meeting and they shall on requisition of the Members (subject to the provisions of Section 169 of the Act), forthwith proceed to convene Extra-Ordinary General Meeting of the Company.

**97. Requisition of Members to state Objects of Meeting**

Any valid requisition so made by the Members must state the object or objects of the meeting proposed to be called, and must be signed by the requisitionsists and be deposited at the office; provided that such requisition may consist of several documents in like form each signed by one or more requisitionists.

On receipt of requisition, Directors to call meeting and in default requisitionists may do so upon the receipt of any such requisition, the Board shall forthwith call an Extraordinary General Meeting; and if it does not proceed within twenty-one days from the date of the requisition being deposited at the Office to cause a meeting to be called on a day not later than forty- five days from the date of deposit of the requisition, the requisitionists, or such of their number 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 such of the paid-up share capital of the Company as is referred to in Section 169 (4) of the Act, whichever is less, may themselves call the meeting, but in either case any meeting so called shall be held within three months from the date of deposit of the requisition as aforesaid.

**98. Meeting called by requisitionists**

Any meeting called under the foregoing Articles by the requisitionists shall be called in the same manner, as nearly as possible, as that in which meetings are to be called by the Board.

**99. Notice of meeting:**

(a) Any General Meeting of the Company, whether annual general meeting or extraordinary general meeting, may be called by giving not less than twenty one (21) clear days' notice in writing or a notice shorter than twenty one (21) days if consent thereto is given by the Members in accordance with the provisions of Section 171 of the Act.

(b) 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.

**100. Omission to give notice not to invalidate proceedings:**

The accidental omission to give such notice as aforesaid to or non-receipt thereof by, any Member or other person to whom it should be given, shall not invalidate the proceedings of any such Meeting.

**101. When a Director or any two Members may call an Extra Ordinary General Meeting:**

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 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.

**CONDUCT OF GENERAL MEETINGS**

**102. Only business mentioned in notice to be transacted:**

No general meeting, annual or extraordinary, shall be competent to enter upon, discuss or transact any business which has not been stated in the notice by which it was convened or called.

**103. Quorum of meeting:**

(a) Save as otherwise provided in Section 174 of the Act, a minimum of five members present in person shall be the quorum. 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.

(b) No business shall be transacted at any general meeting, unless a quorum or members is present at the time when the meeting proceeds to business.

**104. If quorum not present when Meeting to be dissolved and when to be adjourned:**
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.

**105. Resolution passed at adjourned Meeting**
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.

**106. Chairman of meeting:**

(a) The Chairman, if any, of the Board shall preside as Chairman at every general meeting of the Company.

(b) If there is no such Chairman or if he is not present within fifteen minutes of the time appointed for holding the meeting or is unwilling to act as Chairman of the meeting, the Directors present shall elect one of their members to be the Chairman of the meeting.

(c) If at any meeting no Director is willing to act as Chairman or if no Director is present within 15(fifteen) minutes of the appointed for holding the meeting, members present shall choose one of their members to be the Chairman of the meeting.

**107. Business confined to election of chairman whilst chair vacant:**
No business shall be discussed at any general meeting except the election of a Chairman, whilst the chair is vacant.

**108. Chairman may adjourn meeting with consent of members:**

(a) The Chairman may with the consent of any meeting at which a quorum is present and shall, if so directed by the meeting, adjourn the meeting, from time to time and place to place.
(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.
(c) When a meeting is adjourned for thirty days or more, fresh notice of the adjourned meeting shall be given as in the case of an original meeting.
(d) Save as aforesaid, it shall not be necessary to give any notice of any adjournment or of the business to be transacted at an adjourned meeting.

**109. Act for resolution sufficiently done or passed by Ordinary Resolution unless otherwise required:**

Any act or resolution which, under the provisions of these articles or the Act, is permitted or required to be done or passed by the Company in General Meeting, shall be sufficiently so done or passed if affected by an ordinary resolution unless either the Act or the Articles specifically require such act to be done or resolution to be passed as a special resolution.

**110. Casting vote of Chairman:**
In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes places or at which the poll is demanded, shall be entitled to a second or casting vote.

**111. Resolution how carried:**
At any General Meeting, a resolution put to vote shall be decided on a show on hands, unless a poll (before or on the declaration of the result of the show of hands) is demanded in accordance with the provisions of the Act. Unless a poll is so demanded, a declaration by the Chairman that such resolution has, on a show of hands, been carried unanimously, or by particular majority, or lost, and an entry to that effect in the books containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact, without the requirement of any proof of the number or proportion of the votes cast in favour of or against that resolution.

**112. Poll to be taken if demanded:**
If a poll is duly demanded, it shall be taken in such manner as the Chairman directs and the results of the poll shall be deemed to be the decision of the meeting on the resolution in respect of which the poll was demanded. Any business other than that upon which a poll has been demanded, may proceed, pending the taking of the poll.

Where a poll is to be taken, the Chairman of the Meeting shall appoint two scrutinizers to scrutinize the vote given on the poll and to report thereon to him. One of the scrutinizers 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 scrutinizer from office and fill vacancies in the office of the scrutinizer arising from such removal or from any other cause.

**113. Resolution requiring Special Notice:**

(a) Where under any provisions of the Act or in the articles special notice is required of any resolution notice of such intention of intention to move the resolution shall be given to the Company not less than fourteen days before the meeting at which it is to be moved, exclusive of the day on which the notice is served on which the notice is served or deemed to be served and the date of meeting.

(b) The Company shall immediately after receipt of notice of intention to move any resolution as aforesaid give its members notice of the resolution in the same manner as it gives the notice of the meeting or in case it is not practicable then notice shall be given either by the advertisement in the newspaper having an appropriate circulation or in any other appropriate mode suggested by its articles not less than seven days before the meeting.

**VOTES OF MEMBERS**

**114. Number of votes to which member entitled:**
Subject to the provisions of the Act and these Articles and without prejudice to any special privileges or restrictions as to voting for the time being attached to any class of share for the time being forming

part of the Capital of the Company, every Member of the Company holding any equity share capital and otherwise entitled to vote shall, on a show of hands when present in person (or being a body corporate present by a representative duly authorised) have one vote and on a poll, when present in person (including a body corporate by a duly authorised representative), or by an agent duly authorised under a Power of Attorney or by proxy, his voting right shall be in proportion to his share of the paid-up equity share capital of the Company. Provided however, if any preference shareholder is present at any meeting of the Company, (save as provided in clause (b) of sub-section (2) of Section 87) he shall have a right to vote only on resolutions before the Meeting which directly affect the rights attached to his preference shares. A Member is not prohibited from exercising his voting rights on the ground that he has not held his Shares or interest in the Company for any specified period preceding the date on which the vote is taken.

**115. No voting right if calls not paid:**
No member shall be entitled to vote either in person or by proxy at any general meeting or Meeting of a class of share holders either upon a show of hands or upon a poll unless all calls and other sums presently payable by him in respect of shares in the Company or in respect of shares on which the Company has exercised any right of lien, have been paid.

**116. Voting by joint holders:**

In the case of joint holders, the vote of the senior who tenders a vote whether in persons or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall 77A. Any person entitled under the Transmission of their shares/ transfer any Shares may vote at any General Meeting in respect thereof in the same manner as if he was the registered holder of such Shares; provided that at least forty-eight hours before the time of holding the Meeting or adjourned Meeting, as the case may be, at which he proposes to vote, he shall satisfy the Directors of the right to transfer such Shares and give such indemnity (if any) as the Directors may require unless the Directors shall have previously admitted his right to vote at such Meeting in respect thereof.

**117. Votes of members of unsound mind/minors:**

A member of unsound mind or in respect of whom an order has been made by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll by his committee or other legal guardian, and any such committee or guardian may on a poll, vote by proxy, provided that such evidence as the Board may require of the authority of the person claiming to vote shall have been deposited at the office not less than 24 hours before the time of holding the meeting or adjourned meeting at which such person claims to vote on poll. If any Member be a minor, the votes in respect of his share or shares shall be by his guardian or any of his guardians, it more than one, to be elected in case of dispute by the Chairman of the meeting.

**118. Casting of Votes by members entitled to more than one vote:**
On a poll, a Member having more than one vote, or its proxy or other person entitled to vote for such Member need not vote all its votes in the same way.

**119. Votes in respect of shares of deceased & insolvent member:**
Any person entitled to transfer any share may vote at any General Meeting in respect thereof in same manner as if he were the registered holder of such shares, provided that forty-eight hours at least before the time of holding the Meeting or adjourned Meeting, as the case may be, at which he proposes to vote he shall satisfy the Directors of his right to transfer such shares and give such indemnity (if any) as the Directors may require or the Directors shall have previously admitted his right to vote at such Meeting in respect thereof.

**120. Objection as to the validity of vote:**

(a) No objection shall be raised to the qualification of any voter, except at the meeting or adjourned meeting at which the vote objected to is given or tendered and every vote not disallowed at such meeting shall be valid for all purposes.

(b) Any such objection made in due time shall be referred to the Chairman of the meeting, whose decision thereon shall be final and conclusive.

**121. Votes in person or by proxy:**
Subject to the provisions of these Articles, votes may be given either personally or by proxy. A body corporate being a Member may vote either by a proxy or by a representative duly authorised in accordance with Section 187 of the Act.

**122. Appointment of Proxy:**
Every proxy (whether a Member or not) shall be appointed in writing under the hand of the appointer or his attorney, or if such appointer is a corporate body, by a resolution of its Board of Directors, or be signed by an office or any attorney duly authorised by it, and any Committee or guardian may appoint such proxy. The proxy so appointed shall not have the right to speak at the meetings and should not be entitled to vote except on a poll.

**123. Form of instrument of proxy:**
An instrument appointing a proxy shall be either of the forms in Schedule IX to the Act or in a form as near thereto as circumstances admit.

**124. Deposit of instrument of proxy:**
The instrument appointing a proxy and the power of attorney or other authority, if any under which it is signed or a notary certified copy of that power or authority shall be deposited at the registered office of the Company, not less than 48 hours before the time for holding the meeting of adjourned meeting at which the person named in the instrument proposes to vote, or in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll; and in default the instrument of proxy shall not be treated valid.

**125. Proxy either for specified meeting or for a period:**
An instrument of proxy may appoint a proxy either for the purpose of a particular Meeting specified in the instrument and any adjournment thereof or it may appoint for the purpose of every Meeting of the Company, or of every Meeting to be held before a date specified in the instrument and every, adjournment of any such Meeting.

**126. Validity of votes given by Proxy notwithstanding death of member:**
A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death of insanity of the principal or the revocation of the proxy of the authority under which the proxy are executed or the promoter of the shares in respect of which the proxy is given, if no intimation in writing of such death; insanity, revocation or transfer shall have been received by the Company at its office before commencement of the meeting or adjourned meeting at which the proxy is used.

**127. No proxy to vote on a show of hands:**
No proxy shall be entitled to vote by a show of hands.

**128. Postal ballot:**

Subject to, and in accordance with, the provisions of the Act, the Company may, and in case of resolutions relating to such matters as the Central Government may, by notification, require to be conducted only by Postal Ballot, shall, get such resolutions passed by means of a Postal Ballot, instead of transacting the business in a General Meeting.

**BOARD OF DIRECTORS**

**129. Number of directors:**
The number of Directors of the Company shall not be less than three and not more than twelve.

**130. First directors:**
The following shall be the first directors of the Company:-

1. Mr. Promod Gupta
2. Mr. Anurag Gupta
3. Mrs. Sudesh Gupta

**131. Retirement of directors by rotation:**
At every Annual General Meeting of the Company one-third of such of the Directors for the time being as are liable to retire by rotation in accordance with the provisions of Section 255 of the Act or if their number is not three or multiple of three, then the number nearest to one third shall retire from office in accordance with the provisions of Sections 256 of the Act. The non-retiring Directors and Debenture Directors, if any, shall not be subject to retirement under this clause and shall not be taken into account in determining the rotation of retirement or the number of Directors to retire.

**142. Remuneration to directors:**

(a) Subject to the applicable provisions of the Act, Managing Director or Director, who is in the whole time employment of the Company may be paid remuneration either by way of a monthly payment or at a specified percentage of the net profits of the Company or partly by one way and partly by the other.

(b) Subject to the provisions of the Act, a Director, who is neither in the whole-time employment nor a Managing Director may be paid remuneration either:

(i) by way of monthly, quarterly or annual payment with the approval of the Central Government; or

(ii) by way of commission if the Company by a special resolution authorised such payment.

**143. Directors' sitting fees:**
The fee payable to a Director (not including a Managing or whole-time Director, if any) for attending a Meeting of the Board or Committee thereof shall be such sum as may be prescribed by the Central Government from time to time and approved by the Board of Directors or such higher fees as may be approved by the members in the General Meeting with the approval of the Central Government, where such fees payable to the Directors for attending the meetings of the Board or committee thereof, exceeds the amount prescribed by the Central Government.

**144. Remuneration for extra services rendered:**
Subject to the provisions of Sections 198, 269 read with schedule XIII, 309, 310 and 314 of the Act, if Director be called upon to perform any extra services or make special exertions or efforts (which

expression shall include work done by a Director as a member of any committee formed by the Directors) the Board may pay such Director special remuneration for such extra services or special exertions or efforts either by way of a fixed sum or by percentage of profit otherwise and may allow such Directors at the cost and expense of the Company such facilities or amenities (such as rent free house, free medical aid and free conveyance) as the Board may determine from time to time.

**157. POWERS OF BOARD OF DIRECTORS:**
Subject to the provisions of the Act and these Articles, the Board shall be entitled to exercise all such powers, and do all such acts and things, as the Company is authorised to exercise and do; provided that the Board shall not exercise any power or do any act or thing which is directed or required whether by the Act or by the Memorandum of Association or these Articles or otherwise, to be exercised or done by the Company in a General Meeting; provided further that in exercising any such power or doing any such act or thing, the Board shall be subject to the provisions contained in that behalf in the Act or in the Memorandum of Association or in these Articles or in any regulations not inconsistent therewith duly made thereunder including regulations made by the Company in a General Meeting.

**158.Board may delegate:**
Subject to Sections 292 and 293 of the Act, the Board shall have the right to delegate any of their powers to the Managing Director and such committees of the Board, Directors, Secretary, managers, agents or other persons as they may deem fit and may at their own discretion revoke such powers. The Board may authorise Directors to sub-delegate the delegated powers.

**159. Regulation made by Company shall not invalidate prior act of board:**
No regulation made by the Company in a General Meeting shall invalidate any prior act of the Board which would have been valid if such regulation had not been made.

**BORROWING POWER**

**160. Power to borrow:**
The Board may, from time to time, and at its discretion, subject to the provisions of Sections 58A, 292, 293 of the Act and of these Articles, accept deposits from Members either in advance of calls or otherwise and generally raise or borrow moneys, either from the Directors, their friends and relatives or from others for the purposes of the Company and or secure the payment of any such sum or sums of money, provided however, where the moneys to be borrowed together with the moneys already borrowed (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) and remaining outstanding and un-discharged at that time 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 shall not borrow such money without the consent of the Company in a General Meeting by an ordinary resolution.

**161. Payment or repayment of moneys borrowed:**
The Board may raise and secure the payment of such sum or sums in such manner and upon such terms and conditions in all respects as it thinks fit, and in particular by receiving deposits, issue of bonds, debentures perpetual, redeemable, debenture stock, or any Share/debenture of the Company or by mortgage or charge or other security upon all or any part of the property or undertaking of the Company (both present and future), including its uncalled capital for the time being; provided that the Board shall not give any option or right to any person for making calls on the Members of the Company in respect of the amount unpaid for the time being on the Shares held by them, without the previous sanction of the Company in a General Meeting.

**162. Terms of issue of debentures:**
Any debentures, debenture stock or other securities may be issued at a discount, premium or otherwise, may be made assignable free from any equities between the Company and person to whom the same may be issued and may be issued on the condition that they shall be convertible into shares of any authorised denomination, and with privileges and conditions as to redemption, surrender, drawings, allotment of shares, attending (but not voting) at general meetings, appointment of Directors and otherwise, provided that debentures with the right to allotment of or conversion into shares shall not be issued except with the sanction of the Company in General meeting by a Special Resolution.

**Register of Mortgages, etc. to be kept**
The Board shall cause a proper register to be kept in accordance with the provisions of Section 143 of the Act of all mortgages, debentures and charges specifically affecting the property of the Company; and shall cause the requirements of Sections 118, 125, and 127 to 144 (both inclusive) of the Act, in that behalf to be duly complied with (within the time prescribed by the said sections or such extensions thereof as may be permitted by the Company Law Board or the Court or tribunal or the Registrar as the case may be) so far as they fail to be complied with by the Board.

**MANAGING DIRECTOR(S) AND WHOLE TIME DIRECTOR(S)**
**181. Power to appoint Managing Director/Whole time Director:**
Subject to provisions of Section 197A, 269 198, and 309 of the Act, the Board of Directors may, from time to time, appoint one or more of their body to the office of Managing Directors or whole time Directors for a period not exceeding 5(five) years at a time and on such terms and conditions as the Board may think fit and subject to the terms of any agreement entered into with him, may revoke such appointment, and in making such appointments the Board shall ensure compliance with the requirements of the Companies Act,1956 and shall seek and obtain such approvals as are prescribed by the Act, provided that a Director so appointed, shall not be whilst holding such office, be subject to retirement by rotation but his appointment shall be automatically determined if he ceases to be a Director.

**182. Powers of Managing Director/Whole time Director:**
The Board may entrust and confer upon Managing Director/s or whole time Director/s any of the powers of management which would not otherwise be exercisable by him upon such terms and conditions and with such restrictions as the Board may think fit, subject always to the superintendence, control and direction of the Board and the Board may, from time to time, revoke, withdraw, alter or vary all or any of such powers.

**183. Appointment and powers of Manager:**
Subject to the provisions of the Act and these articles, 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.

**184. Prohibition of simultaneous appointment of different categories of managerial personnel:**
The Company shall not appoint or employ at the same time more than one of the following categories of managerial personnel, namely:

(i) Managing Director, and

(ii) Manager

**SECRETARY**

**185. Appointment of Secretary:**
Subject to Section 383A of the Act, a Secretary of the Company may be appointed by the Board on such terms, at such remuneration and upon such conditions as it may think fit, and any Secretary so appointed may be removed by the Board.

**186. Director may be appointed as Secretary:**
A Director may be appointed as a Secretary.

**187. Same person cannot act in both capacities for a particular act:**
Any provision in the Act or these regulations requiring or authorising a thing to be done by or to a Director and the Secretary shall not be satisfied by its being done by or to the same person acting both as Director and as, or in place of the Secretary.

**DIVIDENDS AND RESERVES**

**192. Division of profits:**
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;

**193. Company may declare dividend in general meeting:**
The Company in General meeting may declare dividends but no dividend shall exceed the amount recommended by the Board.

**194. Dividends out of profits only:**
No dividend shall be payable except out of profits of the Company arrived at the manner provided for in Section 205 of the Act.

**195. Interim dividend:**
The Board may, from time to time, pay to the members such interim dividends as appear it to be justified by the profits by the Company.

**196. Creation of reserves:**

a. The Board may, before recommending any dividend, set aside out of the profits of the Company, such sums, as it may think proper, as reserve or reserves which shall at the discretion of the Board, be applicable for any of the purposes to which the profits of the Company may be properly applied, including provision for meeting contingencies or for equalising dividends and pending such applications 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 Board may, from time to time, think fit.

b. The Board may also carry forward any profits which it may think prudent not to divide, without setting them aside as a reserve.

**197**. **Capital paid up in advance at interest not to earn dividend:**
No amount paid or credited as paid on a share in advance of calls shall be treated for the Where Capital is paid in advance of calls, such Capital may carry interest but shall not in respect thereof confer a right to dividend or participate in profits.

**198. Dividend in proportion to amount paid up:**
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 providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.

**199. Debt may be deducted from dividend:**

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.

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.

**200. No Member to receive dividend while indebted to the Company and the Company's right in respect thereof:**
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 of 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.

**201. Dividend how remitted:**
Any dividend, interest or other moneys payable in cash in respect of shares may be paid by cheque or warrant sent through the post direct to the registered address of the holder 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 first named holder or joint holders may in writing direct. Every such cheque or warrant shall be made payable to the order of the person, to whom it is sent. The Company shall not be liable or responsible for any cheque or warrant or pay slip or receipt lost in transmission, for any dividend lost to the Member or person entitled thereto by the forged endorsement of any dividend cheque or the fraudulent recovery of the dividend by any other means. Provided that the Company can also pay the dividend by crediting it directly to the bank account of the shareholders through Electronic fund transfer system of the banks or any other mode which, in the opinion of the Board of Directors, is appropriate for payment of dividend to the shareholders.

**202. Dividend, etc to joint holders:**
Any one of two or more joint holders of a share may give effectual receipts for any dividends, bonus or others moneys payable in respect of such share.

**203. Notice of dividend:**

Notice of any dividend that may have been declared shall be given to the persons entitled to share therein in the manner mentioned in the Act.

**204. Dividend to be paid within time required by law:**
The Company shall pay the dividend, or send the warrant in respect thereof to the shareholders entitled to the payment of dividend, other than the Members who have waived/forgone their right of receiving any dividend declared / to be declared by the Company for any financial year within such time as may be required by law from the date of the declaration unless:-

(i) where the dividend could not be paid by reason of the operation on any law; or
(ii) where a shareholder has given directions regarding the payment of the dividend and those directions cannot be complied with; or
(iii) where there is dispute regarding the right to receive the dividend; or
(iv) where the dividend has been lawfully adjusted by the Company against any sum due to it from shareholder; or
(v) 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

**205. Dividend not to bear interest:**

No dividend shall bear interest against the Company, irrespective of the reason for which it has remained unpaid.

**206. Right to dividend pending registration of transfer:**
A transfer of Shares shall not pass the rights to any dividend declared thereon, before the registration of the transfer takes effect and the Shares are registered in the name of the transferee.

**207. Unpaid or unclaimed dividend:**

(a) Where the Company has declared a dividend which has not been paid or claimed within 30 days from the date of declaration, the company shall transfer the total amount of dividend, which remains unpaid or unclaimed, within 7 days after the expiry of 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 "PG Electroplast Limited Unpaid Dividend Account".

(b) Any amounts transferred to the Unpaid Dividend account specified above which remain unpaid or unclaimed for a period of 7 (seven) years from the date on which they first became due for payment, shall be transferred by the Company to a fund known as the Investor Education and Protection Fund established under Section 205C(1) of the Act. A claim to any money so transferred to the Fund may be preferred to the Central Government by the shareholders to whom the money is due.

(c) No unclaimed or unpaid dividend shall be forfeited by the Board before the claim becomes barred by law.

**208. Set off of calls against dividend:**
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.

**209. Dividend in cash:**

No dividends shall be payable except in cash, provided that nothing in these Articles 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.

**CAPITALISATION OF PROFITS**

**210. Capitalisation of profits:**

(a) The Company in General Meeting may, upon the recommendation of the Board, resolve:

(i) 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

(ii) that such sum be accordingly set free for distribution in the manner specified in clause (b) amongst the Members who would have been entitled thereto, if distributed by way of dividend and in the same proportion.

(b) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provisions contained in clause (c) either in or towards;

(i) paying up any amount for the time being unpaid on any Shares held by such Members respectively; or

(ii) 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

(iii) partly in the way specified in sub clause (i) and partly in that specified in sub clause (ii)

(c) 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.

**211. Board to give effect:**

The Board shall give effect to the resolution passed by the Company in pursuance of above Article.

**212. Fractional share certificates:**

(a) Whenever such a resolution as aforesaid shall have been passed, the Board shall;

(i) make all appropriations and applications of the undivided profits resolved to be capitalised thereby and all allotments and issues of fully paid Shares; and

(ii) Generally do all acts and things required to give effect thereto.

(b) The Board shall have full power:

(i) 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

(ii) 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.

(c) Any agreement made under such authority shall be effective and binding on all such members.

(d) 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.

**WINDING UP**

**236. Distribution of assets:**
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.

**237. Distribution in specie or in kind**
(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.

(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 ontributories, 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.

(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.

**238.Right of shareholders in case of sale:**

A Special resolution sanctioning a sale or any other Company duly passed pursuant to section 494 of the Act may subject to the provisions of the Act in the like manner as aforesaid determine that any shares or other consideration receivable by the liquidator be distributed amongst the members otherwise than in accordance with their existing rights and such determination shall be binding upon all the members subject to the right of dissent and consequential rights conferred by the said section.

## SECTION X: MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by the Company or entered into more than two years before the date of this Red Herring Prospectus) which are or may be deemed material have been entered or are to be entered into by the Company. These contracts and also the documents for inspection referred to hereunder, may be inspected at the Corporate Office of our Company situated at P-4/2 to 4/6, Site B, UPSIDC Industrial Area, Surajpur, Greater Noida, District Gautam Budh Nagar, Uttar Pradesh, India from 10.00 AM to 3.00 PM from the date of this Red Herring Prospectus until the date of closure of the Issue.

**Material Contracts**

1. Memorandum of Understanding dated September 10, 2010 signed between our Company and Almondz Global Securities Limited, the Book Running Lead Manager to the Issue.
2. Memorandum of Understanding dated August 27, 2010 signed between our Company and Karvy Computershare Private Limited, the Registrar to the Issue.
3. Copy of the Tri-partite Agreement dated September 9, 2010 between NSDL, our Company and Karvy Computershare Private Limited.
4. Copy of the Tri-partite Agreement dated August 31, 2010 between CDSL, our Company and Karvy Computershare Private Limited.

**Documents for Inspection**

1. Memorandum and Articles of Association of PG Electroplast Limited, as amended from time to time.
2. Certificate of Incorporation of PG Electroplast Limited dated March 17, 2003.
3. Fresh Certificate of Incorporation consequent to change of name on becoming Public Company dated August 6, 2010.
4. Copy of resolution passed at AGM dated August 25, 2010 u/s 81(1A) authorizing the Issue of Equity Shares.
5. Copies of letters addressed to BSE and NSE requesting for grant of 'in-principle' approval.
6. Copies of In-Principle approvals received from BSE and NSE dated October 15, 2010 and November 18, 2010 respectively.
7. Copies of Annual Reports of the Company for the last 5 financial years i.e. FY 2006-07, FY 2007-08, FY 2008-09, FY 2009-10 and FY 2010-11.
8. Copy of Tax Benefits Certificate issued by Statutory Auditors of the Company Chartered Accountants, dated August 12, 2011.
9. Copy of Unconsolidated and Consolidated Auditors Reports dated June 14, 2011 issued by Statutory Auditors of the Company M/s Hem Sandeep & Co., Chartered Accountants, regarding restated financial statements of PG Electroplast Limited for the last 5 financial years ended March 31, 2011.
10. Copy of Statutory Auditor certificate, certifying that the funds were deployed for the same purpose for which they were raised.

11. Copy of valuation report/certificate for the land purchased for Unit III and Unit IV vide valuation report dated September 15, 2010 and January 18, 2010 respectively.

12. Resolutions approving the present terms of employment and remuneration between our Company and our Whole time Directors as approved by our Board and our Shareholders.

13. Copies of loan documents in respect of which loans are to be repaid out of Issue proceeds.

14. No Objection Certificate from Standard Chartered Bank in connection with proposed public issue of our Company.

15. Consent letters from Directors, Book Running Lead Manager to the Issue, Registrar to the Issue, Bankers to the Company, Statutory Auditors, Legal Advisors to the Issue and Company Secretary & Compliance Officer to act in their respective capacities and for inclusion of their names in this Red Herring Prospectus.

16. Due Diligence Certificate dated September 18, 2010 issued by Book Running Lead Manager to the Issue.

17. A copy of the SEBI Final observation letter no CFD/DIL/ISSUES/SP/RG/OW/31242/2010 dated December 29, 2010 received from SEBI, Mumbai in respect of the Initial Public Offering of PG Electroplast Limited.

**DECLARATION**

All the relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the guidelines issued by Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, 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, the Securities and Exchange Board of India Act, 1992 or rules made thereunder or guidelines issued, as the case may be. The Company further certifies that all statements in this Red Herring Prospectus are true and correct.

**SIGNED BY ALL THE DIRECTORS AND EXECUTIVE DIRECTOR – FINANCE OF PG ELECTROPLAST LIMITED**

| | |
|---|---|
| **Mr. Promod Gupta**<br>Chairman and Managing Director | **Mr. Anurag Gupta**<br>Executive Director – Technical |
| **Mr. Vishal Gupta**<br>Executive Director – Finance | **Mr. Vikas Gupta**<br>Executive Director – Operations |
| **Mr. Pramod Kumar Mitra**<br>Non-Executive Independent Director | **Mr. Kaushal Chand Singhal**<br>Non-Executive Independent Director |
| **Mr. Prem Pal Malhotra**<br>Non-Executive Independent Director | **Mr. Suresh Chandra Gupta**<br>Non-Executive Independent Director |

**Signed by Executive Director – Finance**

**Mr. Vishal Gupta**

Date: August 17, 2011
Place: Greater Noida, Uttar Pradesh

## Grading Rationale

## PG Electroplast Ltd. (PGEL)

### Grading Assigned

| Facilities/Instruments | Details | Grading[1] | Remark |
|---|---|---|---|
| IPO Grade | 57,45,000 equity shares of Face value of Rs. 10 per share | CARE IPO Grade 3 [Three] | Reaffirmed |

### Grading Rationale

***The grading continues to derive strength from the experience of PGEL's promoters in the consumer electronics industry and established track record of operations of PGEL as demonstrated by long-standing relationships with its clientele. The grading also factors in the consistent growth in revenues, strong operational efficiencies and diverse applications of PGEL's products. The grading is constrained by business risks associated with client concentration, short-term nature of contracts with its clients and low value addition in the products resulting in relatively low profitability margins. The grading is also constrained by highly competitive industry scenario, exposure in foreign exchange fluctuations and project execution risks associated with its expansion plans.***

### Background

PG Electroplast Ltd was incorporated in March 2003, as PG Electroplast Pvt. Ltd. In August 2010 it was converted into a public limited company and the name was changed to PG Electroplast Ltd. (PGEL). PGEL started operations in FY03 with the setting up of plastic injection moulding line at Greater Noida. Over the years, the company has successfully increased its capacities and added new products like colour television sets, DVD players etc. to its portfolio as well as set up a new facility at Roorkee, Uttrakhand.

### Promoters and Management

PGEL is promoted by Mr. Promod Gupta, Bachelor of Engineering from The Birla Institute of Technology & Science (BITS Pilani) and Post-graduate Diploma in Marketing & Sales Management from Faculty of Management Studies. University of Delhi in the capacity of Chairman & Managing Director Mr. Promod Gupta bas been associated with the electronic manufacturing industry for over three decades. Mr. Promod Gupta is supported by his three sons namely Mr. Anurag Gupta, Mr. Vishal Gupta and Mr. Vikas Gupta having experience of more than 15 years each in the electronic manufacturing Industry as executive directors of the company. Further the group has been engaged in the consumer electronics industry for over two decades now through its various group companies/entities. The presence of group companies/entities in the similar line of business provides operational integration within the group. Going forward the promoters plan to consolidate the group and merge two promoter concerns namely Bigesto Technologies Ltd and Kushang Technologies Ltd with PGEL.

### Corporate Governance

The Board of PGEL comprised eight Directors including four Independent Directors. The executive directors of the company held about 91% shares in PGEL as on September 18, 2010. The company has constituted prescribed committees such as Audit Committee, Remuneration Committee and Shareholders/Investor Grievance Committee headed by Independent Directors as per Clause 49 of the listing agreement to be entered into with Securities and Exchange Board of India (SEBI).

[1] *Complete definition of the rating assigned are available at www.careratings.com and in other CARE publications.*

There are certain outstanding Litigations relating to income tax and excise appeals involving PGEL. However, the amount of the same does not prima facie seems significant in relation to the size of the company.

**Operations**

PGEL is engaged manufacturing and assembly of consumer electronic products like colour television sets (CTVs) & components, DVD players, air conditioners among others. As part of backward integration, PGEL also manufactures plastic injection mouldings and Printed Circuit Board (PCB) assemblies for CTVs, DVD players and Compact Fluorescent Lamps (CFL). The plastic injection mouldings find application in diverse products like CTVs, DVD players, air-conditioners, washing machines, computer equipments etc.

The manufacturing facilities PGEL are located at Greater Noida, Uttar Pradesh and Roorkee, Uttrakhand with total installed capacity of 16 lakh pieces p.a. for PCB assemblies for CTVs and DVDs. 6.577 tonnes p.a, for plastic injection mouldings, 16.05 lakh pieces p.a. for CTVs, 3 lakh pieces p.a. for DVDs, 30 lakh pieces p.a for CFL assemblies and 30 lakh pieces p.a. for PCB assemblies. PGEL's Roorkee plant enjoys tax benefits under Industrial Policy, 2003 by the Central Government.

During FY 10, the capacity utilization for CTVs at Greater Noida and Roorkee unit stood at 73% and 64% respectively while that of plastic injection mouldings stood at 62% (Greater Noida unit). Further, the average realisations for CTVs declined to around Rs. 2,559 per CTV in FY10 from Rs 2,734 per CTV due to higher production of' 14" TVs as compared to larger-sized TVs.

During FY 10, the top five customers of PGEL contributed about 95% to its total sales. Over the years, PGEL has established long-standing relationships with its clientele with LG Electronics (I) Pvt. Ltd being the major customer contributing about 43% and 35% to total sales in FY 10 and FY 09 respectively. However, the contracts entered into by PGEL with its customers are short term in nature, thereby exposing the company to risks relating to renewability of the same.

During 2009, PGEL along with group entities/companies bagged the contract for supplying 14.8 lakh 14" CTVs to Electronics Corporation of Tamil Nadu Ltd (ELCOT). During FY 10 and H1FY11 ELCOT order contributed about Rs. 152 cr and Rs. 124 cr to the total operating income respectively. This also led to increase in contribution of CTVs to gross sales from 24% in FY09 to 68% in FY 10. With the completion of ELCOT order by FY 11, whether the growth achieved in FY 10 will be repeated going forward remains to be seen.

The major raw materials for PGEL's products include plastic granular, colour picture tubes for CTVs and electronic components. While the electronic components are primarily imported, the requirement for plastic granular and pictures tubes is met domestically as well as imported.

**Project Details**

PGEL is setting up two manufacturing facilities at Greater Noida, UP (Unit III) and Pune (Unit IV). The expansion at the above sites would be carried under two phases i.e. Phase I and Phase II. Under Phase I the Company would set up plastic injection moulding line at Unit III and Unit IV with an installed capacity or 3,600 tonnes p.a. and 5,800 tonnes p.a. respectively. The total cost for Phase I is estimated at Rs. 71.07 cr to be funded through debt of Rs 49.6 cr (already tied up) and balance through internal accruals or unsecured loans from promoter/promoter group. PGEL plans to utilize IPO proceeds to the extent of Rs. 24.10 cr for the prepayment of debt availed by the company for the Phase I expansion. The commercial production from the Unit IV is expected to commence by February 2011 and that of Unit III by March 2011.

Under Phase II, PGEL intends to expand the plastic injection moulding capacity to 6,600 tonnes p.a. at Unit III and 10,000 tonnes p.a, at Unit IV. The total cost for Phase II is estimated at Rs. 51.92 cr to be funded through IPO proceeds. The commercial production is expected to start from December 2011.

**IPO Details**

PGEL is proposing an initial public issue of 57,45, 000 equity shares of face value of Rs. 10 per share. The price band for the issue is yet to be decided. The activities for which funds are being raised by PGEL through this issue are:

(i) Prepayment of portion of term loan and line of credit facility proposed to be availed by the company for Phase I expansion.
(ii) Expansion of manufacturing facilities at Unit III in Greater Noida under Phase II.
(iii) Expansion of manufacturing facilities at Unit IV in Pune under Phase II.
(iv) Meeting long-term working capital requirements.
(v) General corporate purposes

**Financial Analysis**

The total operating income of PGEL has increased at a Compounded Annual Growth Rate (CAGR) of over 100% over the last three years ending March 31, 2010. The major growth in total operating income was witnessed in FY 10 wherein the company bagged the order for supplying CTVs to ELCOT (Rs. 152 cr. executed in FY 10) coupled with the increase in sales volumes for plastic injection mouldings, CTVs supplied to other customers and DVDs. PBILDT margin improved in FY 10 owing to economies of scale leading to decline in other manufacturing expenses and overheads. Further the business from ELCOT which fetched higher margins also contributed to the improved PBILT margin. The improved operating profitability along with lower interest expenses as a percentage of sales contributed to the improvement in PAT margin. In line with improved profitability during FY 10, the return on capital employed as well as net worth increased during the year.
Over the last two years, the promoters of PGEL, have infused equity to fund the capex plans of the company. The overall gearing stood at 1.35x as on March 31 2010 indicating moderate financial leverage. The increase in overall gearing as on March 31, 2010 is attributable to higher working capital borrowings which also resulted in deterioration in the current ratio as on March 31, 2010. With increased demand and lower collection period for the ELCOT order, the working capital cycle improved during FY10.
As per the provisional results for H1FY11, PGEL registered operating income of Rs. 229cr with PBILDT and PAT margin of 8% and 4.96% respectively.

**Industry Overview**
Consumer electronics is the largest segment of the Indian electronics industry, accounting for 27%, of the total domestic production revenue. During FY09, production in this segment was USD 5.6 billion. For the five-year period from FY04-09, the segment grew, at a CAGR of 11.1%. Based on the above CAGR, Consumer electronics production is expected to reach USD 8.1 billion by FY 14 and USD 17.8 billion by FY20. The Indian government initiated liberalization policies for the segment in 1992, relaxing controls such as licenses and the use of brand names. This led to increased competition with international manufacturers. Currently, MNCs dominate the Indian consumer electronics market, which have major share in most categories. The growing middle class offers significant market potential to these companies. Further, the demand for premium and luxury products is rising in the urban markets due to changing consumer lifestyles. Going forward, the demand for consumer electronics is expected to remain strong with the growing middle class and rising disposable incomes,

improved lifestyle spending lower prices with advanced technology and increasing competition, increase in organized retail, short replacement cycle etc.

| **For the year ended/As on March 31,** | **2008** | **2009** | **2010** |
|---|---|---|---|
| | *(12m, A)* | *(12m, A)* | *(12m, A)* |
| Working Results | | | |
| Net Sales | 93 | 126 | 354 |
| Total Operating income | 93 | 126 | 357 |
| PBIL DT | 3 | 5 | 18 |
| Interest | 1 | 2 | 4 |
| Depreciation | 1 | 1 | 1 |
| PBT | 1 | 2 | 13 |
| PAT (after deferred tax) | 1 | 1 | 10 |
| Gross Cash Accruals | 2 | 3 | 12 |
| **Financial Position** | | | |
| Equity share capital | 3 | 8 | 11 |
| Networth | 12 | 19 | 30 |
| Total capital employed | 26 | 40 | 70 |
| **Key Ratios** | | | |
| **Growth** | | | |
| Growth in Total income (%) | 112.46 | 35.15 | 183.36 |
| Growth in PAT [after D.Tax] (%) | (52.70) | 122.81 | 678.42 |
| ***Profitability*** | | | |
| PBILDT/Total Op. income (%) | 3.37 | 4.23 | 5.10 |
| PAT/Total income (%) | 0.63 | 1.04 | 2.85 |
| ROCE (%) | 10.20 | 12.67 | 31.36 |
| Average cost of borrowing (%) | 10.86 | 13.60 | 14.38 |
| RONW | 5.24 | 8.25 | 41.33 |
| Earnings per share (Rs.) | 0.86 | 1.45 | 10.11 |
| ***Solvency*** | | | |
| Long Term Debt Equity ratio (times) | 0.64 | 0.31 | 0.27 |
| Overall gearing ratio (times) | 1.14 | 1.03 | 1.35 |
| Interest coverage (times) | 2.39 | 2.29 | 4.21 |
| Term debt/Gross cash accruals (years) | 5.62 | 7.17 | 1.86 |
| ***Liquidity*** | | | |
| Current ratio (times) | 1.00 | 1.12 | 0.96 |
| Quick ratio (times) | 0.65 | 0.56 | 0.75 |
| ***Turnover*** | | | |
| Average collection period (days) | 33 | 39 | 26 |
| Average creditors (days) | 32 | 50 | 23 |
| Average inventory days | 24 | 44 | 19 |
| Working Capital Cycle (days) | 25 | 34 | 22 |

THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK