LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Letter of Offer is being sent to you as an equity shareholder of APW President Systems Limited. If you require any clarifications about the action to be taken, you may consult your stock broker, investment consultant or the Manager to the Offer or Registrar to the Offer. In case you have sold your shares in APW President Systems Limited, please hand over this Letter of Offer and the accompanying Form of Acceptance-cum-Acknowledgement, Form of Withdrawal and transfer deed to the purchaser of the such shares or the member of stock exchange through whom the said sale was effected.

CASH OFFER AT Rs. 195.00 (Rupees One Hundred and Ninety-Five) PER FULLY PAID-UP EQUITY SHARE (the "Offer Price")
to acquire
up to 12,09,600 (Twelve Lacs Nine Thousand and Six Hundred) fully paid-up equity shares of face value of Rs. 10 (Rupees Ten) each, representing 20% (Twenty percent) of the Voting Share Capital (as defined herein)
of
APW President Systems Limited (the "Target Company")
Registered office: R-2, Technopolis Knowledge Park, Mahakali Caves Road, Andheri (East), Mumbai 400 093. Tel: +91-022- 66448888; Fax: +91-022-66448899
by
Schneider Electric South East Asia (HQ) Pte Ltd (the "Acquirer" or "SESEA")
Registered Office: 10, Ang Mo Kio Street 65, #02-01/06 Techpoint, 569059 Singapore , Tel: +65 6482 3323, Fax: +65 6481 6312
and
Schneider Electric SA (the "Person Acting in Concert" or "PAC" or "SESA")
Registered Office: 35, rue Joseph Monier, 92500 Rueil - Malmaison, France; Tel No. +33 1 41 29 70 00; Fax No. +33 1 41 29 71 00

(a) **ATTENTION:**

(b) The Offer is being made by the Acquirer and the Persons Acting in Concert to the Public Shareholders (as define herein) of the Target Company pursuant to and in compliance with Regulations 10 and 12 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereof (the "**SEBI (SAST) Regulations**").

(c) The Offer is subject to the approval of the Reserve Bank of India (the "**RBI**") under the Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder ("**FEMA**") for acquiring Shares validly tendered under the Offer. Except for the approval as mentioned above, to the best knowledge of the Acquirer, as of the date of this Letter of Offer, no other statutory approvals are required to implement the Offer. The Acquirer made the necessary application with the RBI on January 28, 2011 for obtaining its approval. The approval of RBI is currently awaited. Shares tendered in the Offer will only be purchased by the Acquirer following the receipt of the approval of the RBI. If any other statutory approval(s) become applicable prior to completion of the Offer, the Offer will also be subject to such other statutory approval.

(d) In addition to the approvals required by the Acquirer, specific approval of the Reserve Bank of India needs to be obtained by OCBs (as defined under FEMA) in the event that there are any OCB shareholder tendering their shares in the Offer.

(e) The Offer is not conditional upon any minimum level of acceptance.

(f) This is not a competitive bid.

(g) Shareholders who accept the Offer by tendering the requisite documents, in terms of the Public Announcement / Letter of Offer, can withdraw the same up to 3 (three) working days prior to the date of the Closure of the Offer, (i.e., on or before Tuesday, May 03, 2011).

(h) The Acquirer / Persons Acting in Concert are permitted to revise the Offer Price or Offer Size upward at any time up to 7 (Seven) working days prior to the date of the Closure of the Offer (i.e., Saturday, May 07, 2011). If there is any upward revision in the Offer Price or Offer Size before the last date of revision (i.e., Wednesday, April 27, 2011), the same would be notified by way of a public announcement in the same newspapers where the Public Announcement had appeared. Such revised Offer Price would be payable to all Shareholders who validly tender their Shares at any time during the Offer and which are accepted under the Offer.

(i) The Acquirer / Persons Acting in Concert may withdraw the Offer in accordance with the conditions specified in Regulation 27 of the SEBI (SAST) Regulations. In the event of such withdrawal, the same would be notified by way of a public announcement in the same newspapers in which the Public Announcement had appeared.

(j) **As the Offer Price cannot be revised during 7 (Seven) working days prior to the closing date of the offers / bids, it would, therefore, be in the interest of Shareholders to wait till the commencement of that period to know the final offer price of each bid and tender their acceptances accordingly.**

(k) There has been no competitive bid as of the date of this Letter of Offer.

(l) A copy of the Public Announcement and this Letter of Offer (including Form of Acceptance-cum-Acknowledgement and Form of Withdrawal) will be available on the Securities and Exchange Board of India's ("**SEBI**") web-site (www.sebi.gov.in) from the Offer opening date (i.e., Monday, April 18, 2011). A copy of the Form of Acceptance-cum-Acknowledgement and the Form of Withdrawal may also be obtained from the Registrar to the Offer.

(m) This document has not been filed, registered or approved in any jurisdiction outside India. Recipients of this document resident in jurisdictions outside India should inform themselves of and observe any applicable legal requirements.

Manager to the Offer		***Registrar to the Offer***	
BofA Merrill Lynch **DSP Merrill Lynch Limited** Mafatlal Centre, 8th Floor, Nariman Point, Mumbai – 400021 Tel. No. +91 22 6632 8000 Fax No. +91 22 2204 8518 Email: dg.apwopenoffer@baml.com Contact Person: Abhijit Kedia		KARVY Karvy Computershare Private Limited **Karvy Computershare Private Limited** Plot No 17-24, Vithalrao Nagar,, Madhapur, Hyderabad 500 081, Tel: (91) – 40-23420815-23., Fax : (91) – 40-23431551, E-mail: murali@karvy.com Contact Person: Mr. M. Murali Krishna	
OFFER OPENS:	**Monday, April 18, 2011**	**OFFER CLOSES:**	**Saturday, May 07, 2011**

(For schedule of major activities relating to the Offer, please refer to the next page)

SCHEDULE OF MAJOR ACTIVITIES RELATING TO THE OFFER

Activity	Original Schedule	Revised Schedule
Public Announcement Date	Tuesday, January 11, 2011	Tuesday, January 11, 2011
Last date for a competitive bid	Tuesday, February 01, 2011	Tuesday, February 01, 2011
Specified Date*	Friday, February 04, 2011	Friday, February 04, 2011
Date by which Letter of Offer will be dispatched to the Public Shareholders	Tuesday, February 22, 2011	Tuesday, April 12, 2011
Offer Opening Date	Wednesday, March 02, 2011	Monday, April 18, 2011
Last date for revising the Offer Price / Offer Size	Thursday, March 10, 2011	Wednesday, April 27, 2011
Last date for Shareholders for withdrawing their acceptances tendered in the Offer	Wednesday, March 16, 2011	Tuesday, May 03, 2011
Offer Closing Date	Monday, March 21, 2011	Saturday, May 07, 2011
Last date by which the acceptance / rejection would be intimated and the corresponding payment for the acquired Shares and / or the share certificate for the rejected Shares will be credited / dispatched	Tuesday, April 05, 2011	Sunday, May 22, 2011

**"Specified Date" is only for the purpose of determining the Public Shareholders to whom the Letter of Offer is to be mailed. All owners (registered or unregistered) of the Shares, except the Acquirer and the Persons Acting in Concert, are eligible to participate in the Offer anytime before the Closure of the Offer.*

***Note:** Duly Signed Application and Transfer Deed should be dispatched to the Registrar to the Offer at the above address to reach not later than 4.00 p.m on Saturday, May 07, 2011*

RISK FACTORS

The risk factors set forth below pertain to the Offer and are not in relation to the present or future business operations of the Target Company or other related matters, and are neither exhaustive nor intended to constitute a complete analysis of the risks involved in participation by a Shareholder in the Offer or in associating with the Acquirer and Persons Acting in Concert or otherwise and are merely indicative. Shareholders are advised to consult their stockbroker or investment consultant or tax advisor, if any, for analyzing all the risks with respect to their participation in the Offer.

1. The Offer is subject to the receipt of the approval of the RBI under the FEMA for the acquisition of Shares under the Offer. The Acquirer made the necessary application with the RBI on January 28, 2011 for obtaining its approval as aforesaid. The approval of the RBI is currently awaited. The Acquirer / Persons Acting in Concert will have the right to not proceed with the Offer and the Offer shall be withdrawn in accordance with Regulation 27 of the SEBI (SAST) Regulations, in the event the approval indicated above is not received. If any other statutory approval(s) become applicable prior to completion of the Offer, the Offer will also be subject to such other statutory approval(s).

2. In the event that: (a) the approval(s) indicated in paragraph 1 are not received in time, (b) there is any litigation leading to a ‘stay’ on the Offer, or (c) SEBI instructing the Acquirer / Persons Acting in Concert not to proceed with the Offer, then the Offer process may be delayed beyond the schedule of activities indicated in this Letter of Offer. Consequently, the payment of consideration to the Public Shareholders whose Shares are accepted under the Offer, as well as the return of Shares not accepted under the Offer by the Acquirer may be delayed. In case of delay, due to non-receipt of statutory approval(s), as per Regulation 22(12) of the SEBI (SAST) Regulations, SEBI may, if satisfied that non-receipt of approvals was not due to any wilful default or negligence on the part of the Acquirer / Persons Acting in Concert, grant an extension for the purpose of completion of the Offer subject to the Acquirer / Persons Acting in Concert agreeing to paying interest to the Public Shareholders. Further, Shareholders should note that after the last date of withdrawal (i.e., Tuesday, May 03, 2011) Shareholders who have lodged their acceptances would not be able to withdraw them, even if the acceptance of Shares under the Offer and dispatch of consideration gets delayed. The tendered Shares and documents would be held by the Registrar to the Offer till such time as the process of acceptance of tenders and the payment of consideration is completed.

3. The Registrar to the Offer will hold in trust the Shares held in physical form and in credit of the Depository Escrow Account, on behalf of the Public Shareholders who have accepted the Offer, till the completion of the Offer formalities, and the Public Shareholders will not be able to trade such Shares. Further, during such period, there may be fluctuations in the market price of the Shares. The Acquirer and Persons Acting in Concert make no assurance with respect to the market price of the Shares both during the Offer period and upon the completion of the Offer and disclaim any responsibility with respect to any decision by the Public Shareholders on whether or not to participate in the Offer.

4. In the event the aggregate number of Shares validly tendered under the Offer exceeds 12,09,600 (Twelve Lacs Nine Thousand and Six Hundred) Shares constituting 20% (Twenty percent) of the issued share capital of the Target Company, Shares tendered under the Offer will be accepted on a proportionate basis in accordance with Regulation 21(6) of the SEBI (SAST) Regulations.

5. There is no assurance with respect to the continuation of the past trend in the financial performance of the Target Company.

6. This Offer is subject to completion risks as would be applicable to similar transactions.

7. This Letter of Offer has not been filed, registered or approved in any jurisdiction outside India. Recipients of this document resident in jurisdictions outside India should inform themselves of and observe any applicable legal requirements. The Offer is not directed towards any person or entity in any jurisdiction or country where the same would be contrary to applicable law or regulations or would subject the Acquirer or Persons Acting in Concert or the Manager to the Offer to any new or additional registration requirements.

8. The information in respect of the Target Company except where it is expressly mentioned as being provided by the Target Company is based on information generally available from public sources and, as

a result, may not be accurate or complete or reflect the current status of the matter in the Target Company. Shareholders, therefore need to exercise caution and seek professional advice when relying on such information. The Acquirer makes no representation as to the correctness of such information and shall not be liable for an reason whatsoever for any loss or damage suffered by an person with the inclusion of such information in this Letter of Offer or an inaccuracy or reliance by an person on such information in making its decision to accept or reject this Offer.

9. The Acquirer makes no assurances with respect to the future financial performance of the Target Company.

The Acquirer, Persons Acting in Concert and the Manager to the Offer accept no responsibility for statements made other than in the Public Announcement, this Letter of Offer or in the advertisement or any materials issued by or at the instance of the Acquirer, Persons Acting in Concert and the Manager to the Offer, and any person placing reliance on any other source of information would be doing so at its own risk.

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KEY DEFINITIONS

Term	Definition
APWUK	APW Electronics Group Limited (registered number 02889677) was originally incorporated as Allderfort Limited on 20 January 1994. It has since gone through a number of name changes, finally becoming APW Electronics Group Limited on 18 July 2003. On March 1, 2007, Neil Cooper and Andrew Pepper of Zolfo Cooper, formerly Kroll were appointed Joint Administrative Receivers of APW Electronics Group Limited by The Royal Bank of Scotland plc. Andrew Pepper has since left the firm and resigned as Administrative Receiver. Neil Cooper is the sole Administrative Receiver.
APWUK SPA	Share purchase agreement between the Acquirer and APWUK.
Acquirer	Schneider Electric South East Asia (HQ) Pte Ltd, having its registered office at 10, Ang Mo Kio Street 65, #02-01/06 Techpoint, 569059 Singapore.
Additional Shares	Shall have the meaning ascribed to such term in paragraph 1.1.2 to this Letter of Offer.
Person Acting in Concert / PAC	Schneider Electric SA, having its registered office at 35, rue Joseph Monier, 92500 Rueil – Malmaison, France.
BgSE	Bangalore Stock Exchange Limited.
BSE Board of Directors	Bombay Stock Exchange Limited. Board of Directors of the Target Company.
CDSL	Central Depository Services (India) Limited.
Closure of the Offer	Saturday, May 07, 2011.
CY	Calendar Year.
DCF	Disscounted cash flow.
Depository Escrow Account	The depository account opened by the Registrar with DSPML at NSDL. The DP ID is IN302638 and the beneficiary client ID is 10059757.
Letter of Offer	This Letter of Offer dated April 11, 2011 including the Form of Acceptance-cum-Acknowledgement and Form of Withdrawal.
DP	Depository Participant.
Escrow Bank	Citibank, N.A., a national banking association duly constituted in accordance with the laws of the United States of America, and carrying on the business of banking in India as a scheduled commercial bank, having an office at Plot C-61, Bandra-Kurla Complex, G-Block, Bandra (East), Mumbai 400 051 and acting for the purposes of this Agreement through its branch office in India at Bombay Mutual Building, 293, D N Road, Fort, Mumbai
EUR	Euro, the lawful currency used in various countries in European Union
FEMA	Foreign Exchange Management Act, 1999.
FII(s)	Foreign Institutional Investors.
Form of Acceptance-cum-Acknowledgement	The Form of Acceptance-cum-Acknowledgement which is part of this Letter of Offer.
Form of Withdrawal	The Form of Withdrawal which is part of this Letter of Offer.
FY	Financial Year.
GBP	Great Britain Pound, the lawful currency of United Kingdom.
GAAP	Generally Accepted Accounting Principles.

Indian GAAP	GAAP, as applicable to Indian companies.
Indian SPA	Share purchase agreement between the Acquirer and Promoter Sellers other than APWUK.
Income Tax Act	Income-tax Act, 1961.
LIC	Life Insurance Corporation of India.
Listing Agreement	Listing Agreement with the stock exchanges in India, as amended from time to time.
Manager / Manager to the Offer / DSPML	DSP Merrill Lynch Limited, having its office at 8th Floor, Mafatlal Centre, Nariman Point, Mumbai, 400021.
Maximum Consideration	Total consideration of Rs. 23,58,72,000 (Rupees Twenty Three Crores Fifty-Eight Lacs and Seventy-Two Thousand) payable by the Acquirer to acquire 12,09,600 (Twelve Lacs Nine Thousand Six Hundred) Shares under the Offer at Rs. 195 per Share.
Minimum Shares	Shall have the meaning ascribed to such term in paragraph 1.1.2 to this Letter of Offer
NEFT	National Electronic Funds Transfer.
n.m.	Not meaningful.
NRI	Non Resident Indian, as defined under FEMA.
NSDL	National Securities Depositories Ltd.
OCB	Overseas Corporate Body, as defined under FEMA.
Offer	This open offer being made by the Acquirer and the Persons Acting in Concert to the Public Shareholders to acquire up to 1,209,600 Shares, representing 20% of the issued share capital of the Target Company at Rs. 195.00 per Share, payable in cash and subject to the terms and conditions mentioned in this Letter of Offer.
Offer Price	Rs. 195/- (Rupees One Hundred Ninety-Five) per Share.
Offer Size	Up to 12,09,600 (Twelve Lacs Nine Thousand Six Hundred) Shares, representing 20% of the issued share capital of the Target Company as determined on expiry of 15 (Fifteen) days from Closure of the Offer in accordance with SEBI (SAST) Regulations.
Open Offer Escrow Account	Escrow account maintained by the Acquirer with the Escrow Bank.
Open Offer Escrow Agreement	The escrow agreement between the Acquirer, the Manager to the Offer and the Escrow Bank, dated Friday, January 7, 2011.
PAN	Permanent Account Number.
PCM	Percentage of completion method
PSE	Pune Stock Exchange Limited.
Promoter Sellers	Promoters of the Target Company as setout in the Schedule I below in this section.
Proposed Transactions	The transactions contemplated under the SPAs
Public Announcement	Announcement of the Offer made by the Manager to the Offer on behalf of the Acquirer and Persons Acting in Concert on Tuesday, January 11, 2011.
Public Shareholders	All shareholders who are eligible owners (registered or unregistered) of Shares, except the Acquirer, the PAC and the Promoter Sellers.
Receiver	Mr.Neil Hunter Cooper who is acting as the receiver for APWUK
Rs.	Indian Rupees, the lawful currency of Republic of India
RBI	The Reserve Bank of India.
Registrar / Registrar to	Karvy Computer Private Limited having its registered office at 46, Avenue

the Offer	4, Street No.1, Banjara Hills, Hyderabad – 500 034 and having its correspondence address at Plot No 17-24, Vithalrao Nagar,, Madhapur, Hyderabad 500 081, Tel: (91) – 40-23420815-23., Fax : (91) – 40-23431551, E-mail: murali@karvy.com
Regulations	Regulations refer to the regulations in SEBI (SAST) Regulations
RTGS	Real Time Gross Settlement.
Sale Shares	Shares proposed to be acquired by the Acquirer from the Promoter Sellers.
Schneider Electric Group	Schneider Electric SA along with all its consolidated entities.
SEBI	The Securities and Exchange Board of India.
SEBI Act	Securities and Exchange Board of India Act, 1992.
SGD	Singapore Dollars, the lawful currency of Singapore.
SPAs	The Indian SPA and the APWUK SPA.
Shareholders	Persons holding Share(s).
Share(s)	Fully paid-up equity share(s) of the Target Company, having a face value of Rs. 10 each.
Specified Date	Friday, February 04, 2011.
SEBI (SAST) Regulations	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, and subsequent amendments thereto.
Target Company	APW President Systems Limited, having its registered office at : R-2, Technopolis Knowledge Park, Mahakali Caves Road, Andheri (East), Mumbai 400 093. Tel: +91-022- 66448888; Fax: +91-022- 66448899.
Target Threshold	Acquisition of Seventy-Five percent (75%) of the Voting Share Capital;
Tax Clearance Certificate	Certificate to be furnished by the NRIs/OCBs/FIIs and other non-resident Shareholders indicating the amount to be deducted by the Acquirer under the Income Tax Act, before remitting the consideration.
Voting Share Capital	The issued, subscribed and paid-up share capital of the Target Company is Rs. 6,04,80,000/- (Rupees Six Crores Four Lacs Eighty Thousand) divided into 60,48,000 (Sixty Lacs and Forty-Eight Thousand) Shares.

Note: All terms beginning with a capital letter used in this Letter of Offer, but not otherwise defined herein, shall have the meaning ascribed thereto in that particular section or in the SEBI (SAST) Regulations unless specified.

CURRENCY OF PRESENTATION AND NUMERICAL CONVERSION

In this Letter of Offer, certain financial details are quoted in Rupees are denominated in Euros (EUR) and Singapore Dollars (SGD). The Indian Rupees equivalent quoted in each case for Euro is calculated on the RBI reference rate of Rs. 59.99 (Rupees Fifty-Nine Ninety-Nine Paise) per Euro as on January 5, 2011 and for SGD is calculated on Bloomberg rate of Rs. 35.09 (Rupees Thirty-Five and Nine Paise) per SGD as on January 5, 2011.

NUMERICAL CONVERSION: One million (1,000,000) = Ten lacs (10,00,000), Ten million (10,000,000) = One crores (100,000,000)

In this Letter of Offer, any discrepancy in any table between the total and sums of the amount listed are due to rounding.

SCHEDULE I

PROMOTER SELLERS

Sl. No.	NAME OF PROMOTERS	MINIMUM SHARES	ADDITIONAL SHARES	TOTAL SHAREHOLDING	TOTAL SHAREHOLDING (AS % OF TOTAL SHARES)	ADDRESSES #
1.	APWUK	1,360,641	403,359	1,764,000	29.17%	10 Fleet Place, London EC 4M 7RB Tel 044 20 7332 5000 Fax 044 20 7332 5001
2.	Mr. Ashok Damodar Kunte	287,694	85,287	372,981	6.17%	801, Building No.4, Wimbledon Park, Near Cadbury Factory, Thane – 604, Mumbai, Maharashtra, India Phone: +912225425816 Fax:
3.	Mr. Makarand A. Kunte	97,413	28,879	126,292	2.09%	1101, Building No.4, Wimbledon Park, Near Cadbury Factory, Thane – 604, Mumbai, Maharashtra, India Phone: +912225405945
4.	Mrs. Sarojini A. Kunte	107,330	31,818	139,148	2.30%	801, Building No.4, Wimbledon Park, Near Cadbury Factory, Thane – 604, Mumbai, Maharashtra, India Phone: +912225425816
5.	Mrs. Aswini M. Kunte	35,481	10,519	46,000	0.76%	1101, Building No.4, Wimbledon Park, Near Cadbury Factory, Thane – 604, Mumbai, Maharashtra, India Phone: +912225405945
6.	Mr. Sudhir Seth	381,565	113,115	494,680	8.18%	Bungalow No. 2, Silver Sands, Juhu, Tara Road, Mumbai-400049, Maharashtra, India Phone: +912226602463
7.	Mrs. Seema Seth	79,633	23,607	103,240	1.71%	Bungalow No. 2, Silver Sands, Juhu, Tara Road, Mumbai-400049, Maharashtra, India Phone:+912226602463
8.	Mr. Kunal Seth	23,140	6,860	30,000	0.50%	Bungalow No. 2, Silver Sands, Juhu, Tara Road, Mumbai-400049, Maharashtra, India Phone: +912226602463
9.	Mr. Elijah A. Elias	253,369	75,111	328,480	5.43%	6, Jay Mahal, A Road, Churchgate, Mumbai – 400020, Maharashtra, India Phone: +912222871938
10.	Mrs. Rebecca E. Elias	188,453	55,867	244,320	4.04%	6, Jay Mahal, A Road, Churchgate, Mumbai – 400020, Maharashtra, India Phone: +912222871938
11.	M Rutty and Co. PTY Ltd	511,675	151,685	663,360	10.97%	M Rutty & Co. PTY LTD, 4, Beaumont Road, Mt Kuring-Gai New South Wales-2080, Australia Phone: 61 2 9457 2222 Fax: + 61 2 9457 2299
	TOTAL	**3,326,394**	**986,107**	**4,312,501**	**71.30%**	

 # As per the details provide by the Target Company

DISCLAIMER CLAUSE

"IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF THE DRAFT LETTER OF OFFER WITH SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (SAST) REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE PUBLIC SHAREHOLDERS OF APW PRESIDENT SYSTEMS LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRER, PERSONS ACTING IN CONCERT OR THE TARGET COMPANY WHOSE SHARES / CONTROL IS PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ACQUIRER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT LETTER OF OFFER, THE MANAGER TO THE OFFER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ACQUIRER DULY DISCHARGES ITS RESPONSIBILITY ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MANAGER TO THE OFFER HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED JANUARY 25, 2011 TO SEBI IN ACCORDANCE WITH THE SEBI (SAST) REGULATIONS. THE FILING OF THE DRAFT LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRER FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER."

1. THE OFFER

1.1. **Background to the Offer**

1.1.1. This Offer is being made by the Acquirer and PAC to the Public Shareholders (as defined below) of the Target Company in compliance with Regulation 10 and 12 of the SEBI (SAST) Regulations. This Offer is subject to the receipt of certain approvals as set forth in the Section "Statutory Approvals for the Offer".

1.1.2. The Acquirer intends to acquire up to 75% (Seventy-Five percent) of the Voting Share Capital (as defined herein) of APW President (i.e. the "**Target Threshold**") and in furtherance of this objective, on January 07, 2011 (Friday) entered into negotiated arrangements by executing share purchase agreements with the Promoter Sellers.

In terms of the SPAs (as defined below), the Acquirer has agreed to purchase and the Promoter Sellers have agreed to sell, on a pro rata basis: (i) such number of Shares owned by the Promoter Sellers totaling in aggregate 33,26,394 (Thirty-Three Lacs Twenty-Six Thousand Three Hundred Ninety Four) Shares and representing 55% (Fifty-Five percent) of the Voting Share Capital ("**Minimum Shares**"); and (ii) subject to a maximum of 9,86,107 (Nine Lacs Eighty-Six Thousand One Hundred and Seven) Shares, such number of Shares, that would together with the Minimum Shares and the Shares purchased in this Offer represent the Target Threshold ("**Additional Shares**"). The Minimum Shares and the Additional Shares are collectively referred to as the "**Sale Shares**" and the transactions described hereinabove referred to as the "**Proposed Transactions**".

1.1.3. Share Purchase Agreements

(i) **APWUK SPA**. The Acquirer has entered into a share purchase agreement ("**APWUK SPA**") with APW Electronics Group Limited ("**APWUK**") which is under administrative receivership under Mr. Neil Hunter Cooper ("**Receiver**") to acquire a maximum of 17,64,000 (Seventeen Lacs Sixty-Four Thousand) Shares representing 29.17% of the paid-up capital in accordance with the terms of the APWUK SPA for a consideration equivalent of Rs. 175.50/-(Rupees One Hundred Seventy-Five and Fifty Paise) per Share. The detailed terms and conditions of the APWUK SPA are set forth in Paragraph 1.1.6 of this Letter of Offer.

APW Electronics Group Limited (registered number 02889677) was originally incorporated as Allderfort Limited on 20 January 1994. It has since gone through a number of name changes, finally becoming APW Electronics Group Limited on 18 July 2003. On March 1, 2007, Neil Cooper and Andrew Pepper of Zolfo Cooper, formerly Kroll were appointed Joint Administrative Receivers of APW Electronics Group Limited by The Royal Bank of Scotland plc. Andrew Pepper has since left the firm and resigned as Administrative Receiver. Neil Cooper is the sole Administrative Receiver.

(ii) **Indian SPA**. The Acquirer has entered into a share purchase agreement ("**Indian SPA**") with the remaining Promoter Sellers (other than APWUK) to acquire a maximum of 25,48,501 (Twenty Five Lacs Forty-Eight Thousand Five Hundred and One) Shares representing 42.14% of the paid-up capital in accordance with the terms of the Indian SPA for a consideration of Rs. 195/- (Rupees One Hundred Ninety-Five) per Share. The sale and purchase of Shares from the Promoter Sellers (other than APWUK) is subject to detailed terms and conditions, covenants and representations and warranties including in respect of business of the Target Company and the Promoter Sellers (other than APWUK) and the Promoter Sellers that are party to the Indian SPA are therefore being paid a higher price of Rs. 195/- (Rupees One Hundred Ninety-Five) per Share by the Acquirer as compared to the per Share price of Rs. 175.50/- (Rupees One Hundred Seventy-Five and Fifty Paise) per Share payable to APWUK. The detailed terms and conditions of the Indian SPA are set forth in Paragraph 5. The Indian SPA and APWUK SPA are collectively referred to as the "**SPAs**".

(iii) **Simultaneous Closing of the SPAs**. Subject to the satisfaction of the conditions precedent contained in the APWUK SPA and the Indian SPA, the closing under the SPAs are proposed to occur simultaneously. However, if, for any reason, the closings of the SPAs cannot occur simultaneously (including if any of the conditions precedent contained in either agreement have not been satisfied) then the Acquirer may, at its sole discretion: (a) delay the closing of the Proposed Transactions, until the closings under each of the SPAs can occur simultaneously; (b) without prejudice to its rights, proceed with the closing of any of the SPAs that can be closed to the satisfaction of the Acquirer; or (c) rescind the SPAs.

1.1.4. The Acquirer proposes to reach the Target Threshold by way of: (i) acquiring up to 12,09,600 (Twelve Lacs Nine Thousand and Six Hundred) representing 20% (Twenty percent) of the Voting Share Capital in this Open Offer made to the Public Shareholders of the Target Company; and (ii) acquire Sale Shares from the Promoter Sellers in a manner setout in the SPAs. The acquisition of the Sale Shares of the Target Company under the Proposed Transaction will result in a substantial acquisition of Shares accompanied with a change control in the Target Company under the SEBI (SAST) Regulations, and as a result, the Acquirer is required to make a mandatory public announcement for a mandatory open offer in accordance with Regulations 10 and 12 of the SEBI (SAST) Regulations.

1.1.5. The Indian SPA, amongst others, provides for the following:

(i) **Sale Consideration**. The consideration payable to Promoter Sellers who are making the detailed representations and warranties under the Indian SPA is Rs. 195/- (Rupees One Hundred Ninety Five) per Share. The consideration shall be payable after deducting any amount required to be deducted towards taxes, if any. In addition, subject to the prior approval of the RBI, the Acquirer proposes to retain a portion of the consideration payable to the Promoter Sellers under the Indian SPA towards damages, if any, that may be suffered by the Acquirer in connection with any breach of representations and warranties contained in the Indian SPA.

(ii) **Escrow Arrangements and Retention.** The parties to the Indian SPA have agreed to enter into escrow agreements with mutually agreed escrow agents for the Shares committed to be sold under the Indian SPA and the consideration payable for such Shares. As stated above, subject to the receipt of the RBI approval, a portion of the consideration payable under the Indian SPA is proposed to be retained by the Acquirer at the closing. If permitted, the amount retained will be held by the escrow agent appointed for holding the consideration. The maximum amount proposed to be retained under the Indian SPA is 15% (Fifteen percent) of the pro rata consideration payable to each of the Promoter Sellers under the Indian SPA. Subject to any amount payable to the Acquirer towards damages incurred by it in accordance with the terms of the Indian SPA, the amount retained is proposed to be released no later than June 30, 2012.

(iii) **Non Compete and Non Solicitation.** The Promoter Sellers (under the Indian SPA), for no additional consideration, have agreed and undertaken that they shall not (and shall cause their respective affiliates and employees and/or officers as the case maybe, not to for a period of 5 (Five) years following the closing of the Indian SPA directly or indirectly: (a) own, manage, operate, control or assist in or participate in the ownership, management, operation or control of (or the provision of any assistance to) any business (whether in corporate, proprietorship or partnership form or otherwise) that competes with the business of the Target Company (<u>i.e.</u> business of design, manufacture or supply of standard and customized racks and enclosure systems) in India or assist any other person to own, operate, manage, control or participate in a business competing with the Target Company except for making a passive investment of up to 3% (Three percent) in the aggregate of the issued share capital of company that may compete with the business of the Target Company (<u>i.e.</u>, business relating to design, manufacture or supply of standard and customized racks and enclosure systems) without any management control in such company; and (b) cause, solicit, induce or encourage any of the employees or contract personnel working in the Target Company to leave employment with the Target Company or its contractors or hire, employ or otherwise engage any such individual <u>**or**</u> any client (including any existing or former customer of the Company as on the closing date) or any other person who has a business relationship with the Target Company in respect of its business, to terminate or modify any such relationship.

(iv) **Conditions Precedents.** The sale and purchase of the Shares under the Indian SPA by the Acquirer is subject to the satisfaction (or waiver by the Acquirer and the Promoter Sellers, as the case may be, at their sole discretion) of certain conditions precedent including, but not limited to: (a) receipt of approval from the RBI for the acquisition of the Sale Shares under the SPAs and the Shares under this Offer; (b) receipt of all other necessary documents and certificates as contemplated under the Indian SPA; (c) absence of any material adverse effect; (d) the deed of termination pertaining to termination of joint venture agreements; and certain other agreements, between APWUK, the Target Company and certain Promoter Sellers (under the Indian SPA) being in full force and effect; (e) amendment to the articles of association of the Target Company; (f) submission of resignation letters by the existing managing director and other directors of the Target Company which will become effective from the closing of the Indian SPA; (g) the representations and warranties of the Promoter Sellers in the Indian SPA being true and correct as of the execution of the Indian SPA and the closing of the Indian SPA, as though made on and as of the closing of the Indian SPA; and further each of the Promoter Sellers shall have performed and complied with all of the covenants in accordance with their respective terms in all material respects, and shall not be in breach or default under any agreements, covenants, conditions or obligations contained in the Indian SPA and each of the other documents that are required to be performed or complied with on or prior to the closing of the Indian SPA; and none of the Promoter Sellers shall have repudiated any such agreements, covenants, conditions or obligations required to be performed or complied with after the closing of the Indian SPA; and (h) completion of this Offer.

(v) **Appointment of Acquirer's nominee as directors.** The Acquirer, subject to the provisions of the SEBI (SAST) Regulations, has the right to nominate 2 (Two) persons to the board of directors of the Target Company as additional directors after the expiration of 21 days from the date of Public Announcement. The Acquirer exercised this right of nomination, and Mr. Philippe Charles Andre Arsonneau and Mr. Shrinivas Chebbi have been appointed as additional directors to the board of the Target Company with effect from February 5, 2011. In addition, following the closing, it is contemplated that the board of directors of the Target Company will be reconstituted in such manner that the Acquirer has a majority of its nominees on the board of directors of the Target Company.

(vi) **Integration Committee.** The parties to the Indian SPA have agreed to constitute a neutral integration committee consisting of equal number of representatives of the Acquirer and the Promoter Sellers (under the Indian SPA), which will assist the board of directors of the Target Company with certain integration matters in respect of the Target Company and on any other key issues that may come for its consideration, including, any decisions relating to the strategic alliance agreements and retention of employees of the Target Company. As of date of this Letter of Offer, the integration committee has been constituted and comprises of Mr. Bhagwati

Prasad Sharma and Mr. Sundar Rajan representing the Acquirer and Mr. Pramod Agashe and Mr. Dharni Babu representing the Target Company.

(vii) **Interim Covenants.** During the period between the date of execution and closing of the Indian SPA, the Promoter Sellers (under the Indian SPA) shall not, except as expressly permitted or required under the Indian SPA, or in the ordinary course of business or as required by applicable law, undertake certain actions as set out in the Indian SPA without the prior written consent of the Acquirer.

(viii) **Additional Covenants.** The parties have agreed, amongst others, that: (a) at the closing of the Indian SPA, to reconstitute the board of directors of the Target Company in such a way so as to appoint a majority of directors, who are nominees of the Acquirer; (b) at or immediately after the closing of the Indian SPA, the Promoter Sellers (under the Indian SPA) will notify the Target Company and the stock exchanges that they are no longer the promoters of the Target Company; and (c) take such other steps as may be necessary to effectively transfer the Shares.

(ix) **No Shop.** The Promoter Sellers (under the Indian SPA) have agreed and undertaken with the Acquirer that during the term of the Indian SPA, they will not, and will ensure that none of their affiliates: (a) discuss or negotiate with, or enter into, any understanding, arrangement or memorandum of understanding, letter of intent, agreement or any other documents or instruments with any person (other than the Acquirer); or (b) accept, solicit, entertain or consider any offer made by any person (other than the Acquirer), in respect of the subject matter of the Indian SPA or in respect of the sale and purchase of all or any portion of: (x) the business of the Target Company or all or substantially all of the assets of the Target Company; or (y) the share capital of the Target Company; or (z) the Shares or any other securities held by any of them in the Target Company.

(x) **Termination.** The Indian SPA may be terminated: (a) with mutual consent; (b) if the closing has not occurred within 9 (Nine) months from date of signing of the Indian SPA; (c) by either party to the Indian SPA, if a governmental authority of competent jurisdiction has issued a non appealable final order, decree or ruling or taken any other non appealable final action in each case having the effect of permanently restraining, enjoining or otherwise prohibiting the closing or the transaction due to action or inaction of the other party; or (d) by the Acquirer: (x) if there has been a breach of any representation, warranty of the Promoter Sellers set forth in the Indian SPA, which breach would have an material adverse effect and which breach shall not have been cured within 30 (Thirty) calendar days following receipt by the Promoter Sellers' representative of written notice of such breach or failure to perform from the Acquirer or by its nature or timing cannot reasonably be cured by the closing; or (y) there has been a material breach or failure to perform any covenant or agreement on the part of the Promoter Sellers set forth in the Indian SPA; which breach or failure, shall not have been cured within 30 (Thirty) calendar days following receipt by the Promoter Sellers' representative of written notice of such breach or failure to perform, from the Acquirer or by its nature or timing cannot reasonably be cured by the closing. Further the Indian SPA may be terminated at the discretion of the Acquirer: (I) if the closing of Indian SPA and APWUK SPA do not occur simultaneously; or; (II) if following a disclosure or updation by the Promoter Sellers in connection with the representations and warranties made by the Promoter Sellers under the Indian SPA, the Acquirer either does not accept such disclosure or is unable to agree upon a downward adjustment to the sale consideration with the Promoter Sellers under the Indian SPA.

1.1.6. The APWUK SPA, among others, provides for the following:

(i) **Sale Consideration**. The consideration payable to APWUK under the APWUK SPA is United States Dollar equivalent of Rs. 175.50/-(Rupees One Hundred Seventy-Five and Fifty Paise) per Share. The consideration shall be payable after deducting any amount required to be deducted towards taxes.

(ii) **Escrow Agreements.** The parties to the APWUK SPA have agreed to enter into escrow agreements with certain mutually agreed persons to act as the escrow agents for Shares and the sale consideration for such Shares under the APWUK SPA.

(iii) **Conditions Precedents.** The sale and purchase of the Shares proposed to be sold under the APWUK SPA is subject to the satisfaction (or waiver by the Acquirer at its sole discretion) of certain conditions precedent including, but not limited to: (a) the deed of termination pertaining to termination of joint venture agreements; and other agreements, between APWUK, the Target Company and certain Promoter Sellers (under the Indian SPA) being in full force and effect; (b) no challenge having been made or notified to APWUK or Receiver of APWUK in respect of APWUK's title to the Shares or encumbrance over APWUK's Shares; (c) the receipt of necessary approvals including approvals from RBI in relations to the Transactions; (d) the satisfaction of all formalities relating to the closure of the Open Offer; and (e) closing of Indian SPA shall have occurred.

1.1.7. **Termination.** The APWUK SPA may be terminated: (a) with mutual consent; or (b) if the closing has not occurred within 9 (Nine) months from the date of signing of the APWUK SPA; or (c) by the Acquirer, if there has been a breach of any representation or warranty provided by APWUK or the Receiver in the APWUK SPA, or if there has been a breach or failure to perform any covenant or agreement on part by APWUK or its Receiver; which breach or failure, in each case, shall not have been cured within 30 (Thirty) calendar days following receipt by APWUK of a written notice of such breach or failure to perform from the Acquirer or which by its nature or timing cannot reasonably be cured by the closing; or (d) by the Acquirer, if closing of the SPAs does not occur simultaneously.

1.1.8. The parties to the SPAs have agreed that they shall comply provisions with SEBI (SAST) Regulations and if there is non-compliance by of the Regulations then in accordance with Regulation 22(16) of the SEBI (SAST) Regulations the parties will not consummate the transactions contemplated under the SPAs.

1.1.9. The Acquirer, the Target Company and the Promoter Sellers have not been prohibited by SEBI from dealing in securities, in terms of directions issued under Section 11B of the Securities Exchange Board of India, Act, 1992 ('**SEBI Act**') or any of the regulations made under the SEBI Act.

1.1.10. Subject to the provisions of the applicable laws, listing agreement requirements, charter documents of the Target Company, the Acquirer intends to reconstitute the board of directors of the Target Company upon the consummation of the Proposed Transactions and appoint a majority of its nominees on the Board of Directors of the Target Company.

1.1.11. The Acquirer, subject to the provisions of the SEBI (SAST) Regulations, has the right to nominate 2 (Two) persons to the board of directors of the Target Company as additional directors after the expiration of 21 days from the date of Public Announcement. The Acquirer exercised this right of nomination, and Mr. Philippe Charles Andre Arsonneau and Mr. Shrinivas Chebbi have been appointed as additional directors to the board of the Target Company with effect from February 5, 2011. In addition, following the closing, it is contemplated that the board of directors of the Target Company will be reconstituted in such manner that the Acquirer has a majority of its nominees on the board of directors of the Target Company.

1.2. **Details of the Offer**

1.2.1 The Public Announcement was made in the following newspapers on Tuesday, January 11, 2011:

Newspaper	**Language**	**Editions**
Financial Express	English	All editions
Jansatta	Hindi	All editions
Navshakti	Marathi	Mumbai edition

A copy of the Public Announcement is also available on the SEBI website at *www.sebi.gov.in*.

1.2.2 The acquisition of the Sale Shares of the Target Company as contemplated in the SPAs will result in a substantial acquisition of Shares accompanied with a change of control in the Target Company under the SEBI (SAST) Regulations, and as a result, this mandatory Offer is being made by the Acquirer in compliance with Regulations 10 and 12 and other applicable provisions of SEBI (SAST) Regulations.

1.2.3 This Offer is made to all eligible owners (registered or unregistered) of Shares, except the Acquirer, the PAC and the Promoter Sellers being parties to the SPAs, ("**Public Shareholders**"), to acquire such number of Shares as are, in the maximum, equal to the Offer Size at the Offer Price, which will be 12,09,600(Twelve Lacs Nine Thousand and Six Hundred) Shares (the "**Offer Size**") constituting 20% (Twenty percent) of the Voting Share Capital of the Target Company (the "**Offer**"). The Offer Size has been calculated based on the expected voting share capital of the Target Company 15 (fifteen) days from Closure of the Offer. The Offer is being made at a price of Rs. 195/- (Rupees One Hundred Ninety-Five) for each Share (the "**Offer Price**") to be paid in cash in accordance with the SEBI (SAST) Regulations subject to the terms and conditions mentioned in this Letter of Offer and form of acknowledgment cum acceptance and form of withdrawal. The Offer Size has been determined in accordance with Regulations 21(1) and 21(5) of the SEBI (SAST) Regulations. Subject to the terms and conditions contained herein, all validly tendered Shares will be acquired by the Acquirer.

1.2.4 The validly tendered Shares in the Offer subject to the terms and conditions of the Offer will be acquired by the Acquirer which is a wholly owned by Schneider Electric Industries SAS ("**SEISAS**"), and is an indirect subsidiary of Schneider Electric SA ("**SESA**"). For the purpose of the Offer, SESA, the ultimate holding company of the Acquirer and is a Person Acting in Concert ("**PAC**") with the Acquirer in terms of Regulation 2(1)(e) of the SEBI (SAST) Regulations.

1.2.5 There are no partly paid-up Shares in the Target Company.

1.2.6 Other than the PAC disclosed herein, there are no other 'persons acting in concert' with the Acquirer within the meaning of Regulation 2(1)(e) of the SEBI (SAST) Regulations.

1.2.7 As on the date of the Public Announcement and on the date of Letter of Offer, the Acquirer and the PAC do not hold any share of the Target Company.

1.2.8 Neither the Acquirer nor the PAC have acquired nor been allotted any Shares in the Twelve (12) month period prior to the date of the Public Announcement.

1.2.9 This Offer is not a competitive bid.

1.2.10 This Offer is not a conditional offer.

1.2.11 As on the date of this Letter of Offer, the board of directors of the Target Company comprises of 10 (Ten) directors. As agreed by and between the Promoter Sellers and the Acquirer and in accordance with applicable law, Mr. Philippe Charles Andre Arsonneau and Mr. Shrinivas Chebbi, were appointed as additional directors to the board of the Target Company with effect from February 5, 2011. In terms of Regulation 22(7) of the SEBI (SAST) Regulations, the Acquirer has deposited 100% (One Hundred percent) of the consideration payable under this Offer (assuming full acceptance) in cash in the Open Offer Escrow Account. In addition, as stated above, a neutral integration committee consisting of equal number of representatives of the Acquirer and the Promoter Sellers (under the Indian SPA) has also been constituted. , which will assist the board of directors of the Target Company with certain integration matters in respect of the Target Company and on any other key issues that may come for its consideration, including, any decisions relating to the strategic alliance agreements and retention of employees of the Target Company.

1.2.12 This Letter of Offer has not been filed, registered or approved in any jurisdiction outside India. Recipients of this document resident in jurisdictions outside India should inform themselves of and observe any applicable legal requirements.

1.3. **Objects of the Offer**

1.3.1 On the consummation of the Proposed Transactions under the SPAs and the Offer (assuming full acceptance in the Offer), the Acquirer may hold, in aggregate, up to 45,36,000 (Forty-Five Lacs Thirty Six Thousand) Shares representing 75% (Seventy-Five percent) of the Voting Share Capital and will be in control of the Target Company. The Offer is being made in accordance with Regulations 10 and 12 of the SEBI (SAST) Regulations as a result of proposed substantial acquisition of Shares accompanied with change in control in the Target Company.

1.3.2 The Acquirer along with the PAC believe that the Proposed Transactions will create significant long term value for their business operations in the Indian sub continent by expanding into designing, manufacturing and supplying in the Asia and Asia Pacific region standard and customized enclosure systems for information technology and telecom infrastructure, systems management and operations. The substantial acquisition of Shares and control over the Target Company will provide the Acquirer and the PAC with an opportunity:

(i) to consolidate their position to capture opportunities in the fast growing Indian IT infrastructure as well as in international markets, particularly in Asia Pacific and Middle East;

(ii) to tap the talent pool and increase their solutions execution capabilities from server rooms to extra large data centres; and

(iii) to avail Target Company's expertise to customize racks and enclosures for their global data centre customer base.

With this acquisition, the Acquirer and the PAC would become a key player in integrated data center infrastructure solutions and further accelerates its development in this field.

1.3.3 The Acquirer and its PAC are in a similar line of business/ operations as the Target Company. No material impact is expected on the Acquirer's business and operations in India as a result of the Proposed Transactions and the Offer in the Target Company.

2. BACKGROUND OF THE ACQUIRER AND PERSON ACTING IN CONCERT

A. Schneider Electric South East Asia (HQ) Pte Ltd ("Acquirer")

2.1 Schneider Electric South East Asia (HQ) Pte Ltd, was incorporated on March 9, 1973 under the laws of Singapore with number 197300426M. The registered office of the Acquirer is located at 10, Ang Mo Kio Street 65, #02-01/06 Techpoint, 569059 Singapore , Tel: +65 6482 3323, Fax: +65 6481 6312

2.2 The Acquirer is a wholly owned subsidiary of Schneider Electric Industries SAS ("**SEISAS**") which in turn is a wholly owned subsidiary of Schneider Electric SA ("**SESA**") which is the flagship company of the Schneider Electric Group.

2.3 The Acquirer is engaged in the business of general management and administration service, technical support services, marketing & planning, research & development, industrial management and procurement support services in power and its related fields.

2.4 As on the date of this Letter of Offer , the issued and paid-up share capital of Acquirer is SGD 6,987,500/- (Singapore Dollars Six Million and Nine Hundred and Eighty-Seven Thousand and Five Hundred) i.e. Rs. 24,52,45,179/- Rupees Twenty-Four Crores Fifty Two Lacs Forty-Five Thousand One Hundred and Seventy-Nine (approx) consisting of 69,87,500(Sixty-Nine Lacs Eighty-Seven Thousand and Five Hundred) shares each of a value of SGD 1/- (Singapore Dollar One) i.e. Rs. 35.10/- (Rupees Thirty Five and Fifty Paise) approximately (as on January 05, 2011). As on the date of this Letter of Offer Schneider Electric Industries SAS holds the entire issued and paid-up share capital of the Acquirer.

2.5 As the Acquirer has not acquired or held any Shares of the Target Company in the past, therefore the provisions of chapter II of the SEBI (SAST) Regulations are not applicable to it.

2.6 The shares of the Acquirer are not listed on any stock exchange. The shareholding pattern of the Acquirer as on the date of this Letter of Offer is as follows:

	No. of shares		Voting Rights	
Particulars	**No. of shares**	**%**	**Voting Rights**	**%**
SEISAS	69,87,500	100	69,87,500	100
FII/ Mutual Funds/ FIs/ Banks	-	-	-	-

Public	-	-	-	-
Total	**69,87,500**	**100**	**69,87,500**	**100**

2.7 The present board of directors of the Acquirer are:

NAME	TITLE	DATE OF APPOINT-MENT	QUALIFICATION	EXPERIENCE	RESIDENTIAL ADDRESS
Brigitte Veronique Blanc	Director	October 28, 1998	Supelec, ISA MBA	Started working in Schneider Electric since 1992 in charge of treasury, corporate credit management, financing, trade finance for the group. Currently Senior Vice President, Financing & Treasury for Schneider Electric Group	189 Rue De L'Universite, 75007 Paris, France
Stephane Georges Christian Eugene Lavergne	Director	January 05, 2009	Bac F3 Electrotechnique; BTS Electromecanique, DESS CAAE (University of Rouen, Administration & Finance)	From 1983 to present, held various positions as a quality engineer, quality manager, logistics manager, finance manager, production manager. Currently, the industrial VP of South East Asia	110 Coronation Road West, Singapore 269337
Stuart John Thorogood	Director	October 21, 2008	Electrical Engineer, Auckland University of Technology	28 years' in Engineering, Sales and Marketing roles. In the last 10 years, roles were: Country President Schneider New Zealand, Country President Schneider Australia, SVP, Schneider South East Asia	19 Woolerton Park, #01-22 Gallop Green, Singapore 257537
Michael Christopher Bennett	Director	February 01, 2004	Degree in Economics, Southamption University, UK. Member of The Institute of Chartered Accountants in England and Wales.	1978-1981: Auditor for Coopers & Lybrand, London 1982 - mid 1994: Worked in property and oilfield services companies (Singapore) Mid 1994 to 2004: Finance Manager for SESEA; Regional Treasurer (Singapore); Country Finance Controller (Thailand) 2004 to present: Regional Finance Director for South East Asia (Singapore)	20A Nim Green, Singapore 807640

None of the Directors of the Acquirer is on the Board of Directors of the Target Company.

None of the directors of the Acquirer have acquired any Shares of the Target Company in the 12 (twelve) month period prior to the Public Announcement. Further, none of the directors of the Acquirer have acquired any Shares of the Target Company since the date of the Public Announcement and up to the date of this Letter of Offer.

2.8 Based on the statutory audited standalone financial statements for the year ended 2007, 2008, 2009 and management standalone financial statements for the 9 months ended September 30, 2010 limited verified by statutory auditors, prepared in accordance with the accounting rules and principles applicable in Singapore, the financial information of the Acquirer is as follows

Profit & Loss Statement

	12 month period ending December 31,						9 months period ending September 30	
	2007		2008		2009		2010	
	(SGD '000s)	(Rs. lacs)	(SGD '000s)	(Rs. lacs)	(SGD '000s)	(Rs. lacs)	(SGD '000s)	(Rs. lacs)
Revenue	42,857	15,042	69,614	24,433	63,908	22,430	24,939	8,753
Other operating income	116	41	1,495	525	66	23	13	5
Administrative expenses	(11,957)	(4,197)	(25,600)	(8,985)	(28,363)	(9,955)	(22,996)	(8,071)
Other operating expenses	(505)	(177)	(210)	(74)	(3,616)	(1,269)	0	-
Profit from operations	30,511	10,709	45,299	15,899	31,995	11,230	1,956	687
Financial income	2,373	833	1,938	680	2,456	862	616	216
Financial expense	(843)	(296)	(720)	(253)	(788)	(277)	(976)	(343)
Foreign exchange gain/(loss), net	(384)	(135)	(2,266)	(795)	664	233	149	52
Profit before tax	31,657	11,111	44,251	15,531	34,327	12,048	1,745	612
Taxation	(2,653)	(931)	(1,770)	(621)	(2,090)	(734)	(688)	(241)
Profit for the year	29,004	10,180	42,481	14,910	32,237	11,314	1,057	371

Balance Sheet

	As on December 31,						As on September 30,	
	2007		2008		2009		2010	
	(SGD '000s.)	(Rs. lacs)	(SGD '000s.)	(Rs. lacs)	(SGD '000)	(Rs. lacs)	(SGD '000s.)	(Rs. lacs)
Non-current assets								
Property, plant and equipment	985	346	1,706	599	1,260	442	900	316
Investments in subsidiaries	13,128	4,608	13,128	4,608	9,654	3,388	14,654	5,144
Current assets								
Inventories - work-in-progress	-	-	3,625	1,272	5,024	1,763	5,833	2,047
Deposits and other receivables	357	125	1,074	377	725	254	1,305	458
Prepayments	23	8	57	20	103	36	150,670	52,882
Due from related parties	5,579	1,958	13,897	4,878	15,178	5,327	17,456	6,127
Loans to subsidiaries	4,478	1,572	20,954	7,354	28,735	10,085	36,639	12,859
Loans to related companies	40,734	14,297	63,556	22,307	69,210	24,291	8,033	2,819
Derivative financial instruments	230	81	1,476	518	-	-	0	-
Cash and cash equivalents	6,038	2,119	3,892	1,366	12,720	4,464	18,979	6,661
Current liabilities								
Trade payables	245	86	847	297	691	243	847	297
Other payables and accruals	6,147	2,157	8,829	3,099	17,808	6,250	21,054	7,389
Due to related parties	756	265	2,359	828	2,588	908	671	236
Loans from subsidiaries	11,059	3,881	15,004	5,266	-	-	0	-
Loans from related companies	15,292	5,367	19,374	6,800	83,468	29,295	183,701	64,475
Borrowings	-	-	14,500	5,089	-	-	10,000	3,510

Income tax payable	979	344	690	242	949	333	924	324
Dividends payable	-	-	11,000	3,861	-	-	0	-
Derivative financial instruments	-	-	-	-	820	288	0	-
Net current assets	**22,961**	**8,059**	**35,928**	**12,610**	**25,371**	**8,905**	**21,718**	**7,623**
Deferred tax liability	151	53	81	28	36	13	-34	-12
Net assets	**36,923**	**12,959**	**50,681**	**17,788**	**36,249**	**12,723**	**37,306**	**13,094**
Equity								
Share capital	6,987	2,452	6,987	2,452	6,987	2,452	6,987	2,452
Accumulated profits	29,227	10,258	42,708	14,990	32,945	11,563	34,002	11,934
Reserves	709	249	986	346	1,353	475	1,353	475
Amalgamation reserves	-	-	-	-	(5,036)	(1,768)	(5,036)	(1,768)
Total Equity	**36,923**	**12,959**	**50,681**	**17,788**	**36,249**	**12,723**	**37,306**	**13,094**

	As on December 31,					
	2007		**2008**		**2009**	
Other Financial data	(SGD '000s.)	**(Rs.)**	(SGD '000s.)	**(Rs.)**	(SGD '000s.)	**(Rs.)**
Dividend per share	3.72	130.56	4.15	145.66	6.01	210.94
Earnings per share	4.15	145.68	6.08	213.38	4.61	161.92
Return on networth(1)	78.6%		83.8%		88.9%	
Book value per share (SGD/ Rs.)	5.28	185.46	7.25	254.57	5.19	182.08
Number of shares	6,987,500		6,987,500		6,987,500	

Source: Statutory audited standalone financial statements for the year ended 2007, 2008, 2009 and management standalone financial statements for the 9 months ended September 30, 2010 limited verified by statutory auditors

Note: All figures in Singapore Dollars thousands, except for per share data
(1) Return on Networth calculated as Profit after tax / Networth as at the end of the year

As per the statutory audited accounts of the Acquirer, no contingent liabilities have been reported.

2.9 Explanation of the variation in total income and net profit in the recent years

Financial Commentary for Unaudited Accounts for the 9 months ended 30 September 2010.

- There were no changes in the main business activities of the company from the previous period. The reduction in revenue was due to no dividend income being received from subsidiaries during this period (Full Year 2009: SGD 34 million).
- During the year, the company acquired 100% shareholdings in Clipsal International Pte Ltd incorporated in Singapore, from related companies.
- Significant increase in the prepayment item was as follows:

  "The payment of the Euro counter value of RMB 745,000,000 to T&D Holding is a prepayment for the future purchase of the Chinese entity Sunten. In case of the share purchase not taking place, this amount will be returned to SESEA."

- The significant increases in loans from related companies and borrowings were mainly to finance the prepayment item mentioned above.

2009 vs. 2008

- Revenue decreased by 8.2% in 2009 compared to 2008 due to
  - increase in management and service fees by 7.9%
  - decrease in dividend income from subsidiaries by 18.8%
- Net profit decreased by 24.1% in 2009 compared to 2008 mainly due to lower dividend income received from subsidiaries in 2009.

2008 vs. 2007

- Revenue increased by 62.4% in 2008 compared to 2007 mainly due to
  - the amalgamation of its Research & Development and Industrial Management subsidiary supports functions contributed to a 93.7% increase in revenue from Management and Service fees.
  - decrease in dividend income from subsidiaries by 18.8%
  - increase in dividend income from subsidiaries by 46.8%
- Net profit increased by 46.5% in 2008 compared to 2007 due to the increase in revenues.

2.10 Significant Accounting Policies *(Source: Annual Report 2009)*:

2.10.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (FRS). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The accounting policy have been consistently applied by the company and except for changes in accounting policies discussed below, are consistent with those used in the previous financial year.

The financial statements are prepared in Singapore dollars (SGD or $) and all values are rounded to the nearest thousand (SGD'000) as indicated.

2.10.2 Basis of amalgamation

The financial statements comprise the financial statements of the company and its subsidiaries that had been amalgamated during the financial year. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group are eliminated in full.

Amalgamation involving entities under common control are accounted for by applying the pooling of interest method. The assets and liabilities of the amalgamated entities are reflected at their carrying amounts. Any differences between the consideration paid and the share capital and the reserves of the "amalgamated" entity are reflected within equity as amalgamation reserve.

2.10.3 Changes in Accounting Policies

(a) Adoption of new and revised FRS

On 1 January 2009, the company adopted new or revised FRS which are effective for the financial period beginning on or after 1 January 2009.

- FRS 1 Presentation of Financial Statements (Revised)
- Amendments to FRS 18 Revenue

- Amendments to FRS 23 Borrowing Costs
- Amendments to FRS 32 Financial Instruments: Presentation and FRS 1. Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation.
- Amendments to FRS 101 First-time Adoption of Financial Reporting Standards and FRS 27 Consolidated and Separate Financial Statements - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- Amendments to FRS 102 Share-based Payment - Vesting Conditions and Cancellations
- Amendments to FRS 107 Financial Instruments: Disclosures
- Improvements to FRS issued in 2008
- INT FRS 116 Hedges of a Net Investment in a Foreign Operation
- Amendments to I NT FRS 109 Reassessment of Embedded Derivatives and FRS 39 Financial Instruments: Recognition and Measurement – Embedded Derivatives

With effect from January 01, 2009, the company has adopted all the new and revised FRS and INT FRS that are mandatory for financial years beginning on or after 1 January 2009. The adoption of these FRS and INT FRS has no significant impact to the company except for FRS 1 and FRS107 as indicated below:

FRS 1 Presentation of Financial Statements - Revised Presentation

The revised FRS 1 separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented in the statement of other comprehensive income. In addition, the Standard introduces the statement of comprehensive income which presents income and expense recognised in the period. This statement may be presented in one single statement, or two linked statements. The company has elected to present this statement as a single statement.

Amendments to FRS 107 Financial Instruments: Disclosures

The amendments to FRS 107 require additional disclosure about fair value measurement and liquidity risk. Fair value measurements are to be disclosed by source of inputs using a three level hierarchy for each class of financial instrument. In addition, reconciliation between the beginning and ending balance for Level 3 fair value measurements is now required, as well as significant transfers between Level 1 and Level 2 fair value measurements. The amendments also clarify the requirements for liquidity risk disclosures. The liquidity risk disclosures and fair value measurement disclosures are presented in notes to the financial statements respectively.

(b) Standards issued but not yet effective

The company has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	**Effective for annual periods beginning on or after**
Amendment to INT FRS 109 and FRS 39 – *Embedded Derivatives*	June 30, 2009
Amendments to FRS 27 *Consolidated and Separate Financial Statements*	July 01, 2009
Amendments to FRS 39 *Financial Instruments: Recognition and Measurement - Eligible Hedged Items*	July 01, 2009
Revised FRS 101 *First-time Adoption of Financial Reporting Standard*	July 01,2009
Revised FRS 103 *Business Combinations*	July 01,2009
INT FRS 117 *Distributions of Non-cash Assets to Owners*	July 01,2009
INT FRS 118 *Transfer of Assets from Customers*	July 01,2009
Amendments to FRS 101 *Additional Exemptions for First time Adopters*	January 01,2010
Amendments to FRS 102 *Group Cash-settled Share-based Payment Transactions*	January 01,2010
Amendments to FRS 32 *Classification of Rights Issues*	February 01,2010
INT FRS 119 *Extinguishing Financial Liabilities with Equity Instruments*	July 01,2010
Amendments to FRS 101 *Limited Exemption from Comparative FRS 107*	July 01,2010

Disclosures For First-time Adopters	
Revised FRS 24 *Related Party Disclosures*	January 01,2011
Amendments to INT FRS 114 *Prepayments of a Minimum Funding Requirement*	January 01,2011
Improvements to FRSs issued in 2009:	
Amendments to FRS 38 Intangible Assets	July 01,2009
Amendments to FRS 102 Share-based Payment	July 01,2009
Amendments to INT FRS 109 Reassessment of Embedded Derivatives	July 01,2009
Amendments to INT FRS 116 Hedges of a Net Investment in a Foreign Operation	July 01,2009
Amendments to FRS 1 Presentation of Financial Statements	January 01,2010
Amendments to FRS 7 Statement of Cash Flows	January 01,2010
Amendments to FRS 17 Leases	January 01,2010
Amendments to FRS 36 Impairment of Assets	January 01,2010
FRS 39 Financial Instruments: Recognition and Measurement	January 01,2010
Amendments to FRS 105 Non-current Assets Held for Sale and Discontinued Operations	January 01,2010
Amendments to FRS 108 Operating Segments	January 01,2010

The company expects that the adoption of the above pronouncements will not have a significant impact on the financial statements in the period of initial application.

2.10.4 Principles of Consolidation

The company is effectively a wholly-owned subsidiary of Schneider Electric Industries SAS which produces consolidated financial statements available for public use. In accordance with FRS 27 *Consolidated Financial Statements and Accounting for Investments in Subsidiaries*, the company need not present consolidated financial statements of the company and its subsidiaries.

The registered office of Schneider Electric Industries SAS is located at 89 Boulevard Franklin Roosevelt, F-92500 Rueil Malmaison, France.

2.10.5 Foreign Currency

Transactions in foreign currencies are measured in the functional currency of the company and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the balance sheet date are recognised in the profit or loss.

2.10.6 Property, Plant and Equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful life of the asset as follows:

Office equipment	5-10 years

Machinery and equipment	5 years
Office furniture and fixtures	5 - 8 years
Computer hardware and software	1 - 5 years
Leasehold improvements	3 - 10 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

2.10.7 Impairment of Non-Financial Assets

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the profit or loss.

2.10.8 Subsidiaries

A subsidiary is an entity over which the company has the power to govern the financial and operating policies so as to obtain benefits from its activities.

Investments in subsidiaries are accounted for at cost less impairment losses.

2.10.9 Financial Assets

Financial assets are recognised on the balance sheet when, and only when, the company becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised in other comprehensive income is recognised in the profit or loss.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date, that is, the date that the Company commits to purchase or sell the asset.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

(a) Financial assets at fair value through profit or loss

Derivative financial instruments whose fair value is positive are classified as financial assets at fair value through profit and loss. The accounting policy for derivative financial instruments is included in Note 2.10.19.

(b) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

2.10.10 Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.10.11 Impairment of Financial Assets

The company assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred; the company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in the profit or loss.

2.10.12 Financial Liabilities

Financial liabilities are recognised on the balance sheet when, and only when, the company becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are initially recognised at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transaction costs.

Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest method, except for derivatives, which are measured at fair value.

A financial liability is derecognised when the obligation under the liability is extinguished.

For financial liabilities other than derivatives, gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised as well as through the amortisation process. Any gain or losses arising from changes in fair value of derivatives are recognised in the profit or loss. Net gains or losses on derivatives include exchange differences.

2.10.13 Borrowing Costs

Borrowing costs are recognised in the profit or loss as incurred except to the extent that they are capitalised. Borrowing costs are capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are ready for their intended use.

2.10.14 Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) where, as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

2.10.15 Employee Benefits

(a) Defined contribution plan

As required by law, the company makes contributions to the Central Provident Fund (“CPF”) scheme in Singapore, a defined contribution pension scheme. CPF contributions are recognised as an expense in the period in which the related service is performed.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to balance sheet date.

(c) Employee share option plan

Employees of the company receive remuneration in the form of share options of the holding company, Schneider Electric SA, as consideration for services rendered (“equity-settled transactions”).

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which the share options are granted. In valuing the share options, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the company (“market conditions”), if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in the employee share option reserve, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (“the vesting date”). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the group’s best estimate of the number of equity instruments that will ultimately vest. The charge or credit .to the profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vested irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied. The share option reserve is transferred to revenue reserve upon expiry of the options.

2.10.16 Operating Lease

As a lessee, operating lease payments are recognised as an expense in the profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2.10.17 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(a) Rendering of services

The company's income from management services and service fee from research and development, assets procurement and industrial management are recognised when the relevant services are performed.

(b) Dividend income

Dividend income is recognised gross on the date it is declared payable by the investee company.

(c) Interest income

Interest income is recognised using effective interest method.

2.10.18 Income taxes

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Current taxes are recognised in the profit or loss.

(b) Deferred tax

Deferred income tax is provided using the liability method on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are recognised for all taxable temporary differences, except:

Where the deferred tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction affects neither the accounting profit nor taxable profit or loss;

- In respect of temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled by the company and it is probable that the temporary differences will not reverse in the foreseeable future; and

- In respect of deductible temporary differences and carry-forward of unused tax credits and unused tax losses, if it is not probable that taxable profit will be available against which the deductible temporary differences and carry-forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Deferred income tax relating to items recognised outside of profit or loss, if any, is recognised outside profit or loss.

Deferred taxes are recognised in the profit or loss.

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the goods and services tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the goods and services tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables are stated with the amount of goods and services tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.10.19 Derivative Financial Instruments

The company uses forward currency contracts to hedge its risks associated with foreign currency fluctuations. These derivative financial instruments are initially recognised at fair value on the date on which the contract is entered into and are subsequently remeasured at fair value. Derivative financial instruments are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivative financial instruments that do not qualify for hedge accounting are taken to the profit or loss for the year.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

2.10.20 Significant accounting estimates and judgments

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the company's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

- Depreciation of property, plant and equipment: The cost of property, plant and equipment is depreciated on a straight-line basis over the estimated useful lives. Management estimates the useful lives of these property, plant and equipment to be within 1 to 10 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of the company's property, plant and equipment as at December 31, 2009 was $1,260,000 (2008: $1,706,000).

- Impairment of non-financial assets: The company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

- Impairment of loans and receivables: The company assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the company's loans and receivable at the balance sheet date is disclosed in the note to the financial statements.

(b) Judgments made in applying accounting policies

In the process of applying the company's accounting policies, management has made the following judgment, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements.

- Income taxes: Significant judgment is involved in determining the company's provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The company recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the company's income tax payables and deferred tax liabilities at 31 December 2009 was $949,000 (2008: $690,000) and $36,000 (2008: $81,000) respectively.

2.11 The Acquirer has not promoted any company in India.

B. Schneider Electric SA ("SESA")

2.12 Schneider Electric SA, a French Société anonyme (joint-stock company) with a management board and a supervisory board, was incorporated on December 02 and 04, 1871, under the laws of France and is registered with the Register of Trade and Companies of Nanterre with number 542 048 574. The registered office of SESA is located at 35, rue Joseph Monier, 92500 Rueil - Malmaison, France; Tel No. +33 1 41 29 70 00; Fax No. +33 1 41 29 71 00. Since its incorporation, SESA was renamed several times and in particular as Schneider SA on June 27, 1995. Its name was subsequently changed to its current name Schneider Electric SA on May 6, 1999.

2.13 SESA is listed on the Paris Stock Exchange and is engaged in the business of electrical distribution and industrial engineering equipment. The share price as on the date of the Public Announcement was EUR 113.55 (Euro One Hundred Thirteen and Fifty Five cents) (i.e., Rs. 6,811.86 (Rupees six thousand eight hundred eleven and Eighty Six paise) and the market capitalization is EUR 30,818,000,000 (Euros Thirty billion eight hundred eighteen million) (i.e., Rs. 1,84,877,20,00,000 (Rupees One Lakh Eighty-Four Thousand Eight Hundred and Seventy-Seven Crores and Twenty Lacs)).

2.14 As on the date of this Letter of Offer, SESA holds 100% (One Hundred percent) of the issued and paid-up share capital of Schneider Electric Industries SAS which holds 100% (One Hundred percent) of the issued and paid-up share capital of the Acquirer.

2.15 As on the date of the Letter of Offer , the total issued and paid-up share capital of SESA is EUR 2,175,672,728/- (Euro Two Billion One Hundred and Seventy Five Million Six Hundred and Seventy Two Thousand and Seven Hundred and Twenty Eight) (i.e., Rs. 13,051,86,06,953/- (Rupees Thirteen Thousand Fifty One Crores, Eighty Six Lacs, Six Thousand Nine Hundred and Fifty Three) consisting of 271,959,091 (Twenty-Seven Crores Nineteen Lacs Fifty Nine Thousand and Ninety One) shares each of a value of EUR 8/- (Euro Eight) per share (i.e., Rs. 479.92/- (Rupees Four Hundred Seventy-Nine and Ninety Two Paise) (approx. as on January 05, 2011)).

2.16 As SESA has not acquired or held any Shares of the Target Company in the past, therefore the provision of chapter II of the SEBI (SAST) Regulations are not applicable to it.

2.17 The shareholding pattern of SESA as on December 31, 2010 is as follows:

Particulars	Number of shares	% holding
Employees	11,170,161	4.11%
Treasury stock	4,582,476	1.68%
Own shares	529	0.00%
FIIs / FIs / Banks / MF		
a. Group Caisse des Dépôts et Consignation	11,514,008	4.23%
b. Capital Research & Management Co	22,227,572	8.17%
Public	222,464,345	81.80%
Total	**271,959,091**	**100.00%**

2.18 The Board of directors of SESA comprises of management board and supervisory board.

The Management Board comprises of:

Name	Title	Date of Appointment	Qualification & Experience	Residential Address
Jean-Pascal Tricoire	Chairman of the Management Board and CEO	May 03, 2006	After graduating from ESEO Angers and obtaining an MBA from EM Lyon, Jean-Pascal Tricoire spent his early career with Alcatel, Schlumberger and Saint Gobain. He joined the Schneider Electric Group (Merlin Gerin) in 1986. Between 1988 and 1999 he held a variety of line positions with international subsidiaries in Italy (five years), China (five years), and South Africa (one year). Upon his return to France he joined the headquarters team, serving from 1999	34, boulevard Franklin Roosevelt 92500 Rueil-Malmaison

			to 2001 as Vice President, Strategic Global Accounts with specific responsibility for the Schneider 2000+ programme. From January 2002 to the end of 2003 he was Executive Vice President of Schneider Electric's International Division. In October 2003 he was appointed Chief Operating Officer, before becoming Chairman of the Schneider Electric Management Board on May 3, 2006.	
Emmanuel Babeau	Member of the Management Board	May 03, 2009	Emmanuel Babeau began his career at Arthur Andersen in late 1990 after graduating from the Ecole Supérieure de Commerce de Paris (ESCP). In 1993 he joined Pernod Ricard as an internal auditor. He was appointed head of Internal Audit, the Corporate Treasury centre and consolidation in 1996. Mr Babeau subsequently held several executive positions at Pernod Ricard, notably outside France, before becoming Vice President, Development in 2001, CFO in June 2003 and Group Deputy Managing Director in Charge of Finance in 2006. He joined Schneider Electric in the first half of 2009.	104, rue Perronet 92200 Neuilly-sur-Seine

The Supervisory Board comprises of:

Name	Title	Date of Appointment	Qualification & Experience	Residential Address
Henri Lachmann	Chairman of the Supervisory Board	May 03, 2006	A graduate of Hautes Etudes Commerciales (HEC), Hemi Lachmann began his career in 1963 with Arthur Anderson. In 1970 he joined Compagnie Industrielle et Financiere de Pompey. In 1971 he became Chief Executive Officer of Financiere Strafor (later Strafor Facom) where he served as Chairman and Chief Executive Officer from 1981 to 1997. He was elected to the Schneider Electric SA Board of Directors in 1996 and was appointed Chairman on February 25, 1999. On May 3, 2006 he became Chairman of	12, rue des Princes 92100 Boulogne Billancourt France

			the Supervisory Board of Schneider Electric SA.	
Leo Apotheker	Vice Chairman of the Supervisory Board	April 21, 2008	Leo Apotheker began his career in 1978 in management control after graduating with a degree in international relations and economics from the Hebrew University of Jerusalem. He then held management and executive responsibilities in several IT firms, including SAP France and SAP Belgium, where he was President and CEO between 1988 and 1991. Mr Apotheker was founding President and COO of ECsoft. In 1995 he returned to SAP as President of SAP France. After serving in various capacities within SAP as President of regional operations, he became a member of the SAP AG Executive Board and President of Global Customer Solutions & Operations in 2002. In 2007 Mr Apotheker was appointed President CSO and Deputy CEO of SAP AG and in 2008 he was appointed CEO of SAP.	4, rue Gounod 75017 Paris France
Claude Briquet	Member of the Supervisory Board	April 21, 2008	An engineering graduate of the Ecole Nationale d'Ingenieurs in Tarbes and ENSEEIHT in Toulouse, Claude Briquet joined Schneider Electric in 1985 . He began his career in development, quality and production. Mr Briquet managed the Pacy I plant from 1992 to 1996 and the Vaudreuil plant from 1996 to 1999. He was appointed General Manager of Mai'eiec in 1999 and of Alombard in 2001. Mr Briquet is currently responsible for trading in Europe within the Industry Department of Schneider Electric's European Operating Division.	35, rue Sainte Catherine 47520 Le Passage France
Noel Forgeard	Member of the Supervisory Board	May 03,2006	A graduate of Ecole Poly technique and Ecole des Mines, Noel Forgeard began his career in the French civil service before joining the Usinor subsidiary: Compagnie Francaise des Aciers Speciaux. In 1986 he served as an advisor on industrial issues in Prime Minister Jacques Chirac's office. In 1987 he joined Lagardere, where he	10, rue Jean Micoud 31500 Toulouse France

			headed Matra's defense and space divisions. Five years later he became Chairman and Chief Executive Officer of Matra Haute Technologie and joint Chief Executive Officer of the Lagardere Group. In 1998 he was appointed Director and General Manager of GIE Airbus-Industrie and in 2000, CEO of Airbus SAS. From July 1, 2005 to July 1,2006 he was co-Executive Chairman of EADS.	
Jerome Gallot	Member of the Supervisory Board	May 03,2006	Jerome Gallot is a graduate of the Institut d'Etudes Politiques de Paris and the Ecole Nationale d' Administration. After three years with the Cour des Comptes, he served as an advisor the Secretary General of the Interministerial committee for European economic cooperation from 1989 to 1992 and then moved to the Budget Department. He was then Chief of Staff in a number of French Ministries from 1993 to 1997. In 1997 he was appointed Director of the Competition, Consumer Affairs and Anti-Fraud Division of the Ministry of Economy and Finance. He left this position in 2003 to become Senior Executive Vice President at the Caisse des Depots et Consignations. He was appointed Chairman of CDC Entreprises and member of the Management Board of Caisse des Depots & Consignations in September 2006. In January 2009 he was appointed member of the Executive Committee of Fonds Strategique d'Investissement.	46, rue de Ranelagh 75016 Paris France
Willy Kissling	Member of the Supervisory Board	May 03,2006	Willy Kissling, a Swiss citizen, holds diplomas from the University of Bern and Harvard University. He began his career at Amiantus Corporation and then joined Rigips, a plasterboard manufacturer in 1978. He was appointed to the Rigips Executive Committee in 1981 and subsequently became Chairman. From 1987 to 1996 Mr Kissling served as Chairman and Chief Executive Officer of Landis & Gyr Corporation, a provider of services, systems and equipment for building technology, electrical contracting and pay phones.	18, Hurdnerstrasse CH - 8640 Hurden Switzerland

			From 1998 to 2005 he was Chairman of Una xis Corporation (since renamed OC Oerlikon Corporation).	
Catherine Kopp	Member of the Supervisory Board	May 03,2006	After obtaining a degree in mathematics, Cathy Kopp joined IBM France in 1973. In 1992 she became Human Resources Director at IBM France. In 1996 she was appointed Vice President Human Resources at IBM Corporation Storage Systems Division. In 2000 Ms Kopp became Chairman and CEO of IBM France. From 2002 to 2009 she served as Human Resources General Manager at Accor. Ms Kopp was Chairman of the employee relations commission of the Service Industry Group of the French Employers' Federation (Medef) up until 2009. She led the Medef's inter-industry negotiations on diversity in 2006 and on modernizing the labour market in 2007 .	22, square Alboni 75016 Paris France
Gerard de la Martiniere	Member of the Supervisory Board	May 03, 2006	A graduate of Ecole Poly technique and Ecole Nationale d' Administration, Gerard de la Martiniere held several positions in the French Finance Ministry before serving as Secretary General of The Commission des Operations de Bourse and General Manager of Societe des Bourses Francaises. In 1989 he joined AXA, where he was appointed Executive Vice President, Holding Companies and Corporation Functions in 1993, Member of the Management Board in 1997 and Executive Vice President. Finance, Budget Control and Strategy in 2000. Mr de la Martiniere left AXA in 2003 to become Chairman of Federation Francaise des Societes d' Assurances (F.F.S.A.), a position he held until October 2008.	18, allee du cloitre 78170 La Celie Saint Cloud
Anand Mahindra	Member of the Supervisory Board	October 19, 2010	Mr Mahindra is also Vice-Chairman and Managing Director of Mahindra & Mahindra (a company listed on the Bombay Stock Exchange).	Goolestan, 65 Nepean Sea Road Mumbai 400006 India
Richard Thoman	Member of the Supervisory Board	April 21, 2008	G. Richard Thoman has a unique background of one of the top five CEO's of four Fortune 75 companies in three different industries: financial services, food and beverages and technology.	28, Fox Run Lane Greenwich Connecticut

			Mr Thoman began his career at Citibank after obtaining his B.A. from McGill university in Montreal and MA, MALD, and PhD from Fletcher School of Law and Diplomacy (a partnership between Tufts University and Harvard). He also graduated from the Hautes Etudes Internationales in Geneva. After working with Exxon Finance and McKinsey, he became Chairman and co-CEO of American Express Travel Related Services. In 1992 he was appointed president and CEO of Nabisco International. In 1993 he joined IBM as Senior Vice President, Personal Systems Group, later becoming CFO. In 1997 he joined Xerox where he served as President and CEO of Xerox from April 1999 to May 2000. Mr Thoman is currently Managing Partner of Corporate Perspectives and is on the faculty of several US universities.	06831 United States of America
Serge Weinberg	Vice Chairman of the Supervisory Board	May 03, 2006	After graduating from France's Ecole Nationale d' Administration, Serge Weinberg held several positions in the civil service and ministerial offices. He then served as Chief Operating Officer of the French television channel FR3, Chief Executive Officer and then Chairman of the Management Board of Havas Tourisme and Managing Director of Pallas Finance. In 1990 Serge Weinberg joined what would become Pinault-Printemps-Redoute (PPR), when he became Chief Executive of CFAO. Within PPR, he served as Chairman of Rexel (formerly CDME), an electrical equipment distributor. In 1995 he was appointed Chairman of the PPR Management Board, a position he held until early 2005. In March 2005 he founded Weinberg Capital Partners, a company which manages an investment fund specialized in leveraged buyouts and real estate. From 2006 until 2009 he was appointed Chairman of the Board of Directors of Accor.	6, boulevard Suchet 75016 Paris France

None of the directors of SESA are on the Board of Directors of the Target Company.

None of the directors of SESA have acquired any Shares of the Target Company in the 12 (twelve) month period prior to the Public Announcement. Further, none of the directors of the Acquirer have acquired any Shares of the Target Company since the date of the Public Announcement and up to the date of this Letter of Offer.

2.19 Based on the statutory audited consolidated financial statements for the years ended December 31, 2007 , 2008 , 2009 and 2010, prepared in accordance with the accounting rules and principles applicable in France, the financial information of SESA is as follows:

	12 month period ending December 31,							
Profit & Loss Statement	**2007**		**2008**		**2009**		**2010**	
	(Eur mn.)	(Rs. lacs)	(Eur mn.)	(Rs. Lacs)	(Eur mn.)	(Rs. lacs)	(Eur mn.)	(Rs. lacs)
Revenue	17,309	10,383,669	18,311	10,984,769	15,793	9,474,221	19,580	11,746,042
Cost of sales	(10,210)	(6,124,979)	(10,879)	(6,526,312)	(9,572)	(5,742,243)	(11,842)	(7,104,016)
Gross profit	7,099	4,258,690	7,432	4,458,457	6,221	3,731,978	7,738	4,642,026
Research and development expenses	(417)	(250,158)	(402)	(241,160)	(403)	(241,760)	(450)	(269,955)
Selling, general and administrative expenses	(3,978)	(2,386,402)	(4,120)	(2,471,588)	(3,770)	(2,261,623)	(4,269)	(2,560,973)
Other operating income and expenses	(142)	(85,186)	27	16,197	62	37,194	8	4,799
EBITAR	2,562	1,536,944	2,937	1,761,906	2,110	1,265,789	3,027	1,815,897
Restructuring costs	NA	NA	(164)	(98,384)	(313)	(187,769)	(96)	(57,590)
EBITA	2,562	1,536,944	2,773	1,663,523	1,797	1,078,020	2,931	1,758,307
Amortization and impairment of purchase accounting intangibles	(79)	(47,392)	(174)	(104,383)	(231)	(138,577)	(228)	(136,777)
Operating profit	2,483	1,489,552	2,599	1,559,140	1,566	939,443	2,703	1,621,530
Interest income	NA	NA	48	28,795	26	15,597	24	14,398
Interest expense	NA	NA	(294)	(176,371)	(323)	(193,768)	(306)	(183,569)
Finance costs, net	(247)	(148,175)	(246)	(147,575)	(297)	(178,170)	(282)	(169,172)
Other financial income and expense	(19)	(11,398)	(87)	(52,191)	(87)	(52,191)	(65)	(38,994)
Finance costs and other financial income and expense, net	(266)	(159,573)	(333)	(199,767)	(384)	(230,362)	(347)	(208,165)
Profit before tax	2,218	1,330,578	2,266	1,359,373	1,182	709,082	2,356	1,413,364
Income tax expense	(600)	(359,940)	(555)	(332,945)	(295)	(176,971)	(566)	(339,543)
Share of profit/(losses) of associates	4	2,400	12	7,199	(21)	(12,598)	6	3,599
Profit for the period	**1,622**	**973,038**	**1,723**	**1,033,628**	866	519,513	1,796	1,077,420
Attributable to equity holders of the parent	1,583	949,642	1,682	1,009,032	824	494,318	1,720	1,031,828
Attributable to minority interests	38	22,796	41	24,596	42	25,196	76	45,592
Basic Earnings per share (Euros / Rs.)	6.78	407	7.02	421	3.32	199	6.59	395

Diluted Earnings per share (Euros / Rs.)	6.70	402	7.00	420	3.31	199	6.55	393

As of December 31, 2007, “interest income” amount to €133.4 million, “interest expense” amount to (€380.2 million), “restructuring costs” amount to (€97.9 million).

	As on December 31,							
	2007		2008		2009		2010	
Balance Sheet	**(Eur mn)**	**(Rs. lacs)**	**(Eur mn)**	**(Rs. lacs)**	**(Eur mn)**	**(Rs. lacs)**	**(Eur mn)**	**(Rs. lacs)**
Sources of funds								
Equity								
Share capital	1,962	1,177,004	1,979	1,187,202	2,102	1,260,990	2,176	1,305,382
Share premium account	5,254	3,151,875	5,378	3,226,262	5,934	3,559,807	6,495	3,896,351
Retained earnings	3,931	2,358,207	4,503	2,701,350	4,645	2,786,536	6,133	3,679,187
Translation reserve	(963)	(577,704)	(954)	(572,305)	(952)	(571,105)	(19)	(11,398)
Equity attributable to equity holders of the parent	10,185	6,109,982	10,906	6,542,509	11,729	7,036,227	14,785	8,869,522
Minority interests	129	77,387	145	86,986	131	78,587	204	122,380
Total equity	10,314	6,187,369	11,051	6,629,495	11,860	7,114,814	14,989	8,991,901
Long-term provisions								
Provisions for pensions and other post-employment benefits	996	597,500	1,463	877,654	1,378	826,662	1,504	902,250
Provisions for contingencies	264	158,374	302	181,170	375	224,963	588	352,741
Total long-term provisions	1,260	755,874	1,765	1,058,824	1,753	1,051,625	2,092	1,254,991
Non-current liabilities								
Ordinary and convertible bonds	3,196	1,917,280	3,367	2,019,863	3,608	2,164,439	3,845	2,306,616
Other long-term debt	590	353,941	1,272	763,073	1,305	782,870	1,165	698,884
Total non-current Financial liabilities	3,785	2,270,622	4,639	2,782,936	4,913	2,947,309	5,010	3,005,499
Deferred tax liabilities	910	545,909	888	532,711	927	556,107	957	574,104
Other non-current liabilities	77	46,192	20	11,998	17	10,198	128	76,787
Total non-current liabilities	6,032	3,618,597	7,312	4,386,469	7,610	4,565,239	8,187	4,911,381
Current liabilities								
Trade accounts payable	2,133	1,279,587	2,312	1,386,969	2,203	1,321,580	3,432	2,058,857
Accrued taxes and payroll costs	1,305	782,870	1,320	791,868	1,266	759,473	1,760	1,055,824
Short-term provisions	446	267,555	538	322,746	773	463,723	876	525,512
Other current liabilities	637	382,136	708	424,729	509	305,349	692	415,131
Short-term debt	2,401	1,440,360	1,566	939,443	1,411	846,459	1,115	668,889
Total current liabilities	**6,922**	**4,152,508**	**6,444**	**3,865,756**	6,162	3,696,584	7,875	4,724,213
Total equity and liabilities	**23,268**	**13,958,473**	**24,807**	**14,881,719**	25,632	15,376,637	31,051	18,627,495

Uses of funds								
Non-current assets								
Goodwill, net	8,141	4,883,786	8,542	5,124,346	8,611	5,165,739	10,213	6,126,779
Intangible assets, net	3,714	2,228,029	3,991	2,394,201	3,919	2,351,008	4,258	2,554,374
Property, plant and equipment, net	1,856	1,113,414	1,970	1,181,803	1,965	1,178,804	2,337	1,401,966
Total tangible and intangible assets	5,571	3,342,043	5,961	3,576,004	**5,884**	3,529,812	**6,595**	3,956,341
Investments in associates	172	103,183	281	168,572	75	44,993	447	268,155
Available-for-sale financial assets	323	193,768	200	119,980	245	146,976	410	245,959
Other financial assets	124	74,388	113	67,789	102	61,190	144	86,386
Total non current financial assets	447	268,155	313	187,769	347	208,165	554	332,345
Deferred tax assets	688	412,731	932	559,107	1,010	605,899	1,023	613,698
Total non-current assets	15,018	9,009,298	16,029	9,615,797	**15,927**	9,554,607	**18,832**	11,297,317
Current assets								
Inventories and work in process	2,481	1,488,352	2,584	1,550,142	2,174	1,304,183	3,139	1,883,086
Trade accounts receivable	3,463	2,077,454	3,537	2,121,846	3,071	1,842,293	4,441	2,664,156
Other receivables and prepaid expenses	950	569,905	925	554,908	871	522,513	1,212	727,079
Assets held for sale	3	1,800	2	1,200	-	-	-	-
Current financial assets	84	50,392	78	46,792	77	46,192	38	22,796
Cash and cash equivalents	1,269	761,273	1,652	991,035	3,512	2,106,849	3,389	2,033,061
Total current assets	8,250	4,949,175	8,778	5,265,922	**9,705**	5,822,030	**12,219**	7,330,178
Total assets	**23,268**	**13,958,473**	**24,807**	**14,881,719**	**25,632**	15,376,637	**31,051**	18,627,495

Other Financial data	**As on December 31,**							
	2007		**2008**		**2009**		**2010**	
	(Eur)	**(Rs.)**	**(Eur)**	**(Rs.)**	**(Eur)**	**(Rs.)**	**(Eur)**	**(Rs.)**
Earnings per share (Basic)	6.78	407	7.02	421	3.32	199	6.59	395
Dividend per share	3.30	198	3.45	207	2.05	123	3.20	192
Book value per share	41.52	2,491	44.08	2,644	44.64	2,678	54.36	3,261
No. of Shares	245,299,366		247,425,629		262,752,025		271,959,091	
Return on networth	15.7%		15.6%		7.3%		12.0%	

Source: Statutory audited consolidated financial statements for the years ended 2007, 2008, 2009 and 2010

Note: The conversion rate used is 1 EUR = Rs. 59.990.

For more details please refer to the website http://www.schneider-electric.com/

2.20 Contingent liabilities (*Statutory Audited accounts – 31 December 2007, December 2008, December 2009 and December 2010)*

Contingent liabilities as at December 31, 2010

Senior Management believes that provisions recognized in the balance sheet, in respect of the known claims and litigation to which the Group is a party, should be adequate to ensure that such claims and litigations will not have any substantial impact on the Group's financial position or results. This is notably the case for the potential consequences of a current dispute in Belgium involving former senior executives and managers of the Group.

The Group has entered into a company-wide agreement in respect of individual training entitlement. It has applied the French accounting treatment recommended by opinion 2004-F issued by the CNC's urgent issues committee. Expenditure on individual training is written off as an expense during the period and therefore no provision is made for it. As of December 31, 2010, rights accrued but not used by employees of French entities of the Group corresponded to around 1,417,000 hours.

Contingent liabilities as at December 31, 2009

Management is confident that balance sheet provisions for known disputes in which Schneider Electric Group is involved are sufficient to ensure that these disputes do not have a material impact on its financial position or profit. This is notably the case for the potential consequences of a current dispute in Belgium involving former senior executives and managers of Schneider Electric Group.
Schneider Electric Group has signed an agreement concerning statutory employee training rights in France (DIF). In accordance with French national accounting board (CNC) opinion 2004-F, the related costs are treated as an expense for the period when the training is received and no provision is set aside in the periods when the training rights accrue. As of December 31, 2009, accrued rights corresponded to around 1,200,000 hours.

Contingent liabilities as at December 31, 2008

Management is confident that balance sheet provisions for known disputes in which Schneider Electric Group is involved are sufficient to ensure that these disputes do not have a material impact on its financial position or profit. This is notably the case for the potential consequences of a current dispute in Belgium involving former senior executives and managers of the Schneider Electric Group.

Schneider Electric Group has also signed an agreement concerning statutory employee training rights in France (DIF). In accordance with French national accounting board (CNC) opinion 2004-F, the related costs are treated as an expense for the period when the training is received and no provision is set aside in the periods when the training rights accrue. As of December 31, 2008, accrued rights corresponded to around 900,000 hours.

Contingent liabilities as at December 31, 2007

Management is confident that balance sheet provisions for known disputes in which Schneider Electric Group is involved are sufficient to ensure that these disputes do not have a material impact on its financial position or profit. This is notably the case for the potential consequences of a current dispute in Belgium involving former senior executives and managers of Schneider Electric Group.

The loan agreements related to Schneider Electric Group's long-term debt do not include any rating triggers. Schneider Electric Group has also signed an agreement concerning statutory employee training rights in France (DIF). Because the vested rights cannot be reliably estimated, no corresponding provision has been set aside in the financial statements.

2.21 Explanation of the variation in total income and net profit in the recent years

- 2010 vs. 2009
  - On December 31, 2010, the consolidated revenue of Schneider Electric totalled €19,580 million, an increase of 24.0% at current scope and exchange rates compared to December 31, 2009. This growth breaks down into 9.3% organic, a contribution of acquisitions net of disposals of 8.7% and a positive exchange rate effect of 6.0%.
  - Net income for the period attributable to the equity holders of the parent company amounted to €1,720 million, a steep increase over 2009 (€824 million). Earnings per share amounted to €6.59 in 2010 compared with €3.32 in 2009. This is attributable to a 43.5% increase in EBITAR on actual basis and decrease in net financial loss from €347 million at December 31, 2010, compared to €384 million at December 31, 2009. EBITAR totalled €3,027 million over the 2010 financial year, compared to €2,110 million in 2009, up 43.5% on an actual basis. The 2010 EBITAR includes a contribution of €85 million in the Areva Distribution business and non-

recurring separation and integration expenses relating to this acquisition for €25 million. Excluding Areva Distribution and after adjustment for these non-recurring items, the Group's EBITAR operating margin amounts to 16.2% against 12.8% (also restated for non-recurring items bound to United States pensions for €92 million) in 2009, i.e. an increase of 3.4 points. The increase in EBITAR can be explained mainly due to an increase in volumes (€630 million) and to industrial productivity (€505 million before the impact of the cost of materials). Raw material inflation has had a negative impact on EBITAR of €184 million, in addition to price effects (€41 million) and geographical and product mix (€34 million). Finally, exchange rate effects (conversion and transaction) have had a positive effect of €192 million.

- 2009 vs. 2008
  - Consolidated revenue totalled €15,793 million for the year ended December 31, 2009, down 13.8% on a current structure and currency basis from the year before. Negative organic growth reduced revenue by 15.7%, while acquisitions net of disposals added 1.3% and the positive currency effect 0.6%.
  - Profit attributable to equity holders of the parent amounted to €852 million. This represents a 49% decrease from 2008, primarily attributable to the decline in operating profit. The negative impacts of the volume effect (€1,305 million), geographic and product mix (€244 million) and currency effect (€88 million) were partially offset by positive impacts from pricing (€152 million), productivity (€105 million), production cost savings (€94 million, stemming in part from a slight decrease in raw material costs net of hedging) and a significant reduction in support function costs (€541 million excluding €80 million in salary inflation and global information system deployment costs). In 2009, capitalisation of development costs had a positive net impact on operating profit of EUR 126 million, on a par with EUR 133 million in 2008.

- 2008 vs. 2007
  - Consolidated revenue totalled €18,311 million for the year ended December 31, 2008, up 5.8% on a current structure and currency basis from the year before. Organic growth accounted for 6.6%, acquisitions net of disposals 3.1% and the currency effect a negative 3.9%.
  - Profit attributable to equity holders of the parent grew 6.3% to €1,682 million. The 3.5% increase in Earnings per Share to €7.02 from €6.78 reflects growth in profit for the period, partially offset by dilution from the employee share issue.

2.22 Summary of significant accounting policies as of December 31, 2010 (Based on Annual Report of 2010)

2.22.1 Accounting standards

The consolidated financial statements have been prepared in compliance with the international accounting standards (IFRS) as adopted by the European Union as of December 31, 2010. The same accounting methods were used as for the consolidated financial statements for the year ended December 31, 2009, with the exception, notably, of the first application of the revised IFRS 3 - *Business Combinations* and revised IAS 27 – Consolidated and Separate Financial Statements norms

IAS 27 (revised) presents the consolidated financial statements of a group as those of a single economic entity with two categories of owners: firstly the equity holders of the parent (Schneider Electric SA shareholders) and secondly non-controlling interests (minority shareholders in the subsidiaries). A non-controlling interest is defined as the equity in a subsidiary not attributable, directly or indirectly, to a parent (hereinafter "minority interests"). Under this new approach, changes in a parent's ownership interest in a subsidiary not resulting in a loss of control are accounted for as equity transactions since there is no change in control within the economic entity. Thus, from January 1, 2010, when increasing its interest in a consolidated subsidiary, the Group recognizes the difference between the acquisition cost and the book value of the minority interests as a change in equity attributable to the shareholders of Schneider Electric SA. Conversely, the Group recognizes any gains or losses generated on share sales resulting in a loss of control of the subsidiary in the statement of income.

IFRS 3 (revised) introduced a series of changes to the acquisition method as defined in IFRS 3 prior to the revision, notably including: ·

- the option to measure the minority interests in the acquiree either as their proportionate interest in the identifiable net assets of the acquiree or at fair value. This option is available on a case by case basis for each acquisition; ·
- the recognition of any adjustment to the purchase price at fair value from the acquisition date;
- the recognition as an expense for the period of costs directly associated with the acquisition;
- in the case of a business combination achieved in stages (step acquisition), the fair value measurement on the acquisition date of the interest previously held in the acquiree and the recognition of any resulting gain or loss in the statement of income.

The impact on the statement of income of the application of IFRS 3 (revised) and IAS 27 (revised) is recognized under other operating income/(expense). EUR31 million in acquisition-related costs were recognized in the statement of income in 2010.

The main areas of impact of the adoption of IFRS 3 (revised) and IAS 27 (revised) on Schneider Electric's consolidated financial statements as of December 31, 2010 were as follows:

- the treatment of the sale of shares in Schneider Electric South Africa without a loss of control, recognized in equity and thus not resulting in any gain on disposal being recognized in the statement of income;
- the restatement in the 2009 comparative statement of income of the EUR 25.8 million in acquisition costs incurred in 2009 on deals concluded in 2010; these costs were previously capitalized whereas they must be recognized as an expense for the period under the new standard (see below: reconciliation between the published 2009 statement of income and balance sheet as of December 31, 2009 and those presented for comparative purposes).

The following standards and interpretations that were applicable during the period did not have a material impact on the consolidated financial statements as of December 31, 2010:

- Amendment to IFRS 1 - *Additional Exemptions for First-time Adopters;*
- Amendment to IFRS 2 - *Share-based Payment (Group cash-settled share-based payment transactions)*;
- Amendement of IAS 39 - *Financial instruments: Recognition and Measurement – Exposures Qualifying for Hedge Accounting*;
- *IFRS improvements (2008): Amendment to IFRS 5;*
- *IFRS improvements (April 2009);*
- IFRIC 12 - *Service Concession Arrangements*;
- IFRIC 15 - *Agreements for the Construction of Real Estate*;
- IFRIC 16 - *Hedges of a Net Investment in a Foreign Operation*;
- IFRIC 17 - *Distributions of Non-cash Assets to Owners*;
- IFRIC 18 - *Transfers of Assets from Customers*;

There are no differences in practice between the standards applied by Schneider Electric as of December 31, 2010 and the IFRSs issued by the International Accounting Standards Board (IASB), since the application of standards and interpretations that are mandatory for reporting periods beginning on or after January 1, 2010 but not yet adopted by the European Union would not have a material impact.

Lastly, the Group did not apply the following standards and interpretations that had not yet been adopted by the European Union as of December 31, 2010 or that are mandatory at some point subsequent to December 31, 2010:

- Standards adopted:
  - IAS 24 – *Related party disclosures*;
  - Amendment to IAS 32 – *Classification of rights issues*;
  - Amendment to IFRIC 14 – *Prepayments of a Minimum Funding Requirement*;
  - IFRIC 19 - *Extinguishing Financial Liabilities with Equity Instruments*;
- Standards not yet adopted:
  - Improvements to IFRSs (May 2010);

- IFRS 9 - *Financial Instruments;*
- Amendment to IFRS 7 – *Disclosures – Transfers of financial assets;*
- Amendments to IFRS 1 – *Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters;*
- Amendments to IAS 12 – *Deferred Tax: Recovery of Underlying Assets*.

Schneider Electric is currently assessing their potential impact on the Group's consolidated financial statements. At this stage of analysis, the Group does not expect the impact on its consolidated financial statements to be material, except for IFRS 9 for which an impact analysis has not yet begun, due to its incomplete nature and uncertainties surrounding the adoption process in Europe.

The financial statements provide data prepared in accordance with IFRS for the years ended December 31, 2010 and December 31, 2009. The financial statements for the year ended December 31, 2008, presented in the Registration Document registered with Autorité des Marchés Financiers (AMF) under number D 09-0124 on March 17, 2009, are incorporated by reference.

2.22.2 Reconciliation between the published 2009 statement of income and balance sheet as of December 31, 2009 and those presented for comparative purposes

Treatment of acquisition costs

Following the first time application in 2010 of IFRS 3 (revised) (see above), the acquisition costs incurred in 2009 on deals that it was felt were highly likely to be concluded in 2010, capitalized in 2009 in accordance with IFRS 3 applicable at the reporting date, were restated under Other operating income/(expense) for EUR25.8 million.

Presentation of the CVAE

As of the reporting date (see note 30.3 to the 2009 consolidated financial statements), the Schneider Electric Group still had not taken a position regarding the press release by the CNC (France's national accounting board) on January 14, 2010 concerning the accounting treatment of the added value component (CVAE) of the CET levy introduced in France by the 2010 Finance Act of December 31, 2009. Following an analysis of the implications for the Group and having regard to its characteristics, the Group elected to classify as income tax the CVAE added value component in order to be consistent with the classification as income tax of similar levies in Italy and Germany (IRAP and Gewerbesteuer respectively). This decision is also based on an IFRIC position from 2006, which notes that the term "taxable profit" implies a notion of a net rather than a gross amount, without necessarily being the same as the accounting profit. Further to IAS 12, the chosen option gave rise to the recognition of deferred taxes at December 31, 2009 at a rate of 1.5% on the temporary differences comprised of:

- assets producing economic benefits that are subject to the CVAE whereas consumption of their book value is not deductible from the added value: it relates to the net book value as of December 31, 2009 of the property, plant and equipment subject to depreciation and intangible assets subject to amortization;
- asset impairment or provisions that are not deductible from the CVAE but which relate to expenses that will be deductible from added value at a later date.

As the CVAE is a deductible tax for income tax purposes, deferred tax is recognized at the standard rate (34.43%) on the deferred tax assets and liabilities recognized with respect to the CVAE as described in the above section. As it is a regulatory change, the deferred taxes recognized with respect to the CVAE are offset in the statement of income. The impact on the 2009 financial statements represented an EUR11 million tax expense.

	Published	**Costs Price**	**CVAE**	**Restated**
Revenue	**15,793**			**15,793**
Gross profit	**6,221**			**6,221**
Research & development	(403)			(403)
Selling, general and administrative expenses	(3,770)			(3,770)
Other operating income and expenses	88	(26)		62
EBITAR	**2,136**	**(26)**		**2,110**
Operating income	**1,592**	**(26)**		**1,566**

Net financial income/loss	(384)			(384)
Profit before tax	**1,208**	**(26)**		**1,182**
Income tax expense	(293)	9	(11)	(295)
Share in net income of MEE associates	(21)			(21)
Profit for the period	**894**	**(17)**	**(11)**	**866**

Assets	**Published**	**Costs Price**	**CVAE**	**Restated**
Goodwill on property, plant and equipment and intangible assets	14,495			14,495
Investments in associates	75			75
Non-current financial assets	347			347
Deferred tax assets	1,001	9		1,010
Total non-current assets	**15,918**	**9**		**15,927**
Inventory, trade accounts receivable	5,245			5,245
Other receivables and prepaid expenses	897	(26)		871
Current financial assets	77			77
Cash and cash equivalents	3,512			3,512
Total current assets	**9,731**	**(26)**		**9,705**
Total Assets	**25,649**	**(17)**	**-**	**25,632**

Liabilities	**Published**	**Costs Price**	**CVAE**	**Restated**
Share capital	2,102			2,102
Additional paid-in capital	5,934			5,934
Retained earnings	4,673	(17)	(11)	4,645
Translation reserve	(952)			(952)
Equity (share attributable to owners of the parent)	**11,757**	**(17)**	**(11)**	**11,729**
Non-controlling interests	131			131
Total equity	**11,888**	**(17)**	**(11)**	**11,860**
Total long-term provisions	1,753			1,753
Non-current financial liabilities	4,913			4,913
Deferred tax liabilities	916		11	927
Other non-current liabilities	17			17
Total non-current liabilities	**7,599**	**-**	**11**	**7,610**
Total current liabilities	**6,162**			**6,162**
Total Liabilities	**25,649**	**(17)**	**-**	**25,632**

2.22.3 Basis of presentation

The financial statements have been prepared on a historical cost basis, with the exception of derivative instruments and available-for-sale financial assets, which are measured at fair value. Financial liabilities are measured using the amortized cost model. The book value of hedged assets and liabilities and the related hedging instruments corresponds to their fair value.

2.22.4 Use of estimates and assumptions

The preparation of financial statements requires Group and subsidiary management to make estimates and assumptions that are reflected in the amounts of assets and liabilities reported in the consolidated balance sheet, the revenues and expenses in the statement of income and the obligations created during the reporting period. Actual results may differ.

These assumptions mainly concern:

- the measurement of the recoverable amount of goodwill, property, plant and equipment and intangible assets (note 2.22.11);
- the realizable value of inventories and work in process (note 2.22.13);
- the recoverable amount of accounts receivable (note 2.22.14);
- the valuation of share-based payments (note 2.22.20);
- the calculation of provisions for contingencies, in particular for warranties (note 2.22.21);
- the measurement of pension and other post-employment benefit obligations (note 2.22.22).

2.22.5 Consolidation principles

Subsidiaries over which the Group exercises exclusive control, either directly or indirectly, are fully consolidated. Exclusive control is control by all means, including ownership of a majority voting interest, significant minority ownership, and contracts or agreements with other shareholders.

Group investments in entities controlled jointly with a limited number of partners, such as joint ventures and alliances, are proportionally consolidated in accordance with the recommended treatment under IAS 31 - Interests in Joint Ventures.

Companies over which the Group has significant influence ("associates") are accounted for by the equity consolidation method. Significant influence is presumed to exist when more than 20% of voting rights are held by the Group.

Companies acquired or sold during the year are included in or removed from the consolidated financial statements as of the date when effective control is acquired or relinquished.

Intra-group balances and transactions are eliminated.

The reporting date for all companies included in the scope of consolidation is December 31, with the exception of certain associates accounted for by the equity method. For the latter however, financial statements up to September 30 of the financial year have been used (maximum difference of three months in line with the standards).

2.22.6 Business combinations

Business combinations are accounted for using the acquisition method, in accordance with IFRS 3 - Business Combinations. In accordance with the option provided by IFRS 1 – First-Time Adoption of IFRS – business combinations recorded before January 1, 2004 have not been restated. Material acquisition costs are presented under "Other income and expenses" in the statement of income.

All acquired assets, liabilities and contingent liabilities of the acquiree are recognized at their fair value, following a measurement period that can last for up to twelve months from the date of acquisition.

The excess of the cost of acquisition over the Group's share in the fair value of assets and liabilities at the date of acquisition is recognized in goodwill. Where the cost of acquisition is lower than the fair value of the identified assets and liabilities acquired, the negative goodwill is immediately recognized in the statement of income.

Goodwill is not amortized, but tested for impairment at least annually and whenever there is an indication that it may be impaired (see note 2.22.11 below). Any impairment losses are recognized under "Amortization and impairment of intangible assets arising on acquisition".

2.22.7 Translation of the financial statements of foreign subsidiaries

The consolidated financial statements are prepared in euros.

The financial statements of subsidiaries that use another functional currency are translated into euros as follows:

- assets and liabilities are translated at the official closing rates;
- income statement and cash flow items are translated at weighted-average annual exchange rates.

Gains or losses on translation are recorded in consolidated equity under "Cumulative translation adjustments". In accordance with IFRS 1 – *First Time Adoption of IFRS* – cumulative translation adjustments were reset to zero at January 1, 2004 by adjusting opening retained earnings, without any impact on total equity.

2.22.8 Foreign currency transactions

Foreign currency transactions are recorded using the official exchange rate in effect at the date the transaction is recorded or the hedging rate. At the balance sheet date, foreign currency payables and receivables are translated into the functional currency at the closing rates or the hedging rate. Gains or losses on translation of foreign currency transactions are recorded under "Net financial income/(loss)". Foreign currency hedging is described below, in note 2.22.23.

2.22.9 Intangible assets

- **Intangible assets acquired separately or as part of a business combination**

Intangible assets acquired separately are initially recognized in the balance sheet at historical cost. They are subsequently measured using the cost model, in accordance with IAS 38 – Intangible Assets.

Intangible assets (mainly trademarks and customer lists) acquired as part of business combinations are recognized in the balance sheet at fair value, appraised externally for the most significant assets and internally for the rest. The valuations are performed using generally accepted methods, based on future inflows. The assets are regularly tested for impairment.

Intangible assets are amortized on a straight-line basis over their useful life or, alternatively, over the period of legal protection. Amortized intangible assets are tested for impairment when there is any indication that their recoverable amount may be less than their carrying amount. Amortization and impairment losses on such intangible assets are presented on a separate statement of income line item, "Amortization and impairment of purchase accounting intangibles".

Trademarks

Trademarks acquired as part of a business combination are not amortized when they are considered to have an indefinite life.

The criteria used to determine whether or not such trademarks have indefinite lives and, as the case may be, their lifespan, are as follows:

- brand awareness;
- outlook for the brand in light of the Group's strategy for integrating the trademark into its existing portfolio

Non-amortized trademarks are tested for impairment at least annually and whenever there is an indication they may be impaired. When necessary, an impairment loss is recorded.

- Internally-generated intangible assets

Research and development costs

Research costs are expensed in the statement of income when incurred.

Systems were set up to track and capitalize development costs in 2004. As a result, only development costs for new products launched since 2004 are capitalized in the IFRS accounts.

Development costs for new projects are capitalized if, and only if:

- the project is clearly identified and the related costs are separately identified and reliably tracked;
- the project's technical feasibility has been demonstrated and the Group has the intention and financial resources to complete the project and to use or sell the resulting products;
- the Group has allocated the necessary technical, financial and other resources to complete the development;
- it is probable that the future economic benefits attributable to the project will flow to the Group.

Development costs that do not meet these criteria are expensed in the financial year in which they are incurred.

Capitalized development projects are amortized over the lifespan of the underlying technology, which generally ranges from 3 to 10 years. The amortization of such capitalized projects is included in the cost of the related products and classified into "Cost of sales" when the products are sold.

Software implementation

External and internal costs relating to the implementation of enterprise resource planning (ERP) applications are capitalized when they relate to the programming, coding and testing phase. They are amortized over the applications' useful lives. In accordance with paragraph 98 of IAS 38, the SAP Bridge application currently being rolled out within the Group is amortized using the unit method to reflect the pattern in which the asset's future economic benefits are expected to be consumed. Said units of production correspond to the number of users of the rolled-out solution divided by the number of target users at the end of the roll-out.

2.22.10 Property, plant and equipment

Property, plant and equipment is primarily comprised of land, buildings and production equipment and is carried at cost, less accumulated depreciation and any accumulated impairment losses, in accordance with the recommended treatment in IAS 16 – Property, plant and equipment.

Each component of an item of property, plant and equipment with a useful life that differs from that of the item as a whole is depreciated separately on a straight-line basis. The main useful lives are as follows:

Buildings :	20 to 40 years
Machinery and equipment :	3 to 10 years
Other :	3 to 12 years

The useful life of property, plant and equipment used in operating activities, such as production lines, reflects the related products' estimated life cycles.

Useful lives of items of property, plant and equipment are reviewed periodically and may be adjusted prospectively if appropriate.

The depreciable amount of an asset is determined after deducting its residual value, when the residual value is material.

Depreciation is expensed in the period or included in the production cost of inventory or the cost of internally-generated intangible assets. It is recognized in the statement of income under "Cost of sales","Research and development costs" or "Selling, general and administrative expenses", as the case may be.

Items of property, plant and equipment are tested for impairment whenever there is an indication they may have been impaired. Impairment losses are charged to the statement of income under "Other operating income and expenses".

- Leases

The assets used under leases are recognized in the balance sheet, offset by a financial debt, where the leases transfer substantially all the risks and rewards of ownership to the Group.

Leases that do not transfer substantially all the risks and rewards of ownership are classified as operating leases. The related payments are recognized as an expense on a straight-line basis over the lease term.

- Borrowing costs

In accordance with IAS 23 R – Borrowing costs (applied as of January 1, 2009), borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the asset when it is probable that they will result in future economic benefits to the entity and the costs can be measured reliably. Other borrowing costs are recognized as an expense for the period. Prior to January 1, 2009, borrowing costs were systematically expensed when incurred

2.22.11 Impairment of assets

In accordance with IAS 36 – Impairment of Assets – the Group assesses the recoverable amount of its long-lived assets as follows:

- for all property, plant and equipment subject to depreciation and intangible assets subject to amortization, the Group carries out a review at each balance sheet date to assess whether there is any indication that they may be impaired. Indications of impairment are identified on the basis of external or internal information. If such an indication exists, the Group tests the asset for impairment by comparing its carrying amount to the higher of fair value minus costs to sell and value in use;

- non-amortizable intangible assets and goodwill are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Value in use is determined by discounting future cash flows that will be generated by the tested assets, generally over a period of not more than five years. These future cash flows are based on Group management's economic assumptions and operating forecasts. The discount rate corresponds to the Group's weighted average cost of capital (WACC) at the measurement date plus a risk premium depending on the region in question. The WACC stood at 8.4 % at December 31, 2010, a slight increase on the 8.1 % at December 31, 2009. This rate is based on (i) a long-term interest rate of 3.8%, corresponding to the average interest rate for 10 year OAT treasury bonds over the past few years, (ii) the average premium applied to financing obtained by the Group in the fourth quarter of 2010, and (iii) the weighted country risk premium for the Group's businesses in the countries in question. The perpetuity growth rate was 2%, unchanged on the previous financial year.

Impairment tests are performed at the level of the cash-generating unit (CGU) to which the asset belongs. A cash-generating unit is the smallest group of assets that generates cash inflows that are largely independent of the cash flows from other assets or groups of assets. The cash-generating units correspond to the Power, Industry, IT, Buildings, CST businesses, which have operated as divisions since the reorganization on January 1, 2010. Entities were reallocated to the new CGUs at the lowest possible level on the basis of their business activities; in the case of mixed entities, their assets were allocated to each business (Power and Industry mainly) pro-rata to their revenue in that business.

At end-2010, the Distribution business acquired from Areva on June 7, 2010 was not allocated to any specific CGU and had not yet been tested given the recent date of acquisition. Nevertheless, as 2010 results were slightly ahead of the forecasts in the business plan used for the purposes of the acquisition, the Group does not feel there that there are impairment risks with respect to these assets at the balance sheet date. The WACC used to determine the value in use of each CGU was 9.0% for Power and Industry, 9.2% for IT, 8.6 % for Buildings and CST.

Goodwill is allocated when initially recognized. The CGU allocation is done on the same basis as used by Group management to monitor operations and assess synergies deriving from acquisitions. As a result of the organizational changes effective January 1, 2010, the allocation of goodwill has been changed to reflect the new operating segments defined in accordance with the newly issued IFRS 8. This modification did not have an impact on asset impairment.

Where the recoverable amount of an asset or CGU is lower than its book value, an impairment loss is recognized. Where the tested CGU comprises goodwill, any impairment losses are firstly deducted therefrom.

2.22.12 Non-current financial assets

Investments in non-consolidated companies are classified as available-for-sale financial assets. They are initially recorded their cost of acquisition and subsequently measured at fair value, when fair value can be reliably determined.

The fair value of equity instruments quoted in an active market may be determined reliably and corresponds to the quoted price on the balance sheet date (Level 1 input as described in the amendment to IFRS 7 - Improving Disclosures about Financial Instruments).

In cases where fair value cannot be reliably determined (Level 3 inputs), the equity instruments are measured at net cost of any accumulated impairment losses. The recoverable amount is determined with reference to the Group's share in the entity's net assets along with its expected future profitability and outlook. This rule is applied in particular to unlisted equity instruments.

Changes in fair value are accumulated in equity under "Other reserves" up to the date of sale, at which time they are recognised in the income statement. Unrealised losses on assets that are considered to be permanently impaired are recorded under "Finance costs and other financial income and expense, net".

Loans, recorded under "Other non-current financial assets", are carried at amortized cost and tested for impairment where there is an indication that they may have been impaired. Long-term financial receivables are discounted when the impact of discounting is considered significant.

2.22.13 Inventories and work in process

Inventories and work in process are stated at the lower of their entry cost (acquisition cost or production cost generally determined by the weighted average price method) or of their estimated net realizable value.

Net realizable value corresponds to the estimated selling price net of remaining expenses to complete and/or sell the products.

Inventory impairment losses are recognized in “Cost of sales” for the material component and in “Selling, general and administrative expenses” for the finished products.

The cost of work in process, semi-finished and finished products, includes the cost of materials and direct labor, subcontracting costs, all production overheads based on normal capacity utilization rates and the portion of research and development costs related to the production process (corresponding to the amortization of capitalized projects in production and product and range maintenance costs).

2.22.14 Trade accounts receivable

Provisions for doubtful accounts are recorded when it is probable that receivables will not be collected and the amount of the loss can be reasonably estimated. Doubtful accounts are identified and the related provisions determined based on historical loss experience, the age of the receivables and a detailed assessment of the individual receivables along with the related credit risks. Once it is known with certainty that a doubtful account will not be collected, the doubtful account and the related provision are written off via the statement of income.

Accounts receivable are discounted in cases where they are due in over one year and the impact of adjustment is significant.

2.22.15 Assets held for sale

Assets held for sale are no longer amortized or depreciated and are recorded separately in the balance sheet under “Assets held for sale” at the lower of amortized cost and net realizable value.

2.22.16 Deferred taxes

Deferred taxes, corresponding to temporary differences between the tax basis and reporting basis of consolidated assets and liabilities, are recorded using the liability method. Deferred tax assets are recognized when it is probable that they will be recovered at a reasonably determinable date.

Future tax benefits arising from the utilization of tax loss carryforwards (including amounts available for carryforward without time limit) are recognized only when they can reasonably be expected to be realized.

Deferred tax assets and liabilities are not discounted. Deferred tax assets and liabilities that concern the same unit and are expected to reverse in the same period are netted off.

2.22.17 Cash and cash equivalents

Cash and cash equivalents presented in the balance sheet consist of cash, bank accounts, term deposits of three months or less and marketable securities traded on official exchanges. Generally, all marketable securities are short-term, highly-liquid investments that are readily convertible to known amounts of cash at maturity. They notably consist of commercial paper, mutual funds and equivalents. In light of their nature and maturities, these instruments represent insignificant risk of changes in value and are treated as cash equivalents.

2.22.18 Schneider Electric SA shares

Schneider Electric SA shares held by the parent company or by fully consolidated companies are measured at acquisition cost and deducted from equity. They are held at their acquisition cost until sold.

Gains (losses) on the sale of own shares are added (deducted) from consolidated reserves, net of tax.

2.22.19 Pensions and other employee benefit obligations

Depending on local practices and laws, the Group’s subsidiaries participate in pension, termination benefit and other long-term benefit plans. Benefits paid under these plans depend on such factors as seniority, compensation levels and payments into mandatory retirement programs.

- **Defined contribution plans**

Payments made under defined contribution plans are recorded in the income statement, in the year of payment, and are in full settlement of the Group's liability. In most countries, the Group participates in mandatory general plans, which are accounted for as defined contribution plans.

- **Defined benefit plans**

Defined benefit plans are measured using the projected unit credit method.

Expenses recognized in the statement of income are split between operating income (for current service costs) and net financial income/(loss) (for financial costs and expected return on plan assets).

The amount recognized in the balance sheet corresponds to the present value of the obligation, adjusted for unrecognized past service cost and net of plan assets.

Where this is an asset, the recognized asset is limited to the present value of any economic benefit due in the form of plan refunds or reductions in future plan contributions.

Changes resulting from periodic adjustments to actuarial assumptions regarding general financial and business conditions or demographics (i.e., changes in the discount rate, annual salary increases, return on plan assets, years of service, etc.) as well as experience adjustments are immediately recognized in the balance sheet and as a separate component of equity in "Other reserves".

- **Other commitments**

Provisions are funded and expenses recognized to cover the cost of providing health-care benefits for certain Group retirees in Europe and the United States. The accounting policies applied to these plans are similar to those used to account for defined benefit pension plans.

The Group also funds provisions for all its subsidiaries to cover seniority-related benefits (primarily long service awards in its French subsidiaries). Actuarial gains and losses on these benefit obligations are fully recognized in profit or loss.

2.22.20 Share-based payments

The Group grants different types of share-based payments to senior executives and certain employees. These include:

- Schneider Electric SA stock options;
- Stock grants;
- Stock Appreciation Rights, based on the Schneider Electric SA stock price.

Only plans set up after November 7, 2002 that did not vest prior to January 1, 2005 are affected by the application of IFRS 2 – *Share-based payments*

Pursuant to this standard, these plans are measured on the date of grant and an employee benefits expense is recognized on a straight-line basis over the vesting period, in general three or four years depending on the country in which it is granted.

The Group uses the Cox, Ross, Rubinstein binomial model to measure these plans.

For stock grants and stock options, this expense is offset in the own share reserve. In the case of Stock Appreciation Rights, a liability is recorded corresponding to the amount of the benefit granted, re-measured at each balance sheet date.

As part of its commitment to employee share ownership, Schneider Electric gave its employees the opportunity to purchase shares at a discount.

2.22.21 Provisions for contingencies and pension accruals

A provision is recorded when the Group has an obligation to a third party prior to the balance sheet date, and where the loss or liability is likely and can be reliably measured. If the loss or liability is not likely and cannot be reliably estimated, but remains possible, the Group discloses it as a contingent liability. Provisions are calculated on a case-by-case or statistical basis and discounted when due in over a year. The discount rate used for long-term provisions was 2.75% at December 31, 2010 versus 3.6% at December 31, 2009.

Provisions are primarily set aside to cover:

- Economic risks :

These provisions cover tax risks arising from tax audits performed by local tax authorities and financial risks arising primarily on guarantees given to third parties in relation to certain assets and liabilities.

- Customer risks

These provisions are primarily established to covers risks arising from products sold to third parties. This risk mainly consists of claims based on alleged product defects and product liability.

- Product risks :

These provisions comprise:

  - statistical provisions for warranties: the Group funds provisions on a statistical basis for the residual cost of Schneider Electric product warranties not covered by insurance.
  - provisions to cover disputes concerning defective products and recalls of clearly identified products.
- Environmental risks :

These provisions are primarily funded to cover cleanup costs.

- Restructuring costs, when the Group has prepared a detailed plan for the restructuring and has either announced or started to implement the plan before the end of the year.

2.22.22 Financial liabilities

Financial liabilities primarily comprise bonds and short and long-term bank borrowings. These liabilities are initially recorded at fair value, taking into account any direct transaction costs. Subsequently, they are measured at amortized cost based on their effective interest rate.

2.22.23 Financial instruments and derivatives

Risk hedging management is centralized. The Group's policy is to use derivative financial instruments exclusively to manage and hedge changes in exchange rates, interest rates or prices of certain raw materials. The Group never uses derivative financial instruments for speculative purposes. The Group accordingly uses instruments such as swaps, options and futures, depending on the nature of the exposure to be hedged.

- Foreign currency hedges

The Group periodically buys foreign currency derivatives to hedge the currency risk associated with foreign currency transactions. Some of these instruments hedge operating receivables and payables carried in the balance sheets of Group companies. The Group does not apply hedge accounting to these instruments because gains and losses on this hedging is immediately recognized. At year-end, the hedging derivatives are marked to market and foreign exchange gains or losses are recognized in "Net financial income/(loss)", offsetting the gains or losses resulting from the translation at end-of-year rates of foreign currency payables and receivables, in accordance with IAS 21 – *The Effects of Changes in Foreign Exchange Rates.*

The Group also hedges future cash flows, including recurring future transactions, intra-group foreign currency loans or planned acquisitions or disposals of investments. In accordance with IAS 39, these are treated as cash flow hedges. These hedging instruments are recognized in the balance sheet and are measured at fair value at the end of the year. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is accumulated in equity, under "Other reserves", and recognized in the statement of income when the hedged item affects profit or loss. The ineffective portion of the gain or loss on the hedging instrument is recognized in "Net financial income/(loss)".

In addition, certain long-term receivables and loans to subsidiaries are considered to be part of the net investment, as defined by IAS 21 – The Effects of Changes in Foreign Exchange Rates. In accordance with the rules governing hedges of net investments, the impact of exchange rate fluctuations is recorded in equity and recognized in the statement of income when the investment is sold.

- Interest rate swaps

Interest rate swaps allow the Group to manage its exposure to interest rate risk. The derivative instruments used are financially adjusted to the schedules, rates and currencies of the borrowings they cover. They involve the exchange of fixed and floating-rate interest payments. The differential to be paid (or received) is accrued (or deferred) as an adjustment to interest income or expense over the life of the agreement. The Group applies hedge accounting as described in IAS 39 for interest rate swaps. Gains and losses on re-measurement of interest rate swaps at fair value are recognized in equity (for cash flow hedges) or in profit or loss (for fair value hedges).

- Commodity contracts

The Group also purchases commodity derivatives including forward purchase contracts, swaps and options to hedge price risks on all or part of its forecast future purchases. Under IAS 39, these qualify as cash flow hedges. These instruments are recognized in the balance sheet and are measured at fair value at the period-end. The effective portion of the hedge is recognized separately in equity (under "Other reserves") and then recognized in income (gross margin) when the hedged item affects consolidated income. The effect of this hedging is then incorporated in the cost price of the products sold. The ineffective portion of the gain or loss on the hedging instrument is recognized in "Net financial income/(loss)".

Cash flows from financial instruments are recognized in the consolidated statement of cash flows in a manner consistent with the underlying transactions.

- Put options granted to minority shareholders

In line with the AMF's recommendation of November 2009 and in the absence of a specific IFRS rule, the Group elected to retain the accounting treatment for minority put options applied up to December 31, 2009 (involving puts granted to minority shareholders prior to this date). In this case, the Group elected to recognize the difference between the purchase price of the minority interests and the share of the net assets acquired as goodwill, without re-measuring the assets and liabilities acquired. Subsequent changes in the fair value of the liability are recognized by adjusting goodwill.

In the absence of any new put options granted to minority shareholders since January 1, 2010, the Group has not had to decide on an accounting treatment for them.

2.22.24 Revenue recognition

The Group's revenues primarily include merchandise sales and revenues from services and contracts.

- **Merchandise sales**

Revenue from sales is recognized when the product is shipped and risks and benefits are transferred (standard shipping terms are FOB).

Provisions for the discounts offered to distributors are set aside when the products are sold to the distributor and recognized as a deduction from revenue.

Certain Group subsidiaries also offer cash discounts to distributors. These discounts and rebates are deducted from sales.

Consolidated revenue is presented net of these discounts and rebates.

- **Service contracts**

Revenue from service contracts is recorded over the contractual period of service. It is recognized when the result of the transaction can be reliably determined, by the percentage of completion method.

- **Long-term contracts**

Income from long-term contracts is recognized using the percentage-of-completion method, based either on the percentage of costs incurred in relation to total estimated costs of the entire contract, or on the contract's technical milestones, notably proof of installation or delivery of equipment. When a contract includes performance clauses in the Group's favor, the related revenue is recognized at each project milestone and a provision is set aside if targets are not met.

Losses at completion for a given contract are provided for in full as soon as they become probable. The cost of work-in-process includes direct and indirect costs relating to the contracts.

2.22.25 Earnings per share

Earnings per share are calculated in accordance with IAS 33 – *Earnings Per Share*.

Diluted earnings per share are calculated by adjusting profit attributable to equity holders of the parent and the weighted average number of shares outstanding for the dilutive effect of the exercise of stock options outstanding at the balance sheet date. The dilutive effect of stock options is determined by applying the "treasury stock" method, which consists of taking into account the number of shares that could be purchased, based on the average share price for the year, using the proceeds from the exercise of the rights attached to the options.

2.22.26 Statement of cash flows

The consolidated statement of cash flows has been prepared using the indirect method, which consists of reconciling net profit to net cash provided by operations. The opening and closing cash positions include cash and cash equivalents, comprised of marketable securities, (note 2.22.17) net of bank overdrafts and facilities.

2.23 The details of the Investor Relations officer of SESA are as follows:

Name: Carina HO

Address: 35, rue Joseph Monier,

CS30323, 92506 Rueil-Malmaison cedex (France),

Tel.: +33 (0)1 41 39 60 84, Fax: +33 (0)1 41 29 71 42,

E-mail: carina.ho@fr.schneider-electric.com

2.24 The details of the Compliance officer of SESA are as follows:

Name: Philippe Bougon

Address: 35, rue Joseph Monier,

CS30323, 92506 Rueil-Malmaison cedex (France),

Tel.: +33 (0)1 41 29 88 33, Fax: +33 (0)1 41 29 71 42

2.25 Acquisitions made in India by Schneider Electric Group in the last 3 years are as follows:

Year	Acquisitions	Brief Details
2008	NIL	NIL
2009	Conzerv Systems Private Limited, Bangalore (Conzerv)	Schneider Electric Group acquired business of Conzerv on 8th June, 2009 by purchasing 100% equity shareholding of the company. The company is engaged in the Business of Electric metering and falls under the Power Factor Correction and Metering Business Unit.
	Business division from Meher Capacitors, Bangalore	Schneider Electric Group acquired capacitors and Components Business of Meher Capacitors Private Limited as going concern on Slump Sale basis on 31st July, 2009. Capacitors Business falls under the Power Factor Correction and Metering Business Unit of Schneider Electric
2010	Business division from Zicom, Mumbai	Schneider Electric Group purchased Electronic Security Systems Business of Zicom Electronic Security Systems Pvt. Ltd as going concern on Slump Sale basis on April 30, 2010. Security Systems Business falls under

Buildings Business of Schneider Electric.

Major acquisitions made by Schneider Electric Group outside India in the last 3 years are as follows:

Year	Acquisitions	Brief Details
2008	Intelligent Motion Systems (IMS), US	On January 11, 2008, Schneider Electric Group acquired IMS, designer and manufacturer of integrated motor and drive products. IMS generated revenues around $20 million in 2007.
2008	ECP Tech Services, US	On March 27, 2008 Schneider Electric Group acquired ECP, a provider of power system testing, maintenance and commissioning services to industrial, utility and commercial customers throughout the United States. ECP generated revenues of approximately $36 million in 2007.
2008	Wessen Group, Russia	On April 17, 2008, Schneider Electric Group acquired Wessen which designs, manufactures and markets a comprehensive range of wiring devices. In 2007, it generated sales of nearly €24 million, of which 90% in Russia.
2008	Marisio, Chile	On May 7, 2008, Schneider Electric Group acquired Marisio, a manufacturer and seller of Installation Systems & Control (ISC) components. It generated revenues of €11 million in 2007 and has 230 employees.
2008	RAM Industries	On June 10, 2008, Schneider Electric Group acquired RAM, a provider of engineering, design and manufacturing expertise for control solutions to HVAC&R machine manufacturers (OEMs). The company employs 750 people with approximately half of solutions used in Europe, South America and Asia.
2008	Xantrex, Canada	On September 29, 2008, Schneider Electric Group announced the acquisition of Xantrex, a top three global player in the solar and wind inverter marke. Xantrex Technology Inc. is a world leader in the development, manufacturing and marketing of advanced power electronic products and systems for the renewable and mobile power markets. Xantrex is headquartered in Vancouver, Canada, with facilities in the United States, Germany, Spain, England, and a joint venture in China.
2009	Microsol Tecnologia, Brazil	On June 22, 2009, Schneider Electric Group acquired Microsol Tecnologia, a Brazilian manufacturer of UPSs, voltage regulators and accessories for power protection. In 2008, Microsol generated net sales of approximately BRL 65 million (~€24 million) and employed 500 people)
2010	Cimac, Middle East	On January 21, 2010, Schneider Electric Group acquired Cimac. Cimac implements complete automation, control and electrical distribution solutions, primarily for Water-Waste Water and Oil & Gas customers. It employs over 400 people and generates sales in excess of €40 million.
2010	SCADA group, Australia	On April 13, 2010, Schneider Electric Group acquired SCADA group, an Australia based leading provider of telemetry products and solutions for the water and waste-water, oil & gas and electric power end-market segments. The purchase price of the transaction, expressed as an enterprise value, is AU$200 million (€140 million)
2010	Areva T&D	On June 7, 2010, Schneider Electric Group finalized the closing of the transaction with Areva for the acquisition of Areva T&D, its transmission and distribution businesses, after obtaining the approvals of the relevant competition authorities and the French Commission des Participations et des Transferts (CPT). The price paid for Areva T&D's shares amounted to EUR

		2.29 billion. The net financial debt of Areva T&D was about EUR 0.89 billion as of December 31, 2009.

2.26 Major divestments made by Schneider Electric Group outside India in the last 3 years are as follows

Year	Divestments	Brief Details
2009	Selectron Systems AG, Switzerland	On Sep 10, 2009 Schneider Electric Group divested Selectron Systems. Selectron is headquartered in Switzerland, is active in the design, development and marketing of automation solutions for rail vehicles. Selectron Systems AG was sold to its management and employees, backed by private and venture capital investors. The divestiture is part of Schneider Electric's intention to regularly adapt its business portfolio.

2.27 Schneider Electric applies the AFEP-MEDEF corporate governance guidelines with the following exceptions:

Recommendation	Schneider Electric Practice
Deadline for Audit Committee review of the financial statements The Audit Committee should review the financial statements at least two days before they are reviewed by the Board.	At Schneider Electric, the Audit Committee reviews the financial statements the day before the Board meeting because one of the Committee members lives outside France. However, the Committee members receive a meeting file with the financial statements four to five days before the meeting.
Compensation and benefits paid to corporate officers Fixed salary should be revised only after a relatively long period, such as three years.	The Management Board members' fixed salary is revised each year. When Jeam Pascal Tricoire became Chairman of the Management Board and CEO, his compensation was not (and still is not) aligned with that of CEOs of comparable companies, The Board decided to reduce the gap gradually through annual salary revisions after reviewing Mr. Tricoire's performance.
Top-hat pension plan The increase in potential rights should correspond to a limited percentage of the beneficiary's compensation.	Under the top-hat pension plan for the Group's senior management, most rights are originally acquired at the outset. However, the plan complies with the recommendation's intention, given that: - the rights are capped at 25% of average compensation; - the current members still have many years of service to perform before they can benefit from the plan.

Source: Annual Report 2010

The Code of Corporate Governance as mentioned in AFEP-MEDEF is available on the website http://www.code-afep-medef.com/. Corporate Governance report is also available as part of the 2010 Annual Report of Schneider Electric available on the website http://www.schneider-electric.com/

2.28 Brief details of pending material litigations / proceedings involving the PAC are set forth below

2.28.1 In 2001, Schneider Electric made a public offer to purchase Legrand as part of a proposed merger project. When the offer closed in July 2001, the Group held 98.1% of Legrand. In an initial decision dated October 10, 2001, the European Commission vetoed the merger, and in a second decision dated January 30, 2002, it ordered the two companies to separate as quickly as possible. As a result, Schneider Electric sold its interest in Legrand to the KKR-Wendel Investissement consortium even though the Court of First Instance of the European Communities overruled the Commission's decisions on October 22, 2002. Schneider Electric launched proceedings against the European Commission to obtain damages for the losses caused, estimated at EUR1.6 billion. On July 11, 2007, the Court ordered the Commission to compensate two-thirds of Schneider Electric's losses, once their amount has been determined. The Commission appealed this decision. On July 16, 2009, the Court of Justice confirmed the Commission's non-contractual responsibility in the matter, acknowledging that the Commission had been at fault and that losses had been caused. However, the Court of Justice overturned the Court of First Instance's ruling concerning damages, finding that the Commission was not liable for the loss in value incurred by Schneider Electric on its Legrand shares. According to the ruling, the only compensation due to Schneider Electric concerns the legal fees from the second merger investigation in October 2002. The definitive amount of such fees was established at EUR50,000 by a decision of the Court of Justice on June 9, 2010, and this sum was paid by the Commission to Schneider Electric in December 2010. This dispute is therefore closed.

2.28.2 Following public offers launched in 1993 by SPEP (the Group holding company at the time) for its Belgian subsidiaries Cofibel and Cofimines, Belgium initiated proceedings against former Schneider Electric executives in connection with the former Empain-Schneider Group's management of its Belgian subsidiaries, notably the Tramico sub-group. At the end of March 2006, the Brussels criminal court ruled that some of the defendants were responsible for certain of the alleged offenses and that certain of the plaintiffs' claims were admissible. The plaintiffs claim losses of EUR5.3 million stemming from management that reduced the value of or undervalued assets presented in the offering prospectus, as well as losses of EUR4.9 million concerning transactions carried out by PB Finance, a company in which Cofibel and Cofimines had a minority interest. In its ruling, the court also appointed an expert to assess the loss suffered by those plaintiffs whose claims were ruled admissible. The expert's report was submitted in 2008. The defendants contest the amounts provided by the expert in their entirety, based notably on reports produced by Deloitte. Schneider Electric and its Belgian subsidiaries Cofibel and Cofimines were held civilly liable for the actions of their senior executives who were found liable. Schneider Electric is paying the legal expenses not covered by insurance of the former executives involved. The case is pending before both the Brussels Court of First Instance and the Brussels Appeals Court, as parts of the March 2006 ruling have been appealed.

2.28.3 In addition, the new owners of the Tramico sub-group, to which a Cofimines subsidiary had advanced funds during the subgroup's liquidation, refuse to pay back said funds and are claiming compensation for having been involved in the Belgian legal proceedings. Arbitration proceedings are currently under way in Geneva.

2.28.4 In connection with the divestment of Spie Batignolles, Schneider Electric booked provisions to cover the risks associated with certain major contracts and projects. Most of the risks were extinguished during 1997. Provisions were booked for the remaining risks, based on management's best estimate of the expected financial impact.

2.28.5 Schneider Electric, in addition to other sector companies, has been involved in legal proceedings initiated by the European Commission with regard to an alleged agreement concerning gas insulated switchgears (GIS), and this was because of two former subsidiaries operating in the high voltage segment that were sold in 2001. Schneider Electric did not appeal the decision made by the Commission with regard to this matter on January 24, 2007.

2.28.6 Proceedings were launched in 2007 by the competition authorities in New Zealand for the same reasons and against the same companies. As regards Schneider Electric, these proceedings concerned a transaction carried out in early 2009. The company is required to cooperate in the local investigation with New Zealand's competition authorities if requested.

2.28.7 In the same context, EDF Energy UK launched a claim for damages of GBP15 million at the High Court in London on May 21, 2010. This claim is currently being investigated.

2.28.8 Schneider Electric was also among 2,000 companies based all over the world that were mentioned in the Volcker Oil for Food report published by the UN in October 2005. It was investigated by the French judicial system in 2010 with regard to this report, which stated that the Group had entered into agreements with Iraqi government bodies between 2000 and 2004, under which surcharge payments are alleged to have been made to the Iraqi government of around USD450,000, violating the provisions of the embargo in force at that time.

2.28.9 Various other claims, administrative notices and legal proceedings have been filed against the Group concerning such issues as contractual demands, counterfeiting, bodily harm and work contracts. Although it is impossible to forecast the results and/or costs of these proceedings with certainty, Schneider Electric considers that they will not, by their nature, have significant effects on the Group's business, assets, financial position or profitability. Moreover, Schneider Electric knows of no other disputes that could have a significant impact on its business.

2.29 Details of key companies forming part of Schneider Electric Group in India along with the summary audited financials are as follows**:**

(i) Schneider Electric India Private Limited

Date of incorporation	February 24, 1995			
Nature of business	To manufacture miniature circuit breakers. Assemblage of AIR circuit breakers and molded cases circuit breakers. Marketing of electrical distribution and industrial automation.			
Financials based on audited accounts	*Lacs of Rupees*	**Year Ending March 31,**		
	Income Statement	**2008**	**2009**	**2010**
	Total Income	117,781	130,511	141,067
	Profit After Tax	(124)	(7,616)	(3,027)
	EPS	(0.15)	(4.48)	(0.90)
	Balance Sheet	**2008**	**2009**	**2010**
	Share Capital	17,012	17,012	36,544
	Reserves	2,075	(5,540)	(8,567)
	Net Asset Value	19,087	11,472	27,976

(ii) LK India Private Limited

Date of incorporation	June 23, 1987			
Nature of business	To design, manufacture and sale electrical and electronics wiring accessories for the domestic and export market.			
Financials based on audited accounts	*Lacs of Rupees*	**Year Ending March 31,**		
	Income Statement	**2008**	**2009**	**2010**
	Total Income	5,844	5,084	3,851
	Profit After Tax	(83)	(57)	(405)
	EPS	(1.38)	(0.94)	(6.75)
	Balance Sheet	**2008**	**2009**	**2010**
	Share Capital	600	600	600
	Reserves	274	217	123
	Net Asset Value	874	817	723

Note: *Hon'ble High Court of Delhi has on 11th January 2011 sanctioned the Scheme of Amalgamation of Schneider Electric Conzerv India Pvt Ltd and LK India Pvt Ltd with Schneider Electric India Pvt Ltd. The merger will become effective on the day the Order of the High Court in the format prescribed under Company Court Rules 1959 is filed with the Registrar of Companies, NCT of Delhi and Haryana. The Appointed date for the merger shall be 1st April 2010*

(iii) American Power Conversion (India) Private Limited

Date of	March 03, 1997

incorporation	
Nature of business	To carry on the business as manufacturers, producers, processors, makers, inventors, designers, convertors, assemblers, fabricators, repairers, importers, exporters, traders, buyers, sellers, retailers, wholesalers, suppliers, indenters, packers, movers, preservers, stockists, distributors or otherwise deal in all kinds of electronic and computer components, computers and their inputs, computer and electronic hardware, assemblies and subassemblies, and components such as uninterruptible power supply products ("UPS"), electrical surge protection devices ("Surge"), power conditioning products, associated software and accessories for use with personal computers, engineering work stations, file servers, communications and internet working equipment and a variety of other sensitive electronic devices which rely on electric utility power.

Financials based on audited accounts

Millions of Rupees	**Year Ending March 31,**		
Income Statement	**2008**	**2009**	**2010**
Total Income	20,623	21,022	18,810
Profit After Tax	467	2,376	2,083
EPS	135	631	600
Balance Sheet		**2009**	**2010**
Share Capital	34	34	34
Reserves	6,699	8,816	11,102
Net Asset Value	6,733	8,850	11,136

(iv) CST Sensors India Private Limited

Date of incorporation	January 31, 2008
Nature of business	Dealing in Electric/electronic sensors, tools, equipments, gadgets/systems and to establish labs for R&D activity connected to Electronic/electromechanical Sensors equipments tools & gadgets.

Financials based on audited accounts

Lacs of Rupees	**Year Ending March 31,**	
Income Statement	**2009**	**2010**
Total Income	308	614
Profit After Tax	(33)	(92)
EPS	(5.66)	(7.18)
Balance Sheet	**2009**	**2010**
Equity Capital & Reserves	128	128
Net Asset Value	(33)	(125)
	96	4

(v) Schneider Electric Conzerv India Private Limited

Date of incorporation	February 11, 1988
Nature of business	Research, design, fabricate, develop, manufacture, marketing of micro processor based systems and equipements of measure
Financials based	*Lacs of Rupees* **Year Ending March 31,**

	Income Statement	2008	2009	2010
on audited accounts	Total Income	6,784	6,876	6,848
	Profit After Tax	800	891	479
	EPS	4.54	5.06	2.72
	Balance Sheet	**2008**	**2009**	**2010**
	Share Capital	1,759	1,759	1,759
	Reserves & Surplus	1,004	1,894	2,374
	Net Asset Value	2,763	3,654	4,133

Note: *Hon'ble High Court of Delhi has on 11th January 2011 sanctioned the Scheme of Amalgamation of Schneider Electric Conzerv India Pvt Ltd and LK India Pvt Ltd with Schneider Electric India Pvt Ltd. The merger will become effective on the day the Order of the High Court in the format prescribed under Company Court Rules 1959 is filed with the Registrar of Companies, NCT of Delhi and Haryana. The Appointed date for the merger shall be 1st April 2010*

(vi) Schneider Electric Fusegears India Private Limited

Date of incorporation	June 16, 2010
Nature of business	Schneider Electric Fusegears India Private Limited is engaged in the business of Electrical Items, Fusegears and Switchgears.
Financials based on audited accounts	The equity capital as on June 16, 2010 is Rs. 5,000,000. As the company was recently incorporated there are no audited annual financials.

(vii) Cimac Automation India Private Limited

Date of incorporation	September 5, 2007
Nature of business	To carry out business of research, design and development of Industrial Automation Systems, Engineering, assembly and testing of the Industrial Software and Hardware, Marketing of the same either developed by self or other reputed organizations including hardware and other related peripherals, communication products, consultancy and automation products.

	Lacs of Rupees	**Year Ending March 31,**		
Financials based on audited accounts	**Income Statement**	**2008**	**2009**	**2010**
	Total Income	-	73	439
	Profit After Tax	-	(11)	(94)
	EPS	-	(108)	(944)
	Balance Sheet	**2008**	**2009**	**2010**
	Share Capital	1	1	1
	Reserves & Surplus	-	(11)	(105)
	Net Asset Value	1	(10)	(104)

(viii) Cimac Software Services Private Limited

Date of incorporation	September 5, 2007			
Nature of business	Sotware design, development and ITES			
Financials based on audited accounts	*Lacs of Rupees*	**Year Ending March 31,**		
	Income Statement	**2008**	**2009**	**2010**
	Total Income	80	415	374
	Profit After Tax	(14)	51	47
	EPS	(1,337)	4,415	4,049
	Balance Sheet	**2008**	**2009**	**2010**
	Share Capital	1	1	1
	Reserves & Surplus	(13)	37	84
	Net Asset Value	(12)	39	85

3. REASONS FOR THE OFFER, FUTURE PLANS AND DISCLOSURE IN TERMS OF REGULATION 16 (ix) and 21 (2) OF THE SEBI (SAST) REGULATIONS

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

3.1 As of the date of the Letter of Offer, the Acquirer does not have any plans to dispose of or otherwise encumber any assets of the Target Company in the next two years except in ordinary course of business of the Target Company and except to the extent required for the purpose of restructuring and/or rationalization of operations, assets, investments, liabilities or otherwise of the Target Company for commercial reasons and operational efficiencies. Notwithstanding anything contained in the preceding sentence, the Board of Directors of the Target Company will take appropriate decisions in these matters based upon, among other things the requirements of the business and in line with the opportunities from time to time.

3.2 Other than in the ordinary course of business, the Acquirer undertakes that it will not sell, dispose off or otherwise encumber any substantial asset of the Target Company except with the prior approval of the Shareholders of the Target Company.

Future Plans

3.3 On the consummation of the Proposed Transactions under the SPAs and the Offer (assuming full acceptance in the Offer), the Acquirer may hold, in aggregate, up to 45,36,000 (Forty-Five Lacs Thirty Six Thousand) Shares representing 75% (Seventy-Five percent) of the Voting Share Capital and will be in control of the Target Company. The Offer is being made in accordance with Regulations 10 and 12 as a result of proposed substantial acquisition of Shares accompanied with change in control in the Target Company.

3.4 The Acquirer along with the PAC believe that the Proposed Transactions will create significant long term value for their business operations in the Indian sub continent by expanding into designing, manufacturing and supplying in the Asia and Asia Pacific region standard and customized enclosure systems for information technology and telecom infrastructure, systems management and operations. The substantial acquisition of Shares and control over the Target Company will provide the Acquirer and the PAC with an opportunity: (i) to consolidate their position to capture opportunities in the fast growing Indian IT infrastructure as well as in international markets, particularly in Asia Pacific and Middle East. (ii) to tap the talent pool and increase their solutions execution capabilities from server rooms to extra large data centres; (iii) to avail Target Company's expertise to customize racks and enclosures for their global data centre customer base. With this acquisition, Schneider Electric Group would become a key player in integrated data center infrastructure solutions and further accelerates its development in this field;

3.5 The Acquirer may, from time to time, upon closure of the Offer and upon consummation of the Proposed Transactions, evaluate the option to delist the Target Company. Any decision to delist would be dependent upon a number of factors, including but not limited to, the public shareholding in the Target Company, annualized trading turnover of the Target Company, financial position of the Acquirer and the Target Company, prevailing price of the Shares and the prevailing regulatory framework for delisting of a listed company. However, it should be noted that as of the date of this Letter of Offer, no decision has been taken in this regard by the Acquirer.

3.6 Subject to provisions of the applicable law, the Acquirer intends to reconstitute the board of directors of the Target Company upon the consummation of the Proposed Transactions and appoint a majority of its nominees on the board of directors of the Target Company.

3.7 Further, as agreed by and between the Promoter Sellers and the Acquirer, and in accordance with the provisions of SEBI (SAST) Regulations, Mr. Philippe Charles Andre Arsonneau and Mr. Shrinivas Chebbi, nominees of the Acquirer, have been appointed as additional directors to the board of the Target Company, with effect from February 5, 2011.

Disclosure in terms of Regulation 21 (2) of the SEBI (SAST) Regulations

3.8 In terms of the listing agreements with PSE, BgSE ("**Listing Agreement**"), the Target Company is required to maintain at least 25% (Twenty-Five percent) public shareholding on a continuous basis. The acquisition of Shares pursuant to the Offer will not result in the public shareholding of the Target Company falling below such minimum level.

4. BACKGROUND OF THE TARGET COMPANY

(Based on the information provided by the Target Company)

4.1 APW President Systems Limited, the Target Company, is a public company limited by shares, originally incorporated as Stellar Modular Systems Private Limited on October 22, 1984 under the Companies Act, 1956, with its registered office located at R-2, Ground Floor, Technopolis Knowledge Park, Mahakali Caves Road, Andheri (E), Mumbai 400093, Maharashtra India. Tel.: +91 22-6644 8888, Fax: +91 22-6644 8899. Prior to the current location the registered office of the Target Company was located at 303, New India Industrial Estate, Off Mahakali Cave Road, Andheri (E), Mumbai 400093, Maharashtra India.

4.2 The Target Company was incorporated as a private limited company under the name 'Stellar Modular Systems Private Limited' and was converted into a public limited company on April 02, 1996 and its name was changed to 'Stellar Modular Systems Limited'. The name of the company was changed to Vero President Systems Limited w.e.f. May 10, 1996. The name of the company was changed again to APW President Systems Limited w.e.f. October 12, 2000.

4.3 The Target Company is engaged in the businesses manufacturing of modular enclosures and offers a comprehensive range of products covering the electronics and data communication industry. The products of the Target Company include standard server racks, which include Cyberack, SmartRack, Table Rack and Accessories; networking racks, which includes Closed Racks and Open Racks; industrial cabinets, which includes Series 36; analog keyboard, video, mouse (KVM) switching, which includes SwitchView 1000 4-port KVM Switch; digital KVM switches; electromagnetically compatible (EMC) cabinets; Street Side Enclosures; Industrial Cabinets; Server Lifter; Enclosure Security Access, and Rackmount liquid crystal display (LCD) Keyboard Drawers, which includes Rackmount Screen Technology and LCD Console Tray.

4.4 The Target Company has 5 (five) manufacturing units in India. The details of the locations of the manufacturing units are set out below:

Sr. No.	Site	Address	Contact

1.	Pune	S-73, S-74 M.I.D.C., Bhosari, Pune - 411 026	Tel.: +91 20-3048 3500/ 501
2.	Pune	Electronic Sadan No.2, Gala No.1,MIDC Bhosari, Pune - 411 026	
3.	Bangalore	5C/1, 5, 5A KIADB Indl Area, Attibele, Bangalore - 562 107	Tel.: +91 80-2782 0222
4.	Bangalore	6A, Attibele Industrial Area, Ichanagere Village, Attibele Hobli, Anekal Taluk, Bangalore Attibele, Bangalore - 562 107	
5.	Puducherry	17/3C, Gothi Complex, Vazhudhavur Road, Kurumbapet, Puducherry - 605 009.	Tel.: +91 93838 38392

4.5 As on the date of the Letter of Offer, the authorised share capital of the Target Company is Rs. 12,00,00,000/- (Rupees Twelve Crores) divided into 1,20,00,000(One Crore Twenty Lacs) fully paid up equity shares of (Rs. 10/- each (Rupees Ten) ("**Share**") and the issued, subscribed and paid-up share capital of the Target Company is Rs. 6,04,80,000/-(Rupees Six Crores Four Lacs and Eighty Thousand)) divided into 60,48,000(Sixty Lacs Forty-Eight Thousand) Shares ("**Voting Share Capital**")**.**

Paid-up Shares	No. of Shares / Voting Rights	% of Shares / Voting Rights
Fully paid-up equity shares	6,048,000	100%
Partly paid-up equity shares	Nil	Nil
Total paid-up equity shares	**6,048,000**	**100%**
Total voting rights	**6,048,000**	**100%**

4.6 The build-up of the subscribed and paid-up share capital of the Target Company is as follows:

Date of Allotment	Number of Shares	% of Shares Issued	Cumulative Paid-up Share Capital (Rs.)	Mode of Allotment	Identity of Allottees (promoters / Ex-promoters / Others)	Status of Compliance with the provisions of SEBI (SAST) Regulations and other applicable statutory requirements
22-Oct-84	10	100.0%	1,000	Subscription to Memorandum	Initial subscription by Mr.Ashok Kunte and Mr.E.A.Elias, Indian Promoters	Complied with
19-May-86	990	99.0%	100,000	Further Issue for Cash at Par	100% subscribed by the Indian Promoters	Complied with
22-Jun-87	4,000	80.0%	500,000	-do-	100% subscribed by the Indian Promoters	Complied with
19-Dec-88	5,000	50.0%	1,000,000	-do-	100% subscribed by the Indian Promoters	Complied with
1-Oct-90	10	0.1%	1,001,000	-do-	100% subscribed by others	Complied with
30-Oct-93	3,340	25.0%	1,335,000	Further issue for cash at a premium	100% subscribed by M. Rutty & Co. Pty. Ltd., foreign promoter	Complied with
9-Dec-94	66,750	83.3%	8,010,000	Bonus (5:1)		Complied with
19-Jan-95	801,000	100.0%	8,010,000	Subdivision of Rs. 100 shares into 10 shares of Rs. 10/- each		Complied with
22-Apr-95	611,500	43.3%	14,125,000	Further Issue for Cash at Par	69.98% subscribed by Indian Promoters & 8.44% subscribed by M. Rutty & Co Pty Ltd, foreign promoter	Complied with
7-Aug-95	27,500	1.9%	14,400,000	-do-	56.36% subscribed by Indian Promoter	Complied with
20-Dec-95	576,000	28.6%	20,160,000	Bonus (2:5)		Complied with

Date of Allotment	Number of Shares	% of Shares Issued	Cumulative Paid-up Share Capital (Rs.)	Mode of Allotment	Identity of Allottees (promoters / Ex-promoters / Others)	Status of Compliance with the provisions of SEBI (SAST) Regulations and other applicable statutory requirements
29-Feb-96	764,000	27.5%	27,800,000	Further issue for cash at a premium	APW Electronics Group Limited, UK (foreign promoter)	Complied with
1-Nov-96	1,000,000	26.5%	37,800,000	-do-	APW Electronics Group Limited, UK (foreign promoter)	Complied with
1-Nov-96	1,260,000	25.0%	50,400,000	-do-	100% subscribed by Public.	Complied with
18-Nov-05	1,008,000	16.7%	60,480,000	-do-	10.97% subscribed by foreign promoter & 5.89% subscribed by Indian Promoter	Complied with

4.7 The Target Company has no convertible instruments or stock options or any other instruments which may result in issuance of Shares by the Target Company prior to the expiration of 15 (fifteen) days after the Closure of the Offer. Further, there are no partly paid shares of the Target Company.

4.8 None of the Shares of the Target Company are subject to any lock-in.

4.9 Target Company and its promoters have complied with the applicable provisions of chapter II of the SEBI (SAST) Regulations except for the violation of regulation 6(3) for the year 1997 and regulation 8(1) and 8(2) for the years 1998 to the year 2010 by the APW Electronics Group Limited and for violations of regulation 6(4) and 8(3) for the years 2004, 2005, 2007 to the year 2010 by the Target Company. SEBI may initiate suitable action at a later stage.

4.10 The Target Company has been in compliance with the listing requirements of the PSE and the BgSE, and no penal actions (including suspension) have been initiated by any of the aforementioned stock exchanges against the Target Company.

4.11 The details of the Board of Directors of the Target Company are set forth below:

S. No.	Name and Designation	DIN	Date of Appointment	Qualifications	Experience	Residential Address
1.	Elijah Aaron Elias MD, Executive Director, Promoter, Vice Chairman	00088332	October 22, 1984	B.E (Electrical)	Mr.Elias has worked with Tata Electric, Philips, IBM & Tata Unisys over the past 42 years. He looks after Production, R&D activities, Product Development and factory administration	6 Jaymahal, A Road, Churchgate, Mumbai - 400 020
2.	Sudhir Sriram Seth Non Executive, Promoter Director	00078898	November 18,1985	B.E (Mech.), Diploma in Business Management	Mr.Seth has to his credit over 42 years of experience in reputed organisations like SKF Bearings and NRB Bearings. His last assignment was as Executive Director with Shriram Needle Bearing Ltd , a DCM Shriram Group Company.	Sumangal, Bungalow 2, Dariyalal CHS, Silver Sands, Juhu Tara Road, Mumbai – 400 049
3.	Ashok Damodar	00081181	November 26, 1994	Diplo	Mr.Kunte has worked for Atomic	801, Bldg No. 4,

S. No.	Name and Designation	DIN	Date of Appointment	Qualifications	Experience	Residential Address
	Kunte Non Executive, Promoter Director			ma in Radio Engineering	Energy Establishment, Trombay, Philips India and Asha Paro Electronics. Mr. Kunte at present is a partner in Makrand Electronics.	Wimbledon Park, Near Cadbury Factory, Pokhran Road # 2, Thane - 400 604
4.	Shailesh Ansukhlal Hemani Non-Executive, Independent Director	00082167	February 12, 2003	B.Com , FCA	He has post qualification experience of 28 years in Statutory Audit, Tax Audit and Internal Audit in manufacturing industries ranging from constructions, pharmaceuticals and chemicals, engineering , fertilizer , pesticide etc., and trading and service sectors.	A/403, Vastu Ridhi, Behind Manish Park, Pump House, Andheri (E), Mumbai-400 093
5.	Madhav Sadashiv Joshi Non-Executive, Independent Director	00081105	December 31, 2005	B.E.(Elec.), B.E.(Mech.) MSIE	He has wide experience in different areas of management consultancy. He has held key management position in leading industry groups like IBM (USA), Allis Chalmers Corp., USA Forbes Campbell & Company , Dawn Mills and Summet Machines Pvt Ltd., covering wide range of products , services and end users.	18, Shantiniketan, Kashinath Dhuru Road, Dadar(W),Mumbai 400028
6.	Rajeshwar Devraj Bajaaj Non-Executive, Independent Director, Chairman	00419623	October 27, 2006	B.Sc.LLB	He has a valuable experience of 34 years in Elevator Industry with his last assignment with Otis Elevator as Vice President South and South East Asia Operations based in Singapore and earlier as Chairman of Otis India.	2 Ajanta Apartment, 11th Floor, 75 Colaba Road, Mumbai-400 005
7.	Shefali Rajendra Shah Non-Executive, Independent Director	00081245	December 17, 1999	B.Com ,LLB	She is a lawyer by profession and is associated with Crawford Bayley & Co., a firm of Advocates and Solicitors. She has a wide experience is legal fields.	Panorama, 203, Walkeshwar Road, Mumbai 400 006
8.	Marc Rutty Non Executive, Promoter Director	01098024	September 21, 1993	BBA	He is the substancial owner of his family company , M Rutty & Co. Pty Ltd., (110 years old company) carrying on business as Distributors of electronics components for leading International Brands in Australia and New Zealand.	155 Eastern Road, Wahroonga, New South Wales, Australia 2076
9.	Arsonneau Philippe Non-	03418847	February 5, 2011	Electrical	20 years of experience in various fields. After MBA joined Schneider	Kont Vezer U-1, 1029 Budapest,

S. No.	Name and Designation	DIN	Date of Appointment	Qualifications	Experience	Residential Address
	Executive Nominee Director			Engineer, MBA	Electric France as Export Contract Manager, then moved to Export Project Manager and thereafter promoted as T&D Sales Director. He joined Siemens and worked there from 1999 to 2006 in various capacity before rejoining Schneider Electric in 2006. At present he is President, Asia Pacific Japan of APC by Schneider Electric	Hungary
10.	Shrinivas Chebbi Non-Executive Nominee Director	03410448	February 5, 2011	Bachelor of Engineering	23 years of experience in various capacities. At present he is Country Manager – Sales & Marketing Business responsible for the Leadership of Development & Implementation of Different Partnership & Business Models, Channel Partners	No. D 509, Olive Block, Raheja Residency, 3rd Block, Koramangala, Bengaluru – 560034

4.12 Based on the audited financial statements for the year ended March 31 2008, 2009 & 2010 and unaudited limited reviewed financial statements for the 6 months ended September 30, 2010 and 9 months ended December 31, 2010, prepared in accordance with the Companies Act, 1956, and the Indian GAAP, the financial information of the Target Company is as follows:

Income Statement	12 month period ending March 31,			6 months ending September 30, 2010*	9 months ending December 31, 2010*
	2008	2009	2010		
	(Rs. lacs)	*(Rs. lacs)*	*(Rs. lacs)*	*(Rs. lacs)*	*(Rs. lacs)*
Income from operations	13,054	13,743	13,800	4,592	6,937
Other Income	102	192	190	19	27
Total Income	13,156	13,935	13,990	4,611	6,964
Total Expenditure	11,280	12,081	12,602	4,355	6,735
Profit Before Depreciation, Interest and Tax	1,876	1,854	1,387	256	229
Depreciation	274	374	364	194	296
Interest	123	127	190	70	118
Profit Before Tax	1,478	1,353	833	(8)	(185)
Provision for Tax	565	432	293	(23)	(3)
Profit After Tax	913	921	540	15	(182)

**The figures of the Income from operations and Other Income have been regrouped hence, are not strictly comparable to figures of previous financial years.*

Source: Statutory audited accounts –2008, 2009 and 2010 and unaudited limited reviewed financial results for the half year ended September 30, 2010 and 9 months ended December 31, 2010

Balance Sheet	As at March 31, 2008	2009	2010	As at September 30, 2010
	(Rs. lacs)	*(Rs. lacs)*	*(Rs. lacs)*	*(Rs. lacs)*
Sources of Funds				
Paid up Share Capital	605	605	605	605
Reserves & Surplus (excluding revaluation reserves)	3,372	4,081	4,480	4,494
Secured Loans	870	790	1,510	1,711
Unsecured Loans	222	133	44	-
Deferred Tax Liability	363	357	398	388
Total	5,432	5,966	7,037	7,199
Uses of Funds				
Net Fixed Assets	3,407	4,134	4,618	4,690
Investments	18	18	5	0
Net current Assets	2,007	1,815	2,402	2,508
Total Miscellaneous expenditure not written Off	-	-	11	-
Total	5,432	5,966	7,037	7,199

Other financial data	As at March 31, 2008	2009	2010
Dividend (%)	30.00	30.00	20.00
Earnings per Share (Rs.)	15.10	15.23	8.92
Return on networth (%)	22.96	19.66	10.63
Book value per Share (Rs.)	65.76	77.48	83.88

Source: Statutory audited accounts –2008, 2009 and 2010 and unaudited limited reviewed financial results for the half year ended September 30, 2010

4.13 **Contingent liabilities**

Contingent Liabilities (not provided for in the balance sheet)	As at March 31, 2008	2009	2010	As at September 30, 2010
	(Rs. lacs)	(Rs. lacs)	(Rs. lacs)	(Rs. lacs)
Outstanding Bank Guarantees (performance)	428.03	343.60	97.20	24.33
Outstanding Corporate Guarantees (performance)	-	-	-	5.36
Income Tax Matters	40.40	-	-	-
Non Collection of 'C' and 'I' forms	59.47	105.58	628.01	454.51
Excise Matters	-	-	6.51	5.11
Service Tax	-	-	-	1.43
ARE 1 & ARE 3 forms	-	-	-	14.96
Others	0.42	-	-	-

(1) Please note that Audit Query was received in May 6, 2010, from Sr Audit Officer / CERAP-IV, Excise Authority amounting to Rs. 1,771 lacs, which was replied (on May 20, 2010) satisfactorily by the Target Company and hence as far as Target Company is concerned it is not a contingent liability

Source: Statutory audited accounts –2008, 2009 and 2010 and unaudited limited reviewed financial results for the half year ended September 30, 2010

4.14 **Explanation of the variation in total income and net profit in the recent years**

For 9 (Nine) months ending December 31, 2010

- Due to lag effect of recession, and problems faced by the Telecom Industry which is the major customer segment, Company's sales were affected adversely. Sales for period of 9 months ended on December 31, 2010 were Rs. 6,937 lakhs as compared to Rs. 11,165 lakhs in the corresponding period of previous year.
- Above has resulted in the lower capacity utilisation, resulting in higher incidence of overheads and subsequently there was loss of Rs. 1.85 crores during period of 9 months ended December 31, 2010 as compared to profit of Rs. 7.89 crores in corresponding 9 months of previous year.

FY 2010 vs. FY 2009

- In spite of recessionary trend Company could achieve minor growth in sales
- There is increase in interest cost Rs. 190 lacs as against Rs. 127 lacs in previous year due to availing of additional loan for expansion in Bangalore Plant
- Employee costs increased to Rs. 1657 lacs as against Rs. 1470 lacs. Mainly due to increase in staff for meeting requirement of New Business Development.
- Due to above reasons Profits After Tax of the Company dropped to Rs. 539 lacs as against Rs. 921 lacs

FY 2009 vs. FY 2008

- In spite of recessionary trend Company could achieve minor growth in sales
- Depreciation for the year was Rs. 374 lacs as against Rs. 274 lacs in previous year due to additions to fixed assets during the year, as well as charging accelerated depreciation on some of Assets having working life shorter than originally estimated life.
- Due to above reasons there was only a marginal increase in Profits After Tax

FY 2008 vs. FY 2007

- Sales improved by 35% over FY 2006-07 due to improved market conditions
- Increase in Interest cost due to additional loan facility availed during year.
- There is increase in depreciation charged due to additions to Assets
- Above resulted in increase in PAT by 26%

4.15 **Significant Accounting Policies** (*Source: Statutory Audited Accounts – March 31, 2010)*

A. Basis of Accounting

The financial statements are prepared to comply in all material aspects with the applicable accounting principles in India, the applicable Accounting Standards notified under Section 211(3C) of the Companies Act, 1956, and the relevant provisions of the Companies Act, 1956. (the Act)

B. Fixed Assets

Fixed Assets are stated at cost of acquisition (including incidental expenses relating to acquisition and installation of the asset and borrowing costs specifically relatable to the acquisition of the asset) less accumulated depreciation.

C. Depreciation

Depreciation has been provided on straight line method at the rates prescribed under Schedule XIV to the Act except for demo stock capitalised which is depreciated @ 50% p.a. Assets individually costing Rs. 5,000 or less are depreciated fully in the year of acquisition.

D. Investments

Long term investments are stated at cost less provision, if any, for permanent diminution in value. Current investments are carried at the lower of cost and fair value (Refer Note No.5).

E. Inventories

(a) Inventories are valued at lower of cost and net realisable value.

(b) Cost of raw materials and cost of traded goods is determined on first-in-first-out basis.

(c) Cost of Work-in-process and finished goods comprises of all cost of purchase, cost of conversion and other related overheads.

F. Foreign Currency Transactions

(a) Foreign currency transactions are translated at the exchange rates prevailing on the date of the transactions.

(b) Realised gains and losses on settled foreign exchange transactions are recognised in the Profit and Loss Account.

(c) Monetary assets and liabilities denominated in foreign currency as at the Balance Sheet date are translated at the exchange rates prevailing at the date of the Balance Sheet and the resultant exchange difference is recognised in the Profit and Loss Account.

(d) In respect of forward contracts, other than forward contracts in respect of firm commitments and highly probable forecast transactions, the premium or discount arising at the inception of forward exchange contract, is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the Profit and Loss Account in the reporting period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognised as income or as expense for the year.

G. Revenue Recognition

(a) Sales are recognised based on the terms and conditions (mainly ex-works) agreed with the customer and upon transfer of ownership, risk and rewards. Sales include insurance, freight, packing and octroi and are exclusive of excise duty and sales tax.

(b) In respect of commission and other heads of income, the Company follows the practice of recognising income on an accrual and prudent basis.

H. Employee Benefits

(a) Defined Contribution Plans

The Company contributes on a defined contribution basis to Employee's Provident Fund, Employee's State Insurance Fund and Employee's Pension Scheme towards post employment benefits, all of which are administered by the respective Government authorities, and has no further obligation beyond making its contribution, which is expensed in the year to which it pertains.

(b) Defined Benefit Plans

The Company has a Defined Benefit Plan namely Gratuity for all its employees. The liability for the defined benefit plan of Gratuity is determined on the basis of an actuarial valuation by an independent actuary at the year end, which is calculated using projected unit credit method.

Gratuity Fund is recognised by the income tax authorities and is administered through trustees. The Company has taken a group gratuity policy with Life Insurance Corporation of India ('LIC').

Actuarial gains and losses which comprise experience adjustment and the effect of changes in actuarial assumptions are recognised in the Profit and Loss Account.

(c) Employee Leave Entitlement

The employees of the Company are entitled to leave as per the leave policy of the Company. The liability in respect of unutilised leave balances is provided based on an actuarial valuation carried out by an independent actuary as at the year end and charged to the Profit and Loss Account. Leave balances to be utilised in short term is provided for on the basis of cost to company and charged to the profit and loss account.

I. Deferred Taxation

(a) Deferred tax resulting from timing differences between book and tax profits is accounted for under the Liability method at the current rate of tax to the extent that the timing differences are expected to crystallise/capable of reversal.

(b) In case there are carried forward losses and unabsorbed depreciation as per the Income Tax Act, 1961, of India, deferred tax assets are recognised only when there is a virtual certainty supported by convincing evidence that such assets will be realised.

J. Impairment of Assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or recoverable amount of the cash generating unit to which the asset belongs 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 recognised in the Profit and Loss Account. If at the Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

K. Provisions and Contingent Liabilities

The Company recognises a provision 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. A disclosure for a 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. Where there is a possible obligation or a present obligation but the likelihood of outflow of resources is remote, no provision or disclosure as specified in Accounting Standard 29 – “ Provisions, Contingent Liabilities and Contingent Assets”, issued by the Institute of Chartered Accountants of India is made.

L. Use of Estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of financial statements and the reported amounts of revenue and expenses during the reporting period. Difference between the actual results and the estimates are recognized in the period in which the results are known/materialised.

4.16 The shareholding pattern of the Target Company before and after the Offer is as follows:

4.16.1 The shareholding pattern of the Target Company before and after the completion of the Offer and after assuming a full response to the Offer will be as follows:

	Shareholding/Voting rights prior to Offer (as on the date of the Public Announcement)		Shares/Voting rights Proposed to be acquired in under the SPAs		Shares/Voting rights to be acquired in the Offer (assuming full acceptances)		Shareholder/Voting rights after the Offer (assuming full acceptances)	
	(A)		(B)		(C)		(A+B+C) = (D)	
Shareholder Category	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**
1. Promoters other than Acquirer / Person Acting in Concert								
Indian Promoters	1,885,141	31.17%	-	-	-	-	431,063	7.13%
Foreign Promoters	2,427,360	40.13%	-	-	-	-	555,044	9.18%
Sub-total (1)	**4,312,501**	**71.30%**	**-**	**-**	**-**	**-**	**986,107**	**16.30%**
2. Acquirer / Persons Acting in Concerts								
Acquirer	0	0	3,326,394	55.00%	1,209,600	20.00%	4,535,994	75.00%
PAC	0	0	0	0	0	0	0	0
Sub-total (2)	**0**	**0.00%**	**3,326,394**	**55.00%**	**1,209,600**	**20.00%**	**4,535,994**	**75.00%**
3. Public (other than Acquirer and Persons Acting in Concert)								
3 (a). Institutions			-	-	-	-		
Mutual Funds/ UTI								
Financial Institutions/ Banks	-	-	-	-	-	-		
Central Government/ State Government(s)								
Venture Capital Funds	-	-	-	-	-	-		
Insurance Companies								
Foreign Institutional Investors	-	-	-	-	-	-		
Foreign Venture Capital Investors								
Sub-total 3(a)	-	-	-	-	-	-		
3 (b). Non-institutions								
Bodies Corporate	153,708	2.54%	-	-	-	-		
Individuals								
Individual shareholders holding nominal share capital up to Rs. 1 lac		13.18%	-	-	-	-		
Individual shareholders holding nominal share capital in excess of Rs. 1 lac	759,281	12.55%	-	-	-	-		
Trust	0	0.00%	-	-	-	-		
Foreign Nationals	0	0.00%	-	-	-	-		
NRIs/OCBs	19,859	0.33%	-	-	-	-		
Clearing Member	5,356	0.09%	-	-	-	-		
Sub-total 3(b)	**1,735,499**	**28.70%**	-	-	-	-	Based on responses to the offer	
Total (3)	**1,735,499**	**28.70%**	**-**	**-**	**-**	**-**	**525,899**	**8.70%**
TOTAL (1 to 3)	**6,048,000**	**100%**	**3,326,394**	**55%**	**1,209,600**	**20%**	**6,048,000**	**100%**

4.16.2 The shareholding pattern of the Target Company before and after the completion of the Offer after assuming that no Shares are tendered in response to the Offer will be as follows:

	Shareholding/Voting rights prior to Offer (as on the date of the Public Announcement)		Shares/Voting rights Proposed to be acquired in under the SPAs		Shares/Voting rights to be acquired in the Offer (assuming no acceptance in open offer)		Shareholder/Voting rights after the Offer (assuming no acceptance in open offer)	
	(A)		(B)		(C)		(A+B+C) = (D)	
Shareholder Category	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**
1. Promoters other than Acquirer / Person Acting in Concert								
Indian Promoters	1,885,141	31.17%	1,885,141	31.17%	Nil	Nil	Nil	Nil
Foreign Promoters	2,427,360	40.13%	2,427,360	40.13%	Nil	Nil	Nil	Nil
Sub-total (1)	**4,312,501**	**71.30%**	**4,312,501**	**71.30%**	**Nil**	**Nil**	**Nil**	**Nil**
2. Acquirer / Persons Acting in Concerts								
Acquirer	0	0	4,312,501	71.30%	Nil	Nil	4,312,501	71.30%
PAC	0	0	0	0	Nil	Nil	Nil	Nil
Sub-total (2)	**0**	**0.0%**	**4,312,501**	**71.30%**	**Nil**	**Nil**	**4,312,501**	**71.30%**
3. Public (other than Acquirer and Persons Acting in Concert)								
3 (a). Institutions			-	-	-	-	-	-
Mutual Funds/ UTI								
Financial Institutions/ Banks	-	-	-	-	-	-	-	-
Central Government/ State Government(s)								
Venture Capital Funds	-	-	-	-	-	-	-	-
Insurance Companies								
Foreign Institutional Investors	-	-	-	-	-	-	-	-
Foreign Venture Capital Investors								
Sub-total 3(a)	-	-	-	-	-	-	-	-
3 (b). Non-institutions								
Bodies Corporate	153,708	2.54%	-	-	-	-	153,708	2.54%
Individuals								
Individual shareholders holding nominal share capital up to Rs. 1 lac		13.18%	-	-	-	-		13.18%
Individual shareholders holding nominal share capital in excess of Rs. 1 lac	759,281	12.55%	-	-	-	-	759,281	12.55%
Trust	0	0.00%	-	-	-	-	0	0.00%
Foreign Nationals	0	0.00%	-	-	-	-	0	0.00%
NRIs/OCBs	19,859	0.33%	-	-	-	-	19,859	0.33%
Clearing Member	5,356	0.09%	-	-	-	-	5,356	0.09%
Sub-total 3(b)	**1,735,499**	**28.70%**	-	-	-	-	**1,735,499**	**28.70%**
Total (3)	**1,735,499**	**28.70%**	-	-	-	-	**1,735,499**	**28.70%**
TOTAL (1 to 3)	**6,048,000**	**100%**	**4,312,501**	**71.30%**	**Nil**	**Nil**	**6,048,000**	**100%**

4.16.3 Total number of shareholders (including Promoters) as on December 31, 2010 were 2,119 (Source: BSE website)

4.17 The details of the change in shareholding of the promoters of the Target Company are set forth below:

Date	Total Promoter Shareholding	Net Shares Purchased (Sold) during the year / date	Total Shares Outstanding	Total Promoter Shareholding (%)	Comments	Status of compliance with Chapter II of SEBI (SAST) Regulations
1-Apr-97	3,521,000		5,040,000	69.86%		
1-Apr-98	3,521,000	-	5,040,000	69.86%		
1-Apr-99	3,521,000	-	5,040,000	69.86%		
1-Apr-00	3,521,000	-	5,040,000	69.86%		
1-Apr-01	3,521,000	-	5,040,000	69.86%		
1-Apr-02	3,521,000	-	5,040,000	69.86%		
1-Apr-03	3,521,000	-	5,040,000	69.86%		
1-Apr-04	3,641,200	120,200	5,040,000	72.25%		
1-Apr-05	3,707,200	66,000	5,040,000	73.56%		
1-Apr-06	4,252,721	545,521	6,048,000	70.32%	Includes 643,438 shares acquired under the Rights Issue in 2005	
1-Apr-07	4,247,671	(5,050)	6,048,000	70.23%		
July 2007	4,293,671	46,000	6,048,000	70.99%	Includes induction of Ashwini M. Kunte in to Promoter Group. Shares 46,000 shares acquired by way of Gift	
21.11.2008	4,294,421	750	6,048,000	71.01%		Please refer to the note below*
11.12.2008	4,295,421	1,000	6,048,000	71.02%		
11.12.2008	4,297,701	2,280	6,048,000	71.06%		
15.12.2008	4,298,701	1,000	6,048,000	71.08%		
16.12.2008	4,299,701	1,000	6,048,000	71.09%		
29.12.2008	4,300,701	1,000	6,048,000	71.11%		
29.12.2008	4,302,701	2,000	6,048,000	71.14%		
30.12.2008	4,303,701	1,000	6,048,000	71.16%		
30.12.2008	4,304,701	1,000	6,048,000	71.18%		
09.02.2009	4,305,701	1,000	6,048,000	71.19%		
13.02.2009	4,306,701	1,000	6,048,000	71.21%		
13.02.2009	4,308,801	2,100	6,048,000	71.24%		
17.02.2009	4,312,001	3,200	6,048,000	71.30%		
15.06.2009	4,312,101	100	6,048,000	71.30%		
16.06.2009	4,312,201	100	6,048,000	71.30%		
17.06.2009	4,312,301	100	6,048,000	71.30%		
23.06.2009	4,312,401	100	6,048,000	71.30%		
25.06.2009	4,312,501	100	6,048,000	71.30%		
PADate	4,312,501	-	6,048,000	71.30%		

*There may be certain instances (between 1997 and 2010) where certain promoters may not have complied with certain requirements of Chapter III of SEBI (SAST) Regulations. In respect of these, SEBI may initiate appropriate action against the seller promoters for not complying with the required provisions of Chapter III of the Takeover Regulation during the period FY2007-08 and FY2008-09.

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

4.19 The details regarding the corporate governance norms for the Target Company are as follows:

Particulars	Listing Agreement Clause
Board of Directors	49 I
Audit Committee	49 II
Shareholders / Investors Grievance Committee	49 VI (C)
Remuneration of Directors	49 III
Board Procedures	49 IV
Management	49 V
Shareholders	49 VII
Report on Corporate Governance	49 VII

4.20 Brief details of pending material litigations / proceedings involving the Target Company as of the date of Letter of Offer are set forth below:

Labour / Employee Cases

4.20.1 Mr. Shabas an employee working in the fabrication department of the Target Company was found to be irregular in his duty by the management. An independent enquiry officer was appointed to enquire in the matter. On the basis of the finding of the enquiry submitted by the enquiry officer, th Company dismissed Mr. Shabas with effect from September 23, 2007 with full and final settlement of Rs. 26,302/-. Mr. Shabas has challenged his dismissal in the labour court. The labour court has passed an interim order holding the enquiry to be fair and proper. Proceedings in this matter have been concluded and the Company is awaiting the final order in the matter.

4.20.2 According to the Company, Mr. B. K. Shivakumar, working in the capacity of a welder in the Target Company, indulged in misconduct and misbehavior with his superiors for which he was suspended. During the suspension the management conducted an enquiry by appointing an independent enquiry officer. Mr. B. K. Shivakumar never participated in the enquiry. The Target Company also gave public notice of the matter in local newspaper, *'Prajavani'*. Based on the findings of the enquiry officer, the company dismissed him from service vide letter dated 7th June 2006. Mr. B. K. Shivakumar later approached the Company for his reinstatement which was denied by the Target Company. He has challenged the dismissal and refusal to reinstate in the labour court. The next date of hearing is on April 22,2011.

4.20.3 Based on the information provided by the Target Company, Mr. Gajanan Parab, an employee of the Target Company was terminated by the Target Company for reason of willful subordination. Against such termination, Mr. Parab filed a case against the Target Company in the Labour Office. The matter has been transferred to the Labour Court. The next date of hearing is on May 4, 2011.

Civil Cases Filed by the Target Company

4.20.4 The Target Company has filed a summary suit being Summary Suit No. 1552 of 2003 against M/s Hi Tech Engineering Co. for recovery of its outstanding dues of Rs. 3,44,382/- (Rupees Three Lacs Forty Four Three Hundred Eighty Two only) and interest Rs. 1,00,540/- (Rupees One Lacs Five Hundred Forty only). Vide an order dated 24.10.05, a decree was granted in favour of the Target Company for the sum of Rs. 3,44,382/- (Rupees Three Lacs Forty-Four Three Hundred Eighty Two only). The suit is pending for the interest amount of Rs. 1,00,540/- (Rupees One Lacs Five Hundred Forty only). The Target Company has settled this matter with Hi Tech Engineering Co. and under the terms of settlement the Target Company has received an amount of Rs. 3,44,382/- (Rupees Three Lacs Forty-Four Three Hundred Eighty Two only) and the Target Company will withdraw its Suit for the interest payment. The consent terms are yet to be filed in the court.

4.20.5 The Target Company has filed an appeal being Civil Appeal No. 405/2008 in the District Court against the order of the Trial Court dismissing a suit filed by the Target Company against Pimpri Chinchwad Municipal Corporation. Case settled. Judgment announced in Target Company's favour. The Court has allowed the appeal partly and has asked PCMC to pay an amount of Rs 57,200/- (Rupees Fifty-Seven Thousand Two Hundred) to plaintiff APW President Systems Ltd alongwith the proportionate costs and interest @ 6% per annum on an amount of Rs 57,200/- from the date of suit (i.e., June 15, 2006) till realization of the amount.

4.20.6 The Target Company has filed a winding – up petition against BPL Net. Com Pvt. Ltd. in the High Court of Karnataka for failure to pay outstanding dues of Rs. 91,001/- (Rupees Ninety-One Thousand and One).

4.20.7 The Target Company has filed a recovery suit, being O.S. No. 1009/2008 before Civil Judge (Snr Dn) Anekal against Zenith Diecast Private Limited for recovering a sum of Rs. 21,95,000/- (Rupees Twenty-One Lacs Ninety Five Thousand), including interest paid as security deposit. The next date of hearing of the suit is on April 9, 2011. The Target Company has also filed a suit for permanent injunction against Zenith Diecast Private Limited being O.S. No. 411/2008 before the Civil Judge (Jnr Dn) Anekal. The next date of hearing of the suit is on April 12, 2011.

Income Tax Cases

4.20.8 In the assessment proceedings for the assessment year 2003 – 04 certain additions /disallowances were made by the assessing officer. One such disallowance was a claim of the Company of Rs. 13,12,500/- under section 35B of the Income Tax Act, 1961 pertaining to the Technical Know-how Fees. Against such disallowance the Assessing Officer levied penalty of Rs. 4,82,344/- under section 271(1)(c). The Company appealed to the CIT (A) - VIII. The CIT (A) – VIII has passed an order confirming the penalty levied. Against the said order of CIT(A) – VIII, the Company has filed an appeal before the ITAT, Mumbai being ITA No. 182/M/09. Tribunal Order deleting the penalty amount of Rs. 4,82,344/- is received by the company on 10.06.2010.Against the tribunal order the Dy. Commissioner of Income Tax 8(1) has filed an appeal with the Bombay High Court on 23.09.2010 having the lodging no 2094 of 2010.

4.21 The details of the compliance officer of the Target Company are as follows:

Name: K. K. Bhavsar
Address: R-2, Technopolis Knowledge Park, Mahakali Caves Road, Andheri (East), Mumbai 400 093
Tel. No. +91 22 66448888
Fax No. +91 22 66448899
Email: bhavsar@apwpresident.com

5. OFFER PRICE

5.1 The Shares of the Target Company are listed on the Pune Stock Exchange ("PSE") and the Bangalore Stock Exchange ("BgSE") and are permitted to trade on the "BSE– INDONext" segment of the Bombay Stock Exchange ("BSE"). Based on information available (Source: www.bseindia.com), the Shares are frequently traded on the BSE and are infrequently traded on PSE and BgSE, within the meaning of explanation (i) to Regulation 20 (5) of the SEBI (SAST).

5.2 With January 11, 2011 as the reference date, the Shares are frequently traded on the BSE within the meaning of Regulation 20 of the SEBI (SAST) Regulations. The annualized trading turnover during the preceding 6 (six) months in which the Public Announcement was made, in terms of number and percentage of the total listed shares, on the BSE, is as follows:

Name of Stock Exchange	Total no. of Shares traded during July 1, 2010, to December 31, 2010	Total no. of listed Shares as on January 10, 2011	Annualized Trading Turnover (in terms of % to total listed Shares)	Frequently Traded
BSE	448,818	6,048,000	14.84%	Yes

Source: BSE website

As the annualized trading turnover on BSE is more than 5% (Five percent) of the total number of listed Shares, the Shares are frequently traded as per the explanation to Regulation 20(5) of the SEBI (SAST) Regulations.

5.3 The Offer Price of Rs. 195/-(Rupees One Hundred and Ninety-Five) per Share is justified as it is the higher of the two prices arrived at it in accordance with Regulation 20(4) and Regulation 20(5) of the SEBI (SAST) Regulations respectively. Under Regulation 20(4), the price payable is the highest of the following:

A	Highest negotiated price payable by the Acquirer under the SPAs	Rs. 195/-
B1	The highest price paid by the Acquirer and PAC for acquisition of Shares during the 26 (twenty six) weeks period prior to January 11, 2011.	Nil

B2	The average of the weekly high and low of the closing prices of the Shares on BSE during the 26 (twenty six) weeks period prior to January 11, 2011.	Rs. 132.36/-
B3	The average of the daily high and low of the prices of the Shares on BSE during the 2 (two) weeks period prior to January 11, 2011.	Rs. 144.98/-

Therefore, under Regulation 20(4), the highest price that is payable is Rs. 195 (Rupees One Ninety-Five).

5.4 The price and volume data of the Shares on the BSE, where the Shares are most frequently traded, preceding the date of the Public Announcement, (*i.e.,* January 11, 2011) are set forth below:

(i) High / low of weekly closing prices for preceding 26 (twenty six) weeks:

Week No.	Week Ending	High (Rs.)	Low (Rs.)	Average (Rs.)	Volume (BSE)
1	Monday, January 10, 2011	165.35	144.35	154.85	30,650
2	Monday, January 03, 2011	138.95	135.10	137.03	12,678
3	Monday, December 27, 2010	147.00	136.50	141.75	5,182
4	Monday, December 20, 2010	153.65	153.65	153.65	27,103
5	Monday, December 13, 2010	149.00	137.80	143.40	22,052
6	Monday, December 06, 2010	152.35	139.05	145.70	43,809
7	Monday, November 29, 2010	138.55	132.50	135.53	40,582
8	Monday, November 22, 2010	147.05	147.05	147.05	82,653
9	Monday, November 15, 2010	128.00	119.35	123.68	34,358
10	Monday, November 08, 2010	123.50	119.35	121.43	9,618
11	Monday, November 01, 2010	118.05	115.05	116.55	3,611
12	Monday, October 25, 2010	120.70	116.90	118.80	8,956
13	Monday, October 18, 2010	125.00	117.50	121.25	7,038
14	Monday, October 11, 2010	129.15	119.85	124.50	31,087
15	Monday, October 04, 2010	120.10	117.85	118.98	5,479
16	Monday, September 27, 2010	122.40	119.00	120.70	6,642
17	Monday, September 20, 2010	123.80	119.15	121.48	12,058
18	Monday, September 13, 2010	126.25	120.45	123.35	6,181
19	Monday, September 06, 2010	127.10	122.00	124.55	4,767
20	Monday, August 30, 2010	128.00	122.45	125.23	11,295
21	Monday, August 23, 2010	131.00	127.00	129.00	7,792
22	Monday, August 16, 2010	139.45	127.70	133.58	14,441
23	Monday, August 09, 2010	140.65	138.05	139.35	17,335
24	Monday, August 02, 2010	143.05	136.15	139.60	6,519
25	Monday, July 26, 2010	143.50	138.95	141.23	10,082
26	Monday, July 19, 2010	140.05	138.45	139.25	7,310

(ii) High / low of daily closing prices for preceding 2 (two) weeks:

Week No.	Date	High (Rs.)	Low (Rs.)	Average (Rs.)	Volume (BSE)
1	Monday, January 10, 2011	165.35	165.35	165.35	6,773

2	Friday, January 07, 2011	157.50	157.50	157.50	10,254
3	Thursday, January 06, 2011	154.00	148.20	151.10	3,570
4	Wednesday, January 05, 2011	151.45	138.60	145.03	8,380
5	Tuesday, January 04, 2011	145.85	135.65	140.75	1,673
6	Monday, January 03, 2011	141.00	137.00	139.00	2,781
7	Friday, December 31, 2010	142.00	135.60	138.80	2,121
8	Thursday, December 30, 2010	138.50	136.50	137.50	230
9	Wednesday, December 29, 2010	141.00	135.00	138.00	4,158
10	Tuesday, December 28, 2010	138.50	135.00	136.75	3,388

5.5 **Other Parameters**: In terms of Regulation 20(5) of the SEBI (SAST) Regulations, the financial parameters based on the audited financials for the year ended March 31, 2010 of the Target Company are as follows:

Parameter	(Rs./ Share)
Return of Networth(1)	10.59%
Book value per Share(2)	84.07
Earning per Share(3)	8.90
Price earning multiple (based on Offer Price) (4)	21.91
Industry Price earning multiple(5)	21.85

1. *Return on Networth calculated as Profit after tax attributable to equity shareholders / Networth as at the end of the year.*
2. *Book value per share calculated as Networth / Number of outstanding Shares (subscribed and paid-up) as at the end of the year.*
3. *Earning per Share (EPS) calculated as Net Profit attributable to equity holders /weighted average number of basic Shares.*
4. *Calculation based on EPS of financial year ending March 31, 2010*
5. *Source: Capital Markets dated January 10-23, 2011, Vol XXV/23; Average of following Industry Composite P/E: Computers Hardware and Telecommunications Equipment*

5.6 Further, Mr. Rajen C Shah, Chartered Accountant, (Membership no. 47731), of Rajen C Shah & Company, has certified the fair value of the Shares of Target Company as Rs. 95.23 per share as on January 10, 2011 based on the methodology suggested in the judgment of Hindustan Lever Employees' Union Vs. Respondent: Hindustan Lever Limited and others ((1995) 83 CompLJ 30 SC).

5.7 As the price determined in accordance with Regulation 20(4) (i.e. Rs. 195 (Rupees One Hundred Ninety-Five)) is higher than the price determined in accordance with Regulation 20(5) (i.e., Rs. 95.23 (Rupees Ninety Five and Twenty Three Paise)), the Offer Price is Rs. 195 (Rupees One Hundred Ninety-Five). Therefore in the opinion of the Manager to the Offer and the Acquirer, the Offer Price of Rs. 195/- (Rupees One Hundred Ninety-Five) per Share is justified in terms of Regulation 20(4) of the SEBI (SAST) Regulations.

5.8 If the Acquirer or its PAC or any advisor, broker, or other financial institution acting as their agent acquires Shares in the open market or through negotiation or otherwise, after the date of Public Announcement and until the Closure of the Offer at a price higher than the Offer Price, then the highest price paid for such acquisition shall be payable for all acceptances received under the Offer. However, no acquisition will be made by the Acquirer or any advisor, broker, or other financial institution acting as their agent in the open market during the last seven working days prior to the Closure of the Offer.

5.9 The Promoter Sellers except APWUK, under the Indian SPA are bound by non-competition obligation for which they neither have received nor will receive any additional consideration from the Acquirer.

6. FINANCIAL ARRANGEMENTS

6.1. The total funding requirement for the Offer (i.e., acquisition up to 12,09,600 Shares (Twelve Lacs Nine Thousand and Six Hundred) is Rs. 23,58,72,000/- (Rupees Twenty-Three Crores Fifty-Eight Lacs and

Seventy-Two Thousand) (the "**Maximum Consideration**") calculated at Rs. 195/- (Rupees One Ninety-Five) per Share, and after assuming full acceptance of the Offer.

6.2. The Acquirer and PAC have confirmed that they have adequate resources to meet the financial requirements of the Offer in terms of Regulation 16 (xiv) and that they will provide the necessary funds to the extent of the Maximum Consideration to be able to fulfill their obligations under Regulation 28 of the SEBI (SAST) Regulations. The Acquirer along with the PAC have made firm arrangement for the funds required for the Offer through internal accruals and inter corporate borrowings.

6.3. By way of security of performance under the SEBI (SAST) Regulations, the Acquirer, the Manager to the Offer and Citibank, N.A., a national banking association duly constituted in accordance with the laws of the United States of America, and carrying on the business of banking in India as a scheduled commercial bank, having an office at Plot C-61, Bandra-Kurla Complex, G-Block, Bandra (East), Mumbai 400 051 and acting for the purposes of this Agreement through its branch office in India at Bombay Mutual Building, 293, D N Road, Fort, Mumbai have entered into an open offer escrow agreement, dated January 07, 2011 ("**Open Offer Escrow Agreement**") in accordance with Regulation 28 of the SEBI (SAST) Regulations. Pursuant to the Open Offer Escrow Agreement, the Acquirer has made a cash deposit of Rs. 23,58,72,000/- (Rupees Twenty Three Crores Fifty-Eight Lacs and Seventy-Two Thousand only) which is 100% (One Hundred percent) of the Maximum Consideration, in an escrow account with the Escrow Bank ("**Open Offer Escrow Account**"). The Manager to the Offer has been duly authorized to realize the monies lying to the credit of the aforesaid Open Offer Escrow Account in terms of the SEBI (SAST) Regulations under the Open Offer Escrow Agreement.

6.4. Based on the above, the Manager to the Offer is satisfied about the ability of the Acquirer to implement the Offer in accordance with the SEBI (SAST) Regulations as firm financial arrangements are in place to fulfill the obligations under the SEBI (SAST) Regulations.

7. STATUTORY APPROVALS

7.1. The Offer is subject to the receipt of approval from the RBI under the FEMA and the rules and regulations made there under, for acquiring Shares validly tendered under the Offer. The Acquirer made the necessary application to the RBI on January 28, 2011 for its approval. The approval of the RBI is currently awaited.

7.2. The Acquirer shall have the right not to proceed with the Offer and withdraw the same in accordance with the terms of Regulation 27 of the SEBI (SAST) Regulations in the event that the statutory approval indicated above is not received.

7.3. As on the date of this Letter of Offer, to the best of the knowledge of the Acquirer, there are no other statutory approvals required to implement the Offer other than that specified in paragraph 7.1. If any other statutory approvals become applicable prior to completion of the Offer, the Offer will also be subject to such other statutory approval.

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

7.5. Neither the Acquirer nor any of the Persons Acting in Concert requires any approvals from financial institutions or banks from the Offer.

8. TERMS AND CONDITIONS OF THE OFFER

8.1. The Offer is not conditional upon any minimum level of acceptance and the Acquirer will acquire all the Shares that are validly tendered in the Offer subject to terms and conditions specified in this Letter of Offer, the Public Announcement and the Form of Acceptance-cum-Acknowledgment and Form of Withdrawal.

8.2. The instructions, authorizations and provisions contained in the Form of Acceptance-cum-Acknowledgement and Form of Withdrawal constitute an integral part of the terms of the Offer.

8.3. The Offer shall open on Monday, April 18, 2011 and will remain open until Saturday, May 07, 2011 unless otherwise delayed in which case the change in opening of the Offer shall be intimated to the Public Shareholders by way of a corrigendum.

8.4. As stated earlier, all owners (registered or unregistered) of Shares, except the Acquirer and the Persons Acting in Concert, are eligible to participate in the Offer anytime before the Closure of the Offer, (i.e., no later than Saturday, May 07, 2011).

8.5. The Acquirer shall not be responsible in any manner for any loss of Share certificates and other documents during transit and also for the non-receipt of the Shares held in the dematerialized form due to inaccurate/incomplete particulars/instructions and the Public Shareholders are advised to adequately safeguard their interests in this regard.

8.6. Shares that are subject to charge, lien or encumbrance are liable to be rejected in the Offer. Applications in respect of Shares that are a subject matter of litigation wherein the Public Shareholders are prohibited from the transferring the Shares during the pendency of the said litigation will be rejected, if the directions / orders permitting transfer of these Shares are not received together with the Shares tendered under the Offer prior to the closure of the Offer.

9. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT

9.1 This Letter of Offer with the form of acceptance cum acknowledgement ("**Form of Acceptance-cum-Acknowledgement**") and form of withdrawal ("**Form of Withdrawal**") will be mailed to the Public Shareholders (other than the Acquirer and the Persons Acting in Concert), whose names appear on the register of members of the Target Company and to the beneficial owners of the Shares of the Target Company whose names appear in the beneficial records of the respective depositories as on the close of business on the Specified Date.

9.2 Public Shareholders can also download this Letter of Offer and the Form of Acceptance-cum-Acknowledgement placed on the SEBI website at www.sebi.gov.in and send in their acceptances by filling the same.

9.3 Unregistered Public Shareholders can also send their application in writing to the Registrar to the Offer, on a plain paper stating the name, address, number of Shares held, number of Shares tendered, distinctive numbers, folio number, together with the original Share certificates, valid transfer deeds and the original contract notes issued by the broker through whom they acquired their Shares, either by hand delivery on weekdays or by registered post, so that the same are received on or before the Closure of the Offer (*i.e.*, no later than Saturday, May 07, 2011). No indemnity is required from the unregistered Public Shareholders.

9.4 In case of non-receipt of this Letter of Offer, the Public Shareholders may send their consent to the Registrar to the Offer, on a plain paper stating the name, address, number of Shares held, number of Shares tendered, distinctive numbers, folio number, together with the documents as mentioned above so as to reach the Registrar to the Offer on or before the Closure of the Offer (*i.e.*, no later than Saturday, May 07, 2011) or in case of beneficial owners, send the application in writing to the Registrar to the Offer, on a plain paper stating the name, address, number of Shares held, number of Shares tendered, DP name, DP ID, beneficiary account number and a photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the DP, in favor of the Depository Escrow Account, so as to reach the Registrar to the Offer, on or before the Closure of the Offer (*i.e.*, no later than Saturday, May 07, 2011).

9.5 Public Shareholders who are holding Shares in physical form and who wish to tender their Shares in the Offer will be required to send the Form of Acceptance-cum-Acknowledgement, original Share certificates and transfer deeds, duly signed, and addressed to the Registrar to the Offer, either by hand delivery on weekdays or by registered post, so as to reach the Registrar to the Offer on or before the Closure of the Offer (*i.e.*, no later than Saturday, May 07, 2011) in accordance with the instructions specified in this Letter of Offer and the Form of Acceptance-cum-Acknowledgement.

9.6 Beneficial owners (holders of Shares in dematerialized form) who wish to tender their Shares will be required to send their Form of Acceptance-cum-Acknowledgement along with the photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instructions in "Off-market" mode, duly acknowledged by the DP, in favor of the Depository Escrow Account, to the Registrar to the Offer, either by hand delivery on weekdays or by registered post, so as to reach the Registrar to the Offer on or before the Closure of the Offer (*i.e.*, no later than Saturday, May 07, 2011), in accordance with Form of Acceptance-cum-Acknowledgement. The credit for the delivered Shares should be received in the Depository Escrow Account, on or before the Closure of the Offer (*i.e.*, no later than Saturday, May 07, 2011).

9.7 Public Shareholders having their beneficiary account in CDSL shall use the inter-depository delivery instruction slip for the purpose of crediting their Shares in favor of the Depository Escrow Account with NSDL.

9.8 Public Shareholders who have sent their Shares for dematerialization need to ensure that the process of getting their Shares dematerialized is completed in time for the credit in the Depository Escrow Account, to be received on or before the Closure of the Offer (*i.e.*, no later than Saturday, May 07, 2011) or else their application will be rejected.

9.9 Each of the Public Shareholder should also provide all relevant documents which are necessary to ensure transferability of the Shares in respect of which the application is being sent. Such documents may include, but are not limited to:

- duly attested death certificate and succession certificate / probate / letter of administration (in case of single Public Shareholder) if the original Public Shareholder is no more;
- duly attested power of attorney if any person apart from the Public Shareholder has signed the application form and / or transfer deeds;
- in case of companies, the necessary corporate authorization (including certified copy of board resolutions); and
- any other relevant documents.

9.10 The Public Shareholders who wish to accept the Offer can also deliver the Form of Acceptance-cum-Acknowledgement along with all of the relevant documents at any of the collection centers mentioned below, in accordance with the procedure as set out in this Letter of Offer:

Sl.	Collection Centre	Address of Collection Centres	Contact Person	Phone No.	Fax	Mode of delivery
1.	Mumbai (Fort)	Karvy Computershare. Pvt Ltd. 24, Maharashtra Chamber of Commerce. Lane, Opp. MSC Bank, Fort Mumbai – 400 023	Ms.Nutan Shirke	022-66381747 & 22842666	022-66331135	Hand Delivery
2.	New Delhi	Karvy Computershare. Pvt Ltd. 105-108, Arunachal Bldg., 19, Barakhamba Road, Connaught Place, New Delhi - 110 001	Mr. Rakesh Kr Jamwal / Vinod Singh Negi / John Mathew	011-43509200	011-41036370	Hand Delivery
3.	Ahmedabad	Karvy Computershare. Pvt Ltd. 201-203,Shail,Opp: Madhusudhan House Behind Girish Cold Drinks Off C G Road Ahmedabad-380 006	Mr.Aditya Gupta/ Robert Joeboy	079-26400527/26400528/66614772	079-26565551	Hand Delivery

Sl.	Collection Centre	Address of Collection Centres	Contact Person	Phone No.	Fax	Mode of delivery
4.	Chennai	Karvy Computershare. Pvt Ltd. No. 33/1, Venkatraman Street, T.Nagar, Chennai – 600017	Ms. Janki	044-42121332/ 28151793/ 28151794	044-28153181	Hand Delivery
5.	Hyderabad	Karvy Computershare. Pvt Ltd. Plot No 17-24, Vithalrao Nagar, Madhapur, Hyderabad 500 081	Ms. Rinki Sareen	040-446553000/23420818-23	040-23431551	Hand Delivery / Regd Post
6.	Kolkata	Karvy Computershare. Pvt Ltd. 49, Jatin Das Road, Nr.Deshpriya Park, Kolkatta 700 029	Mr. Sujit Kundu/ Mr. Debnath	033-24644891	033-24644866	Hand Delivery
7.	Bengaluru	Karvy Computershare. Pvt Ltd. No.59, Skanda, Putana Road, Basavanagudi Bengaluru 560 004	Mr. Kumaraswamy /Ms.V Sudha/ Ms. Arpitha	080-26621192	080-26621169	Hand Delivery
8.	Pune	Karvy Computershare Pvt Ltd. Shrinath Plaza, B Wing,Office No.58&59, 3rd Floor, Dyaneshwar Paduka Chowk,S No.184/4, Off: F C Road Pune 411 004	Ms. Sandhya Gholkar	020 25532078-25533592	020 25533742	Hand Delivery
9.	Mumbai (Andheri)	Karvy Computershare Pvt Ltd. 7, Andheri Industrial Estate, Off. Veera Desai Road, Andheri West, Mumbai 400053	Ms. Neelam	022-26730799	022-26730152	Hand Delivery

All of the centers mentioned herein below will be open as follows**:**

Business Hours:
Monday to Friday: 10.30 AM to 4.00 PM
Saturday: 10.30 AM to 4.00 PM

Holidays: Sundays and Public Holidays

9.11 Shares and all other relevant documents should only be sent to the Registrar to the Offer and not to the Manager to the Offer, the Acquirer, the Person Acting in Concert or the Target Company.

9.12 Pursuant to Regulation 22(5A) of the SEBI (SAST) Regulations, Public Shareholders desirous of withdrawing the Shares tendered by them in the Offer may do so up to 3 (Three) working days prior to the Closure of the Offer. The withdrawal option can be exercised by submitting the documents as per the instructions below, so as to reach the Registrar to the Offer at any of the collection centers mentioned above as per the mode of delivery indicated therein on or before Tuesday, May 03, 2011.

(i) The withdrawal option can be exercised by submitting the Form of Withdrawal, which is enclosed with this Letter of Offer.

(ii) In case of non-receipt of the Form of Withdrawal, the withdrawal option can be exercised by making a plain paper application along with the following details:

- In case of physical Shares: name, address, distinctive numbers, folio number, number of Shares tendered; and

- In case of dematerialized Shares: name, address, number of Shares tendered, DP name, DP ID, beneficiary account number and a photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the DP, in favor of the Depository Escrow Account.

9.13 In case of partial withdrawal of Shares tendered in physical form, if the original Share certificates are required to be split, the same will be returned on receipt of Share certificates from the Target Company. The facility of partial withdrawal is available only to those holders of Shares whose names appear on the register of members.

9.14 The Shares are compulsorily traded in dematerialized form; hence the minimum acceptance will be 1 (One) Share.

9.15 The Registrar to the Offer will hold in trust the Shares held in physical form and in credit of the Depository Escrow Account, the Form of Acceptance-cum-Acknowledgement, if any, and the transfer form(s) on behalf of the Public Shareholders who have accepted the Offer, till completion of the Offer formalities. In case of Shares tendered in physical form, where the original Share certificates are required to be split, all the documents will be returned only upon receipt of Share certificates from the Target Company.

9.16 If the aggregate of the valid responses to the Offer exceeds the Offer Size, then the Acquirer shall accept the valid applications received on a proportionate basis in accordance with Regulation 21(6) of the SEBI (SAST) Regulations.

9.17 Unaccepted Share certificates, transfer forms and other documents, if any, will be returned by registered post/speed post at the Public Shareholders'/unregistered Public Shareholders' sole risk to the sole/first Public Shareholder. Unaccepted Shares held in dematerialized form will be credited back to the beneficial owners' depository account with the respective DP as per the details furnished by the beneficial owner in the Form of Acceptance-cum-Acknowledgement.

9.18 Compliance with tax requirements:

(i) While tendering Shares under the Offer, NRI, OCBs, FIIs and other non-resident Shareholders will be required to submit a tax clearance certificate ("**Tax Clearance Certificate**") from the income tax authorities, indicating the amount of tax to be deducted by the Acquirer under the Income Tax Act, before remitting the consideration. In case the Tax Clearance Certificate is not submitted, the Acquirer will arrange to deduct tax at the rate as may be applicable to the category of the Public Shareholder under the Income Tax Act on the entire consideration amount payable to such Public Shareholder.

(ii) As per the provisions of Section 196D (2) of the Income Tax Act, no deduction of tax at source will be made from any income by way of capital gains arising from the transfer of securities referred to in Section 115AD of the Income Tax Act to an FII as defined in Section 115AD of the Income Tax Act. However the interest payment for delay in payment of consideration, if any, will not be governed by this provision.

(iii) For interest payments, if any, NRIs, OCBs, FIIs and other non-resident Public Shareholders will be required to submit a Tax Clearance Certificate from the income tax authorities under the Income Tax Act indicating the amount of tax to be deducted by Acquirer before remitting the consideration, failing which the Acquirer will arrange to deduct tax at the rate, as may be applicable to the relevant category to which the Public Shareholder belongs under the Income Tax Act, on the consideration payable as interest to such Public Shareholder.

(iv) NRIs, OCBs, FIIs and other non-resident Public Shareholders would be required to submit their PAN for income tax purposes. In case PAN is not submitted, the Acquirer will arrange to deduct tax at the rate of 20% (twenty percent) or the rate, as may be applicable to the category of the Public Shareholder under the Income Tax Act, whichever is higher.

(v) In case of resident Public Shareholders, tax will be deducted on the interest component exceeding Rs. 5,000 (Rupees five thousand) at the applicable current prevailing rates. If the resident Shareholder requires that no tax is to be deducted or tax is to be deducted at a lower rate than the prescribed rate, such Shareholders will be required to submit a Tax Clearance Certificate indicating the amount of tax to be deducted by Acquirer or a self-declaration in form 15G or form 15H as may be applicable. Shareholders eligible to receive interest component exceeding Rs. 5,000 (Rupees five thousand) would be required to submit their PAN for income tax purposes. All resident Public Shareholders would be required to submit their PAN for income tax purposes.

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

The tax rate and other provisions of the Income Tax Act may undergo changes.

9.19 Payment to those Public Shareholders whose share certificates and/or other documents are found valid and in order and are approved by the Acquirer / Persons Acting in Concert will be by way of a bankers' cheque / demand draft/ NEFT / RTGS. Public Shareholders who opt for receiving consideration through NEFT/RTGS are requested to give the authorization for the same in the Form of Acceptance-cum-Acknowledgement and enclose a photocopy of cheque along with Form of Acceptance-cum-Acknowledgement. The decision regarding the acquisition (in part or full), or rejection of, the Shares tendered pursuant to the Offer and (i) any corresponding payment for the acquired Shares and/or (ii) Share certificates for any rejected Shares or Shares withdrawn, will be dispatched to the Public Shareholders by registered post or by ordinary post as the case may be*, at the Public Shareholder's sole risk. Shares held in dematerialized form to the extent not acquired or Shares withdrawn will be credited back to the respective beneficiary account with their respective DPs as per the details furnished by the beneficial owners in the Form of Acceptance-cum-Acknowledgment.

** Dispatches involving payment of a value in excess of Rs. 1,500 (Rupees one thousand and five hundred) will be made by registered post at the Public Shareholder's sole risk. All other dispatches will be made by ordinary post at the Public Shareholder's sole risk.*

9.20 All bankers' cheques / demand drafts will be drawn in the name of the first holder, in case of joint holder(s). In case of unregistered owners of Shares, payment will be made in the name of the person stated in the contract note. It will be desirable if the Public Shareholders provide bank account details in the Form of Acceptance-cum-Acknowledgement for incorporation in the bankers' cheque / demand draft.

9.21 The Acquirer / Persons Acting in Concert reserve the right to withdraw the Offer pursuant to Regulation 27 of the Regulations. Any such withdrawal will be notified in the form of a public announcement in the same newspapers in which the Public Announcement appears.

9.22 While tendering the Shares under the Offer, NRIs, OCBs, FIIs, and other non-resident Shareholders will be required to submit the previous RBI approvals (specific or general) that they obtained to acquire the Shares of the Target Company. **In case the previous RBI approvals are not submitted, the Acquirer reserves the right to reject such Shares tendered.**

9.23 OCBs (as defined under FEMA) are requested to seek a specific approval of the RBI and a copy of such approval must be provided along with other requisite documents in the event that any OCB shareholder tenders its shares in the Open Offer.

10. DOCUMENTS FOR INSPECTION

10.1 The following documents are available for inspection to the Public Shareholders at the office of the Manager to the Offer at 8th Floor, Mafatlal Centre, Nariman Point, Mumbai 400 021 India, between 10:30 a.m. and 3:00 p.m. on all working days (except Saturdays, Sundays and bank holidays) till the Closure of the Offer, *i.e.*, Saturday, May 07, 2011:

(i) Copy of the certificate of incorporation, memorandum of association and articles of association, or equivalent constitutional documents of the Acquirer and Persons Acting in Concert;

(ii) Statutory audited financial statements of the Target for the year ended March 31, 2008, March 31, 2009 and March 31, 2010, and unaudited limited reviewed financial results for the half year ended September 30, 2010 and unaudited limited reviewed financial results for 9 months ended December 31, 2010;

(iii) Copy of the financial statements of:

(a) Acquirer – Statutory audited standalone financial statements for the year ended December 31, 2007, 2008, 2009 and management standalone financial statements for the 9 months ended September 30, 2010 limited verified by statutory auditors;

(b) PAC - Statutory audited consolidated financial statements for the years ended December 31, 2007 , December 31, 2008, December 31, 2009 and December 31, 2010;

(iv) Copy of the Open Offer Escrow Agreement dated January 7, 2011 entered into amongst the Acquirer, the Manager to the Offer and the Escrow Bank;

(v) Copy of the letter dated January 10, 2011 issued by Escrow Bank, certifying the credit of Maximum Consideration payable in the Offer in the Open Offer Escrow Account.

(vi) Copy of the agreement between the Registrar to the Offer and DSPML as DP for opening Depository Escrow Account for the purpose of the Offer;

(vii) Copies of the SPAs dated January 7, 2011;

(viii) In case the approval from the RBI is received prior to the Closure of the Offer, a copy of the same shall also be made available.

(ix) Copy of the Public Announcement dated January 11, 2011;

(x) Copy of the certificates/undertakings to the Manager to the Offer provided by the Acquirer and PAC.

11. DECLARATION BY THE ACQUIRER AND PERSONS ACTING IN CONCERT

11.1 All directors of Acquirer and Persons Acting in Concert accept full responsibility for the information contained in this Letter of Offer except the information pertaining to the Promoter Sellers and the Target Company which has been obtained from the Target Company or from public sources.

11.2 Each of the Acquirer and the Persons Acting in Concert shall be, severally and jointly, responsible for ensuring compliance with the provisions of the SEBI (SAST) Regulations and for their obligations laid down in the SEBI (SAST) Regulations.

11.3 All information contained in this Letter of Offer is as on the date of the Public Announcement, unless expressly stated otherwise.

On behalf of Schneider Electric South East Asia (HQ) Pte Ltd	**On behalf of Schneider Electric SA**
Michael Christopher Bennett	**Emmanuel BABEAU**
Authorised Signatory Place : Singapore Date : April 11, 2011	**Authorised Signatory** Place : Rueil-Malmaison (France) Date : April 11, 2011

Enclosed:
(1) Form of Acceptance-cum-Acknowledgement
(2) Form of Withdrawal
(3) Transfer deed for Shareholders holding Shares in physical form

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

(Please send this form with enclosures to the Registrar to the Offer at its address given overleaf)

FORM OF ACCEPTANCE CUM ACKNOWLEDGEMENT

From,
Name:

Status: Resident / Non-resident
Full Address

Offer TimeLine	
Offer Opens On:	Monday, April 18, 2011
Last Date Of Revision In Offer Price:	Wednesday, April 27, 2011
Offer Closes On:	Saturday, May 07, 2011

Tel No. Fax No. E-mail:

To,
Karvy Computershare Private Limited,
(Unit- APW President Systems Ltd Open Offer)
Plot No.17-24, Vithalrao Nagar, Madhapur
Hyderabad - 500 081
Telephone : +91- 40- 2342 0815-23; Facsimile : +91- 40- 23431551
Contact Person : Mr.M. Muralikrishna, E-mail : murali@karvy.com

Shares To Be Transferred To	
Account Name	Escrow Account - APW President Open Offer
DP ID No.	IN 302638
DP Name	DSP Merrill Lynch Ltd
Client ID No.	10059757

Sub: Cash offer at Rs. 195.00 (Rupees One Hundred Ninety Five only) per fully paid-up equity share of Rs. 10.00 (Rupees Ten Only) of APW President Systems Limited

Dear Sir,

I/We refer to the Letter of Offer dated April 11, 2011 constituting an offer to acquire the equity shares held by me/us in **APW President Systems Limited**. Capitalized terms used but not defined herein have the meaning ascribed to them in the Letter of Offer.

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

For equity shares held in physical form

I/We hold equity shares in the physical form, accept the Offer and enclose the original share certificate(s) and duly signed transfer deed(s) in respect of my/our equity shares as detailed below:

Sr. No.	Ledger Folio No.	Certificate No.	Distinctive Nos.	No. of equity shares
1				
2				
3				
Total Number of equity shares				

(In case of insufficient space, please use additional sheet and authenticate the same)

I/We confirm that the Offer is hereby accepted by me/us and that the equity shares which are being tendered herewith by me/us under this Offer are free from liens, charges and encumbrances of any kind whatsoever.

I/We note and understand that the original share certificate(s) and valid share transfer deed will be held in trust by the Registrars to the Offer until the time the Acquirer make payment of the Offer Price as mentioned in the Letter of Offer.

I/We also note and understand that the Acquirer will pay the consideration only after documents are found valid and approved by the Acquirer.

For equity shares held in dematerialised form

I/We hold equity shares in dematerialised form, accept the Offer and enclose a photocopy of the delivery instructions duly acknowledged by the DP in respect of my/our equity shares as detailed below:

DP Name	DP ID	Client ID	Name of the Beneficiary	No. of equity Shares

Acknowledgement Receipt – APW President Systems Limited Open Offer

Received from Mr./Ms./M/s ____________________ Form of Acceptance cum Acknowledgement for **APW President Systems Limited** Open Offer as per details below:-

Folio No. __________No. of Certificates Enclosed ________Certificate No.__________ Total No. of equity shares enclosed ______________Copy of Delivery Instruction to DP____________

(Delete whichever is not applicable)

Date of Receipt: ____________

Stamp of collection center: Signature of Official:

I/We have done an off market transaction for crediting the equity shares to the **"Escrow Account - APW President Open Offer"** whose particulars are:

DP ID **IN302638**	Client ID **10059757**
We note and understand that the equity shares would remain in the said account i.e. **"Escrow Account - APW President Open Offer"** until the Acquirer makes payment of the Offer Price as mentioned in the Letter of Offer.	

If my/our equity shares are held in a beneficiary account with CDSL, I/we enclose a copy of the 'Inter Depository Instruction' for the transfer of my/our equity shares to the Depository Escrow Account.

I/We authorise the Acquirer:

1. To acquire the equity shares so tendered by me/us in acceptance of the Offer in terms of and subject to the Letter of Offer.
2. To the extent that the equity shares tendered by me/us are not acquired (in terms of and subject to the Letter of Offer), to return to me/us share certificate(s) and in the case of dematerialised equity shares to credit such equity shares to my/our depository account, in each case at my/our sole risk and specifying the reasons thereof.
3. If the equity shares so tendered are withdrawn by me/us (in terms of and subject to the Letter of Offer), to return to me/us share certificate(s) and in the case of dematerialised equity shares to credit such equity shares to my/our depository account, in each case at my/our sole risk.

I/We authorise the Acquirer or the Manager to the Offer or the Registrar to the Offer to send by Registered post / ordinary post (as described in the Letter of Offer) the crossed account payee cheque / demand draft / pay order as purchase consideration to the sole/first holder at the address mentioned below:

Yours faithfully
Signed and delivered

	1st Shareholder	**2nd Shareholder**	**3rd Shareholder**
Full Name			
PAN/GIR No. allotted under Income Tax Act 1961			
Signature			

Note: In case of joint holdings, all shareholders must sign. A body corporate must affix its company stamp.

Place:
Date:

In order to avoid fraudulent encashment of cheque / demand draft/pay order in transit, the applicants are requested to provide details of bank account of the sole/first shareholder and the crossed account payee cheque / demand draft/pay order will be drawn accordingly. Please indicate the preferred mode of receiving the payment consideration. (Please tick)

1. Electronic mode _____________ 2. Physical mode _______________

Name of Bank	
Branch Address	
Type of Account	
Account Number	
9 digit MICR code	
IFSC Code (for RTGS/NEFT transfers)	

All future correspondence, if any, should be addressed to Registrar to the Offer at the following address:

Karvy Computershare Private Limited
(Unit- APW President Systems Ltd Open Offer)
Plot No.17-24, Vithalrao Nagar, Madhapur
Hyderabad - 500 081
Telephone : +91- 40- 2342 0815-23
Facsimile : +91- 40- 2343 1551
Contact Person : Mr.M. Muralikrishna
Email: murali@karvy.com

INSTRUCTIONS

1. **In the case of demat shares, the shareholders are advised to ensure that their shares are credited in favour of the "Escrow Account - APW President Open Offer", before the closure of the Offer. The Form of Acceptance-cum-Acknowledgement of such demat shares not credited in favour of the special depository account, before the closure of the Offer will be rejected.**

2. **Shareholders are advised to ensure that the Form of Acceptance should reach the Registrar to the Offer at any of the Collection Centers mentioned in the Letter of Offer as per the mode of delivery indicated therein on or before the date of closure of Offer i.e. no later than 4.00 pm on Saturday, May 07, 2011.**

3. Shareholders should enclose the following:-.

   i. Shareholders holding Shares in dematerialized form:-

   Beneficial owners should enclose

   - Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein, as per the records of the Depository Participant (DP).
   - Photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the DP.
   - For each Delivery Instruction, the beneficial owner should submit separate Form of Acceptance-cum-Acknowledgement.

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

   ii. Shareholders holding Shares in physical form:-

   Registered Shareholders should enclose:

   (a) Form of Acceptance cum Acknowledgement duly completed and signed in accordance with the instructions contained therein, by all shareholders whose names appear on the share certificates.

   (b) **Original Share Certificate(s).**

   (c) **Valid Share transfer deed(s)** duly signed as transferors by all registered shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with APW President Systems Limited and duly witnessed at the appropriate place. A blank Share Transfer form is enclosed along with this Letter of Offer.

   In case of registered shareholder, non-receipt of the aforesaid documents, but receipt of the share certificates alongwith the duly completed transfer form, the Offer shall be deemed to be accepted.

   Unregistered owners should enclose:

   (a) **Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein.**

   (b) **Original Share Certificate(s).**

   (c) **Original broker contract note.**

   (d) **Valid Share transfer deed(s) as received from the market.**

   The details of buyer should be left blank failing which the same will be invalid under the Offer. The details of the Acquirer as buyer will be filled by the Acquirer upon verification of the Form of Acceptance-cum-Acknowledgement and the same being found valid. All other requirements for valid transfer will be preconditions for valid acceptance.

4. The share certificate(s), share transfer deed(s) and the Form of Acceptance-cum-Acknowledgement should be sent **only** to the Registrar to the Offer and not to the Manager to the Offer or the Acquirer or APW President Systems Limited.

5. **Shareholders having their beneficiary account in CDSL have to use "INTER DEPOSITORY DELIVERY INSTRUCTION SLIP" for the purpose of crediting their shares in the favour of the special depository account with NSDL.**

6. **Non resident shareholders should enclose a copy of the permission received from RBI for the equity shares held by them in APW President Systems Limited. If, the shares are held under General Permission of RBI the non resident shareholder should state that the shares are held under General Permission and whether on repatriable basis or non repatriable basis.**

7. **Non resident shareholders should enclose No Objection certificate/ Tax Clearance certificate from the Income Tax Authorities under Income-Tax Act, 1961, indicating the tax to be deducted by the Acquirer before remittance of consideration otherwise tax will deducted at maximum marginal rate as may be applicable to the category of the shareholder on the consideration payable by the Acquirer.**

8. Applicants who cannot hand deliver their documents at the collection centers, may send their documents only by Registered Post, at their own risk, to the Registrar to the Offer at Karvy Computershare Pvt.Ltd. (Unit : APW President Systems Ltd Open Offer), Plot No.17-24, Vithalrao Nagar, Madhapur, Hyderabad - 500 081, Telephone : +91- 40- 2342 0815-23, Facsimile : +91- 40- 23431551, Contact Person : Mr.M. Muralikrishna, E-mail : murali@karvy.com so as to reach the Registrar on or before the last date of close of open offer i.e. **no later than 4.00 pm on Saturday, May 07, 2011**

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THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

(Please send this form with enclosures to the Registrar to the Offer at its address given overleaf)

FORM OF WITHDRAWAL

Offer TimeLine	
Offer Opens On:	Monday, April 18, 2011
Last Date Of Withdrawal:	Tuesday May 03, 2011
Offer Closes On:	Saturday, May 07, 2011

From:

Name:

Status: Resident / Non-resident
Full Address

Tel. No.

Fax No.

E-mail:

To,
Karvy Computershare Private Limited
(Unit- APW President Systems Ltd Open Offer)
Plot No.17-24, Vithalrao Nagar, Madhapur
Hyderabad - 500 081
Telephone : +91- 40- 2342 0815-23; Facsimile : +91- 40- 23431551
Contact Person : Mr.M. Muralikrishna, E-mail : murali@karvy.com

Sub: Cash offer at Rs. 195.00 (Rupees One Hundred and Ninety Five only) per fully paid-up equity share of Rs. 10.00 (Rupees Ten Only) of APW President Systems Limited

Dear Sir,

I/We refer to the Letter of Offer dated April 11, 2011 constituting an offer to acquire the equity shares held by me/us in **APW President Systems Limited**. Capitalised terms used but not defined herein have the meaning ascribed to them in the Letter of Offer.

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

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

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

I/We note that this Form of Withdrawal should reach the Registrar to the Offer on or before the last date of withdrawal i.e. Tuesday May 03, 2011

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

I/We also note and understand that the Acquirer will return the original share certificate(s), share transfer deed(s)/equity shares in dematerialized form only on completion of verification of the documents, signatures and beneficiary position as available with the depositories from time to time.

For equity shares held in physical form

The particulars of tendered original share certificate(s) and duly signed transfer deed(s) are detailed below:

Sr. No.	**Ledger Folio No.**	**Certificate No.**	**Distinctive Nos.**	**No. of equity shares**
1				
2				
3				
Total Number of equity shares				

(In case of insufficient space, please use additional sheet and authenticate the same)

Acknowledgement Receipt – APW President Systems Limited Open Offer

Received from Mr./Ms./M/s ______________________________

Form of Withdrawal for **APW President Systems Limited** Open Offer as per details below:-

Copy of depository instruction slip from DP ID _______________ Client ID _______________

Copy of acknowledgement slip issued when depositing dematerialized equity shares

Copy of acknowledgement slip issued when depositing physical equity

Date of Receipt: _______________

Stamp of collection center: Signature of Official:

For equity shares held in dematerialised form

I/We hold equity shares in dematerialized form and had executed an off-market transaction for crediting the equity shares to the **"Escrow Account - APW President Open Offer"**. Please find enclosed a photocopy of the depository delivery instruction(s) duly acknowledged by the DP. The particulars of the account from which my/our equity shares have been tendered are as follows:

DP Name	DP ID	Client ID	Name of the Beneficiary	No. of equity Shares

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

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

In case of dematerialized equity shares, I/We confirm that the signatures have been verified by the DP as per their records and that the same have been duly attested.

Yours Faithfully,
Signed and delivered

	1st Shareholder	2nd Shareholder	3rd Shareholder
Full Name			
PAN/GIR No. allotted under Income Tax Act 1961			
Signature			

Note: In case of joint holdings, all shareholders must sign. A body corporate must affix its company stamp.

Place:
Date:

All future correspondence, if any, should be addressed to Registrar to the Offer at the following address:
Karvy Computershare Private Limited (Unit- APW President Systems Ltd Open Offer) Plot No.17-24, Vithalrao Nagar, Madhapur Hyderabad - 500 081 Telephone : +91- 40- 2342 0815-23 Facsimile : +91- 40- 2343 1551 Contact Person : Mr.M. Muralikrishna Email: murali@karvy.com

INSTRUCTIONS

1. **Shareholders are advised to ensure that the Form of Withdrawal should reach the Registrar to the Offer at any of the Collection Centers mentioned in the Letter of Offer as per the mode of delivery indicated therein on or before the last date of withdrawal i.e. no later than 4.00 pm on Tuesday May 03, 2011**

2. Shareholders should enclose the following:-

   i. **Shareholders holding Shares in dematerialized form**:-

   <u>Beneficial owners should enclose:</u>

   (a) Duly signed and completed Form of Withdrawal.

   (b) Acknowledgement slip in original/ Copy of the submitted Form of Acceptance-cum-Acknowledgement in case delivered by Registered A.D.

   (c) Photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instruction (TIFD) in "Off-market" mode, duly acknowledged by the DP.

   ii. **Shareholders holding Shares in physical form**:-

   <u>Registered Shareholders should enclose:</u>

   (a) Duly signed and completed Form of Withdrawal.

   (b) Acknowledgement slip in original/ Copy of the submitted Form of Acceptance-cum-Acknowledgement in case delivered by Registered A.D.

   (c) In case of partial withdrawal, Valid Share transfer deed(s) duly signed as transferors by all registered shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with **APW President Systems Limited** and duly witnessed at the appropriate place.

   <u>Unregistered owners should enclose:</u>

   (a) Duly signed and completed Form of Withdrawal.

   (b) Acknowledgement slip in original/ Copy of the submitted Form of Acceptance-cum-Acknowledgement in case delivered by Registered A.D.

3. The withdrawal of Shares will be available only for the share certificates/the Shares that have been received by the Registrar to the Offer/ "Escrow Account - APW President Open Offer".

4. The intimation of returned Shares to the shareholders will be at the address as per the records of the Target / Depository as the case may be.

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

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

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

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

9. Applicants who cannot hand deliver their documents at the collection centers, may send their documents only by Registered Post, at their own risk, to the Registrar to the Offer at Karvy Computershare Pvt.Ltd. (Unit : APW President Systems Ltd Open Offer), Plot No.17-24, Vithalrao Nagar, Madhapur, Hyderabad - 500 081, Telephone : +91- 40- 2342 0815-23, Facsimile : +91- 40- 23431551, Contact Person : Mr.M. Muralikrishna, E-mail : murali@karvy.com so as to reach the Registrar on or before the last date of withdrawal i.e. **no later than 4.00 pm on Tuesday May 03, 2011.**

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