



CIRCUIT SYSTEMS (INDIA) LIMITED

(The Company was originally incorporated on 08th February 1995 as Circuit Systems (India) Limited at Gujarat, Dadra & Nagar Haveli vide Registration Number: 04 – 24524. Thereafter the company was converted into a Private Limited Company and consequently the name was changed to Circuit Systems (India) Private Limited on 01st August 2001 and thereafter the company was reconverted into public company and the name was changed to Circuit Systems (India) Limited vide fresh certificate of incorporation dated 07th October 2005.)

Registered Office & Corporate Office: B-24, GIDC, Electronics Estate, Sector – 25, Gandhinagar – 382 044, Gujarat, India

(At the time of incorporation, the registered office of the company was situated at 167, Azad Society, Ambawadi, Ahmedabad-380015 which was then shifted to B-9-10, GIDC Electronic Estate, Sector-25, Gandhinagar -382044 w.e.f. 17th June 1996, and thereafter it was shifted to B-24, GIDC Electronic Estate, Sector-25, Gandhinagar w.e.f. 11th December 1997, and thereafter it was shifted to B-14, Neeldeep Apartment, Opp. Milan Park, B/h Lad Society, Vastrapur, Ahmedabad w.e.f. 15th March, 2001 and thereafter it was shifted to D - 402, Status Apartment, Thaltej Road, Nr Drive in, Thaltej, Ahmedabad w.e.f. 01st September, 2001 and thereafter w.e.f. 01st December, 2001 the registered office of the Company has been shifted to the present address)

Tel: 91-79-23242781/2/3 **Fax:** 91-79-23242784, **E-mail:** cs@mycsil.com; **Website:** www.mycsil.com

Contact person: Mr. Paras Mehta, Company Secretary and Compliance Officer

PUBLIC ISSUE OF 42,44,810 EQUITY SHARES OF RS. 10/- EACH FOR CASH AT A PREMIUM OF RS. 25 PER EQUITY SHARE AGGREGATING TO RS. 1485.68 LAKHS INCLUDING PROMOTER CONTRIBUTION OF 12,44,810 EQUITY SHARES OF RS 10 EACH FOR CASH AT A PREMIUM OF RS 25 PER EQUITY SHARE AGGREGATING TO RS 435.68 LAKHS AND A NET ISSUE TO THE PUBLIC OF 30,00,000 EQUITY SHARES OF RS 10 EACH FOR CASH AT A PREMIUM OF RS 25 PER EQUITY SHARE AGGREGATING TO RS 1050.00 LAKHS.

THE FACE VALUE OF THE EQUITY SHARES IS RS. 10/- PER EQUITY SHARE AND THE ISSUE PRICE OF RS. 35 PER EQUITY SHARE IS 3.5 TIMES OF THE FACE VALUE. THE NET ISSUE WOULD CONSTITUTE 25% OF THE FULLY DILUTED POST ISSUE PAID UP CAPITAL OF CIRCUIT SYSTEMS (INDIA) LIMITED.

RISK IN RELATION TO FIRST ISSUE

This being the first issue of the Equity Shares of Circuit Systems (India) Limited (the “Company”), there has been no formal market for the Equity Shares of the Company. **The face value of shares is Rs.10/- per share and the issue price is 3.5 times of the face value.** The Issue Price (as determined by the Company in consultation with the Lead Manager and as mentioned in the paragraph and as stated herein under the paragraph on the Basis for Issue price) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares of the Company or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

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

GRADING

The Company has not opted for IPO grading

COMPANY’S ABSOLUTE RESPONSIBILITY

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

LEAD MANAGER

C/NTRUM

CENTRUM CAPITAL LIMITED

SEBI Regn No. INM000010445

UIN No. 100016915

AMBI Reg. No: AMBI /087 59, Krishna Chambers,

Sir Vithaldas Thackersey Marg,

New Marine Lines, Mumbai – 400 020.

Tel : +91 22 4030 0500 Fax : +91 22 4030 0510

Website: www.centrum.co.in Email: csil@centrum.co.in

Contact Person: Mr. Alpesh Shah

REGISTRAR TO THE ISSUE



CAMEO

CAMEO CORPORATE SERVICES LIMITED

SEBI Regn No. INR 000003753

Subramanian Building, No.1, Club House Road,

Chennai – 600 002.

Tel No: +91 44 28460390 Fax No: +91 44 28460129

e-mail: cameo@cameoindia.com

Website: www.cameoindia.com

Contact Person: Mr.R.D. Ramasamy

ISSUE SCHEDULE

ISSUE OPENS ON: 27th September, 2007

ISSUE CLOSSES ON: 5th October, 2007

LISTING

The equity shares are proposed to be listed on Bombay Stock Exchange Limited, the Designated Stock Exchange (BSE). The company has received an in principle approval for listing of the equity shares issued from the said Stock Exchange vide its letter no. DCS/IPO/SI/ IPO-IP/571/2006-2007 dated, February 21, 2007

TABLE OF CONTENTS

Item	Page No.
Section I: Definitions and Abbreviations	i
Section II: Risk Factors	vi
1. Forward-looking Statements	vii
2. Risk Factors	viii
Section III: Introduction	1
1. Summary	1
2. General Information	8
3. Capital Structure of Circuit Systems (India) Limited	12
4. Objects of the issue	19
Section IV: About Circuit Systems (India) Limited	39
1. Industry overview	39
2. Business overview	42
3. History and Corporate structure of the Company	59
4. Management of the company	61
5. Promoters of the company	70
6. Related Party Transactions	72
7. Currency of presentation	73
8. Dividend Policy	74
Section V: Financial Statements	75
1. Financial Information of Circuit Systems (India) Limited	75
2. Financial Information of Group Companies	89
3. Changes in Accounting policies in the last 3 years	91
4. Management discussions and Analysis of Financial Condition and results of operation as restated in the Financial Statements	92
Section VI: Legal and Other Information	97
1. Outstanding Litigations and Material Developments	97
2. Government Approvals/Licensing Arrangements	99
Section VII: Other Regulatory and Statutory Information	101
Section VIII: Issue Information	108
1. Terms of the Issue	108
2. Issue Procedure	110
Section IX: Description of Equity Shares and Terms of the Articles of Association	122
Section X: Other Information	158
1. Material Contracts and Documents for Inspections	158
2. Declaration	160



SECTION I: DEFINITIONS AND ABBREVIATIONS

CONVENTIONAL / GENERAL TERMS:

TERM	DESCRIPTION
Articles / Articles of Association / AoA	Articles of Association of the Company
Companies Act	The Companies Act, 1956, as amended from time to time for the time being in force
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time.
Depositories Act	The Depositories Act, 1996, as amended from time to time for the time being in force
Depository Participant	A depository participant as defined under the Depositories Act
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time and the regulations framed there under for the time being in force
Financial Year/FY / Fiscal	Period of twelve months ended March 31st of that particular year
FIs	Financial Institutions
FII/ Foreign Institutional Investor	Foreign Institutional Investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995) registered with SEBI under applicable laws in India
Indian GAAP	Generally Accepted Accounting Principles in India
IT Act	The Income-Tax Act, 1961, as amended from time to time and for the time being in force
Memorandum / Memorandum of Association / MOA	The Memorandum of Association of Circuit Systems (India) Limited
NRI / Non-Resident Indian	A person resident outside India, as defined under FEMA and who is a citizen of India or a Person of Indian Origin under FEMA (Transfer or issue of Security by a Person Resident Outside India) Regulations, 2000.
OCB	Overseas Corporate Bodies
SCRR	Securities Contracts (Regulations) Rules, 1957 as amended from time to time
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time and for the time being in force
SEBI Guidelines	SEBI (Disclosure and Investor Protection) Guidelines, 2000 issued by SEBI on January 27, 2000, as amended, including instructions and clarifications issued by SEBI from time to time

OFFERING-RELATED TERMS:

TERM	DESCRIPTION
Allotment	Unless the context otherwise requires, issue of equity shares pursuant to this Issue
Allottee	The successful applicant to whom the Equity Shares are being / or have been issued or transferred
Applicant	Any prospective investor who makes an application pursuant to the terms of this Prospectus

CIRCUIT SYSTEMS (INDIA) LIMITED

Application Forms	The Form in terms of which the investors shall apply for the equity shares of the company.
Banker(s) to the Issue	The Bank with which the Account for the Public issue will be opened and which shall act as such, in terms of this Prospectus.
Issue Opening Date	The date on which the issue opens for subscription.
Issue Closing Date	The date on which the issue closes for subscription.
Issue Period	The period between the Issue Opening Date and the Issue Closing Date inclusive of both days and during which prospective applicants can submit their application forms
Lead Manager	Lead Manager to the Issue, in this case being CENTRUM CAPITAL LIMITED
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
D/E Ratio	Debt-Equity Ratio
Designated Stock Exchange	Bombay Stock Exchange Limited
DP	Depository Participant
ESOP	Employee Stock Option Scheme
ESPS	Employee Stock Purchase Scheme
Equity Shares	Equity shares of face value of Rs.10/- each of the Company unless otherwise specified in the context thereof
Face Value	Face Value of equity shares of the Company being Rs. 10/- each
First Applicant	The applicant whose name appears first in the Application Form
GIR Number	General Index Registry Number
INR/ Rs	Indian National Rupee.
Fresh Issue/ Issue/ Offer/ Public Issue	Public issue of 42,44,810 equity shares of Rs.10/- each for cash at the premium of Rs. 25 per equity share aggregating to Rs. 1485.68 Lakhs by the company in terms of this prospectus.
Issuer	Circuit Systems (India) Limited
Issue Price	Rs. 35 The final price at which the Equity shares will be allotted in terms of this Prospectus
Net Issue to Public	30,00,000 Equity Shares of Rs. 10/- each for cash at the premium of Rs. 25 per Equity Share in terms of this Prospectus.
PAN	Permanent Account Number
Permanent Employees	Permanent Employees of the Company as on 30 th June, 2007
ROC	Registrar of Companies, Dadra and Nagar Haveli, Gujarat
Registrar / Registrar to the Issue	Registrar to the Issue, in this case being Cameo Corporate Services Limited, having its registered office as indicated on the cover page of this Prospectus
Retail Applicants/ Retail Individual Applicants	Retail Individual Applicants (including HUFs and NRIs) who have applies for securities for a value of not more than Rs. 100,000.
Retail Portion	The portion of the Issue being minimum of 15,00,000 Equity Shares of Rs.10 each available for allocation to Retail applicant(s)
Stock Exchanges	BSE

**COMPANY/ INDUSTRY-RELATED TERMS:**

TERM	DESCRIPTION
AGM	Annual General Meeting
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
Auditors	The statutory auditors of the Company M/s Virendra Chinubhai & Co., Chartered Accountants
Board of Directors	The Board of Directors of Circuit Systems (India) Limited or a committee thereof
Compliance Officer	Compliance Officer of the Company in this case, Mr. Paras Mehta, Company Secretary
Circuit Systems (India) Limited/ We/ Us/ the Company/ the issuer	Unless the context otherwise indicates or implies refers to Circuit Systems (India) Limited, a Public limited Company incorporated under the provisions of the Companies Act, 1956 with its registered office at B-24, GIDC Electronics Estate, Sector – 25, Gandhinagar – 382 044, Gujarat, India
Director(s)	Director(s) of the Company unless otherwise specified
Equity Shares	Equity shares of face value of Rs.10/- each of the Company unless otherwise specified in the context thereof
Equity Shareholders	Persons holding Equity shares of the Company unless otherwise specified in the context thereof.
Face Value	Value of paid-up Equity Capital per Equity Share, in this case Rs. 10/- each.
FVCI	Foreign Venture Capital Investor registered with SEBI under the SEBI (Foreign Venture Capital Investor) Regulations, 2000
GIDC	Gujarat Industrial Development Corporation
GNFC	Gujarat Narmada Valley Fertiliser Corporation Limited
Memorandum / Memorandum of Association / MOA	The Memorandum of Association of the Company
Non-Resident	A person who is not a NRI, FII or a person resident in India
Promoter(s)	Persons whose name have been inserted as promoters as referred on page 70 of this Prospectus.
PTH	Plated through holes
Registered Office of the Company	Registered office of the Company situated at B -24, GIDC Electronic Estate, Sector -25, Gandhinagar, Gujarat – 382044.
SEZ	Special Economic Zone

In the section entitled “Main Provisions of Articles of Association of Circuit Systems (India) Limited”, defined terms have the meaning given to such terms in the Articles of Association of the Company.

CIRCUIT SYSTEMS (INDIA) LIMITED**ABBREVIATIONS:**

ABBREVIATION	FULL FORM
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
AY	Assessment Year
AGM	Annual General Meeting
BSE	Bombay Stock Exchange Limited
Centrum	Centrum Capital Limited
CAGR	Compounded Annual Growth Rate
Capex	Capital Expenditure
CTV	Colour television
CDSL	Central Depository Services (India) Limited
DL	Double Layer
D/E Ratio	Debt Equity Ratio
DM	De Mineralised plant
DP	Depository Participant
DPID	Depository Participants identification
EBDITA	Earnings Before Depreciation, Interest, Tax and Amortization
ECR	Engineering Correction Report
ECS	Electronic Clearing system
EGM	Extraordinary General Meeting
EPS	Earnings Per Equity Share i.e. profit after tax divided by outstanding number of Equity Shares at the year-end.
EMS	Electronics Manufacturing Service
ENIG	Electroless Nickel and Immersion Gold
FCNR Account	Foreign Currency Non Resident Account
FEMA	Foreign Exchange Management Act, 1999 read with rules and regulations there under and amendments thereto.
FIs	Financial Institutions
FII(s)	Foreign Institutional Investors registered with SEBI under applicable laws.
FIPB	Foreign Investment Promotion Board
FY / Fiscal	Financial year ending March 31 st
GIDC	Gujarat Industrial Development Corporation.
GIR Number	General Index Registry Number
GoI	Government of India
HR	Human Resources
HUF	Hindu Undivided Family
INR/ Rs	Indian National Rupee



IPCA	Indian Printed Circuit Association
MOU	Memorandum of Understanding
ML	Multi Layer
MNC	Multi National Company
MP	Management Perception
N. A.	Not Applicable
NEFT	National Electronic Fund Transfer
NRE Account	Non Resident External Account
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depositories Limited
NCAER	National Council of Applied Economic Research
ODM	Other Direct Manufacturers
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
PCB's	Printed Circuit Boards
RFID	Radio Frequency Identity Design
RTGS	Real Time Gross Settlement
RBI	Reserve Bank of India
ROC	The Registrar of Companies, Gujarat, Dadra & Nagar Haveli
RO	Reverse Osmosis
RoNW	Return on Net Worth
Sec.	Section
SS	Single sided
SQM	Square meter
T & M	Test and Measuring
UL	United Laboratories
VCF	Venture Capital Funds

SECTION II: RISK FACTORS

CERTAIN CONVENTIONS; USE OF MARKET DATA

Unless stated otherwise, the financial data in this Prospectus is derived from the financial statements prepared in accordance with Indian GAAP and included in this Prospectus. The last fiscal year commenced on April 1 and ends on March 31 of each year, so all references to a particular fiscal year are to the twelve- month period ended March 31 of that year.

In this Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding-off.

Unless stated otherwise, industry/ market data used throughout this Prospectus has been obtained from internal Company reports, and other industry publications. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable, but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe that industry/ market data used in this Prospectus is reliable, it has not been independently verified

All references to “Rupees” or “Rs.” are to Indian Rupees, the official currency of the Republic of India.

For additional definitions, please see the section titled “Definitions and Abbreviations” starting on page i of this Prospectus.



1. FORWARD-LOOKING STATEMENTS

This Prospectus contains certain “forward-looking statements”. These forward-looking statements generally can be identified by words or phrases such as “aim”, “anticipate”, “believe”, “expect”, “estimate”, “intend”, “objective”, “plan”, “project”, “shall”, “will”, “will continue”, “will pursue”, “may” or other words or phrases of similar import. Similarly, statements that describe our objectives, plans or goals also are forward-looking statements.

All forward-looking statements are subject to risk, uncertainties and assumptions about the Company that could cause actual results to differ materially from those contemplated by the relevant forward looking statement. Important factors that could cause actual results to differ materially from our expectations include, among others:

- General economic and business conditions in India; United States and the other Primary markets such as the Middle East, the Asia Pacific region and Europe;
- The ability to successfully implement the strategy, the growth and expansion plans and technology changes;
- Increasing competition in and the conditions of the Indian and global Electronic Industry;
- Increases in employees costs, including wage levels;
- Changes in laws & regulations that apply to the Electronic Industry;
- Changes in fiscal, political or social conditions in India and in the state of Gujarat;
- Changes in the value of the Indian rupee and other currencies, in particular the [U.S. Dollar];
- The ability to retain the clients and acquire new clients;
- Changes in the pricing policies of those of Competitors;
- Unanticipated variations in the durations, size and scope of the Projects;
- Changes in the foreign exchange control regulations, interest rates and tax laws in India;
- Social or civil unrest or hostilities with neighboring countries or acts of international terrorism.

For further discussion of factors that could cause our actual results to differ, please see “Risk Factors” on page vi of this Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. None of the Company or any of their respective affiliates has any obligation to update or otherwise revise any statements to reflect circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, the Company and the Lead Manager will ensure that investors in India are informed of material developments until the grant of listing and trading permission by the Stock Exchange.

Market Data

Market data used throughout this Prospectus was obtained from Industry publications and internal company reports. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although the Company believes market data used in this Prospectus is reliable, it has not been independently verified. Similarly, data provided by the Company, while believed by the Company to be reliable, has not been verified by any independent sources.

2. RISK FACTORS

An investment in equity shares involves a high degree of risk. Prospective Investors should carefully consider all the information in this Prospectus including the risks described below, in addition to the other information contained in this Prospectus, before making any investment decision relating to the Equity Shares. If any of the following risks actually occur, the Company's business, results of operations and financial condition could suffer, the trading price of the Company's Equity Shares could decline, and the investor may lose all or part of his investment.

Note: Unless specified or quantified in the relevant risk factors below, the Company is not in a position to quantify the financial or other implication of any risks mentioned herein under:

Materiality:

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

- Some events may not be material individually, but may be found material collectively.
- Some events may have material impact qualitatively instead of quantitatively.
- Some events may not be material at present but may be having material impacts in future.

The risk factors are as envisaged by the management along with the proposals to address the risk, if any. Wherever possible, the financial impact of the risk factors has been quantified.

A. RISK FACTORS SPECIFIC TO THE PROJECT AND INTERNAL TO THE COMPANY:

RISK FACTORS SPECIFIC TO THE PROJECT

- 1. *Company has entered into licence agreement dated 13th April, 2007 with GIDC for the land admeasuring 23404.73 Sqr mtrs located at Gandhinagar Electronic Park [SEZ], GIDC, Sector 25, Gandhinagar where the proposed expansion project will be set up.*** GIDC will enter into lease agreement with the company for 99 years subject to company fulfilling conditions as mentioned in the lease Agreement. For Details of important terms and conditions as mentioned in the lease agreement, please refer page no 21 of this prospectus.

If the Company is unable to fulfill the condition mentioned in the license agreement, then Company may not be able to enter into lease agreement with GIDC and have to find alternative place for setting up proposed expansion plant, which may take time and thereby affecting the schedule of implementation of project which may in turn affect the growth and profitability of the Company.

- 2. *The objects of the Issue for which funds are being raised have not been appraised by any Bank, Financial Institution or an Independent Organization and is based on Company estimates, if the project cost is under estimated then Company may not be able to implement the project or may require more funds to complete the project and in turn affect the profitability of the Company to that extent. For more details please refer section titled "object of the issue" on page no 19 of this prospectus.***
- 3. *The company is yet to place orders for certain plant and machinery, equipments etc as stated in section titled "Object of the Issue" on page no. 19 of the Prospectus. Any delay in placing the order or procurement of plant and machinery may delay implementation schedule of the proposed project and thereby affect the profitability of the Company to that extent.***

The Issue is proposed to fund the expansion of capacity and installation of machineries. Company is yet to place orders for procuring partial plant and machinery to the tune of Rs.170.55 Lakhs which forms 19.82% of the total cost of plant and machinery i.e. Rs. 860.29 Lakhs. Any delay in placing the order or procurement of plant and machinery may delay implementation schedule of the proposed project.

- 4. *Company has imported second hand machineries worth Rs. 385.98 lakhs for the proposed project and company may face the risk of technological obsolescence in the recent future.***

The Company has obtained a certificate from a Professional Engineer, M/s Stillman & Associates dated December, 21, 2006 to assess the life and condition of the said machineries, According to the certification given by Professional Engineer, the estimated life of machineries varies from 9 to 22 years For details viz year of Manufacturing of Machinery, estimated total life of Machinery, estimated remaining life of machineries please refer to page No 23 of this prospectus. Further the technology is new hence the same is expected to remain



competitive over the next decade. The Company will be able to save considerable amount in project cost by use of second hand machineries without having any impact on quality of the product.

5. ***Company has not identified alternate sources of financing the “Object of the Issue”. If company fails to mobilize resources as per its plan, it may be severely affected.***

Any failure or delay on its part to mobilize required resources may delay the scheduled implementation of the expansion project and could affect its growth plan.

6. ***Delay in implementation of the project will lead to cost overrun and thereby affect the profitability of the Company***

Any delay in the implementation of the project due to unforeseen circumstances or events, regulatory permissions viz approval of local authority for plan layout of the Factory Building, pollution control etc may lead to cost overrun and thereby affect the profitability of the Company.

7. ***Company is yet to apply/receive certain Government approval/permissions/registration for the proposed project mentioned below. If the Company does not receive the approval/permissions/registration at schedule time, the project may be delayed leading to cost overrun and thereby affecting the profitability of the company.***

Approvals for which applications are required to be made for the proposed project are mentioned below:

Sr. No.	Approval/Consent	Concerned Authority
1.	Permission from SIA for Manufacture of Printed Circuit Boards with the enhanced capacity.	Govt of India, Ministry of Commerce & Industry, Secretariat for Industrial Assistance, New Delhi.
2.	Registration under Rule 9 of the Central Excise Rules, 2002	Asst. Commissioner, Central Excise, Division-I, Gandhinagar.
3.	Consolidated Consent and Authorization (CC & A) under the provision of Water (Prevention and Control of Pollution) Act, 1974, the Air (Prevention and Control of Pollution) Act, 1981 and the Hazardous Waste (Management and Handling) Rules, 1989 framed under the Environmental (Protection) Act, 1986	Sr. Environmental Engineer, Gujarat Pollution Control Board, Gandhinagar
4	Licence under the Factory Act, 1948	Deputy Chief Inspector of Factory, Gujarat State
5	Permission for construction of Building on land identified at Plot no. 11, 12, 36 and 37 at Gandhinagar Electronic Park (SEZ) .	Gujarat Industrial Development Corporation, Gandhinagar

8. ***Company has allocated funds to the tune of Rs. 200 lacs towards acquisition of Companies/business. However, as on date the Company has neither identified any Companies/Business for acquisition in the same line of Business nor entered into any Agreement for the same. Company may not succeed in identifying suitable acquisition targets or integrating any acquired business into its operations, which may have a material adverse effect on its business, results of operations, financial condition and cash flows.***

The growth strategy of Company involves gaining new clients and expanding its capacity and efficiency, both technically and through acquisitions. Historically, company relied on expansion through acquisitions of businesses on going concern basis as well as otherwise in terms of machineries and equipments. **As on date Company has neither identified any Companies/Business for acquisition in the same line of Business nor entered into any Agreement for the same.** It is possible that in the future company may not succeed in identifying suitable acquisition targets available for sale on reasonable terms, have access to the capital required to finance potential acquisitions or be able to consummate any acquisition. The inability to identify suitable acquisition targets or investments or the inability to complete such transactions may affect the competitiveness and the growth prospects of the company. In addition, the management may not be able to successfully integrate any

CIRCUIT SYSTEMS (INDIA) LIMITED

acquired business into Company's operations and any acquisition company do complete may not result in long-term benefits to the company. Failure to conclude an acquisition successfully could have a material adverse effect on the operating results of the company. Future acquisitions may also result in the incurrence of indebtedness or the issuance of additional equity securities and may present difficulties in financing the acquisition on attractive terms. Acquisitions also typically involve a number of other risks, including diversion of management's attention, legal liabilities and the need to amortize acquired intangible assets, any of which could have a material adverse effect on the business, results of operations, financial condition and cash flows of the company.

- 9. For the proposed expansion project Company has planned to recruit 135 employees. For details please refer page no 50 of this prospectus. The Company has yet not started recruiting manpower required for its proposed expansion. Non recruitment of manpower for the proposed expansion at the appropriate time and non availability of manpower with required skills may hamper the operational activity of the company and thereby affect the profitability of the company.**
- 10. Company is dependent on senior executives and other key members of management to implement the Expansion Project and its business strategy.**

Company depends on the continued employment and performance of senior executives and other key directors and employees. If any of these individuals resign or becomes unable to continue in his or her present role and is not adequately replaced, business operations and the ability to successfully implement the Project and business strategies could be materially affected.

RISK FACTOR INTERNAL TO THE COMPANY

- 1. All the Land currently held by the company are taken on lease basis from GIDC for a period of 99 years and the same can be terminated by giving notice by the lessor in certain circumstances. For further Details please refer page no 21 of this prospectus. In case of such termination, company may encounter delay in finding suitable alternative properties in required timeframe. As a result, the termination or threat of termination of any of its lease would have a substantial disruptive effect on its ongoing business, its management and employees and may increase its expenses. The termination of any of its leases could have a material adverse effect on its business and its financial conditions and thereby affect the profitability of the company.**
- 2. The company operates only in the segment of manufacturing rigid Printed Circuit Boards, and hence may not be able to supply other type of PCB's.**

The Company's present manufacturing operation is limited to manufacture rigid Printed Circuit Boards and not flexible printed circuit boards. If the demand changes for the existing product of the company i.e. rigid PCB, due to reason beyond the control of the Company, The Company has to make substantial investment for creating facilities for manufacturing other type of PCB, which may affect the profitability of the company.

- 3. The Company's present scale of operation is limited to only PCB and that to only for rigid Printed Circuit Board which is a niche segment in the entire spectrum of electronic industry which limits the profitability of the Company as the Company is unable to exploit whatever opportunities available to them in electronics Industry.**
- 4. Company has shown the following item as unsecured loans as on 31st, March 2007**

Name of the Lender	(Rs. In Lakhs)	Interest
Sales Tax Deferment Loan	496.99	Nil
Inter Corporate Deposit	15.15	12 %
Deposit from directors	59.07	12%

Company has been granted exemption by the Government of Gujarat in terms of deferment of Sales tax for a period of five years which is completed on 31st March, 2007, now the Company has to start the payment of such Sales Tax what it has collected during last five years in certain slabs on monthly/quarterly/yearly basis which may affect the profitability of the company in future.



5. Any future equity offering by company may lead to dilution of shareholding in the company or adversely affect the market price of the Equity Shares.

If company does not have sufficient internal resources to fund its working capital or capital expenditure needs in the future, it may need to raise funds through an equity financing. As a purchaser of the Equity shares in the Issue, shareholders may experience dilution to their shareholding to the extent that it conducts future equity offerings. Such dilutions can adversely affect the market price of the equity Shares and could impact company's ability to raise capital through an offering of their equity securities

6. Company's insurance may not be adequate to protect against all potential losses to which company may be subject.

Company intend to maintain insurance against damage caused by flood, fires and earthquake on its facilities, which it believe is in accordance with relevant regulations and customary industry practice. Presently Insurance coverage is taken for 100% value of present fixed assets against the above unforeseen events. For details please refer heading titled "Insurance" on page no 55 of this prospectus .However, the replacement cost of all covered property may not be sufficient to cover all financial losses that it may suffer. If company has to incur a significant liability for which company is not fully insured, it could have a material adverse effect on its business, results of operations and financial conditions.

7. Laminate sheet is the major raw material for manufacturing of PCBs constituting approximately 30% of total raw material cost of the company. Presently Company imports 100% of its requirement of Laminated sheets, on regular basis from Taiwan, China, and Singapore. The proportion of imports among these countries varies depending on pricing and delivery schedule of supplier. Any increase in import duty or change in governing regulation of import in India may affect the cost of production in turn which may affect the profitability, business and operations of the company adversely.

8. Company is subject to restrictive covenants in certain debt facilities provided by Corporation Bank, Ahmedabad.

There are restrictive covenants in the sanctioned letter issued by Corporation Bank for credit facilities enjoyed by the company. These restrictive covenants require the company to seek permission of the said bank for availing of credit limits from other banks, further expansion of business, taking up new business activity or setting up / investing in subsidiary whether in these line or unrelated business. For details please refer page no 56 of this prospectus. However, for the proposed public issue Company has taken no objection certificate from Corporation Bank.

9. Auditors have qualified in the Auditors report on restated financial statement as included in the Prospectus that Liability on leave encashment to employees are provided on due basis, which is contrary to Accounting standards 15 "Retirement benefits" issued by Institute of chartered Accountant of India.

The Company is providing liability for leave encashment to employees on due basis instead of actuarial valuation as required by accounting standard 15 "Retirement Benefits" issued by Institute of Chartered Accountant of India. The Company provides full liability at the end of the financial years based on accrued leaves of employees, which is based on conservative policy adopted by the management of the Company.

10. There have been negative cash flows during the financial year ended March 31, 2003, 2004, 2005, 2006 and 2007.

(Amount Rs. In Lakhs)

Particulars	For the year ended March 31				
	2003	2004	2005	2006	2007
Negative cash flow from Investing activities	(141.47)	(656.59)	(269.04)	(192.24)	(778.21)
Negative cash flow from Financing Activities	(366.19)	—	(90.06)	(10.02)	—

Reasons for negative cash flow are as follows:

For the financial year ended March 31, 2003

Negative cash flow from Investing Activities (Rs. 141.47 lakhs)

The Company incurred capital expenditure of Rs. 145.54 lakhs towards acquiring the Machineries as a part of its normal expansion activities.

Negative cash flow from Financing Activities (Rs. 366.19 lakhs)

The main reason for negative cash flow from financing activities is repayment of loan amounting to Rs. 171.83 lakhs and amount of Rs. 119.22 lakhs paid on buy back of equity shares.

For the financial year ended March 31, 2004

Negative cash flow from Investing Activities (Rs. 656.59 lakhs)

During the financial year the company had acquired the Machineries of PCB Division of GNFC at a consideration of Rs. 404.05 lakhs. The company had also purchased imported machines during the year amounting to Rs. 127.75 lakhs. Also, the Company had constructed the building for its expansion due to purchase of aforesaid machineries for which Rs. 78.44 lakhs had been spent.

For the financial year ended March 31, 2005

Negative cash flow from Investing Activities (Rs. 269.04 lakhs)

The Company had incurred capital expenditure of Rs. 299.46 lakhs towards acquiring the imported machineries and further construction of building was carried out as a part of its continuous expansion.

Negative cash flow from Financing Activities (Rs. 90.06 lakhs)

The main reason for negative cash flow from financing activities is due to payment of interest of Rs. 80.42 Lakhs on term loan and working capital facilities from bank and dividend amounting to Rs. 48.77 Lakhs on equity share capital of the Company during the year.

For the financial year ended March 31, 2006

Negative cash flow from Investing Activities (Rs. 192.24 lakhs)

The Company had incurred capital expenditure of Rs. 218.24 lakhs towards acquiring the Machineries as a part of its normal expansion activities.

Negative cash flow from Financing Activities (Rs. 10.02 lakhs)

The main reason for negative cash flow from financing activities is due to payment of interest of Rs. 59.87 Lakhs on term loan and working capital facilities from bank and dividend amounting to Rs. 123.23 Lakhs on equity share capital of the Company during the year.

For the financial year ended March 31, 2007

Negative cash flow from Investing Activities (Rs. 778.21 lakhs)

During the financial year the Company had purchased machineries at a cost of Rs. 125.00 lakhs for expansion. Secondly, the Company had purchased imported machineries for its expansion project at SEZ, Gandhinagar at a cost of Rs. 392 lakhs and also paid for the dismantling, freight, storage etc. related the said machineries. The Company had also paid for acquiring land at the SEZ for the expansion project. As a cumulative effect of above, the Company incurred total capital expenditure of Rs. 803.15 lakhs.



A. RISKS EXTERNAL TO THE COMPANY

Certain factors beyond the control of the Company could have a negative impact on the Company's performance, such as:

- Electronic sector growth is dependent on the Government policies
- Changes in technology may render Company's current machinery obsolete or require it to make substantial capital investments for latest machinery
- Increasing employee/labour compensation in India may erode some of the Company's competitive advantage and may reduce the profit margin.

Apart from above mentioned points, following can be the risks external to the Company and beyond its control.

1. ***Global competitive market may force the Company to reduce the price of its products which may reduce its revenues and margins and/or decrease its market share either of which could have a materially adverse effect on its business, financial condition and results of operations.***

The Company operates in a globally competitive business environment. Growing competition may force it to reduce the price of its products which may reduce its revenues and margins and/or decrease its market share either of which could have a materially adverse effect on its business, financial condition and results of operations. Apart from this China is the prime international competitor in the PCB industry because of cheapest cost of production over there, and has always been a matter of concern for the existing players in PCB industry in India.

2. ***Parts of the company revenues and expenses are denominated in "US Dollars" and other international currencies. Thus the financial performance of the Company is vulnerable to fluctuation in foreign exchange rates.***
3. Any changes in the tax laws in India particularly income tax as well as the Import Export Policy might lead to increased Tax Liability of the Company thereby putting pressures on profitability of the Company.
4. ***Significant change in India's economic liberalization and deregulation policies could disrupt the Company's business and economic conditions in India which may affect the operations of the overall Industry and the company.***

There is no assurance that the liberalization policies of the government will continue in future. Protests against privatization could slow down the pace of liberalization and the deregulation. The rate of economic liberalization could change and specific laws and policies affecting foreign investment, currency exchange rates and other matters affecting investment in securities could change as well. A significant change in India's economic liberalization and deregulation policies could disrupt the Company's business and economic conditions in India. South Asia has, from time to time, experienced instances of civil unrest and hostilities among neighboring countries, if it continues to happen in future then it will affect the Company and the industry as a whole.

The present government is formed by coalition of several parties. Due to which if there is any instability in the government then it might affect the industry and the Company.

5. ***Post issue volatility in price of the scrip***

The price of the Company's equity shares in Indian Stock Exchanges may fluctuate after this issue as a result of several factors, including

- Volatility in the Indian and Global Securities market;
- The results of operations and performance;
- Perception about the company future performance or the performance of other Indian companies in the same Industry;
- Performance about the Company's future performance or the performance of other company in same industry;

CIRCUIT SYSTEMS (INDIA) LIMITED

- Adverse media reports on the Company's performance or recommendations by the financial analyst;
- Changes in the estimates of the Company's performance or recommendations by financial institutions;
- Significant development in India' fiscal economic liberalization and deregulation policies and
- Significant developments in India's fiscal and environmental regulations

There has been no public market for the Equity Shares and the price of Equity Shares may fluctuate after this Issue. There can be no assurance that an active trading market for the Equity Shares will develop or be sustained after this Issue, or the prices at which the Equity Shares are initially traded will correspond to the prices at which the Equity Shares will trade in the market subsequent to this Issue. The share price is likely to be volatile and may decline.

6. Natural calamities could have a negative impact on the Indian economy and cause the business of the Company to suffer.

India has experienced natural calamities such as earthquakes, tsunami, floods and drought in the past few years. The extent and severity of these natural disasters has an impact on the Indian economy. Any negative impact of natural disasters on the Indian economy could adversely affect the business and the market price of the Equity Shares.

NOTES:

1. Pre-Issue Net worth of the Company as on 31st March 2007 is Rs. 1879.52 Lakhs. The Book Value/ NAV per share on the same date 31st March, 2007 is Rs. 22.77.
2. The Investors are advised to refer to the section on "Basis for Issue Price" on page number 32 before making an investment in this issue.
3. Size of the present Issue of 42,44,810 equity shares of Rs.10/- each for cash at a premium of Rs. 25 per equity share aggregating Rs. 1485.68 Lakhs.
4. Investors may please note that in the event of over-subscription, allotment shall be made on a proportionate basis in consultation with Bombay Stock Exchange Limited the Designated Stock Exchange.
5. The average cost of acquisition of existing equity shares of the promoters as on 31st March, 2007 is as under:

Name of the Promoter	Average Cost of Acquisition per Equity Share (in Rs.)
Mr Magan H Patel	10.57/-
Mr Paresh Vasani	26.72/-
Mr Anand Patel	10.00/-

6. For any complaint/ clarification/ information pertaining to the Issue, the investors may contact the Lead Manager or the Compliance Officer who will be obliged to attend to the same.
7. The Lead Manager and the Company shall make all information available to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever.
8. For Related Party Transactions, please refer to the section entitled "Related Party Transaction" on page no 87. of the Prospectus.
9. Details of remuneration paid to directors are given under the head "Managerial Remuneration" at page no 61 of this Prospectus.
10. As per audited accounts dated 31st March,2007 company has no investment in quoted securities.
11. Since inception no bonus shares has been issued by the company.
12. For details in relation to loans and advances, please refer to page no 83 of this Prospectus.



SECTION -III: INTRODUCTION

1. SUMMARY

SUMMARY OF THE INDUSTRY AND BUSINESS OF THE COMPANY

Investors should read the following summary with the Risk Factors appearing on page number vi, “Management Discussion and Analysis of Financial Condition and Result of operations” on page number 93 and Financial information on page number 77 of this Prospectus and detailed information about the company included in this Prospectus.

INDIAN ELECTRONIC INDUSTRY

PRESENT MARKET

GLOBAL ELECTRONIC INDUSTRY

The global electronics industry is growing rapidly. From an estimated size of US\$ 950 billion in 2005, it is estimated to grow to nearly US\$ 2100 billion by 2010. The market is dominated by Asian countries such as China, Taiwan, Singapore and South Korea. The industry is characterized by rapid innovation and speed to market, short product life cycle, highly automated manufacturing to give consistent quality at low cost, high volume production, continuous improvement in capabilities for reducing costs and profit accrual through volumes.

(Source: India Brand Equity Foundation (IBEF) web site: www.ibef.org)

INDIAN ELECTRONIC INDUSTRY

India’s electronics industry is nascent by global standards. Despite a population of over one billion, India has a relatively small electronics market. It is ranked twenty-sixth worldwide in terms of sales and twenty-ninth in terms of production. The total size of the industry in 2004-05 was US\$11 billion.

India’s Electronics sector has six key segments

The Indian electronic industry is divided into six segments: Consumer electronics, Industrial electronics, Computers, Strategic electronics, Communication and Broadcasting equipment and Electronic components. A brief about present market for all segments is given below:

CONSUMER ELECTRONICS

Consumer electronics consists of products that are directly consumed by end-users, such as televisions, microwave ovens, household appliances etc. This segment has a large manufacturing base, and is quite competitive, with presence of several global players in India.

INDUSTRIAL ELECTRONICS

The industrial electronics segment includes products that are used by other industries, such as process control instrumentation, automation systems, test and measuring (T&M) instruments and medical instruments.

COMPUTERS SEGMENT

This segment includes personal computers, servers, workstations, supercomputers, data processing equipment and peripherals such as monitors, keyboards, disk drives, printers, plotters, digitisers, SMPS, modems, networking products and add-on cards. As Printed Circuit Board is primary component for all these products, demand for it is bound to increase with market of computers.

STRATEGIC ELECTRONICS

The strategic electronics segment covers Satellite base communications, defence, space applications, navigation and surveillance, underwater electronics and infra red based detection, disaster management and GPS based Vehicle tracking systems. The segment has a number of manufacturing units both in the public and private sectors.

COMMUNICATION AND BROADCASTING EQUIPMENT

The communication and broadcasting equipment segment includes digital exchanges (EPABX, RAX, TAX and MAX), Transmission equipment such as HF/VHF/Microwave trans-receivers, satellite communication terminals, optical fiber communication equipment, troposcatter equipment, two-way radio communication equipment, etc. These segments also create a big demand for PCB’s.

CIRCUIT SYSTEMS (INDIA) LIMITED

ELECTRONICS COMPONENTS

The electronics components segment caters to the requirements of consumer electronics, telecom, defense and information technology sectors. The components in production in India at present include TV picture tubes (black & white and colour), monitor tubes, diodes and transistors, power devices, ICs, hybrid microcircuits, resistors, capacitors (plastic film, electrolytic, tantalum, ceramic), connectors, switches, relays, magnetic heads, and, PCBs, crystals, and hard and soft ferrites.

As Printed Circuit Board is backbone for any electronic component, its market is increasing with the growth in all the segments narrated above.

CONSUMER ELECTRONICS SEGMENT

The Consumer electronics industry contributes about 33.80 percent of the total electronics production in India. The total production of consumer electronics was US\$ 3.74 billion in 2004-05, registering a growth of 13 per cent over production in the previous year. The growth has been primarily powered by colour televisions. Other growth segments in consumer electronics include microwave ovens and VCD/MP3 players - the microwave oven industry is estimated to be growing at the rate of 25-30 per cent.

These trends are a reflection of increasing consumption and aspiration levels among Indian consumers, driven by demographic and lifestyle changes. As these trends are positive for the future, the outlook for consumer electronics segment is quite positive.

INDUSTRIAL ELECTRONICS SEGMENT

The production of industrial electronics in 2004-05 was US\$ 1716 million as compared to US\$ 1327 million in 2003-04, a growth of 29 per cent.

Growth in industrial production and focus by industry on better controls, processes and systems are expected to drive growth in this segment in the future.

COMPUTERS SEGMENT

The production in computers segment was US\$1,961 million during 2004-05 as compared to US\$1479 million during 2003-04, a growth of 33 per cent.

The industry, in the area of PCBs, connectors, diskettes and CDs, experienced a positive growth.

High corporate consumption and buoyancy in small towns is driving sales of Personal Computers. The market for PCs is estimated to have touched 3.4 million units in fiscal 2004-05, taking the total PC penetration to 14 million in the country.

STRATEGIC ELECTRONICS SEGMENT

The production in the strategic electronics sector was US\$680 million in 2004-05 compared to US\$588 million in 2003-04, a growth of 16 per cent.

With the opening of strategic electronics to the private sector, there has been an emphasis on attracting private sector organisations for indigenisation of a variety of products and technologies. This is expected to fuel growth in this segment.

Growth in this segment has been almost stagnant over the past 5 years.

ELECTRONICS COMPONENTS SEGMENT

Electronics components contributed 18 per cent to the overall electronics production. Production in this sector was US\$ 1,961 million during 2004-05 compared to US\$ 1,719.3 million in 2003-04; a growth of 14 per cent.

The key product groups that have driven growth in components include CTV picture tubes, optical discs, PCBs, connectors, ferrites, etc. Growth in this segment has been primarily due to growth in the user segments. As such, the outlook is also positive.

(Source: India Brand Equity Foundation (IBEF) web site: www.ibef.org)

EXPORT MARKET

Most of the consumer electronics produced in India is consumed by the domestic market, with exports forming only 5 per cent of the production.

However, exports of electronic goods from India have been growing consistently and constituted about 2.64 per cent of India's overall exports in 2003-04. For the year ending March 2005, the export of electronic goods from India increased by 16 per cent



to US\$1,950 million as compared to US\$1,675 million in the year ending March 2004. This increasing trend is continued in the year 2005 also and is expected to continue in near future.

Electronic components segment contributes the highest towards the total electronics exports. The major export items include passive components, such as capacitors and resistors; wound components; CD-ROMs; connectors; color picture tubes and computer components/assemblies, such as head stacks; memory modules and RFID products. In 2003-04 India exported US\$ 817 million worth of electronics components, which formed 48 per cent of the total electronics export. Other key segments that contributed to exports include industrial electronics, computers and consumer electronics, with exports of US\$ 329 million, US\$ 313 million, and US\$ 179 million respectively in 2003-04.

The main destinations for India's exports are the European Union, Asian countries and the United States.

BENEFITS AVAILABLE TO THE INDUSTRY IN INDIA

While the Electronics sector in India is currently small, there are several advantages that India offers that can be effectively leveraged to achieve higher growth. These can be categorised under four heads:

- Manpower
- Market Demand
- Supporting institutions and
- Policy and Regulatory Support

Availability of skilled human resources in India at competitive cost is a key advantage for the electronics sector. India's human resources advantage derives from three key features – Availability in terms of numbers, Capability in terms of the right skills and low costs. India has the potential to ensure adequate availability of manpower to support the electronics industry well into the future. India's population is predominantly young – in 2001, nearly 54 per cent of the population was less than 25 years of age. By 2013, nearly 200 million more people will join the nation's productive age bracket representing a quantum growth in the consumption class. This implies that India will have a large pool of productive manpower well into the future.

Labour costs in India extremely competitive when compared to other developing countries. India's cost of skilled labour is among the lowest in the world. For example, average labour rate per employee in the electronics sector is about \$3,000 per year. Labour cost as a percentage of value added is only 21 per cent in India as compared to 23 per cent in China and 30 per cent in Taiwan. Taking advantage of this many MNC's have set up manufacturing bases in India for domestic consumption as well as exports.

On the whole the domestic market in India is very attractive from the point of view of the electronics sector, and current trends indicate high growth potential for the sector in the future.

(Source: India Brand Equity Foundation (IBEF) web site: www.ibef.org)

CIRCUIT SYSTEMS (INDIA) LIMITED

BUSINESS OF THE COMPANY

Background

The Company was originally incorporated on 08th February 1995 as Circuit Systems (India) Limited at Gujarat, Dadra & Nagar Haveli vide Registration Number: 04 – 24524. Thereafter the company was converted in to a Private Limited Company and consequently the name was changed to Circuit Systems (India) Private Limited on 01st August 2001 and thereafter the company was reconverted in to public company and the name was changed to Circuit Systems (India) Limited vide fresh certificate of incorporation dated 07th October 2005.

The Company is presently in the business of manufacturing PCB, the activity has been carried out since last more than one decade. The manufacturing plant of the company is located at B 24, GIDC Electronic Estate, Sector 25, Gandhinagar, with the annual manufacturing capacity of 84000 sq. meters. Gandhinagar is well connected by air, rail as well as surface for smooth running of the business.

END USE OF PRODUCT MANUFACTURED BY THE COMPANY

The product of the company is being used as a key component for all type of electronic items. A major industry where product of the company is being used is as under:

- Telecommunications
- Process Control Equipments
- Computers
- Defence Applications
- Automobiles
- Space Applications
- All type of electronic items

In light of the future market scenario and considering demand of products manufactured by the company at national as well as international market, the company has decided to go for setting up a new plant at Gandhinagar. The new unit will increase the manufacturing capacity of the company, to take the benefit of the expected rise in the demand of PCBs in near future.

The existing major customers of the company are TVS Electronics Limited, Bharat Electronics Limited, Essae Electronics Private Ltd., India Nippon Electricals Ltd., Secure Meters Limited, Consolidated Dynamics Pvt. Ltd., ITI Limited, ESSAE-Teraoka Ltd., Inductotherm (India) Private Limited, Varroc Engineering private Limited, Photoequip India Limited, JNS Instruments Limited, Donex Industries Limited at national level, however company is exporting its products to overseas customers approximately 30 % of its annual production. For exploring the opportunities available in USA & other western part of the world i.e. Countries like Belgium, France and Italy, company has started participating in trade fairs, exhibitions and also started approaching various potential customers for supply of its product. However no formal agreement is entered into with any of the customers till date.

SWOT ANALYSIS:

STRENGTH:

- The company has separate dedicated plant for Prototype orders (Small quantity less delivery time orders) for its customers. Due to this company is able to meet the demands of its existing as well as new customers for small volume without affecting its regular manufacturing for large quantity orders.
- Various government and large corporate prefers buying from suppliers having ISO certification for quality of the product. The company holds quality certifications from ISO and United Laboratories which entitles the company as approved vendor for various Government and Corporate customers and thereby company is able to fetch continuous orders from its existing customers.
- The Company's long term relations with the vendors has ensured smooth supply of raw materials and price maintenance. Also, the company's long term relation with its customers enables the company to get continuous and repetitive orders and also ensures expected growth.
- The promoters are experienced in the PCB industry and have relevant technical and market related knowledge to meet the increasing demand of the industry.

Weakness:

- The company operates only in the segment of manufacturing rigid printed circuit boards, and hence may not be able to supply other type of PCB's.



- The Company's present scale of operation is limited to only PCB and that to only for rigid Printed Circuit Board Which is a niche segment in the entire spectrum of electronic industry which limits the profitability of the Company as the Company is unable to exploit whatever opportunities available to them in electronics Industry.

Opportunities:

- The demand for product of the company is set to increase due to high growth rate of electronics Industries in India.

Threats:

- China is the prime international competitor in the PCB industry because of cheapest cost of production over there, and has always been a matter of concern for the existing players in PCB industry in India.
- More dependency on imported raw material may affect the business of the company.

BUSINESS STRATEGY

Company aims to serve the customers in terms of timely delivery with better quality at economical cost. It has developed a long term relationships with the customers and has headed towards enhancement in the customer base.

Company also participates in exhibitions organised at national as well as international level in order to create awareness of the Company's product among various end user Industry.

The Company is looking forward to develop new markets in USA and other western part of the world ie Countries like Belgium, France and Italy. For exploring the opportunities available in these countries company has started participating in trade fairs, exhibitions and also started approaching various potential customers for supply of its product. However no formal agreement is entered into with any of the customers till date.

FUTURE SCENARIO

Considering In-built growth opportunities available to the Company due to the growth in telecommunication industry, computers, electronic market and defense applications (For Details please refer to page no 39 of this prospectus), company has taken steps to improve its sales and customer base with innovative product launching and committed delivery schedule and the Company is also looking forward to develop new markets in USA and other western part of the world.

To cope up with the emerging opportunities in the domestic as well as overseas market, company has planned to set up its new unit in the forthcoming SEZ in GIDC, Gandhinagar.

ISSUE DETAILS IN BRIEF

Equity Shares Offered:	
Total Equity Shares	42,44,810 Equity shares of Rs 10/- each for cash at a premium of o Rs.25 per equity shares aggregating to Rs. 1485.68 Lakhs
Of Which:	
Promoters Contribution*	12,44,810 Equity shares of Rs 10/- each at a premium of Rs 25 per equity shares aggregating to Rs. 435.68 lacs.
Net Offer To Public In Public Issue	30,00,000 equity shares of Rs 10/- each at a premium of Rs 25 per equity share aggregating to Rs. 1050.00 lacs.
Retail Investors (atleast 50% of the net offer to public)	Atleast 15,00,000 Equity shares of Rs. 10/- each at a premium of Rs 25 per equity share (allocation on proportionate basis)
Other than retail investors (50% of the net offer to the public).	Not more than 15,00,000 Equity shares of Rs. 10/- each at a premium of Rs 25 per equity share (allocation on proportionate basis).
Equity Share outstanding prior to the issue	77, 55,190 Equity shares of Rs 10 each.
Equity share outstanding after the issue.	120,00,000 Equity shares of Rs 10 each .
Use of proceeds by the Company	See the section titled "Objects of the Issue" on page 19 of this Prospectus

* The promoters have already brought in Rs. 175.00 Lakhs as a part of total promoter contribution and 5,00,000 Equity Shares have been allotted at a price of Rs 35/- each as a part of promoters contribution in terms of this present issue

Note : Under subscription in any category shall be allowed to be met from oversubscription in the other category.

CIRCUIT SYSTEMS (INDIA) LIMITED**SUMMARY OF FINANCIAL, OPERATING AND OTHER DATA**

The following summary financial data has been prepared in accordance with Indian GAAP, The Companies Act, 1956, SEBI Guidelines and restated as described in the Auditor's Report of M/s Virendra Chinubhai & Co, Chartered Accountants dated 31st July, 2007 in the section titled "Financial information of Circuit Systems (India) Limited".

Investors should read this financial statements for each of financial year ended 2003,2004,2005,2006 and 2007 including the notes thereto and the Reports thereon, which appear under the paragraph on "Auditors Report" in this Prospectus and "Management Discussion and Analysis of financial condition and result of operations" on page 92 of this prospectus.

SUMMARY OF ASSETS AND LIABILITIES AS RESTATED:**(Rs. In lakhs)**

Particulars	As at				
	31/03/2003	31/03/2004	31/03/2005	31/03/2006	31/03/2007
Assets					
A FIXED ASSETS					
Gross Fixed Assets	1296.00	1878.74	2132.11	2306.82	2547.16
Less : Accumulated Depreciation	222.20	275.22	365.26	468.69	591.94
Net Fixed Assets	1073.80	1603.52	1766.85	1838.13	1955.22
Intangible Assets	0.00	0.00	0.00	0.00	40.85
Capital Work In Progress					497.02
	1073.80	1603.52	1766.85	1838.13	2493.09
B INVESTMENTS	105.28	112.88	105.36	105.36	105.36
C CURRENT ASSETS, LOANS & ADVANCES					
Inventories	295.96	329.27	356.10	360.91	441.44
Sundry Debtors	828.44	824.47	974.81	1073.51	1474.65
Cash & Bank Balances	69.43	75.61	75.21	67.36	88.46
Loans & Advances	207.45	539.22	247.02	339.78	436.13
	1401.28	1768.57	1653.14	1841.56	2440.68
D LIABILITIES AND PROVISIONS					
Secured Loans	446.38	934.08	912.62	1085.28	1460.56
Unsecured Loans	362.71	426.31	486.90	493.22	571.21
Deferred Tax Liability	26.51	73.45	134.45	258.15	275.51
Current Liabilities & Provisions	477.10	675.30	580.51	581.99	852.33
	1312.70	2109.14	2114.48	2418.64	3159.61
E NET ASSETS (C - D)	88.58	(340.57)	(461.34)	(577.08)	(718.93)
F NET WORTH (A + B + E)	1267.66	1375.83	1410.87	1366.41	1879.52
Represented by					
Share Capital	720.52	720.52	720.52	720.52	825.52
Share Application Money					
Reserve & Surplus	547.14	655.31	690.35	650.61	1064.69
	1267.66	1375.83	1410.87	1371.13	1890.21
Less : Miscellaneous Expenses Not W/off				4.72	10.69
G NET WORTH	1267.66	1375.83	1410.87	1366.41	1879.52

**SUMMARY OF PROFIT & LOSSES AS RESTATED:****(Rs. In lakhs)**

Particulars	Year Ended				
	31-03-03	31-03-04	31-03-05	31-03-06	31-03-07
Income					
Sales & Operating Incomes (Net of Excise)	1782.77	2025.62	2672.49	2872.41	3884.18
Other Income	0.43	14.52	23.76	3.62	20.69
Increase / (Decrease) in Stock	24.51	(11.99)	2.98	17.13	15.96
Total Income	1807.71	2028.15	2699.23	2893.16	3920.83
Expenditure					
Purchases & Operating Expenses	1319.68	1360.15	1873.21	2123.43	2889.94
Administrative & Other Expenses	92.90	156.50	191.52	102.92	166.46
Selling & Distribution Expenses	91.73	165.02	175.61	177.05	226.83
Financial Charges	35.14	30.25	80.42	59.87	124.53
Depreciation & Amortization	57.74	68.39	98.61	110.61	124.23
Total Expenditure	1597.19	1780.31	2419.37	2573.88	3531.99
Profit for the Period	210.52	247.84	279.86	319.28	388.84
Add / (Less) : Prior Period Items	-49.97	15.04	-5.59	-18.35	-0.81
Profit Before Tax	160.55	262.88	274.27	300.93	388.03
Add / (Less) : Provision for Tax					
Current Tax	55.00	59.00	55.00	90.25	100.25
Deferred Tax	26.51	46.95	61.00	-2.97	17.35
Fringe Benefit Tax				3.47	2.95
Profit After Tax and before Extra-Ordinary Items	79.04	156.93	158.27	210.18	267.48
Extra- Ordinary items	0.00	0.00	0.00	0.00	0.00
Profit After Taxation and extra-Ordinary items as per Audited Accounts	79.04	156.93	158.27	210.18	267.48

CIRCUIT SYSTEMS (INDIA) LIMITED

1. GENERAL INFORMATION

CIRCUIT SYSTEMS (INDIA) LIMITED.

(The Company was originally incorporated on 08th February 1995 as Circuit Systems (India) Limited at Gujarat, Dadra & Nagar Haveli vide Registration Number: 04 – 24524. thereafter the company was converted in to a Private Limited Company and consequently the name was changed to Circuit Systems (India) Private Limited on 01st August 2001 and thereafter the company was reconverted in to public company and the name was changed to Circuit Systems (India) Limited vide fresh certificate of incorporation dated 07th October 2005)

Registered Office & Corporate Office: B - 24, GIDC, Electronics Estate, Sector – 25, Gandhinagar – 382 044, Gujarat, India

(At the time of incorporation, the registered office of the company was situated at 167, Azad Society, Ambawadi, Ahmedabad-380015 which was then shifted to B-9-10, GIDC Electronic Estate, Sector -25, Gandhinagar -382044 w.e.f. 17.06.1996, thereafter it has shifted to B-24 GIDC Electronic Estate, Sector -25, Gandhinagar -382044 w.e.f. 11.12.1997, thereafter it has shifted to D - 402, Status Apartment, Thaltej Road, Nr Drive in, Thaltej, Ahmedabad w.e.f. 01.09.2001 and w.e.f. 01-12-2001 the Registered office of the Company has been shifted to the present address).

Tel: 91-79-23242781/2/3 **Fax:** 91-79-23242784, **E-mail:** cs@mycsil.com; **Website:** www.mycsil.com;

Contact person and Compliance officer: Mr. Paras Mehta, Company Secretary.

Registration No: 04-24524;

CIN No.: U74140GJ1995PLC024524

Registered with Registrar of Companies at ROC Bhavan, Opp Rupal Park Society, Behind Ankur Bus Stop, Navrangpura, Ahmedabad-380 013

AUTHORITY OF THE ISSUE

Pursuant to Section 81(1A) of the Companies Act, 1956, the present issue of equity shares has been authorized vide Special Resolution passed at the Annual General Meeting of the Company held on 6th September, 2006 and a resolution passed by the Board of Directors at its meeting held on 24th July, 2006.

BOARD OF DIRECTORS:

The company is currently managed by Board of Directors comprising of 8 Directors. The Company's Board of Directors consists of the following persons:

NAME OF DIRECTOR	DESIGNATION	STATUS
Mr Paresh N. Vasani	Managing Director	Executive and non independent director
Mr Magan H. Patel	Chairman	Non Executive and non independent director
Mr Sharad R Shah	Whole time Director	Executive and non independent director
Mr. Anand A Patel	Director	Non Executive and non independent director
Mr Ishwar H Patel	Director	Non Executive and independent director
Mr Ambalal C Patel	Director	Non Executive and independent director
Mr Niranjan R. Dave	Director	Non Executive and independent director
Mr Dilip S. Vyas	Director	Non Executive and independent director

PROFILE OF THE CHAIRMAN, MANAGING DIRECTOR AND WHOLE TIME DIRECTOR OF THE COMPANY

MR MAGAN H. PATEL – 60 years, Chairman and Promoter of the company has an experience of 25 years in the PCB business. After graduation, he has obtained a degree in industrial engineering from USA. He worked with various organizations from 1975 to 1983. From 1983 to 1998 he has worked as vice president of Circuit System Inc. USA. He co-founded the company Circuit Systems (India) Limited with other promoters in the year 1995 and since then he is guiding force in Circuit Systems (India) Limited.

MR. PARESH N. VASANI – 40 years, Managing Director and promoter of the Company carries experience of 15 years in various capacities. He obtained his engineering degree in the discipline of Electronics and Communication from L. D. College of Engineering, Gujarat University, and Ahmedabad and has done his M.S. (Computer Engineering) from University of Texas at Austin, USA. He had an opportunity of working with Intel Corporation USA as Senior Design Engineer from 1991 to 1994. He came back to India and set up the Circuit Systems (India) Limited with other promoters in 1995 and took the reign of management as Managing Director. Since then he is looking after day to day management of the company.



MR. SHARAD R. SHAH – 50 years, is a whole time director of the company. He is looking after all technical and administrative matters of the company. He carries an experience of 20 years in PCB industry. He has done his BE (Mech.) and thereafter obtained degree of M. Tech from IIT Mumbai. He started his carriers as an industrial engineer with one of the leading pipe manufacturing company. He had also an opportunity to work as an in charge of EDP division of a large industrial house and as a plant in charge and worked at senior position looking after technical, administrative, procurement and overall management of the company.

For details of other directors please refer page no 62 of this Prospectus

COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. PARAS MEHTA

Circuit Systems (India) Limited
B - 24, GIDC, Electronics Estate,
Sector – 25, Gandhinagar – 382 044,
Gujarat, India
Tel: +91-79-23242781/2/3
Fax: +91-79-23242784
E-mail: cs@mycsil.com

Investors can contact the compliance officer in case of any pre- issue or post- issue related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary accounts, refund orders etc.

LEGAL ADVISORS TO THE ISSUE

MR. NAVEEN PAHWA, ADVOCATE

71, New York Tower – A,
Opp. Muktidham Derasar,
Thaltej Chowkdi, Thaltej,
Ahmedabad - 380059
Tel: +91 79- 2685101/02
Fax: +91-79-26855105
Email: nkpahwa2001@yahoo.com

BANKERS TO THE COMPANY

CORPORATION BANK

Industrial Finance Branch,
1st Floor, Rangoli Complex,
Opp. V.S. Hospital,
Ashram Road,
Ahmedabad - 380006
Tel No: (079)22023304, 22023245
Fax No: (079) 22851714, 22851715
Email: ibd@corpbank.co.in
Contact Person: Mr. M. V. Prabhu (AGM)

LEAD MANAGER

Centrum Capital Limited

SEBI Regn No. INM000010445
UIN No. 100016915
59, Krishna Chambers,
Sir Vithaldas Thackersey Marg,
New Marine Lines,
Mumbai – 400 020.
Tel : +91 22 4030 0500
Fax : +91 22 4030 0510
Email: csil@centrum.co.in
Website: www.centrum.co.in
Contact Person: Mr. Alpesh Shah

CIRCUIT SYSTEMS (INDIA) LIMITED

REGISTRAR TO THE ISSUE

Cameo Corporate Services Limited

SEBI Regn No.: INR 000003753

Subramanian Building, No.1,

Club House Road,

Chennai – 600 002

Tel: +91-44-28460390

Fax: +91-44-28460129

Email: cameo@cameoindia.com

Website: www.cameoindia.com

Contact Person: Mr. R.D. Ramasamy

BANKERS TO THE ISSUE

Corporation Bank

SEBI Registration No INBI 00000082

15, Mittal Cambers,

Nariman Point,

Mumbai – 400 021

Tel: +91-22-2203304

Fax: +91-22-22851715

Email ID: ibd@Corpbank.co.in

Website : www.corpbank.in

Contact Person : Mr V R Rajendran.

ICICI Bank

SEBI Registration No INBI 00000004

Capital Markets Division

30, Mumbai Samachar Marg,

Mumbai-400 001

Tel: +91-022-22627600

Fax: +91-022-22611138

Email: sidhartha.routray@icicibank.com

Contact Person: Mr. Sidharth Sankar Routray

BROKERS TO THE ISSUE

All members of the recognized Stock Exchanges would be eligible to act as Brokers to the Issue.

AUDITORS

VIRENDRA CHINUBHAI & CO

Chartered Accountants

1-2-3, 1st Floor, Vyapar Bhavan,

Visnagar - 384315

Dist. Mehsana

Tel: +91-2765-230489

Fax: +91-2765-230489

Email: vcshah111@yahoo.co.in

Contact Person: Mr. Virendra C. Shah

CREDIT RATING

As this is an Issue of Equity Shares, there is no requirement of credit rating.

IPO GRADING

The Company has not opted for grading of this issue from credit rating agency.

TRUSTEES

As this is an Issue of Equity Shares, the appointment of Trustees is not required.



MONITORING AGENCY

The Audit Committee of the Board of Director shall be monitoring the deployment of funds.

The Company will disclose the utilization of the issue under a separate head in the Balance sheet clearly specifying the purpose for which such proceeds have been utilized, The company shall also, in its Balance sheet, provide details, if any, in relation to all such proceeds of the issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of the issue.

UNDERWRITING

Underwriting being optional, the Company does not propose to underwrite the issue.

INTER ALLOCATION OF RESPONSIBILITIES

Centrum Capital Limited is the sole Lead Manager to the Issue.

INITIAL PUBLIC OFFER OF CIRCUIT SYSTEMS (INDIA) LIMITED

Public issue of 42,44,810 equity shares of Rs. 10/- each for cash at a premium of Rs 25 per equity Share aggregating to Rs.1485.68 Lakhs.

ISSUE OPENS ON : 27th SEPTEMBER, 2007

ISSUE CLOSES ON : 5th OCTOBER, 2007

CIRCUIT SYSTEMS (INDIA) LIMITED

3. CAPITAL STRUCTURE OF THE CIRCUIT SYSTEMS (INDIA) LIMITED.

The capital structure of the Company as on 30th June, 2007 is as follows:

(Rs. In Lakhs)

	NUMBER OF SHARES	NOMINAL VALUE	AGGREGATE VALUE INCLUDING PREMIUM
A.	AUTHORISED CAPITAL		
	1,40,00,000 Equity Shares of Rs 10/- each	14,00.00	NIL
B.	ISSUED , SUBSCRIBED AND PAID UP EQUITY SHARE CAPITAL		
	82,55,190 Equity Shares of Rs 10/- each (Out of above 5,00,000 No of Equity shares have been allotted to promoters at a price of Rs 35 each as a part of promoters contribution in terms of this present issue).	825.51	1088.02
C.	PRESENT ISSUE IN TERMS OF THIS PROSPECTUS		
	Public issue of 42,44,810 equity shares of Rs 10/- each for cash at a premium of Rs 25 each.	424.48	1485.68
	OUT OF WHICH		
	Promoters Contribution 12,44,810 equity shares of Rs 10/- each for cash at a premium of Rs 25 per equity share. (Out of above 5,00,000 equity shares of Rs 10 each have been allotted to promoters at a premium of Rs 25 each as a part of promoters contribution in terms of this present issue).	124.48	435.68
D.	NET ISSUE TO PUBLIC		
	30,00,000 equity Shares of Rs 10/- each for cash at a premium of Rs 25 each. Out of which Atleast 15,00,000 equity shares of Rs 10/- each at a premium of Rs 25 per equity shares will be allocated to Retails Individual Investors. Remaining 15,00,000 equity shares of Rs 10/- each at a premium of Rs 25 per equity Shares will be allocated to Non Retail Investors.	300.00	1050.00
E.	SUBSCRIBED AND PAID UP CAPITAL AFTER THE ISSUE 1,20,00,000 Equity shares of Rs 10/- each	1200.00	2398.70
F.	SHARE PREMIUM AMOUNT		
	● Before the issue		262.50*
	● After the issue		1198.72

* This includes premium amounting to Rs 125.00 lakhs on 500,000 no of Equity shares issued to promoters at a premium of Rs 25 per equity share as a part of promoters contribution in terms of this present issue.

DETAILS OF INCREASE IN AUTHORISED CAPITAL

Sr. No.	Particulars of increase	Date of Meeting	AGM/ EGM
1	At the time of incorporation Rs. 100 lakh	_____	Since Incorporation
2	From Rs. 100 lakh to Rs. 200 lakh	17th June, 1996	EGM
3	From Rs. 200 lakh to Rs. 700 lakh	02nd January 1997	EGM
4	From Rs. 700 lakh to Rs. 800 lakh	18th June 1998	EGM
5	From Rs. 800 lakh to Rs. 1400 lakh	18th January 2006	EGM

Note: The Company was incorporated with Authorised Capital of Rs 100 Lakhs divided into 10,00,000 Equity shares of Rs 10/- each.



NOTES TO THE CAPITAL STRUCTURE:

1. SHARE CAPITAL HISTORY OF THE COMPANY:

Date of Allotment/ Fully paid-up	Nos. of Shares	Face Value Rs.	Nature of Allotment	Issue Price Rs.	Value Rs. lacs	Cumulative Paid-up Capital Rs in lacs.	Consideration (Cash, Bonus, Kind etc.)	Remarks	Share Premium (Rs in lacs)
08th February 1995	800	10	Allotment to subscribers of Memorandum of Association	10	0.08	0.08	Cash		Nil
11th December 1997	14,40,740	10	Preferential allotment	10	1,44.07	144.15	Cash		Nil
30th March 1998	52,75,338	10	Preferential allotment	10	5,27.53	671.68	Cash		Nil
31st March 1999	4,10,000	10	Preferential allotment	10	41.00	712.68	Cash		Nil
31st March 2000	6,50,000	10	Preferential allotment	10	65.00	777.68	Cash		Nil
03rd October 2000	20,000	10	Preferential allotment	10	2.00	779.68	Cash		Nil
19th October 2001	2,03,122	10	Preferential allotment	10	20.31	800.00	Cash		Nil
30 th September, 2002	(7,94,810)*	10		15	(79.48)	720.51	Cash	Buy Back by the Company	
10 th October 2006	5,50,000 **	10	Preferential allotment to M.s Europrint N.V	35	55.00	775.51	Cash		137.50
14 th February 2007	1,00,000***	10	Promoter contribution as a part of Present Public Issue	35	10.00	785.51	Cash		25.00
30 th March 2007	4,00,000***	10	Promoter contribution as a part of present Public issue	35	40.00	825.51	Cash		100.00
Total	82,55,190				825.51				262.50

- *The Company has bought back 7,94,810 number of equity shares vide special resolution passed at the Extra Ordinary General Meetings dated 30th September, 2002. The buy back of Equity shares was made at a price of Rs 15 per equity shares from the shareholders on proportionate basis holding equity shares as on record date i.e. 30th September 2002.
- **Company has allotted 5,50,000 equity shares to M/s. Eurprint N.V on preferential basis on 10th October, 2006
- *** The promoters have been allotted 500,000 equity shares against their contribution toward present public issue

CIRCUIT SYSTEMS (INDIA) LIMITED

2. LOCK IN DETAILS OF SHARES OF PROMOTERS FOR 1 YEAR & 3 YEARS.

Name of the Promoter	Date of Allotment/ Transfer	Consideration	No. of Equity Shares	Face Value	Issue/ Transfer Price	Pre Issue %	Post Issue %	Lock-in Period (Years)
Magan H. Patel	26 th June 1999	Transfer	3325090	10	10	42.87	27.71	1
	26 th June 1999	Transfer	802380	10	10	10.35	6.68	3
	19 th October 2001	Cash	182810	10	10	2.36	1.52	3
	14 th February, 2007	cash	100000	10	35	1.29	0.83	3
	To be allotted	Cash	144810	10	35	1.87	1.21	3
	Total			4555090			58.74	37.95
Anand A. Patel	31 st March 1999	Cash	80000	10	10	1.03	0.67	1
	31 st March 2000	Cash	100000	10	10	1.29	0.83	3
	To be allotted	Cash	550000	10	35	7.09	4.58	3
	Total		730000			9.41	6.08	
Paresh N. Vasani	12 th November 1997	Cash	18090	10	10	0.23	0.15	1
	31 st March 1999	Cash	110000	10	10	1.42	0.92	1
	31 st March 2000	Cash	70000	10	10	0.90	0.58	3
	31 st March, 2007	Cash	400000	10	35	5.16	3.33	3
	To be allotted	Cash	50000	10	35	0.64	0.42	3
	Total		648090			8.35	5.40	
GRAND TOTAL			5933180			76.50	49.43	

Note : For the purpose of above calculation and % of promoters holding against pre issue equity shares 500,000 no of Equity shares allotted to the Promoters which have been brought in as a part of promoters contribution of this present issue have not taken into consideration.

3. The above equity shares locked in are eligible for computation of promoters contribution pursuant to clause 4.6 of SEBI (DIP) Guidelines.
4. Lock-in period will commence from date of allotment of this issue. Besides this, entire pre-issue share capital, other than that locked in as promoter's contribution for 3 years, will be locked in for a period of one year from the date of allotment in this public issue.
5. Promoter participation in the proposed issue:
 - a) Out of total Promoters contribution of Rs 435.68 lakhs, the promoters have already brought in Rs. 175.00 lakhs for which 5,00,000 number of Equity shares have been allotted @ Rs 35 per equity share and the balance Rs 260.68 lakhs shall be brought in at least one day before the opening of the issue.
 - b) A Chartered Accountant's certificate confirming the receipt of money would be submitted to the SEBI.
 - c) The Board of Directors of the company would pass a resolution stating that the Company has received balance Rs 260.68 Lakhs from the promoters and the allotment of shares to the promoters would be done along with the allotment to all the applicants in the public issue.
 - d) A certified copy of the resolution would be submitted to SEBI before the opening of issue.
6. The Promoters Mr. Magan H Patel, Mr. Paresh N. Vasani, Mr. Anand A. Patel have given their approval for Lock in of their shareholding as specified above, vide their letter-dated 22nd November, 2006.
7. Shares issued last shall be locked-in first.
8. The Equity Shares to be held by promoter(s) which are locked in, shall not be sold, hypothecated /transferred during the lock in period, however it may be transferred to and amongst promoter/promoter group or to a new promoter or persons in control of the company, subject to continuation of lock-in, in the hands of transferees for the remaining period and compliance of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations 1997, as applicable.
9. Locked in Equity shares held by promoters can be pledged with banks or financial institutions as collateral security for loans granted by such banks or financial institutions, provided pledge of shares is one of the terms of the sanction of loan. However, shares locked-in that constitutes part of minimum, promoters contribution can be pledged with the Banks or financial institutions only if loan has been granted by Banks or financial institutions for the purpose of financing one or more of the object of the issue.



10. The promoters' contribution has been brought in from persons defined as promoters under the Guidelines.
11. The Company/Promoters/Directors/Lead Merchant Bankers have not entered into buyback/Standby or similar arrangements for purchase of securities issued by the Company.
12. The Securities forming part of Promoters contributions that are issued last have been locked in first.
13. The Securities which are subject to lock in carry the inscription "non transferable"
14. The Promoter's Contribution has been brought in is not less than the specified minimum lot of Rs 25000/- per application form from each individual and not less than Rs 100000/- from Corporate Applicants.
15. An over subscription to the extent of 10% of the net offer to the public can be retained t **in the process of rounding off to the nearest multiple of marketable lot and in the process of allotting minimum 200 shares** while finalizing the allotment.
16. In the event of over subscription, allotment will be made on proportionate basis (subject to minimum application size) as detailed under basis of allotment

17. Equity Shares held by top ten shareholders:

- a) Top Ten Shareholders as on date of Filing of prospectus with the ROC.

Sr. No.	Name of shareholders	No of shares	% of Holding
1	Mr. Magan H Patel	4410280	53.42
2	Apollo Industries & Project Ltd	1398740	16.94
3	Mr. Paresh N Vasani	598090	7.25
4	Europrint NV	5,50,000	6.66
5	Mr. Mitha K. Patel	200000	2.42
6	Mr. Jayanti K. Patel	200000	2.42
7	Mr. Ashok T Patel	180090	2.18
8	Mr. Anand A Patel	180000	2.18
9	Mr. Anil T Patel	90090	1.09
10	Mr. Arvind T Patel	90000	1.09
	Total	7897290	95.65

Note : Percentage of holding is calculated on paid up equity share capital which includes Allotment made to promoters for equity shares brought by them as part of promoters contribution.

- b) Top ten shareholders as on two years prior to the date of filing of the Prospectus with the ROC

Sr. No.	Name of shareholders	No of shares	% of Holding
1	Mr. Magan H Patel	4310280	59.82
2	Apollo Industries & Project Ltd	1798740	24.96
3	Mr. Paresh N Vasani	198090	2.75
4	Mr. Ashok T Patel	180090	2.50
5	Mr. Anand A Patel	180000	2.50
6	Mr. Anil T Patel	90090	1.25
7	Mr. Arvind T Patel	90000	1.25
8	Mr. Nathusing Chavda	50000	0.69
9	Mr. Kusumben G Patel	45000	0.62
10	Mr. Manan M Patel	45000	0.62
	TOTAL	6987290	96.96

CIRCUIT SYSTEMS (INDIA) LIMITED

c) Top Ten shareholders 10 days prior to the date of filing of the prospectus with ROC are as follows.

Sr. No.	Name of shareholders	No of shares	% of Holding
1	Mr. Magan H Patel	4410280	53.42
2	Apollo Industries & Project Ltd	1398740	16.94
3	Mr. Paresh N Vasani	598090	7.25
4	Europrint NV	5,50,000	6.66
5	Mr. Mitha K. Patel	200000	2.42
6	Mr. Jayanti K. Patel	200000	2.42
7	Mr. Ashok T Patel	180090	2.18
8	Mr. Anand A Patel	180000	2.18
9	Mr. Anil T Patel	90090	1.09
10	Mr. Arvind T Patel	90000	1.09
	Total	7897290	95.65

Note :Percentage of holding is calculated on paid up equity share capital which includes Allotment made to promoters for equity shares brought by them as part of promoters contribution.

18. The pre and post issue shareholding pattern of the Company is given below: -

Sr. No.	Category	Pre – Issue		Post – Issue	
		No. of Rs. 10/- shares	% holding	No. of Rs. 10/- shares	% holding
1	Promoters				
	Magan H. Patel	4310280	55.58	4555090	37.95
	Paresh N Vasani	198090	2.55	648090	5.40
	Anand A Patel	180000	2.32	730000	6.08
	Sub Total (1)	4688370	60.45	5933180	49.43
2	Promoter Group				
	a) Relative of Promoter				
	Ashok T Patel	180090	2.32	180090	1.50
	Anil T Patel	90090	1.16	90090	0.75
	Arvind T Patel	90000	1.16	90000	0.75
	Sub Total (2)	360180	4.64	360180	3.00
A.	Total Promoter and Promoter group Holding (1+2)	5048550	65.09	6293360	52.43
3	Institutional Investor & Others				
	a) Bodies Corporate				
	Apollo Industries & Project Ltd	1398740	18.04	1398740	11.66
	Euro Print NV	550000	7.08	550000	4.58
	Sub Total 3 (a)	1948740	25.12	1948740	16.24
	b) Friends and Associates				
	Mitha k. Patel	200000	2.58	200000	1.66
	Nathusingh Chavada	50000	0.64	50000	0.41
	Jayanti K. Patel	200000	2.58	200000	1.66
	Manan M Patel	45000	0.58	45000	0.38
	Kusum G Patel	45000	0.58	45000	0.38



Sr. No.	Category	Pre – Issue		Post – Issue	
		No. of Rs. 10/- shares	% holding	No. of Rs. 10/- shares	% holding
	Manjula R Patel	45000	0.58	45000	0.38
	Maulik M Patel	45000	0.58	45000	0.38
	Rashmi H Patel (HUF)	45000	0.58	45000	0.38
	Gunvant K Patel	27000	0.34	27000	0.22
	Satish M Patel	18000	0.22	18000	0.15
	Smita H Patel	18000	0.23	18000	0.15
	Lav Gunvant Patel	9000	0.12	9000	0.08
	Shardul K Shah	9000	0.12	9000	0.08
	Dr. Shefali Maheshwari	1500	0.02	1500	0.02
	Janardan J Rawal	100	0.01	100	0.00
	Mani V Patel	100	0.01	100	0.00
	Prakash B Shah	100	0.01	100	0.00
	Suresh Shah	100	0.01	100	0.00
	Sub Total 3 (b)	757900	9.79	757900	6.33
	c) Institutional Investors	–	–		
	d) NRI/OCB	–	–		
	e) Indian Public	–	–	3000000	25.00
B.	Total Holding of Institutional Investor & Others (Total of a to e)	2706640	34.91	5706640	47.57
	Total Share holding (A + B)	7755190*	100.00	12000000	100.00

Note :

- 1) Apollo Industries and Projects Limited holds less than 20% equity as strategic investor. The said investor is neither associated with the company as promoter nor having any managerial interest.
- 2) Friends and Associates shown in above mentioned table are not related to promoters.

* The pre- issue equity shareholding does not include 500000 equity shares already allotted to the promoters forming part of promoters' contribution.

DETAILS OF ALLOTMENT TO THE PROMOTER GROUP OF THE COMPANY ARE GIVEN BELOW:

Name of the Promoter	Date of Allotment / Transfer	Nature of Payment	No. of shares	Face Value (Rs)	Issue Price (Rs)
Mr. Ashok T. Patel	31/03/1999	Cash	100000	10	10
	31/03/2000	Cash	80090	10	10
	Total (A)		180090		
Mr. Anil T. Patel	31/03/1999	Cash	90090	10	10
	Total (B)		90090		
Mr. Arvind T. Patel	31/03/2000	Cash	90000	10	10
	Total (C)		90000		
	Total (A+B+C)		360180		

19. As on date of filing of Prospectus with SEBI, the issued capital of the company is fully paid up.
20. No single applicant can make an application for number of shares, which exceeds the number of shares offered
21. As per SEBI Guidelines, A Minimum of 50% of the net offer to the public is reserved for allotment to individuals investors applying Equity shares of or a value of not more than Rs 100,000 .The remaining 50% of net offer to the public is reserved for individuals applying for equity shares of a value more than Rs 1,00,000 and corporate bodies /institutions est. Unsubscribed portion in either of these categories shall be added to the to the other category interchangeably.

CIRCUIT SYSTEMS (INDIA) LIMITED

22. The Company has not issued any Equity Shares out of revaluation reserves or for consideration other than cash
23. The Company has not availed any bridge loans against the proceeds of this Issue.
24. The Company will get the full amount of equity shares including premium at the stage of application.
25. As of the date of the Prospectus, there are no outstanding financial instruments or warrants or any other right that would entitle the existing Promoter or Shareholders, or any other person any option to receive Equity Shares after the offering.
26. At any given point of time, there shall be only one denomination for the Equity Shares of the Company, unless otherwise permitted by law. The Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.
27. There would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, right issue or in any other manner during the period commencing from submission of this Prospectus with SEBI until the Equity Share issued have been listed.
28. The Company presently do not intend or propose to alter its capital structure for a period of six months from the date of opening of the Issue, either by way of split or consolidation of the Equity Shares or by way of further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise, or if the Company enters in for acquisitions or joint ventures, it may consider raising additional capital to fund such activity or use Equity Shares as currency for acquisition and/ or participation in such joint ventures.
29. The total numbers of members of the Company are 26 as on 30th June, 2007
30. No shares have been allotted through a public issue in the last two years nor has the Company bought back its equity shares in the last six months.
31. Any transaction in securities by the “Promoters”, promoter group” and the immediate relatives of the Promoters during the period between the date of filing of the Prospectus with the Registrar of Companies or Stock Exchanges as the case may be and date of closure of the issue shall be reported to the stock exchanges concerned within 24 hours of the transaction.
32. No payment direct or indirect in the nature of discount, commission allowance, or otherwise shall be made either by the issuer company or the promoters to the persons who receive firm allotment in this issue.
33. The Promoters including Promoter Group and Associates and Directors have not purchased /Sold Equity shares of the Company, during the period of six months preceding the date on which Prospectus is filed with ROC However they have been allotted 5,00,000 no of Equity shares as a part of promoters contribution in this present issue . The details are as given as below.

Sr. No	Date	Promoter/Promoter Group	Nature of Allotment	No of Equity shares	Price per share
1	14 th February 2007	Mr Magan H. Patel	Part of promoter contribution.	100000	35
2	30 th March 2007	Mr Paresh N. Vasani	Part of promoter contribution.	400000	35

34. The Company does not have any stock option plan.



4. OBJECTS OF THE ISSUE

The Company proposes the Present Issue of equity shares to:

1. Fund the Capital Expenditure for expanding capacity from 84000 Sq Mtrs of PCB to 150000 sq Mtrs of PCB.
2. Acquisitions of Companies/Business in the same line of activity
3. Fund the Working Capital Margin requirement
4. To Meet the expenses related to the issue
5. To list the equity shares of the company on the Bombay Stock Exchange Limited to be issued through the Prospectus.

The main objects clause and objects incidental or ancillary to the main clause of the Memorandum of Association of the company enable the company to undertake the existing activities and the activities for which the funds are raised by the company.

FUNDS REQUIREMENT

The Company has estimated funds requirement as under:

(Rs. in Lakhs)

Sr. No.	Particulars	Amount
1	Capital expenditure for expansion	1843.29
2	Acquisition of Company/ Business	200.00
3	Working Capital margin requirement	400.00
4	Expenses related to the issue	80.00
	Total	2523.29

Note: The Company proposes to acquire net tangible assets amounting to Rs 2043.29 Lakhs which represent 137.53 % approx of the gross issue proceeds.

FUNDING PLANS (MEANS OF FINANCE)

The funding plans proposed by the company are as under:

(Rs. In Lakhs)

Sr. No.	Particulars	Amount
1	Net Public Issue of Equity Shares	1050.00
2	Promoters contribution	435.68
3	Preferential allotment to M/s Europrint N.V.	192.50
4	Term Loan	452.00
5	Internal Cash Accruals	393.11
	Total	2523.29

NOTE: The net proceed of the Issue is Rs. 1405.68 Lakhs after meeting issue expenses of Rs. 80.00 Lakhs will be used for expansion of the unit. Any shortfall will be met through company's internal accruals or through alternate source of funds viz terms loans etc.

Company has been sanctioned term loan from Corporation Bank to the tune of Rs 625 lakhs, However at present Company plans to avail the term loan for the proposed project the term loan to tune of Rs 452.00 lakhs .

The balance loan available can be availed from the Corporation Bank, if there is any shortfall in the project.

In case of any surplus the same will be used for other business purpose.

No part of the issue proceeds will be paid as consideration to Promoters, Directors, Key Managerial Personnel, Associates and Group Companies.

Undertaking by the Company

Pursuant to clause 2.8 of the SEBI (Disclosure and Investor Protection) Guidelines, 2000 the Company has made firm arrangement through verifiable means towards 100% of the stated means of Finance excluding the amount to be raised through public issue. The details of said firm arrangement is as follows:

CIRCUIT SYSTEMS (INDIA) LIMITED

(Rs. in lakhs)

I	Total Means of Finance required	2523.29	
II	Amount to be raised through public issue	1485.68	
III	Amount excluding Public issue	1037.61	
	Total @ 75% of III		778.20
	Term Loan (a)	452.00*	
	Preferential allotment to M/s Europrint N.V (b)	192.50	
	Internal Accruals (c)	393.11	
	Total firm arrangement (a)+(b)+(c)		1037.61

* The Company has obtained sanction of Rs 625 lakhs from Corporation Bank of which the Company proposes to avail Rs 452 lakhs for this project. The Company has the discretion to avail balance of the sanction amount if required.

Details Regarding Term loan

The Company has received sanctioned letter no CDS/CSI/KGB/CMD/016/2006-07 dated 03.01.2007 from Corporation Bank, Ahmedabad and details of the same are as follow:

Name of the Borrower	Circuit Systems (India) Ltd.
Amount of loan	Sanctioned Rs. 625 lakhs, Disbursed Rs. 452 lakhs upto 30.06.2007
Currency	Indian Rs.
Purpose	Funds to be used by borrower for financing cost of its expansion plan at Gandhinagar Electronic Park (SEZ)
Security	First charge on factory land, Building, Machinery and other movable assets proposed to be acquired/imported by way of equitable mortgage and hypothecation.
Period of Term loan	6 years including 1 year moratorium.
Rate of interest	12.75 % p.a.

Important Terms and conditions of Sanction is as follows:

- Any overrun in the cost of project shall be solely met by the borrower by raising equity and additional funds in the manner acceptable to the bank.
- In the event of pre payment of the term loan, the company shall pay prepayment penalty at 2% on the amount prepaid for the balance tenure of the loan.
- The capital expenditure already incurred, if any, towards implementation of the expansion project may be reimbursed to the company by retaining stipulated margin subject to production of detailed statement duly certified by a chartered accountant.
- The promoter's contribution/internal accruals for the projects shall be brought in proportionally during the implementation period.
- The loan for civil works shall be released based on the work progress certificate issued by appropriate engineer maintaining the stipulated margin.
- The loan for machineries /other fixed assets shall be directly remitted to the suppliers of the machineries along with the margin money. Original invoice and stamped receipt for the full value shall be obtained and held on records.
- The company shall obtain suitable guarantees /warranties from the plant and machinery supplier both with regard to quantity and quality of output.
- The company shall appoint qualified key personnel in different functional areas to the satisfaction of the bank.
- On completion of the project, the borrower shall submit to the bank a certificate issued by a chartered accountant confirming that a sum of Rs. 4.50 Crore has been invested in the project by way of capital contribution.
- The borrower shall submit an undertaking not to create any other charge over the machineries equipments etc. hypothecated to the bank.
- The borrower shall not shift or remove the security described in the schedule of agreement without the prior approval of the bank in writing.



PROJECT DETAILS

1. CAPITAL INVESTMENT FOR EXPANSION

Circuit Systems (India) Limited has grown in operations over the past few years. Considering the demand and acceptability of the product of the company in the local as well as international market, the Company has decided to go for expanding its current manufacturing capacity.

The Company has decided to go for setting up a whole new unit which will increase its the existing capacity from 84000 sq mtrs of PCB to 150,000 sq mtrs of the Company and with the increased capacity company will cater to needs of its existing customers as well as increasing demand of the local and international market.

The detailed cost break up for capital investments is given below:

(Rs. in Lakhs)

Sr. No.	Summary of Total Cost	Amount
i.	Land	263.00
ii.	Building -Factory.	520.00
iii.	Plant & Machineries.	860.29
iv	Utility	150.00
v	Other Assets	50.00
	Total	1843.29

LOCATION OF THE PROJECT

The Company proposes the expansion project at Gandhinagar Electronic Park [SEZ] situated at GIDC , Sector 25 , Gandhinagar- 382044 .

LAND (RS 263.00 LAKHS)

Company has entered into licence agreement dated 13th April 2007 with GIDC for the land admeasuring 23404.73 Sqr mtrs located at Gandhinagar Electronic Park [SEZ] , GIDC , Sector 25 , Gandhinagar where the proposed expansion project will be set up.

GIDC will enter into lease agreement with the Company for 99 years subject to company fulfilling certain important conditions as mentioned in agreement which is given below

- Circuit Systems (India) Limited shall pay an amount of 30% of the total amount of land to the Gujarat Industrial Development Corporation. Thereafter GIDC will permit the Circuit Systems (India) Limited to enter upon the said land.
- The balance 70% of the total amount of land is to be paid within a period of ten years commencing from 21st March, 2007.
- Circuit Systems (India) Limited shall have license and authority only to enter upon the said land described in the schedule to the agreement for the purpose of building and executing work thereon
- Circuit Systems (India) Limited should within three months of the date of agreement submit to the executive engineer of GIDC, the specifications, plans, elevations, sections and details of the factory building and also shall at his own cost and as often as may be called upon to do so , amend all or any such plans and elevation and if so required should produce the same before the Executive Engineer.
- Circuit Systems (India) Limited should not commence any work which infringes any of the building condition and also other regulations so far as same may be applicable to the said land until the said plans or elevations shall have been so approved as aforesaid and thereafter the Circuit Systems (India) limited shall not make any alteration or addition thereto unless such alterations and additions shall have been previously in like manner approved.
- Circuit Systems (India) Limited will keep the building to be erected on the said land, excluding foundation and plinth insured in the name of GIDC against loss or damage.
- If the Executive Engineer of GIDC does not approve the plans, elevations, details and specifications whether originally submitted or subsequently required or if the same shall not be submitted within the time as stipulated by GIDC , then GIDC by notice in writing to Circuit Systems (India) Limited shall terminate the licence Agreement .

CIRCUIT SYSTEMS (INDIA) LIMITED

- h) If the Executive Engineer of Licensor has certified that the factory building and works have been erected in accordance with the terms and if Circuit Systems (India) Limited have observed all the stipulations and conditions as per agreement, GIDC will grant and Circuit Systems (India) Limited will except a lease of the said land for a term of 99 years from the date of possession .

In the event of breach of any condition or covenant of the licence agreement by Circuit system (India) Limited GIDC shall be entitled to terminate the Agreement by giving 24 hours notice.

ii. BUILDING (Rs 520.00Lakhs)

For civil construction of the proposed building the Company has received the quotation from M/s Subh Construction Co., Engineer & Contractor, Gandhinagar vide their quotation No. SCC /CSIL /QTN dated 10th July, 2007. Construction of the Building is not yet started and is scheduled to start by September 2007.

The detailed description of the building to be constructed as given by M/s Subha Construction Co., Engineer & Contractor, Gandhinagar is as follows.

Description	Height	Area	Unit	Rate / Unit	Amount (Rs lakhs)
GROUND FLOOR :					
Store	18' 0"	1704.50	SQM	4700	80.11
Production	18' 0"	8576.50	SQM	4700	403.10
Office's	18' 0"	423.00	SQM	4900	20.73
Utilities	18' 0"	40.00	SQM	4700	1.88
ETP		40.00	SQM	4700	1.88
Water Tank		26.00	SQM	4300	1.12
Transformer Room	18' 0"	18.00	SQM	4300	0.77
TOTAL		10828.00			509.59
Add for statutory approvals, Architect Fees & other incidental expenses.					10.41
GRAND TOTAL		10828.00			520.00

iii. MACHINERY (Rs 860.29 Lakhs)

a] MACHINARIES ALREADY IMPORTED - SECOND HAND (689.74 Lakhs)

The company has acquired major part of machineries for the proposed expansion, from Italy as second hand machinery from M/s. Brandford, Italy, on 28th October, 2006. Total 137 machineries have been acquired in the said deal and the estimated as well as remaining life of the machinery on one to one basis has been certified by M/s. Stillman & Associates, Professional Engineers, vide its certificate dated 21st December, 2006. According to the certification done by Professional Engineer, the estimated life of machineries varies from 9 to 22 years.

The details of payment made towards the purchase of aforesaid Machineries are as follows:

The purchase price of second hand machineries is Rs. 385.98 Lakhs which has been imported in bulk from Branford, Italy vide invoice no. LARES – 100002, dated 6th October, 2006. The cost of dismantle, freight, storage etc for the aforesaid machineries is estimated at Rs 303.76 lakhs.

Brief details of the Machine is given below :

Item	Qty	Price in foreign Currency [US\$]	Conversion Rate (in Rs.)	Price in INR (Rs in Lakhs)
Various Machineries for manufacturing PCB	137			
Cost of machineries		850000	45.41	385.98
Cost of dismantle, freight, storage etc. for above machineries				303.76
Total				689.74



Detail of 137 machines in terms of year of manufacture, estimated total life, & estimated remaining life as certified by stillman & associates, professional engineers is as follows

Sr. No	Machine Name	Lot No.	Year of Manufacturing	Estimated Total Life (Years)	Estimated Remaining Life (Years)
1	CNC Drilling Machine with Spindles	3	2001	25	20
2	CNC Drilling Machine with Spindles	4	2000	25	19
3	CNC Drilling Machine with Spindles	5	1999	25	18
4	CNC Drilling Machine with Spindles	6	1999	25	18
5	CNC Drilling Machine with Spindles	7	2001	25	20
6	CNC Drilling Machine	8	1997	25	16
7	CNC Drilling Machine	9	1997	25	16
8	Spindle Router	10	1997	30	21
9	Driller/Router CNC 6 controls	11	1986	30	10
10	CNC Driller/Router 4- spindles	12	1998	30	22
11	CNC Driller/Router 5- spindles	13	1998	30	22
12	CNC Driller/Router 5- spindles with spindles	14	1998	30	22
13	CNC Routing System 5 spindles automatic load	15	1997	25	16
14	CNC Drilling Machine Driller/Router	16	1992	25	11
15	Drill Press w/Vacuum hose and workbench	17	1995	25	14
16	Excellon Mini-drill Ring Presses (3 nos)	20	1995	25	14
17	2 spindles Drilling & Pinning Machine	21	1998	25	17
18	3 spindles Drilling & Pinning Machine	22	1999	25	18
19	Bosh 60KN Depinner	23	1997	25	16
20	Quick tape Taping machine	24	1999	25	18
21	Tape machines(2 nos)	25	1995	25	14
22	CNC Scoring Machine w/Load & Unloader	36	1998	25	17
23	Board Straightner	37	1998	25	17
24	V Score Checking Machine	38	1998	25	17
25	Beveler	39	1995	25	14
26	Timmer Beveling Machine	40	1988	30	12
27	2-brush scrubber & parts washer	41	1987	30	11
28	Exit Dryer	42	1986	30	10
29	Multiline Optiline PL Center Line-X-ray Drill	43	1998	20	12
30	Vacuum Unloader w/robotic arm	44	1999	20	13
31	Heraeus Instrument 2 door rack oven	54	1997	20	11
32	24" small parts washer	67	1987	35	16
33	24" fluxer	68	1997	35	16
34	Exit Dryer	69	1985	35	14

CIRCUIT SYSTEMS (INDIA) LIMITED

Sr. No	Machine Name	Lot No.	Year of Manufacturing	Estimated Total Life (Years)	Estimated Remaining Life (Years)
35	Alfamat 1 loader w/ loading cart	71A	1999	22	15
36	Pre-clean & micro etch line w/ exit dryer, associated control	72	1996	22	12
37	Buffer station	75	1999	22	15
38	Trackey Roller inline Clean Machine	76	1996	25	15
39	Trackey Roller / Clean Machine	85	1999	22	15
40	Double Drawer Exposure Unit	86	1989	30	13
41	Double Drawer Exposure Unit	87	1989	30	13
42	Panel Unloader	91	1996	25	15
43	Automatic Panel loader	92	1996	25	15
44	Multiline optiline PE post etch punch	93	1991	25	10
45	Wild makroskop 25 Xpowered stereo zoom inspection scop w/ JVC CCD, camera unit, base unit,power supply & computer w/stainless steel table	94	1995	25	14
46	Thickness Measuring System	95	1996	25	13
47	Vacuum Loader	96	2001	22	17
48	Multi bond Bondfilm Alternative oxide linew/ computer control associated manuals	97	2001	22	17
49	Vacuum Panel Unloader	98	2001	22	17
50	Print process Rivomat 2 Pin Pre-Lay-up machine	102	1999	22	15
51	Print process Rivomat 2 Pin Pre-Lay-up machine	103	1998	22	14
52	Panel Loader	106	1996	25	15
53	Scrubber Deburrer	107	1996	25	15
54	Pneumatic Elevator	113	1997	25	16
55	2 door Electric walk in oven	114	1996	25	15
56	2 door Electric walk in oven	115	1999	20	13
57	2 door Electric oven	116	1999	20	13
58	Rossell Bonder w/SC-20 welding controller	118	1998	22	14
59	Laser AOI System	119	1997	22	13
60	AOI System	120	1994	25	13
61	Verification System	121	1997	22	13
62	Verification System	122	1994	25	13
63	X-ray machine	124	1995	25	14
64	Registration system	133	1994	25	13
65	Printer	134	1984	33	11
66	Laser Drum Photoplotter	135	1990	30	14



Sr. No	Machine Name	Lot No.	Year of Manufacturing	Estimated Total Life (Years)	Estimated Remaining Life (Years)
67	Film Processor	136	1991	30	15
68	Hela Dry Film Ammonia Developer	137	1995	25	14
69	Film Destinometer	138	1995	25	14
70	Advance Controls Trumeasure machine w/ controls	144	1989	30	13
71	Height Gauge/Camera system	145	1997	25	16
72	Panel Loader	147	1998	25	17
73	Automatic Exposure Unit	148	1997	25	16
74	panel flipper	149	1997	25	16
75	Automatic Exposure Unit	150	1997	25	16
76	panel flipper	151	1997	25	16
77	center conveyor section	152	2000	20	14
78	pagendarm probimer 250 oven	153	1988	30	12
79	cool down oven	154	1998	20	12
80	panel unloader	155	1998	20	12
81	24' outerlayer pumice scrubber 30"	157	1999	20	13
82	LMP Vacuum loader	158	1998	20	12
83	Pumiflix inner layer and outer layer pumice scrubber 30"	159	1995	25	14
84	ciba geigy LPI CL - D3 curtain coating line	161	1997	25	16
85	cool down oven	162	1996	20	10
86	panel unloader	163	1998	20	12
87	Panel Loader	174	1998	20	12
88	24' high pressure rinse LPI developer	175	1992	25	11
89	conveyorised track curing oven	177	1991	25	10
90	UV cutting oven	178	1991	25	10
91	vitronics reflow oven	181	1989	30	13
92	caugher vutura 2/88 semi automatic screen printer	184	1988	30	12
93	caugher semi automatic screen printer	186	1988	30	12
94	caugher semi automatic screen printer	187	1988	30	12
95	autoscreen printer	188	1997	25	16
96	vibro thermotronic conveyorised curring oven	191	1991	30	15
97	panel washer 24"	194	1996	25	15
98	alpha alphamat 9 centering conveyor section	198	1999	22	15
99	schmid bush & preclean line	199	1999	22	15
100	board dryer	200	1987	30	11

CIRCUIT SYSTEMS (INDIA) LIMITED

Sr. No	Machine Name	Lot No.	Year of Manufacturing	Estimated Total Life (Years)	Estimated Remaining Life (Years)
101	30" dry flim automatic cut sheet laminator	201	1991	30	15
102	30" tactory roller	202	1997	20	11
103	LMP centering conveyoring section w/stacker	203	1997	20	11
104	omca conveyor & load section	204	1997	20	11
105	Automatic Exposure printer	205	1996	20	15
106	pannel flipper	206	1997	25	16
107	Automatic Exposure printer	207	1997	25	16
108	corema board stracker	208	1991	30	15
109	teknek minitek clean machine	209	2000	20	14
110	double drawer exposure unit	212	1988	30	12
111	24" combi-brush developing line	216	1991	25	10
112	corema conveyor section, alfa unloader	217	1991	25	10
113	24" strip etch strip line	219	1991	30	15
114	combi etch preclean line	220	1999	20	13
115	nickel & gold tab plating line	222	1991	30	15
116	tapper	224	1988	30	12
117	pannel loader	230	1996	25	15
118	brush scrubber	231	2000	20	14
119	uniplate horizontal copper plating line	232	1991	30	15
120	pannel stracker	234	1991	30	15
121	plating electronic plus reverse rectifiers with microprocessor control unit	235A	2000	20	14
122	plating electronic plus reverse rectifiers with microprocessor control unit	235B	2000	20	14
123	dryer	237	1999	20	13
124	24" hot air solder leveling pre-clean & flux	248	1988	30	12
125	24" hot air solder leveling post clean line	250	1985	30	9
126	bosch 60KN deplinner	254	1995	25	14
127	interdibipack packing machine	255	1997	25	16
128	packing machine	256	1997	30	21
129	comarme box taping machine	258	1999	20	13
130	lable touch automatic labeling machine	259	1999	20	13
131	automatic branding machine	260	1999	20	13
132	bilacial hydraulic pallet jack	263	1999	20	13
133	ceters hydraulic pallet jack	264	1995	30	19
134	CIT innova term turtle termco fume	265	1995	30	19
135	scrubber/ incinerator	266	1996	30	20
136	micro computer for testing PCB	268	1995	30	19
137	fischer scope X-ray coating tickness measuring system	269	1997	25	16

The above machines are presently lying at custom Bonded warehouse , Ahmedabad .



Note: The Company has already brought major machineries from Italy to custom Bonded warehouse at Ahmedabad for which the company has already paid Rs 236.76 lakhs towards dismantling, freight & storage cost . Further the Company has estimated Rs 67.00 lakhs towards bringing the balance machinery & total storage cost of machines at Custom Bonded warehouse till it is shifted to project site.

MACHINERY FOR WHICH ORDERS HAVE NOT BEEN PLACED BUT QUOTATIONS HAS BEEN RECEIVED – (170.55 LAKHS)

Sr. No.	Description	Qty.	Supplier Name	Price in Foreign Agency	Conversion Rate (Amount in Rs.)	Price in INR (Rs in Lakhs)	Quotation no. & date
1	Testing Machine- Flying Probe – Ultima 8	1	Mania Technology	\$ 150000	46.00	69.00	00018 Dated 11/02/2006 valid up to 31/12/2007
2	Testing Machine -Flying Probe – LOC 8	1	Mania Technology	\$ 90000	46.00	41.40	00017 dated 11/02/2006 valid up to 31/12/2007
3	Tin Stripper	1	Bergen Associates	Euro 103700	58.00	60.15	Nil dated 7/11/2006 valid up to 31/12/2007
	Total					170.55	

Note: Prices are inclusive of taxes and freight along with the applicable duties.

iv. UTILITY (Rs 150 Lakhs)

THE DETAIL OF THE COST OF UTILITIES FOR WHICH QUOTATION HAS NOT BEEN RECEIVED IS GIVEN BELOW:

Sr. no.	Name of the item	Manufacturer	Capacity	Unit rate	Quantity required	Total Amount (Rs. in Lakhs)
1	Transformer.	Transformer and rectifier.	1500 KVA,	12,50,000	2 no.	25.00
2	Tube well	KSB	20 HP pump with panel. Pipes, cable and labour	1,00,000 1 set.	1 no. 4.00	1.00
3	Compressor	Atlas Copco	800 CFM.	17,50,000	2 no.	35.00
4	RO. DM plant.	Thermax	50,000 Ltrs./ day	10,00,000	1 no.	10.00
5	ETP	Local	500,000 Ltrs/ day	3,00,000	2 no.	6.00
			Clarifocula tor Water collecting sump of 50000 Ltrs each.	24,00,000	1 set	24.00
6	Clean room AC.	Volpak.	22.5 T AC	22,50,000	2 nos.	45.00
			Total			150.00

Note: [1KVA = 0.95 Kw]

v. OTHER ASSETS (50 Lakhs)

The detail of the cost of other assets for which quotation has not been received is given below and the cost of the same has been estimated on past experience of the management, the details of the same is given below:

Particulars	Amount (Rs in Lakhs)
Computers, printers, software	25.00
Furniture & Fixtures	15.00
Office equipments	5.00
Electric installation	5.00
Total	50.00

2. ACQUISITION OF COMPANIES/ BUSINESS IN SAME LINE OF ACTIVITY (Rs 200 Lakhs)

RATIONALE

The market of electronic products is growing at rapid speed. Also, the business of PCB is highly competitive. Quality of product plays an important role for surviving in the market. Due to technical features, it is not possible to manufacture the PCB in advance and maintain inventory for future sale. It is to be manufactured only once the order is received. Within PCB, there are two types of demands, one is for bulk supply mainly of repeat jobs and another is for small orders of particular design known as prototypes. As the company has already established market of large corporate and government organizations, it has been decided to go for having a small facility to cater the needs of small/prototype orders. This business of small/prototype orders is more remunerative and at the same time, it is also a part of business development strategy of the company. These small customers, once satisfied are going to be regular customers for repeat jobs for the company, which will add up to overall growth of the business.

BENEFITS

The potential benefits to the company from the acquisitions of companies or business which the Company foresees would be:

- Positive contribution to cash flow as the acquired business will be profit making.
- Acquisition of customers directly.
- The company would attempt to satisfy its own customers as well as the acquired customer's thereby increasing overall business.
- Reduce operating expenses and also add to the bottom line as new business will be comparatively more remunerative.

ACQUISITIONS STRATEGY

The company plans to acquire companies, businesses, technologies or enter into strategic partnerships or alliances with other persons where it believes that such acquisition or partnership shall enhance the market position or strategic strengths of the company.

The Board of directors of company has chalked out various criteria for the target companies. e.g.:

- Operating in the same product and technology as Circuit systems, i.e. PCB manufacturing with capability of timely delivery and finest quality with the annual capacity of 5000 sq. mtr approximately.
- Profit making operations.
- Attractive customer base and good market image.
- Privately / closely held, in case of company acquisition.

Basis for the estimate of Rs.200 Lakhs

The company plans to invest about Rs. 200 Lakhs for acquisition of any existing manufacturing facility which In the case of business/ company, acquisitions will be by way of acquiring controlling interest and management control by paying the considerations to existing shareholders/owners of that company for taking over the machineries and full set up of manufacturing facilities. As on filing the prospectus with the ROC, Company has neither identified any company nor entered into any agreement with any company for acquiring controlling interest and management control.

The above amount is based on the management's current estimates of the amounts to be utilised towards acquisitions.

The Company proposes to utilise such part of the Net Proceeds allocated for acquisition purposes, between October 2007 to April 2008. In the event that there is a shortfall of the funds required for the acquisitions then, such shortfall shall be met out through internal accruals or through alternate source of funds and in the event that there is a surplus, such amounts shall be utilised towards General Corporate Purpose.



3. WORKING CAPITAL MARGIN [Rs 400 Lakhs]

The basis for calculation of Working capital requirement:

WORKING CAPITAL	PERIOD	BASE
Raw Material, Stores, packing Materials etc	100 days	Cost of Raw Materials, Stores, etc consumption
Work in Progress	21 days	Cost of Production
Finished Goods	Appx.	Cost of Sales
Debtors	105 days	Gross Sales
Creditors for Raw Materials, Stores, packing materials etc.	90 days	Cost of raw materials, Stores etc. consumption

The calculation of margin money for working capital is as follows:

(Rs in Lakhs)

PARTICULARS	Amount
Raw Materials, Stores, Packing Materials etc	726.39
Work in Progress	125.00
Finished Goods	25.00
Debtors	1466.67
Other Current Assets	385.00
SUB TOTAL	2728.06
Less: Creditors and other current liabilities	1053.35
NET WORKING CAPITAL	1674.71
Less: Bank Credits	400.00
NET WORKING CAPITAL	1274.71
Margin for Working Capital	874.71
NET MARGIN FOR PROPOSED WORKING CAPITAL	400.00

EXISTING WORKING CAPITAL REQUIREMENT AS AT 31ST MARCH, 2007

PARTICULARS	Amount (Rs in Lakhs)
Raw Materials, Stores, Packing Materials etc.	356.23
Work in Progress	85.21
Finished Goods	0.00
Debtors	1474.65
Other Current Assets	524.60
SUB TOTAL	2440.69
Less: Creditors and other current liabilities	852.33
NET WORKING CAPITAL	1588.35
Less: Bank Credits	565.94
Existing Margin for Working Capital	1022.41

CIRCUIT SYSTEMS (INDIA) LIMITED**4. TO MEET THE EXPENSES OF THE ISSUE (Rs. 80 Lakhs)**

The Company estimates that overall public issue expenses will not be more than Rs. 80 Lakhs. The detailed break up of expenses is as follows:

Sr. No	Description	Amount (Rs in Lakhs)
1.	Lead Manager's Fees	14.85
2	Registrar to the issue Fees	2.90
3	Legal Advisor to the issue & Consulting Fees	6.25
2	Brokerage and Selling Commission	10.50
3.	Advertising & Marketing Expenses	15.00
4.	Printing & Stationery/Despatch	14.00
5.	Other Expenses (listing fees, Depository charges etc.)	16.50
	Total	80.00

SCHEDULE OF IMPLEMENTATION

The Board of Directors of the Company is firm and committed to implement and complete the project within the schedule as under.

FOR NEW UNITACTIVITY	COMMENCEMENT	COMPLETION
Capital Investment for expansion		
Acquisition of Land	February 2007	March 2007
Civil construction & Building	September 2007	March 2008
Plant & Machinery		
Second Hand – Imported – Acquired	October 2006	October 2006
Placement of orders for balance machineries and utilities	December 2007	March 2008
Delivery at site	April 2008	May 2008
Erection and installation	April 2008	june 2008
Trial run	July 2008	July 2008
Commercial production	July 2008	July 2008
Acquisition in same line of business	October 2007	April 2008
Margin Money for Working Capital	July 2008	July 2008

SOURCES OF FINANCING OF FUNDS ALREADY DEPLOYED

The company has already deployed Rs. 702.20 Lakhs up to 30th June,2007, the details of which has been mentioned below towards the proposed project as envisaged in the present issue

The same has been certified by M/s Virendra Chinubhai & Co., Chartered Accountants; vide their certificate-dated 9th July, 2007.

THE DETAILS OF FUNDS ALREADY DEPLOYED ARE AS UNDER AS ON 30th June, 2007

Sr. No.	Particulars	Amount (Rs in Lakhs)
1	Advance Lead Manager Fees & Other Issue related expenses	8.20
2	Payment for acquisition of Land	92.18
3	Payment for purchase of Second hand machinery – imported	392.85
4	Payment for dismantling, freight and other Exp. Related to Second hand Machinery – imported	208.97
	Total	702.20

The above amount is spent out from Bank term loan amounting to Rs 452.00 lakhs, Equity proceeds received from Europrint N.V. against preferential allotment of 5,50,000 equity shares amounting to Rs. 192.50 Lakhs and balance from promoters contribution .



DETAILS OF BALANCE FUND DEPLOYMENT

The remaining amount is proposed to be incurred by the Company in the financial year 2007-08. & 2008-2009

The quarter-wise break-up of the fund deployment is as follows:

Sr. No	Description	Already incurred upto 30 th June, 2007	Financial year 2007-08			Financial year 2007-08	Total
			July-Sept	Oct-Dec	Jan-Mar	Apr-June	
	Land	92.18	170.82	0.00	–	263.00	–
	Building –Factory	Nil	350.00	170.00	–	520.00	–
	Plant & Machineries	601.82	–	30.00	228.47	–	860.29
	Facilities	Nil	–	100.00	50.00	–	150.00
	Other Assets	Nil	–	30.00	20.00	–	50.00
II	Acquisition of Company /Business	–	–	–	200.00	–	200.00
III.	EXPENSES TO THE ISSUE	8.20	71.80	–	–	–	80.00
IV.	MARGIN FOR WORKING CAPITAL REQUIREMENT	Nil	–	–	–	400.00	400.00
	TOTAL	702.20	71.80	680.82	668.47	400.00	2523.29

APPRAISAL

The funds requirement and funding plans are Company's own estimates, and have not been appraised by any bank / financial institution.

INTERIM USE OF FUNDS

Pending any use as described above, the company intends to invest the proceeds of this issue in fixed deposits account or similar investment with any of the schedule Commercial Bank for the necessary durations.

MONITORING OF UTILIZATION OF FUNDS

The Audit committee of the Board of directors shall be monitoring the deployment funds.

The Company will disclose the utilization of the issue under a separate head in the Balance sheet clearly specifying the purpose for which such proceeds have been utilized, The company shall also, in its Balance sheet, provide details, if any, in relation to all such proceeds of the issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of the issue.

CIRCUIT SYSTEMS (INDIA) LIMITED

BASIC TERMS OF ISSUE PRICE

The Equity shares being offered are subject to the provision of the Companies Act, 1956, the Memorandum and Articles of Association of the Company, the terms of this Prospectus and other terms and conditions as may be incorporated in the Allotment advice and other documents /certificates that may be executed in respect of the issue. The Equity shares shall also be subjected to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, RBI, ROC and /or other authorities as in force on the date of issue and to the extent applicable.

BASIS FOR ISSUE PRICE

Investors should read the following along with the Risk Factors on page no vi and the details about the Company and its financial statements included in this Prospectus. The trading price of the Equity Shares of the Company could decline due to these risks and the investor may lose all or part of their investment.

QUALITATIVE FACTORS:

- Existing Profit making Company. For further details please refer page no 78 of this prospectus.
- Promoters has hands on experience in manufacturing of Printed Circuit Board's (PCB's). For further details please refer page no 70 of this prospectus
- Company has received ISO 9001:2000 certificate from DNV Netherlands, also received ISO/TS 16949:2002 certification from DNV Netherlands
- One of the companies in the industry in India to have B2B (Business to Business) website.
- Manufacturing facility of the company has been approved by United Laboratories – USA.

QUANTITATIVE FACTORS:

1. Adjusted earning per share (EPS) weighted

Year	EPS	Weightage
12 Months Ended 31st March 2005	2.20	1
12 Months Ended 31st March 2006	2.92	2
12 Months Ended 31st March 2007	3.57	3
Weighted average	3.12	6

2. Price Earning ratio (P/E ratio) in relation to the Issue Price of Rs. 35 per share

	Issue Price of Rs. 35 per share
a) Based on weighted average (EPS) as on 31st March, 2007	11.22
b) Industry PE	
Highest	8.05
Lowest	-
Ind Composite	32.00

Source: Capital Market – Volume XXII/11 - July 30-August 12, 2007 category : Electronics Components.

The Company is in business the business of manufacturing of PCB. The accounting ratios of select companies in the Industry Group (Electronic Component) are as follows:

Company	EPS (Rs.)	P/E Ratio	RONW (%)	NAV (Rs.)
Fine Line Circuit Limited	5.40	8.00	0.6	23.00
Circuit Systems (India) Limited (as on 31st March, 2007)	3.57	11.22	14.23	22.77

Source: Capital Market – Volume XXII/11 - July 30-August 12, 2007 category : category : Electronic component.



3. Return on Net worth:

Year	RONW (%)	Weightage
12 Months Ended 31st March 2005	11.22	1
12 Months Ended 31st March 2006	15.38	2
12 Months Ended 31st March 2007	14.23	3
Weighted Average	14.11	6

Minimum return on total Net worth after issue needed to maintain pre-issue EPS of Rs. 3.57 is 12.40 %.

4. Net Asset Value (NAV) per share (Rs.)

As on March 31st, 2007	22.77
As on March 31st 2006	18.96
After Issue	28.77
Issue Price	35

The Face value of shares is Rs.10/- and the Issue price is 3.5 times of the Face value

The Lead manager believes that the issue Price of Rs.35 is justified in view of the above Qualitative and Quantitative parameters. The investors may want to pursue the risk factors beginning from page no. vi of the Prospectus and financial of the Company including important profitability and return ratios, as set out in the Auditors report beginning from page no. 75 of the Prospectus to have more informed view of the investment proposition.

TAX BENEFITS

The Auditors of the Company M/s Virendra Chinubhai & Co, Chartered Accountants who vide their letter dated 9th July , 2007 have stated the possible tax benefits available to Circuit Systems (India) Limited and its current shareholders under the Current tax laws presently in force in India. They have stated that several of these benefits are dependent on the Company or its Shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence the ability of the Company or its Shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives it faces in the future, it may not choose to fulfill.

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

- The Company or its shareholders will continue to obtain these benefits in future; or
- The conditions prescribed for availing the benefit have been / would be met with;
- The contents of this annexure are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company and the interpretation of current tax laws.

ANNEXURE TO THE STATEMENT OF TAX BENEFITS

I SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY.

- a) In accordance with, and subject to compliance of certain conditions laid down in section 10AA of the Income-Tax Act, the manufacturing unit of the company to be situated at Gandhinagar Electronic Park (SEZ) will be entitled to the 100% deductions in respect of profits derived from the business of the said unit from the total income chargeable to Income-Tax for a period of five consecutive assessment years beginning with the previous year in which the unit begins to manufacture or produce such articles or things or provide service as the case may be and 50% of such profits and gains for further 5 assessment years. For next five assessment years thereafter, so much of the amount not exceeding 50% of the profit as is debited to the profit and loss account of the previous year in respect of which the deduction is to be allowed and credited to the reserve account called "Special Economic Zone Re-investment Reserve account" and to be utilized for the purpose of the business of the assessee as laid down in section 10 AA (2).

CIRCUIT SYSTEMS (INDIA) LIMITED

II GENERAL TAX BENEFITS AVAILABLE TO THE COMPANY.

1. TO THE COMPANY

- a. In accordance with, and subject to the provisions of section 32 of the income-Tax act, the company will be entitled to claim depreciation on tangible and specified intangible assets;
- b. In terms of Clause (iia) of Sub-section (1) of Section 32 of the Act, the Company is entitled to further deduction of 20% as additional depreciation on new plant & machinery acquired and installed after 31st March, 2005, subject to the provisions of the Income tax Act, 1961.
- c. Dividend income (whether interim or final), in the hands of the company as distributed or paid by any other Indian Company on or after April 1, 2003 is completely exempt from Tax in the hands of the Company, under section 10(34) of the IT Act.
- d. Long-term capital gains would be subject to Tax at the rate of 20% (plus applicable surcharge and education cess) as per the provisions of section 112(1) (b) of the IT Act. However, as per the proviso to Section 112(1) (b), the long term capital gains resulting on transfer of listed securities or units, [not covered by section 10(36) and 10(38)], would be subject to Tax at the rate of 20% with Indexation benefits or 10% without Indexation benefits (plus applicable surcharge and education cess) as per the option of the assessee.
- e. Long term capital gain arising from the sale of Equity Shares in any company through a recognized stock exchange or from the sale of units of an equity oriented mutual fund shall be exempt from Income Tax if such sale takes place after 1st day of October 2004 and such sale is subject to Securities Transaction Tax, as per the provisions of section 10(38) of the IT Act.
- f. Short Term capital gains arising from the transfer of Equity Shares in any company through a recognized stock exchange or from the sale of units of equity-oriented mutual fund shall be subject to Tax @ 10% provided such a transaction is entered into after the 1st day of October, 2004 and the transaction is subject to Securities Transaction Tax, as per the provisions of section 111A of the IT Act. However, such income earned by the company shall not be exempt for the purpose of computing Tax on Book Profit as per the provisions of section 115JB of the Act.
- g. In accordance with and subject to the conditions and to the extent specified in Section 54EC of the IT Act, the Company would be entitled to exemption from Tax on gains arising from transfer of the long term capital asset [not covered by section 10(36) and section 10 (38)] if such capital gain is invested in any of the long-term specified assets in the manner prescribed in the said section. Where the long-term specified asset is transferred or converted into money at any time within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to Tax as long term capital gains in the year in which the long-term specified asset is transferred or converted into money.
- h. In terms of Section 115JAA (1A) of the Act tax credit shall be allowed for any assessment year commencing on or after April, 01, 2006. Credit eligible for carry forward is the difference between MAT paid and the tax computed as per the normal provisions of the Act. The credit is available for set off only when tax becomes payable under the normal provisions and that tax credit can be utilized to set off any tax payable under the provisions in excess of MAT payable for that relevant year. Such MAT credit shall not be available for set off beyond 7 years succeeding the year in which the MAT credit initially arose.
- i. In terms of Clause (iia) of Sub-section (1) of Section 32 of the Act, the Company is entitled to further deduction of 20% as additional depreciation on new plant & machinery acquired and installed after 31st March, 2005, subject to the conditions specified therein.
- j. The Company can carry forward and set off the unabsorbed depreciation allowance, if any, against its income of the future years. As per the provisions of Section 72(1) of the I.T. Act, the Company is also entitled to carry forward and set off its unabsorbed business losses for a period up to eight subsequent years for set off against its business income.
- k. Under Section 35D of the Act, the Company will be entitled to a deduction equal to 1/5th of the expenditure of the nature specified in the said section, including expenditure incurred on present issue, such as Brokerage and other charges, by way of amortization over a period of 5 successive years, beginning with the previous year in which the new unit commences production, subject to the stipulated limits.

2. TO THE MEMBERS OF THE COMPANY

A. TO RESIDENT SHAREHOLDERS

- i. Dividend (whether interim or final) declared, distributed or paid by the Company on or after April 1, 2003 is completely exempt from Tax in the hands of the shareholders of the Company as per the provisions of section 10(34) of the IT Act.



- ii. Any income of minor children clubbed with the total income of the parent under section 64(1A) of the IT Act, will be exempt from Tax to the extent of Rs. 1500/- per minor child under section 10(32) of the IT Act.
- iii. As per the provisions of Section 112(1)(b) of the IT Act, long-term capital gains would be subject to Tax at the rate of 20% (plus applicable surcharge and education cess). However, as per the proviso to Section 112(1)(b), the long term capital gains resulting on transfer of listed securities or units (not covered by sections 10(36) and 10(38)), would be subject to Tax at the rate of @ 20% with Indexation benefits or 10% without Indexation benefits (plus applicable surcharge and education cess) as per the option of the assessee.
- iv. Long term capital gain arising from the sale of Equity Shares in any company through a recognized stock exchange or from the sale of units of an equity oriented mutual fund shall be exempt from Income Tax if such sale takes place after 1st of October 2004 and the sale is subject to Securities Transaction Tax, as per the provisions of section 10(38) of the IT Act.
- v. Short Term capital gains arising from the transfer of Equity Shares in any company through a recognized stock exchange or from the sale of units of equity-oriented mutual fund shall be subject to Tax @ 10% provided such a transaction is entered into after the 1st day of October, 2004 and the transaction is subject to Securities Transaction Tax, as per the provisions of section 111A of the IT Act.
- vi. As per the provisions of section 88E, where the business income of a resident includes profits and gains from sale of Taxable securities, a rebate shall be allowed from the amount of income Tax equal to the Securities Transaction Tax paid on such transactions. However the amount of rebate shall be limited to the amount arrived at by applying the average rate of income Tax on such business income.
- vii. In accordance with and subject to the conditions and to the extent specified in Section 54EC of the IT Act, the shareholders would be entitled to exemption from Tax on gains arising on transfer of their shares in the Company (not covered by sections 10(36) and 10(38)), if such capital gain is invested in any of the long term specified assets in the manner prescribed in the said section. period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to Tax as long term capital gains in the year in which the long-term specified asset is transferred or converted into money.
- viii. In case of a shareholder being an individual or a Hindu Undivided Family, in accordance with and subject to the conditions and to the extent specified in Section 54F of the IT Act, the shareholder would be entitled to exemption from long term capital gains on the sale of shares in the Company (not covered by sections 10 (36) and 10 (38)), upon investment of net consideration in purchase /construction of a residential house. If part of net consideration is invested within the prescribed period in a residential house, then such gains would not be chargeable to Tax on a proportionate basis. Further, if the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction or another new house purchased within 2 years or constructed within a period of 3 years from the date of transfer of the original asset, the amount of capital gains shall be charged to Tax as long-term capital gains in the year in which such residential house is transferred or new house is purchased or constructed as the case may be.

Under Wealth Tax Act, 1957

Assets as defined under section 2 (ea) of the Wealth Tax Act, 1957 do not include shares in companies and hence, shares are not liable to wealth tax.

B. TO NON-RESIDENT INDIAN SHAREHOLDERS

1. Dividend (whether interim or final) declared, distributed or paid by the Company on or after April 1, 2003 is completely exempt from Tax in the hands of the shareholders of the Company as per the provisions of section 10(34) of the IT Act.
2. Any income of minor children clubbed with the total income of the parent under Section 64(1A) of the IT Act will be exempt from Tax to the extent of Rs.1,500 per minor child per year in accordance with the provisions of section 10(32) of the IT Act.
3. In the case of shareholder being a non-resident Indian and subscribing to shares in convertible foreign exchange, in accordance with and subject to the conditions and to the extent specified in Section 115D read with Section 115E of the IT Act, long term capital gains arising from the transfer of an Indian company's shares [not covered by sections 10(36) and 10(38)], will be subject to Tax at the rate of 10% as increased by a surcharge and education cess at an appropriate rate on the Tax so computed, without any Indexation benefit but with protection against foreign exchange fluctuation.
4. In case of a shareholder being a non-resident India, and subscribing to the share in convertible foreign exchange in accordance with and subject to the conditions and to the extent specified in Section 115F of the IT Act, the nonresident Indian shareholder would be entitled to exemption from long term capital gains [not covered by sections 10(36) and 10(38)] on the transfer of shares in the Company upon investment of net consideration in modes as specified in sub-section (1) of Section 115F.

CIRCUIT SYSTEMS (INDIA) LIMITED

5. In accordance with the provisions of Section 115G of the IT Act, Non Resident Indians are not obliged to file a return of income under Section 139(1) of the IT Act, if their only source of income is income from investments or long term capital gains earned on transfer of such investments or both, provided Tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the IT Act.
6. In accordance with the provisions of Section 115H of the IT Act, when a Non Resident Indian becomes assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer along with his return of income for that year under Section 139 of the IT Act to the effect that the provisions of Chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are converted into money.
7. As per the provisions of section 115 I of the Act, a Non-Resident Indian may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing his return of income for that year under Section 139 of the IT Act, declaring therein that the provisions of Chapter XII-A shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance with the other provisions of the IT Act. In accordance with and subject to the conditions and to the extent specified in Section 112(1) (b) of the IT Act, Tax on long term capital gains arising on sale on listed securities or units not covered by sections 10(36) and 10(38) will be, at the option of the concerned shareholder, 10% of capital gains (computed without Indexation benefits) or 20% of capital gains (computed with Indexation benefits) as increased by a surcharge and Education cess at an appropriate rate on the Tax so computed in either case.
8. As per the provisions of section 10(38), long term capital gain arising from the sale of Equity Shares in any company through a recognised stock exchange or from the sale of units of an equity oriented mutual fund shall be exempt from Income Tax if such sale takes place after 1st of October 2004 and such sale is subject to Securities Transaction Tax.
9. As per the provisions of section 111A, Short Term capital gains arising from the transfer of Equity Shares in any company through a recognised stock exchange or from the sale of units of equity oriented mutual fund shall be subject to Tax @ 10% provided such a transaction is entered into after the 1st day of October, 2004 and the transaction is subject to Securities Transaction Tax.
10. As per the provisions of section 88E, where the business income of a assessee includes profits and gains from sale of Taxable securities, a rebate shall be allowed from the amount of income Tax equal to the Securities Transaction Tax paid on such transactions. However the amount of rebate shall be limited to the amount arrived at by applying the average rate of income Tax on such business income.
11. In accordance with and subject to the conditions and to the extent specified in Section 54EC of the IT Act, the shareholders would be entitled to exemption from Tax on long term capital gains [not covered by sections 10(36) and 10(38)] arising on transfer of their shares in the Company if such capital gain is invested in any of the long term specified assets in the manner prescribed in the said section. Where the long-term specified asset is transferred or converted into money at any time within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to Tax as long term capital gains in the year in which the specified asset is transferred or converted into money.
12. In case of a shareholder being an individual or a Hindu Undivided Family, in accordance with and subject to the conditions and to the extent specified in Section 54F of the IT Act, the shareholder would be entitled to exemption from long term capital gains (not covered by sections 10(36) and 10(38)) on the sale of shares in the Company upon investment of net consideration in purchase / construction of a residential house. If part of net consideration is invested within the prescribed period in a residential house, then such gains would not be chargeable to Tax on proportionate basis. Further, if the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction or another new house purchased within 2 years or constructed within a period of 3 years from the date of transfer of the original asset, the amount of capital gains shall be charged to Tax as long-term capital gains in the year in which such residential house is transferred or new house is purchased or constructed as the case may be.
13. As per the provisions of Section 90(2) of the IT Act, the provisions of the IT Act would prevail over the provisions of the Tax treaty to the extent they are more beneficial to the Non-Resident.
14. Under the first provisio of Section 48 of the Act, in case of a non resident, in computing the capital gains arising from transfer of shares of the Company acquired in convertible foreign exchange (as per exchange control regulations) protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case. The capital gains/loss in such a case is computed by converting the cost of acquisition, sales consideration and expenditure incurred wholly and exclusively in connection with such transfer into the same foreign currency, which was utilized in the purchase of the shares. However, the benefit will be available only when the shares are transferred in a manner other than as specified in section 10(38) of Act



Under Wealth Tax Act, 1957

Assets as defined under section 2 (ea) of the Wealth Tax Act, 1957 do not include shares in companies and hence, shares are not liable to wealth tax.

C. TO OTHER NON-RESIDENTS

1. Dividend (whether interim or final) declared, distributed or paid by the Company on or after April 1, 2003 is completely exempt from Tax in the hands of the shareholders of the Company, under section 10(34) of the IT Act.
2. Any income of minor children clubbed with the total income of the parent under Section 64(1A) of the IT Act will be exempt from Tax to the extent of Rs.1500 per minor child per year, in accordance with the provisions of section 10(32) of the IT Act.
3. In accordance with and subject to the conditions and to the extent specified in Section 112(1) (b) of the IT Act, Tax on long term capital gains arising on sale on listed securities or units before 1st October 2004 will be, at the option of the concerned shareholder, 10% of capital gains (computed without Indexation benefits) or 20% of capital gains (computed with Indexation benefits) as increased by a surcharge and education cess at an appropriate rate on the Tax so computed in either case.
4. As per the provisions of section 10(38), long term capital gain arising from the sale of Equity Shares in any company through a recognized stock exchange or from the sale of units of an equity oriented mutual fund shall be exempt from Income Tax if such sale takes place after 1st of October 2004 and such sale is subject to Securities Transaction Tax.
5. As per the provisions of section 111A, Short Term capital gains arising from the transfer of Equity Shares in any company through a recognised stock exchange or from the sale of units of equity-oriented mutual fund shall be subject to Tax @ 10% provided such a transaction is entered into after the 1st day of October, 2004 and the transaction is subject to Securities Transaction Tax.
6. As per the provisions of section 88E, where the business income of an assessee includes profits and gains from sale of Taxable securities, a rebate shall be allowed from the amount of income Tax equal to the Securities Transaction Tax paid on such transactions. However the amount of rebate shall be limited to the amount arrived at by applying the average rate of income Tax on such business income.
7. In accordance with and subject to the conditions and to the extent specified in Section 54EC of the IT Act, the shareholders would be entitled to exemption from Tax on gains arising on transfer of their shares in the Company (not covered by sections 10(36) and 10(38)) if such capital gain is invested in any of the long term specified asset is transferred or converted into money at any time within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to Tax as long term capital gains in the year in which the long-term specified asset is transferred or converted into money.
8. In case of a shareholder being an individual or a Hindu Undivided Family, in accordance with and subject to the conditions and to the extent specified in Section 54F of the IT Act, the shareholder would be entitled to exemption from long term capital gains (not covered by sections 10(36) and 10(38)) on the sale of shares in the Company upon investment of net consideration in purchase/construction of a residential house. If part of net consideration is invested within the prescribed period in a residential house, then such gains would not be chargeable to Tax on a proportionate basis. Further, if the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction or another new house purchased within 2 years or constructed within a period of 3 years from the date of transfer of the original asset, the amount of capital gains shall be charged to Tax as long-term capital gains in the year in which such residential house is transferred or new house is purchased or constructed as the case may be.
9. As per the provisions of Section 90(2) of the IT Act, the provisions of the IT Act would prevail over the provisions of the Tax treaty to the extent they are more beneficial to the Non Resident.

Under Wealth Tax Act, 1957

Assets as defined under section 2 (ea) of the Wealth Tax Act, 1957 do not include shares in companies and hence, shares are not liable to wealth tax.

D. TO FOREIGN INSTITUTIONAL INVESTORS (FIIs)

1. In accordance with and subject to the conditions and to the extent specified in Section 115AD of the IT Act, Tax on long term capital gain [not covered by sections 10(36) and 10(38)] will be 10% and on short term capital gain will be 30% as increased by a surcharge and education cess at an appropriate rate on the Tax so computed in either case. However, short term capital gains on sale of Equity Shares of a company through a recognized stock exchange or a unit of an equity oriented mutual fund effected on or after 1st October 2004 and subject to Securities Transaction Tax shall be taxed @ 10% as per the provisions of section 111A. It is to be noted that the benefits of Indexation and foreign currency fluctuation protection as provided by Section 48 of the IT Act are not available to FIIS.

CIRCUIT SYSTEMS (INDIA) LIMITED

2. As per the provision of Section 90(2) of the IT Act, the provisions of the IT Act would prevail over the provisions of the Tax treaty to the extent they are more beneficial to the Non Resident.
3. Long term capital gain arising from the sale of Equity Shares in any company through a recognized stock exchange or from the sale of units of an equity oriented mutual fund shall be exempt from Income Tax if such sale takes place after 1st of October 2004 and such sale is subject to Securities Transaction Tax, as per the provisions of section 10(38) of the IT Act.
4. As per the provisions of section 88E, where the business income of an assessee includes profits and gains from sale of Taxable securities, a rebate shall be allowed from the amount of income Tax equal to the Securities Transaction Tax paid on such transactions. However the amount of rebate shall be limited to the amount arrived at by applying the average rate of income Tax on such business income.
5. In accordance with and subject to the conditions and to the extent specified in /section 54EC of the IT Act, the shareholders would be entitled to exemption from Tax on long term capital gains [not covered by sections 10 (36) and 10(38)] arising on transfer of their shares in the Company if such capital gain is invested in any of the long term specified assets in the manner prescribed in the said section. Where the long term specified assets is transferred or converted into money at any time within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to Tax as long term capital gains in the year in which the long term specified asset is transferred or converted into money.
6. Under Section 10(34) of the Act, Income earned by way of dividend from domestic company referred to in section 115-O of the Act is exempt from Income-tax in the hands of the Share Holders.

E. TO MUTUAL FUNDS

In case of a shareholder being a Mutual fund, as per the provisions of Section 10 (23D) of the IT Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made there under, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorized by the Reserve Bank of India would be exempt from Income Tax, subject to the conditions as the Central Government may by notification in the Official Gazette specify in this behalf.

F. TO VENTURE CAPITAL COMPANIES/ FUNDS

- i. In case of a shareholder being a Venture Capital Company / Fund, as per the provisions of Section 10(23FB) of the IT Act, any income of Venture Capital Companies / Funds registered with the Securities and Exchange Board of India, would exempt from Income Tax, subject to the conditions specified.
- ii. Venture Capital Fund, operating under the Registered Trust Deed or a venture capital scheme made by Unit Trust of India, which has been granted a certificate of registration under the Securities and Exchange Board of India Act, 1992 and notified as such in the Official Gazette set up for raising funds for Investment in a Venture Capital Undertaking is exempt from income-Tax.

Benefits under the Wealth Tax Act, 1957

As per the prevailing provisions of the above Act, no Wealth Tax shall be levied on value of shares of the Company.

Benefits under the Gift Tax Act

As provisions of Gift tax Act has ceased to apply in respect of gifts made on or after October 1, 1998, any gift of shares will not attract gift tax.

Notes:

1. All the above benefits are as per the current tax laws as amended by the Finance Act, 2007 and will be available only to the sole / first named holder in case the shares are held by joint holders.
2. In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the double taxation avoidance agreements, if any, between India and the country in which the non-resident has fiscal domicile.
3. In view of the individual nature of tax consequences, each investor is advised to consult his / her own tax advisor with respect to specific tax consequences of his / her participation in the scheme. The tax implications of an investment in the Equity Shares, particularly in view of the fact that certain recently enacted legislations may not have direct legal precedent or may have a different interpretation on the benefits which an investor can avail.



SECTION IV: ABOUT CIRCUIT SYSTEMS (INDIA) LIMITED

1. INDUSTRY OVERVIEW

GLOBAL ELECTRONICS INDUSTRY

The global electronics industry is growing rapidly. From an estimated size of US\$ 950 billion in 2005, it is estimated to grow to nearly US\$ 2100 billion by 2010. The market is dominated by Asian countries such as China, Taiwan, Singapore and South Korea. The industry is characterized by rapid innovation and speed to market, short product life cycle, highly automated manufacturing to give consistent quality at low cost, high volume production, continuous improvement in capabilities for reducing costs and profit accrual through volumes.

INDIAN ELECTRONIC INDUSTRY

India's electronics industry is nascent by global standards. Despite a population of over one billion, India has a relatively small electronics market. It is ranked twenty-sixth worldwide in terms of sales and twenty-ninth in terms of production. The total size of the industry in 2004-05 was US\$11 billion.

India's Electronics sector has six key segments

The Indian electronic industry is divided into six segments: Consumer electronics, Industrial electronics, Computers, Strategic electronics, Communication and Broadcasting equipment and Electronic components.

BRIEF ABOUT PRESENT MARKET FOR ALL SEGMENTS IS GIVEN BELOW.

CONSUMER ELECTRONICS SEGMENT

Consumer electronics consists of products that are directly consumed by end-users, such as televisions, microwave ovens, household appliances etc. This segment has a large manufacturing base, and is quite competitive, with presence of several global players in India.

INDUSTRIAL ELECTRONICS SEGMENT

The Industrial electronics segment includes products that are used by other industries, such as process control instrumentation, automation systems, Test and measuring (T&M) instruments and medical instruments. Circuit Systems has strong presence in this segment.

COMPUTERS SEGMENT

This segment includes personal computers, servers, workstations, supercomputers, data processing equipment and peripherals such as monitors, keyboards, disk drives, printers, plotters, digitisers, SMPS, modems, networking products and add-on cards. As PCB is primary component for all these products, demand for it is bound to increase with market of computers.

STRATEGIC ELECTRONICS SEGMENT

The strategic electronics segment covers satellite base communications, navigation and surveillance, underwater electronics and infra red based detection, disaster management and GPS based vehicle tracking systems. The segment has a number of manufacturing units both in the public and private sectors.

COMMUNICATION AND BROADCASTING EQUIPMENT SEGMENT

The communication and broadcasting equipment segment includes digital exchanges (EPABX, RAX, TAX and MAX), Transmission equipment such as HF/VHF/Microwave trans-receivers, satellite communication terminals, optical fiber communication equipment, troposcatter equipment, two-way radio communication equipment, etc.

ELECTRONICS COMPONENTS SEGMENT

The electronics components segment caters to the requirements of consumer electronics, telecom, defense and information technology sectors. The components in production in India at present include TV picture tubes (black & white and colour), monitor tubes, diodes and transistors, power devices, ICs, hybrid microcircuits, resistors, capacitors (plastic film, electrolytic, tantalum, ceramic), connectors, switches, relays, magnetic heads, DC micro motors and tape deck mechanism, PCBs, crystals, loudspeakers and hard and soft ferrites. The consumer electronic sector in general and the colour television (CTV) industry in particular is the growth engine for electronic components.

(Sources: www.ibef.org)

CIRCUIT SYSTEMS (INDIA) LIMITED

CONSUMER ELECTRONICS

The Consumer electronics industry contributes about 33.80 percent of the total electronics production in India. The total production of consumer electronics was US\$ 3.74 billion in 2004-05, registering a growth of 13 per cent over production in the previous year. The growth has been primarily powered by colour televisions. Other growth segments in consumer electronics include microwave ovens and VCD/MP3 players - the microwave oven industry is estimated to be growing at the rate of 25-30 per cent.

These trends are a reflection of increasing consumption and aspiration levels among Indian consumers, driven by demographic and lifestyle changes. As these trends are positive for the future, the outlook for consumer electronics segment is quite positive.

INDUSTRIAL ELECTRONICS

The production of industrial electronics in 2004-05 was US\$ 1716 million as compared to US\$ 1327 million in 2003-04, a growth of 29 per cent.

Growth in industrial production and focus by industry on better controls, processes and systems are expected to drive growth in this segment in the future.

COMPUTERS

The production in computers segment was US\$1,961 million during 2004-05 as compared to US\$1479 million during 2003-04, a growth of 33 per cent.

The industry, in the area of PCBs, connectors, diskettes and CDs, experienced a positive growth.

High corporate consumption and buoyancy in small towns is driving sales of Personal Computers. The market for PCs is estimated to have touched 3.4 million units in fiscal 2004-05, taking the total PC penetration to 14 million in the country.

STRATEGIC ELECTRONICS

The production in the strategic electronics sector was US\$680 million in 2004-05 compared to US\$588 million in 2003-04, a growth of 16 per cent.

With the opening of strategic electronics to the private sector, there has been an emphasis on attracting private sector organisations for indigenisation of a variety of products and technologies. This is expected to fuel growth in this segment.

Growth in this segment has been almost stagnant over the past 5 years.

ELECTRONICS COMPONENTS

Electronics components contributed 18 per cent to the overall electronics production. Production in this sector was US\$ 1,961 million during 2004-05 compared to US\$ 1,719.3 million in 2003-04; a growth of 14 per cent.

The key product groups that have driven growth in components include CTV picture tubes, optical discs, PCBs, connectors, ferrites, etc. Growth in this segment has been primarily due to growth in the user segments. As such, the outlook is also positive.

EXPORT MARKET

Most of the consumer electronics produced in India is consumed by the domestic market, with exports forming only 5 per cent of the production.

However, exports of electronic goods from India have been growing consistently and constituted about 2.64 per cent of India's overall exports in 2003-04. For the year ending March 2005, the export of electronic goods from India increased by 16 per cent to US\$1,950 million as compared to US\$1,675 million in the year ending March 2004. This increasing trend is continued in the year 2005 also and is expected to continue in near future.

Electronic components segment contributes the highest towards the total electronics exports. The major export items include passive components, such as capacitors and resistors; wound components; CD-ROMs; connectors; color picture tubes and computer components/assemblies, such as head stacks; memory modules and RFID products. In 2003-04 India exported US\$ 817 million worth of electronics components, which formed 48 per cent of the total electronics export. Other key segments that contributed to exports include industrial electronics, computers and consumer electronics, with exports of US\$ 329 million, US\$ 313 million, and US\$ 179 million respectively in 2003-04.

The main destinations for India's exports are the European Union, Asian countries and the United States.

(Sources: www.ibef.org)



SOME OF THE KEY TRENDS THAT HAVE A POSITIVE IMPACT ON THE SECTOR ARE:

- Growing consuming class (defined as people having annual income of US\$ 980 (INR 45000) or above) that has greater disposable income and propensity to spend. It has been estimated by NCAER that this group will constitute over 80 per cent of the population of India by 2009-10
- Lifestyle changes such as greater exposure to global trends and increasing affinity for convenience and lifestyle products
- Increasing urbanisation, emergence of nuclear double income families
- Low penetration levels of most consumer durables. For example, in 2002, only 66 per cent of middle-income households had a TV set, only 28 per cent of the urban households possessed a refrigerator, while just a little over 15 per cent owned an air cooler. Despite a population of more than 1 billion people, only 16 million computers were used in India in March 2005.
- Increased government and private industry spending on sectors such as defense and aerospace. The Indian aviation sector, for example, has placed orders for more than 350 aircrafts with a list price of about US\$ 26 billion.

India will be a high growth market in the electronics sector in the medium term. India's entire electronics market, worth \$11.5 billion in 2004, is expected to become one of the fast growing electronics markets worldwide over the next several years. This market is expected to grow to \$40 billion by 2010 at an annual rate of over 20 per cent. This growth will be assisted by trends such as increase in contract manufacturing and increase in EMS and ODM.

Contract manufacturing, an emerging trend, not only helps hardware product companies de-risk their business model but also achieve full utilisation of production facilities. The market for EMS is projected to be US \$ 163 billion by the year 2008, while the market for ODMs is projected to be US\$ 144 billion.

(Sources: www.ibef.org)

FUTURE PROSPECTS

The market for semiconductor products is now at \$ 2.82 billion and is likely to grow at 29 % a year over the next 10 years, according to Frost and Suvillan. Consequently, a few companies have started electronics design, and a large number of vendors are planning to manufacture products in India. A by the time lot of companies are under the race of competition like Alcatel , Nokia and Flextronics, but more companies can be expected to tap Indian market in the recent future. The combined growth of the Indian semiconductor and electronics is expected to become one of the most significant event Indian Corporate histories.

Source: Magazine: Business World dated 10th April, 2006.

2. BUSINESS OVERVIEW

Short History of the Company

The Company was incorporated on 8th February 1995 as Circuit Systems (India) Limited at Gujarat, Dadra & Nagar Haveli vide Registration Number: 04 – 24524. Thereafter the company was converted in to a Private Limited Company and consequently the name was changed to Circuit Systems (India) Private Limited on 01st August 2001 and thereafter the company was reconverted in to public company and the name was changed to Circuit Systems (India) Limited vide fresh certificate of incorporation dated 07th October 2005

At the time of incorporation, the Registered office of the company was situated at 167, Azad Society, Ambawadi, Ahmedabad-380015 which was then shifted to B-9-10, GIDC Electronic Estate, Sector -25, Gandhinagar -382044 w.e.f. 17th June 1996, and thereafter it was shifted B-24, GIDC Electronic Estate, Sector -25, Gandinagar w.e.f. 11th December 1997, and thereafter it was shifted to B 14, Neeldeep Apartment, Opp. Milan Park, B/h Lad Society, Vastrapur, Ahmedabad w.e.f. 15th March, 2001 and thereafter it was shifted to D - 402, Status Apartment, Thaltej Road, Nr Drive in, Thaltej, Ahmedabad w.e.f. 01st September, 2001 and thereafter w.e.f. 01st December, 2001 the registered office of the Company has been shifted to B-24 GIDC Electronic Estate, Sector 25, Gandhinagar-382 044.

During the Year 1997 Company had purchased the Electronic Division(PCB business) situated at B/24 GIDC Electronics Estate, Gandhinagar including the Leasehold land, hereidatements and premises together with Buildings, Factory Assets and structures, standing thereon and also plant and Machinery including spare parts which are in stock on transfer date and are required for the maintenance of Plant and Machinery other tangibles and intangible assets for the manufacture of Printed Circuit Boards of Stovec Industries Limited against consideration of Rs 450 lakhs which was paid in cash. This was first major expansion in the history of company. Company has received ISO 9000 certification in the year of 1998 which shows commitment of the company about its quality product. The next mile stone which the company has achieved as a part of its expansion programme was in the year 2003 by purchasing plant and machineries against consideration of Rs 404.05 lakhs related to PCB Business from Gujarat Narmada Valley Fertiliser Corporation Limited (GNFC)

The Company is in the business of manufacturing PCB, the activity has been carried out since last more than one decade. The existing manufacturing plant of the company is located at B 24, GIDC Electronic Estate, Sector 25, Gandhinagar, with the annual manufacturing capacity of 84000 sq. meters. Gandhinagar is well connected by air, rail as well as surface for smooth running of the business.

PRINTED CIRCUIT BOARD (PCB)

Printed Circuit Board: It is method of allowing electronic components to be interconnected by a network of copper conductors ('tracks') which are in a pattern that has been pre-printed on to copper-clad insulating board. The track layout can be designed using a computer- aided PCB design package; the results are printed out and transferred to the copper-clad ('coated') board. The design is 'fixed' and the parts of the copper coating not required chemically etched away.

The connections on the PCB should be identical to the circuit diagram, but while the circuit diagram is arranged to be readable, the PCB layout is arranged to be functional, so there is rarely any visible correlation between the circuit and the layout.

PCB is one of the leading components which are used for manufacturing any electronic hardware product. It has become synonymous in any electronic assembly. It is used in high-tech mobile phones, computer, automobiles, Radars and submarine controls and electronic toys. This is the only component without which interconnectivity of other components can not be achieved.

THE MAJOR SECTORS THAT ARE USING PCB'S ARE BROADLY CLASSIFIED INTO:

1. Consumer electronics
2. Computer and peripherals
3. Telecommunication
4. Automobiles
5. Process controls
6. Defense
7. Industrial Electronics

In light of the future market scenario and considering demand of products manufactured by the company at national as well as international market, the company has decided to go for setting up a new plant at Gandhinagar. The new unit will substantially



increase the manufacturing capacity of the company, to take the benefit of the expected rise in the demand of PCBs in near future.

The market of Electronic products is growing very rapidly. For details please refer to page no 39 of this prospectus and Company being in a Industry since last more than one decade can grab the opportunities available due to growing market.

LOCATION OF THE PROJECT

The Company proposes the expansion project to be located at the Gandhinagar Electronic Park [SEZ] For which Company has entered into licence agreement dated 13th April, 2007_with GIDC for the land admeasuring 23404.73 Sqr mtrs. GIDC will enter into lease agreement with the Company for 99 years subject to company fulfilling the conditions as mentioned in the licence agreement. For details of important terms of licence agreement please refer page no. 21 of this prospectus.

MACHINERY

For detail of machinery required for the proposed project please refer section titled as 'Object of the issue' on page no. 19 of the prospectus.

TECHNOLOGY:

The company is engaged in manufacturing of professional grade Printed Circuit Boards (PCB) for export as well as domestic market. The technology used by the company to manufacture its product is highly complex and there are very rare determining factors to describe the same however it can be explained in terms of the designs classification of the product manufactured by the company as explained in the table mentioned herein below:

Design Classification:

	Class 1	Class 2	Class 3	class 4	class 5	Class 6	Class 7
Min P (mm)	>0.299	0.200	0.175	0.150	0.125	0.100	<0.10
Min D (mm)	>0.70	0.550	0.500	0.400	0.300	0.250	<0.25
Min I (mm)	>0.45	0.400	0.350	0.300	0.250	0.20	<0.20

P = Minimum Distance between Pad / Pad, Pad / Track, Track / Track; Track width.

D = Minimum Drill bit size.

I = Minimum Isolation in Inner layer (Distance between hole-edge to nearest track or pad or Ground area)

The company is having capability of Class 5 Level design as highlighted above in the respective class.

Low Tech	Medium Tech	Superior Technology / Advanced Technology
<input type="checkbox"/> Single side	<input type="checkbox"/> Double side with complexity	<input type="checkbox"/> Multilayer
<input type="checkbox"/> Basic Double side	<input type="checkbox"/> Multilayer	<input type="checkbox"/> Highly complex boards

↑—————↑
Circuit Systems is operating into this segment

MANUFACTURING PROCESS

EXISTING PLANT - PCB

I MANUFACTURE OF SINGLE SIDE AND DOUBLE SIDED PCB

The simple technology for PCB's is single sided PCB's (which is still very popular in entertainment electronics and telephones) where circuit is also on one side and component assembly and soldering on same side. As the design becomes more complex, the double sided PCB's are produced. Here there is one component side where components with leads are mounted and solder side where components are soldered. This is true for leaded components but with evolution of SMD designs, some components are soldered on both sides. This entirely depends on design.

The basic raw materials used for PCB manufacturing is called copper clad laminates where copper foils are bonded with books of glass epoxy material on both the sides. It is available in various thicknesses.

STEPS IN MANUFACTURING

1. SHEARING:

Here the laminates are sheared to standard panels.

2. CNC DRILLING :

In this process, the panels are stacked in three with top plate and bottom plate and formed like a book. These books are fixed in CNC drilling machines are holes are drilled as per the gerber data provided by the user.

3. PLATED THROUGH HOLES :

The drilled holes would have lost its continuity between top layer and bottom layer. Hence they need to be interconnected. It is not possible to electroplate copper on epoxy material and hence a process called electro less copper plating is used where with only chemical action initial 5 microns copper is built.

4. LAMINATION :

A photo resist dry film is vacuum laminated using a Laminator after thoroughly brushing the surface of panel.

5. EXPOSE/TRANSFER CIRCUIT IMAGE :

Using a positive photo tool (which is already prepared in CAD section with respect to customer data) circuit is transferred to panel using ultra violet exposure equipment.

6. DEVELOPING :

This chemical process removes the unexposed photo resist in all areas where it is to be taken for electroplating. All other areas are covered with exposed resist.

7. ELECTROPLATE COPPER :

This is a electroplating process where 25 to 30 microns of copper is built on surface of panels and as well has holes.

8. ELECTRO PLATE TIN :

In this process (which is done in the same line of copper plating) the circuits are covered with tin which acts as etch resist during subsequent etching process.

9. FILM STRIPPING :

The photo resist is stripped by a conveyors machine chemically leaving exposed the copper to be etched.

10. TIN STRIPPING :

In this process, the tin plating is removed from the top of circuitry by a stripping machine chemically.

11. SOLDER MASK :

Solder mask operation is done to give insulation properties and also to avoid bridging during soldering is carried out using a screen printing machine. The boards are thoroughly cured in curing oven so that proper adhesion is achieved. In this operation generally only pad and land areas are not covered and the rest of panels are masked.

12. HOT AIR LEVELING :

During this process the exposed pad and land areas are covered with solder coating using a hot air leveling m/c. In this machine panels are dipped in the molten solder bath vertically and while retracting hot air is impinged by two fronts to back nozzles to make surface even and to clear excess solder in holes.

13. LEGEND PRINT :

This is an operation done in screen printing to print the legend as per the given data and subsequently cured.

14. PROFILE :

This is an operation done in CNC routing machine. Here the required size and profile is generated using a programme previously generated in CAD.



15. ELECTRICAL TEST :

ET is an electrical test done for every single PCB's to test and certify that PCB manufactured is ok as per Gerber data and the documents given by customer. It checks for continuity, shorts and insulation properties of produced PCB's. Bed of nails method is used for through hole and simple SMD PCB's and for complex PCB's flying probe test machines are used.

16. QUALITY CHECK:

In this, all PCB's are checked with respect to drags and IPC specs and packed and dispatched.

II MANUFACTURING PROCESS - MULTILAYER PCB'S

With emergence of more functions in a system, miniaturization of systems and equipments, more complex inter connectivity's it was not possible to accommodate such designs in double sided PCB's. Hence the concept of multi layer PCB's emerged. Here additional circuit layers are embedded between outer layers and interconnections are built through visa. The key to Multi Layer Board manufacturing is the preparation of inner layer, registering perfectly well with other layer and perfectly bonding it so that layer to layer registration perfectly maintained. In this concept, this is a slightly complex process. The higher the layer count more the complexity for manufacturing.

Generally there are 5 additional steps as listed below in addition to that of Double Sided PCB's in manufacturing Multi Layer Boards. They are carried out preceding CNC drilling, except de smear process which is done after CNC drilling.

1. Inner layer preparation
2. Inner layer etching.
3. Black oxide coating.
4. Registration and layers bonding.
5. De smears after CNC drilling.

Inner layer preparation:

The thin core laminate is laminated with photo resist, circuit exposed and developed using a negative photo tool and unexposed areas are removed by developing.

Inner layer etching:

The inner layer circuit thus prepared is directly etched in a mechanized machine and the circuitry is formed.

Black oxide coat:

This is a plating operation done on the etched panels. This is done to facilitate proper bonding of layers during pressing.

Registration and layers bonding:

The inner layer(s) such prepared are stacked and properly registered with a registration system and taken to hot and cold press and bonding of layers are carried out. This is an operation where the layers are bonded under hydraulic pressure with heat. After stipulated time it is allowed to cool under external water cool. A perfect bond/book is the key to good MLB.

De smear:

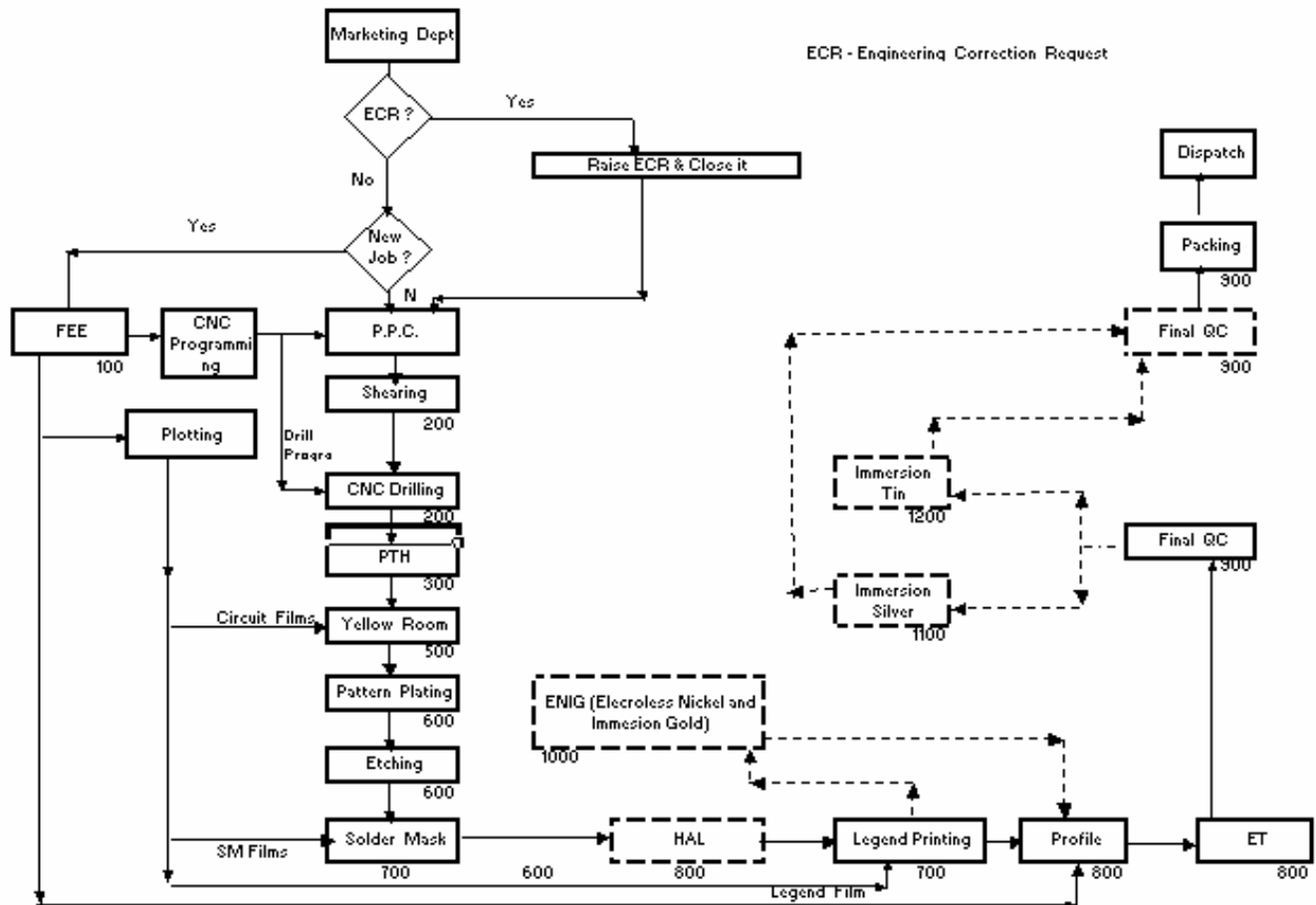
This is an operation carried out in electro less copper plating line to remove any epoxy smears formed during very high speed drilling preceding electro less operation. During very small hole drilling the speed of CNC drilling spindle may reach 60 to 80,000 RPM which generates enormous heat. The heat thus generated will some times go beyond the melting temperature of epoxy and an epoxy smear is formed inside the holes which will prevent plating of holes. This chemical process will clear such smeared epoxies.



ALL OTHER STEPS ONCE THE LAYERS ARE BONDED ARE SAME AS DOUBLE SIDE PROCESS.

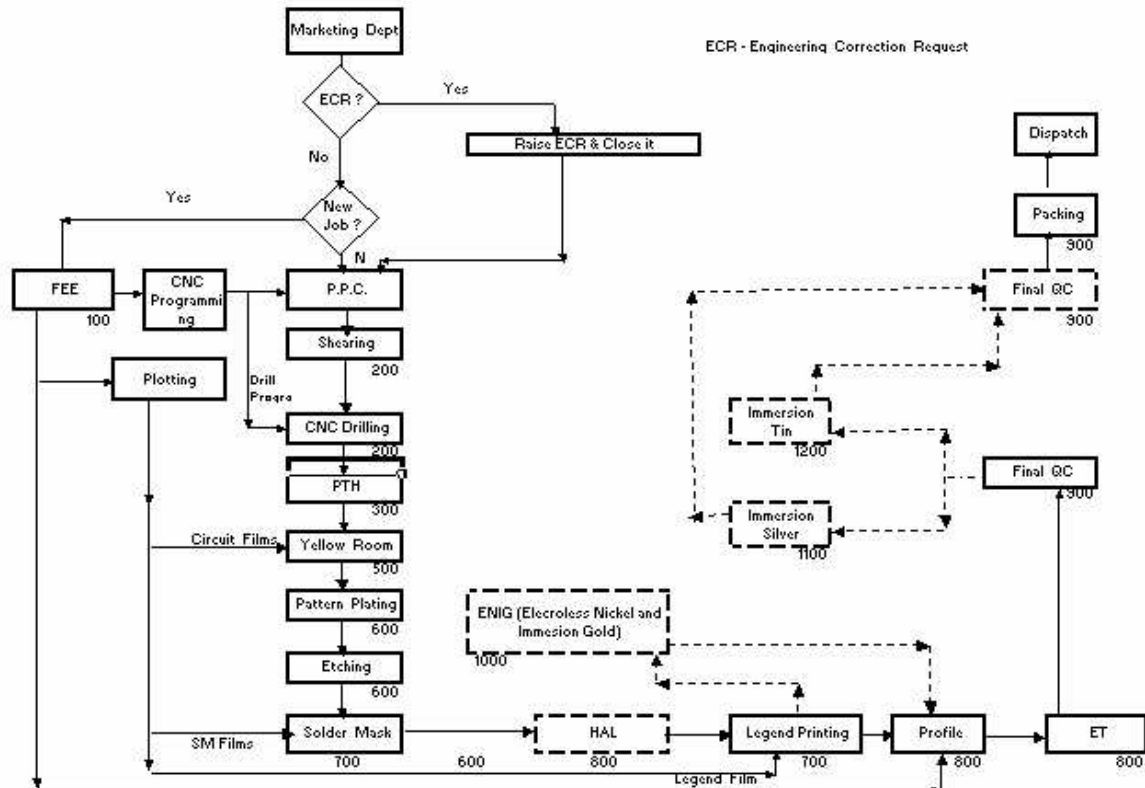
MANUFACTURING PROCESS - EXISTING /PROPOSED [PROCESS CHART]

DOUBLE SIDED PCBS

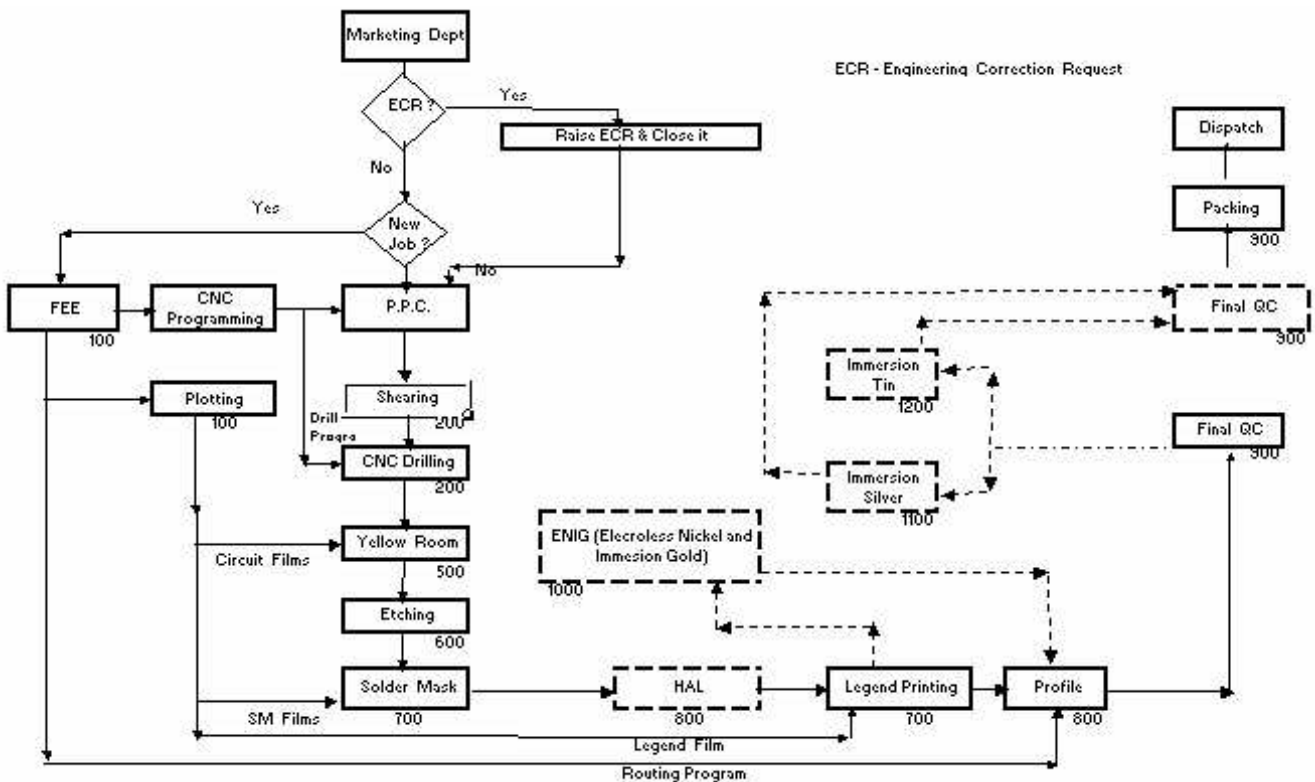


CIRCUIT SYSTEMS (INDIA) LIMITED

MULTILAYER PCBs



SINGLE SIDED PCBs





COLLABORATIONS

The Company at present does not have any Collaboration

INFRASTRUCTURE FACILITIES

RAW MATERIAL

The major raw material for manufacturing of PCB is Laminate Sheets which is imported by the company on regular basis. The main sources for easy availability of Laminate Sheets are based at Taiwan, China, and Singapore.

Apart from aforesaid other important raw materials required are Dry Film and Legend Ink which the company sources from England, Philippines, Singapore and other European countries.

Product	Per annum utilisation of Quantity at Existing plant (2006-07)	Per annum utilisation of Quantity – Proposed Plant	Total Consumption p.a. – post expansion
Laminate Sheets	90000 Nos.	50000 Nos.	140000 Nos.
Dry film	5 000 Rolls	3000 Rolls	8000 Rolls
Ink	16000 Kgs.	8000 Kgs.	24000 Kgs

WATER

The existing requirement of water at about 400 KL per day is met from own tube as well as from local GIDC connection. Additional requirement of water is estimated at 200 KL per day, which is proposed to be sourced from the existing bore well, as well as local GIDC connection. The arrangements made by the Company have been working satisfactorily for last 10 years.

Particulars	Existing	Proposed	Total
Requirement of Water			
For Production	400 KL/p.d.	200 KL p.d.	600 KL p.d
Sources of Water Arrangements (Capacity)			
GIDC connection	As per requirement	As per requirement	
Own Bore well	150000 KL p.a.	60000 KL p.a.	2,10,000 KL p.a
Water Charges Payable	@ Rs. 11 per KL to for GIDC water and @ Rs. 3.5 per KL for bore well	@ Rs. 11 per KL to for GIDC water and @ Rs. 3.5 per KL for bore well	
Capacities of Tanks	1,00,000 Ltrs.	75,000 Ltrs.	1, 75, 000 Ltrs.

POWER

The Company meets its present power requirement of 1.30 Lakhs units p.m. approximately from Torrent Power Limited. For the proposed project, additional requirement of 60,000 units per month is proposed to be met from Torrent Power Limited.

Particulars	Existing	Proposed	Total
Sources of Power & Supply Voltage Purchased	Torrent Power Limited	Torrent power Limited	
Own Generation	NIL	NIL	
Stand By Arrangements	NIL	NIL	
Maximum Demand	843 KW	500 KW	1343 KW
Peak Hour Requirements	850 KW	500 KW	1350 KW
Contracted Load	850 KW	500 KW	1350 KW
Power Charges for Running Load	@ Rs 3.25 per unit	@ Rs 3.25 per unit	

CIRCUIT SYSTEMS (INDIA) LIMITED**UTILITIES - SUMMARY****EXISTING**

Sr. no.	Name of the Item.	Manufacturer	Capacity	Quantity
1.	Transformer.	Patson.	400 KVA	2 nos.
2.	Transformer.	Patson.	800 KVA	1 nos.
3.	Tube well	KSB.pump set	20 HP motor.	1 set.
4.	Compressor	Atlas	600 CFM.	2 nos.
5.	Compressor	ELGI	165 CFM, 40 HP	1 no.
6.	Compressor	ELGI	227 CFM, 50 HP	1 no.
7.	Compressor	I.R.	65 CFM, 20 HP	2 nos.
8.	Compressor	I.R.	35 CFM, 12.5 HP	1 no.
9.	RO plant	Thermax	50,000 Ltrs/day.	1 set
10.	D.M. plant	Ion Exchange	50,000 Ltrs/day.	1 set
11.	ETP	Local	5,00,000 Ltrs/day	1 no.
12.	Clean room AC.	Volpak.	22.5 T AC	2 set.

Note: 1KVA = 0.95 Kw, and

1HP = 0.75 Kw

PROPOSED

Sr. no.	Name of the item.	Manufacturer	Capacity	Quantity required
1	Transformer.	Transformer and rectifier.	1500 KVA,	2 no.
2	Tube well	KSB	20 HP pump with panel.	1 no.
			Pipes, cable and labour	1 set.
3	Compressor	Atlas Copco	800 CFM.	2 no.
4	RO. DM plant.	Thermax	50,000 Ltrs.	1 no.
5	ETP	Local	4,00,000 Ltrs / day	2 no.
			Filter press Clarifoculator Water collecting sump of 50000 Ltrs each.	1 set
6	Clean room AC.	Volpak.	22.5 T AC	2 nos.

Note: 1KVA = 0.95 Kw: 1HP = 0.75 KW

MAN POWER**EXISTING**

The present strength of the Company is 123 employees as on ,30th June, 2007 details of the same are as follows

Particulars	Numbers
Administrative Staff	32
Skilled Personnel	72
Unskilled Personnel	19
Total	123



Proposed Manpower Requirement:

Particulars	Numbers
Administrative Staff	30
Skilled Personnel	75
Unskilled Personnel	30
Total	135

Company has not yet started recruiting manpower required for the proposed expansion project.

PRODUCTS / SERVICES OF THE COMPANY

EXISTING PRODUCTS

The company is in the business of 3 types of PCB i.e. single sided, double sided and multilayer.

End Use of products

The company's product is an Industrial product the same is being used as a key component for all type of electronic items. A major industry where product of the company is being used is as under:

- Telecommunications
- Process Control Equipments
- Computers
- Defence Applications
- Automobiles
- Space Applications
- All type of electronic items

COMPETITION, KEY PLAYERS AND MARKET SHARE

COMPETITION

Circuit Systems has created a niche in the area of technology along with timeliness of delivery of the product. The company has focused on high technology boards like PCB's with 4 mil standards, lead free finishes, MCL with complex designs etc. This gives the company an edge over competitors.

KEY PLAYERS

Apart from the Company, the major players in PCB industry in India are:

Name of the players	Location
Fineline Circuits Ltd.	Mumbai
A T & S (India) Pvt. Ltd.	Mysore
Shogini Technocrats Pvt. Ltd.	Pune
Micro Pack Ltd.	Bangalore

MARKET SHARE

There is no reliable, published or authenticated data available to ascertain the market share because of unorganized sector. There are n numbers of unorganized and small/ tiny players which makes it difficult to ascertain the market share of the company.

APPROACH TO MARKETING & PROPOSED MARKETING SET-UP

The company is having presence in all parts of the country locally as well as in international market. The company is having marketing network in Mumbai, Pune, Delhi, Chandigarh and Bangalore. From these places business of all western northern and southern part of the country is managed. All these business partners are having their own offices set up and equipped to generate and develop business available in the market. The company is using high tech communication channels including

CIRCUIT SYSTEMS (INDIA) LIMITED

internet and web site support for product development, order processing till invoicing. The company is having its own marketing team headed by senior persons for sales and after sales support for the agents all over the country. Western part of the country as well as all key corporate customers are taken care by senior marketing person from head office. For export market company has business partners and agents at all major places where business opportunity is available.

PROPOSED MARKETING SET UP

Company's marketing team strives to increase the company's share of the business with existing clients and also endeavor to expand the customer base

The approach which the Company adopts to locate the customers is

- Strengthening agent network and customer base
- Strengthening of sales team at all the regions to cover and penetrate all the opportunities available in the market

The Company proposes to increase its client set up by

- Aggressive participation in regional as well as international exhibitions
- Advertising in leading electronics industrial Magazines
- Participations and sponsoring electronics related seminars
- Building up company image by write ups in various magazines

TOP TEN CUSTOMERS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2007

1	SECURE METER LIMITED
2	INDIA NIPPON ELECTRICALS LIMITED
3	ESSAE ELECTRONICS PRIVATE LIMITED.
4	TVS ELECTRONICS LIMITED
5	VARROC ENGINEERING PVT. LIMITED
6	PHOTOQUIP INDIA LIMITED
7	BHARAT ELECTRONICS LIMITED
8	ESSAE-TERAOKA LIMITED.
9	JNS INSTRUMENTS LIMITED –
10	DONEX INDUSTRIES LIMITED.

EXPORT POSSIBILITIES AND EXPORT OBLIGATIONS

EXPORTS

Revenue from the exports for last three years is given below:

Product	2004-05		2005-06		2006-2007	
	Sq mtr	Rs in Lakhs	Sq mtr	Rs in Lakhs	Sq mtr	Rs in Lakhs
Printed Circuit Board	9815	789.67	9837	590.78	14259	880.91

EXPORT OBLIGATION

At present the Company has no export obligation

COUNTRY WISE EXPORT – (FOR TOP TEN CUSTOMERS) AS ON 31ST MARCH, 2007

Sr. No.	Country	% of Total sales
1	Belgium	13.44
2	USA	7.16
3	Italy	1.47
5	Newzeland	1.28
	Total	23.57



BUSINESS STRATEGY

➤ **EXPANSION OF THE EXISTING FACILITIES**

The Company is under planning to expand its facilities by way of expansion of its existing manufacturing capacity.

➤ **ENHANCING CUSTOMER BASE**

The Company intends to continue to grow business by adding new customers in existing base as well as in the new countries. It aims to do this by effectively leveraging their marketing skills and relationship for further enhancement in customer base.

➤ **REDUCTION IN OPERATIONAL COST**

The Company strives to reduce the operational costs to increase the competitiveness in market. Company periodically reviews its operation, identify areas of improvement and set up targets for cost control accordingly.

➤ **GROWING THE BUSINESS THROUGH ACQUISITION**

The Company will evaluate case by case basis potential acquisition targets that offer an opportunity to grow the business and/or expand the capabilities or geographical reach.

FUTURE SCENARIO

The market for semiconductor products is now at \$ 2.82 billion and is likely to grow at 29 % a year over the next 10 years, according to Frost and Suvillan. Consequently, a few companies have started electronics design, and a large number of vendors are planning to manufacture products in India. By the time lot of companies are under the race of competition like Alcatel, Nokia and Flextronics, but more companies can be expected to tap Indian market in the recent future. The combined growth of the Indian semiconductor and electronics is expected to become one of the most significant event in Indian Corporate histories.

Source : Business World Magazine dated 10th April, 2006.

Considering In-built growth opportunities available to the Company due to the growth in telecommunication industry, computers, electronic market and defense applications For Details please refer to page no 39 of this prospectus, company has taken steps to improve its sales and customer base with innovative product launching and committed delivery schedule and the Company is also looking forward to develop new markets in USA and other western part of the world.

To cope up with the emerging opportunities in the domestic as well as overseas market, company has planned to set up its new unit in the forthcoming SEZ in GIDC, Gandhinagar.

CAPACITY AND CAPACITY UTILIZATION:

There is no fixed or installed capacity in our business. Capacity is determined by combination of various factors like layer of jobs, complexity, design of job etc.

However based on actual quantity dispatch to the Customer during the last 3 years, processed quantity is worked out by converting all type of finished goods into standard double layer PCB and the same is reproduced in the table given below:

CIRCUIT SYSTEMS (INDIA) LIMITED

CAPACITY UTILISATION AS PER THE PROCESSED QUANTITY

PCB TYPE	Multiplying Factor	YEAR 2004-05		YEAR 2005-06		YEAR 2006-07	
		DESPATCH		DESPATCH		DESPATCH	
		SQ.MTR	Equivalent sq mtr	SQ.MTR	Equivalent sq mtr	SQ.MTR	Equivalent sq mtr
SINGLE SIDED	1	1202.33	1202.33	2166.31	2166.31	2685.73	2685.73
DOUBLE SIDED	1	38287.15	38287.15	47427.78	47427.78	55016.51	55016.51
ML-4	2	4609.95	9219.89	4735.85	9471.70	5759.35	11518.70
ML-6	3	790.98	2372.95	636.52	1909.55	655.84	1967.52
ML-8	4	180.51	722.05	77.70	310.79	545.56	2182.24
ML-10	5	6.79	33.94	48.07	240.36	0.41	2.05
ML-12	6	41.10	246.57	7.60	45.59	0.05	0.30
ML-14	7	2.16	15.10	0.00	0.00	0.05	0.35
ML-16	8	0.50	3.98	0.04	0.34	0.05	0.40
ML-20	10	2.30	22.97	0.00	0.00	0.00	0.00
		45123.75	52126.92	55099.86	61572.41	64663.55	73373.80
Add : 30% for processed but not shipped quantity			15638.08		18471.72		18471.72
Total Processed quantity			67765.00		80044.14		95385.94

ML signifies multi layer, ML-4 stands for 4 layer, ML-6 stands for 6 layers and so on.

Note: For finding out the actual utilisation of installed capacity, in the above table quantity sold manufactured under various specification (in layers) is converted in to double side PCB and the same is further increased by 30% to reflect the actual processed quantity. As per experience of management 30% of total production goes into borders, samples, crossouts etc. which can not be either billed to customer or reprocessed.

COMPETITIVE STRENGTH

- **PROFESSIONAL MANAGEMENT**

The Company is managed by a qualified management team with several years of relevant experience. For details please refer to page no 68 of this prospectus. The management team is supported by Board of Directors who are qualified and having a vast experience in Indian Electronic Industry.

- **STRONG CUSTOMER RELATIONSHIP**

The Company has a track record of timely deliveries of the quality product to their customers, which has enabled the company to maintain the relationship with each of its existing clients and enhance the client base.

- **CAPABLE TO MANAGE MULTIPLE AND LARGE ORDERS**

Large orders require capabilities to manage large work forces complex sourcing, production planning and ability to ensure timely delivery to the customers. Over the years the company has developed the expertise to manage multiple orders concurrently.

- **TECHNOLOGY**

The company has focused on high technology boards like PCB's with 4 mil standards, lead free finishes, MCL with complex designs etc. This gives the company an edge over competitors.



INSURANCE

Details of existing insurance policies as on 30th June, 2007 are as under. For new project insurance will be taken as and when assets are created.

Date	Policy no.	Company Name	Policy type	From	To	Amount (Rs in lakhs)	Premium per anum (Rs in lakhs)
22 nd March 2007	064100/21/06/01/00000096	United India Insurance Co. Ltd.	Marine policy for Imported Plant & Machinery	22 nd March 2007	Arrival of Machines to site	700.00	0.54
11 th June 2007	064100/11/07/11/00000152	United India Insurance Co. Ltd.	Standard Fire and Special Perils Policy for machines, lying at Custom Bonded warehouse	11 th June 2007	10 th June 2008	500.00	0.75
30 th March 2007	242 & 243	The Oriental Insurance Co. Ltd.	Marine policy for Import/Export	01st April 2007	31st March 2008	2,000.00	0.85
30 th March 2007	241	The Oriental Insurance Co. Ltd.	Marine policy for Indian Transit Sale/Purchase	01st April 2007	31st March 2008	3,000.00	1.01
24 th June 2007	210600/11/07/11/00000497 & 98	The New India Assurance Co. Ltd.	Standard Fire and Special Perils policy	24 th June 2007	23rd June 2008	3,225.00	4.29

PROPERTY

The Company has following immovable properties as on 30.06.2007.

Details of the same are as under:

Sr. No	Property	Name of Vendors/ Owners	Consideration Rs in Lakhs	Nature of Title / Interest	Particulars	Type of Facility	Area
1	Plot No. B-24, GIDC, Electronic estate, Sector- 25, Gandhinagar	Stovec Industries	217.70	Owned by The Company	Lease hold land	Registered office	7234 Sq. Mtr
2	Building at B-24, GIDC, Electronic estate, Sector- 25, Gandhinagar	Stovec Industries	117.00	the Company	Own Building	Registered office	3016.83 Sq. Mtr
3	Plot No. B-172 to 176, GIDC, Electronic estate, Sector- 25, Gandhinagar	Blind Man's Association	1.20	Owned by the Company	Lease Hold land	Manufacturing Unit	2995 Sq. Mtr
4	Building at B-172 to 176, GIDC, Electronic estate, sector- 25, Gandhinagar	Blind Man's Association	28.79	Owned by the Company	Own Building	Manufacturing Unit	1178 Sq. Mtr
6	Plot No. B-26 & 27, GIDC, Electronic estate, sector- 25, Gandhinagar	Stovec Industries	14.70	Owned by the Company	Lease hold land	Open Plot	4900 Sq. Mtr

CIRCUIT SYSTEMS (INDIA) LIMITED

The above mentioned properties are mortgage with Corporation Bank ,Ahmedabad as security towards credit facilities obtained from them.

There has been no transaction(s) relating to the property completed within the two preceding years, in which any person who is, or was at the time of the transaction, a Promoter, or a director or proposed director of the company had any interest direct or indirect.

Except otherwise stated under “Objects of the issue” on page no. 19 of this prospectus, there is no property which the company has purchased or acquire or proposed to purchase or acquired, which is to be for wholly or partly out of the proceeds of the issue or the purchase or the acquisition of which has not been completed on the date of these Prospectus, other than property in respect of which the Contracts for the purchase or acquisition were entered into in the ordinary course of the business, and the contracts were not entered into in contemplation of the issue nor the issue is contemplated in consequence of the contracts; or the amount of the purchase money is not material.

FINANCIAL INDEBTEDNESS:

Company has following financial indebtedness as on 30th June, 2007.

Name of the Lender/ Nature of Loan	Sanction Amount (Rs in Lakhs)	Loan Documentation	Amount Outstanding as on 30 th June 2007 (Rs. in Lakhs)	Tenure in yrs from the date of original sanctioned	Interest Rate	Repayment Schedule	Primary Security
Corporation Bank - Cash Credit	325.00	Hypothecation Agreement	331.47	N.A	12.25%	N.A.	Hypothecation of stock and entire book debt of the company
Corporation Bank - Working capital Demand loan	400.00	Hypothecation Agreement	400	N.A	9.36%	N.A.	Hypothecation of stock and entire book debt of the company
Corporation Bank - working capital term loan	90.00	Hypothecation Agreement	83.48	5	9.36%	20 Quarterly installment starting from May 2004	Hypothecation of stock, book debts and machinery
Corporation Bank - Term Loan – I	195.00	Hypothecation Agreement	136.03	5	9.36%	20 Quarterly installment starting from Feb 2005	Hypothecation of stock, book debts and machinery as well as equitable mortgage of land and building of the Company
Corporation Bank - Term Loan – II	127.00	Hypothecation Agreement	114.08	5	7.88%	20 Quarterly installment starting from April 2006	Hypothecation of stock, book debts and machinery
Corporation Bank - Letter of credit Import/ Inland (Non fund based)	600.00	Hypothecation Agreement	593.00	N.A	N.A.	N.A.	Hypothecation of stock, book debts and machinery
Corporation Bank - Bank Guarantee	50.00	Hypothecation Agreement	1.00	N.A	N.A.	N.A.	Hypothecation of stock and entire book debt of the company
Corporation Bank Term loan -III	625.00	Hypothecation Agreement	452.00	5	12.75%	20 Quaterly Instalment starting from January, 2008	Hypothecation of stock entire book debt & Machinery of the company as well as EMG of land and building to be constructed at SEZ.



Other Security: Equitable mortgage by deposit of title deeds for plot no B-24 , B-26-27, & proposed new unit at SEZ in sector 25 of GIDC Electronic Estate, Gandhinagar.

IMPORTANT TERMS AND CONDITIONS TO BE COMPLIED BY THE COMPANY AS MENTIONED IN THE LOAN DOCUMENT IS AS GIVEN BELOW:

1. The prime securities held/proposed for the term loans shall be continuing security for the other credit limits. The prime securities held for the working capital limits shall be continuing security for other credit limits.
2. The company shall not divert working capital funds for payment of installments under term loans, meeting cost of acquisition of additional fixed assets, etc. An undertaking letter to this effect shall be obtained from the company.
3. All securities charged to the Bank shall be comprehensively insured against all risks for the full value at the Company's cost and the policy shall remain in the joint names of the Company and bank with bank clause duly incorporated therein.
4. The company shall not invest any amount for acquisition of fixed assets without any long term arrangement and without maintaining a current ratio of 1.25:1. Necessary undertaking to this effect shall be obtained from the company.
5. As per RBI/Banks Guidelines, the company shall ensure the following :
 - i) The company shall obtain prior permission/NOC from our Bank/consortium for :
 - a) Availing credit facilities from other Banks/FI's
 - b) Further expansion of business/taking up a new business activity.
 - c) Setting up/investing in a subsidiary be it in the same line of business or unrelated business.
 - ii) During the currency of the Bank's credit facilities, the company will not, without the Bank's prior permission in writing:
 - a) Effect changes in the Company's capital structure.
 - b) Formulate any scheme of amalgamation/re-constitution.
 - c) Enter into borrowing arrangements either secured or unsecured with any other Bank, financial institution, company or person.
 - d) Undertake guarantee obligations on behalf of any other company, firm or person.
 - e) Create any further charge, lien or encumbrance over the assets and properties of the company, which are to be charged to our Bank, in favour of any other Bank, financial institutions, company, firm or person.
 - f) Sell, assign, mortgage or otherwise dispose off any of the fixed assets charged to the Bank.
 - iii) In case the borrower commits default in the payment of any of the facilities or in the repayment of interest thereon or any of the agreed installment of any loan/advance on due dates, the bank and / or the Reserve Bank of India will have an unqualified right to disclose or publish the name of the company and its Directors as defaulters in such manner and through medium as the Bank or the Reserve Bank of India in their absolute discretion may deem fit. An authorization letter to this effect shall be obtained from the company and Directors.
 - iv) Rate of interest/commission and other terms applicable to the credit facilities are subject to review from time to time and are liable to be modified at the sole discretion of the Bank. Interest as indicated will be/will continue to be charged with monthly rests. The Bank reserves the right to give notice at any time and thereafter to charge such other rate of interest as the Bank may decide.
6. During the currency of the Bank's credit facilities any material change in the composition of the Board of Directors, management Structure or equity pattern of the company shall be informed to the Bank.
7. For Term loan taken for expansion project, any cost overrun shall be solely met by the borrower by raising equity and other additional funds in the manner acceptable to the Bank.
8. The loan for civil works shall be released based on the work progress certificate issued by approved engineer maintaining the stipulated margin.
9. The goods hypothecated for above facilities shall be comprehensively insured with the clause.

CIRCUIT SYSTEMS (INDIA) LIMITED**Details of unsecured loan**

(Amount Rs. Lakhs)

Nature of Loan	Amount Outstanding as on 31st March ,2007 (Rs in Lakhs)	Tenure/Repayment schedule	Interest Rate
Sales Tax Deferment Loan	496.99	Repayable in 6 annual installments starting from May 2007	NIL
Inter Corporate Deposit	15.15	N.A.	12%
Deposit from directors	59.07	N.A.	12%

KEY INDUSTRY- REGULATIONS:

The following regulations and legislations are the significant laws, which broadly govern this industry in India:

Excise Regulation

The Central Excise Act, 1944 seeks to impose an excise duty on specified excisable goods, which are produced or manufactured in India. Company is governed by the same.

Customs Regulations

All imports to the country and exports from the country are subject to duties under the Customs Act, 1962 at the rate specified under the Custom Tariff Act 1975. Major imported raw material is exempt from basic duty of customs.

Environmental and Other Regulation

The company has to comply with the provision of Water (Prevention and Control of Pollution) Act, 1974 and Air (Prevention and control of pollution) Act, 1981 and Hazardous (Management and Handling) rules 1989 and amended rules 2000.



3. HISTORY AND CORPORATE STRUCTURE OF THE COMPANY

HISTORY AND MAJOR EVENTS

The Company was originally incorporated on 8th February 1995 as Circuit Systems (India) Limited at Gujarat, Dadra & Nagar Haveli vide Registration Number: 04 – 24524. Thereafter the company was converted into a Private Limited Company and consequently the name was changed to Circuit Systems (India) Private Limited on 01st August 2001 and thereafter the company was reconverted into public company and the name was changed to Circuit Systems (India) Limited vide fresh certificate of incorporation dated 07th October 2005

At the time of incorporation, the Registered office of the company was situated at 167, Azad Society, Ambawadi, Ahmedabad-380015 which was then shifted to B-9-10, GIDC Electronic Estate, Sector -25, Gandhinagar -382044 w.e.f. 17th June 1996, and thereafter it was shifted B-24, GIDC Electronic Estate, Sector -25, Gandhinagar w.e.f. 11th December 1997, and thereafter it was shifted to B 14, Neeldeep Apartment, Opp. Milan Park, B/h Lad Society, Vastrapur, Ahmedabad w.e.f. 15th March, 2001 and thereafter it was shifted to D - 402, Status Apartment, Thaltej Road, Nr Drive in, Thaltej, Ahmedabad w.e.f. 01st September, 2001 and thereafter w.e.f. 01st December, 2001 the registered office of the Company has been shifted to B-24 GIDC Electronic Estate, Sector 25, Gandhinagar-382 044.

The Company is in the market of PCB manufacturing since last more than one decade. PCB industry in India has matured significantly and has started getting recognition world over. Market of PCB is increasing very fast as Electronic industry as a whole is growing at vary rapid speed For Details please refer to page no 39 of this prospectus.

The Company was incorporated on 8th February 1995 as Circuit Systems (India) Limited, thereafter during the Year 1997 company had purchased the Electronic Division(PCB business) situated at B/24 GIDC Electronics Estate , Gandhinagar including the Leasehold land, hereiditaments and premises together with Buildings, Factory Assets and structures, standing thereon and also Plant and Machinery including spare parts which are in stock on transfer date and are required for the maintenance of Plant and Machinery other tangibles and intangible assets for the manufacture of Printed Circuit Boards of Stovec Industries Limited against consideration of Rs 450 lakhs which was paid in cash. This was first major expansion in the history of company.

The next mile stone which the company has achieved as a part of its expansion programme was in the year 2003 by purchasing plant and machineries related to PCB Business from Gujarat Narmada Valley Fertiliser Corporation Limited (GNFC) against consideration of Rs 404.05 Lakhs which was paid in cash.

The existing major customers of the company are TVS Electronics Limited, Bharat Electronics Limited, Essae Electronics Private Ltd., India Nippon Electricals Ltd., Secure Meters Limited, Consolidated Dynamics Pvt. Ltd., ITI Limited, ESSAE-Teraoka Ltd., Inductotherm (India) Private Limited, Varroc Engineering private Limited, Photoequip India Limited, JNS Instruments Limited , Donex Industries Limited at national level, however company is exporting its products to overseas customers approximately 30 % of its annual production. For exploring the opportunities available in USA & other western part of the world ie Countries like Belgium, France and Italy, company has started participating in trade fairs, exhibitions and also started approaching various potential customers for supply of its product. However no formal agreement is entered into with any of the customers till date. To cope up with the emerging opportunities in the domestic as well as overseas market, company has set up its new unit in the SEZ in GIDC, Gandhinagar as a part of proposed expansion plan.

MAJOR EVENTS

Years	Events
1995	Incorporation of the Company
1997	Took over Electronic Division (PCB Business) of Stovec Industries Limited.
1998	ISO 9000 certification obtained
2003	Purchase of Plant & Machinery related to PCB business from GNFC.
2005	TS 16949:2002 certification obtained from DNV Netherlands

MAIN OBJECTS OF THE COMPANY

The company was promoted with the objective of carrying the business of manufacturers, importers, exporters, wholesalers, retailers, buyers, sellers, dealers, assemblers, repairs, converters, assemble, fit, alter, maintain, improve, establish, let on hire, consult, fabricate, process, repair, extract, refine, supervise, manage or otherwise manufacture and to deal in electronic components, devices, equipments and appliances of every description including printed circuit boards (PCBs), surface mounting devices on PCB, membrane switches, transformers, volume controls, connectors, materials, electronic components, sub-

CIRCUIT SYSTEMS (INDIA) LIMITED

components and supporting components required in such equipment and capital equipment, consumer equipments, tool and equipments such as television and wireless apparatus for audio and visual communications, electro-magnetic items, fire alarm systems, digital and other electronic clock, punch card machines, electro mechanical pneumatic controls, computers and automatic calculators, x-ray machines, scanning machines, surgical, medical and other appliances and capacitors, resistance, condensers, semi-conductors, transistors, rectifiers and switch mode power supplies.

The present business is in the line of the main objects of the Company

CHANGE IN REGISTERED OFFICE

Date	Address	Changed address	Reason for change
17th June 1996	167, Azad Society, Ambawadi, Ahmedabad – 380015	B - 9/10 , GIDC Electronic Estate, Sector - 25, Gandhinagar - 382044	For administrative convenience
11th December 1997	B - 9/10 , GIDC Electronic Estate, Sector - 25, Gandhinagar – 382044	B - 24, GIDC Electronic Estate, Sector - 25, Gandhinagar - 382044	For administrative convenience
15th March 2001	B - 24, GIDC Electronic Estate, Sector - 25, Gandhinagar - 382044	B -14, Nildeep Appt. , Opp. Milan Park, Nr. Ashima Tower, B/h Lad society, Vastrapur, Ahmedabad	For administrative convenience
01st September 2001	B -14, Nildeep Appt. , Opp. Milan Park, Nr. Ashima Tower, B/h Lad society, Vastrapur, Ahmedabad	D - 402, Status Tower, Thaltej, Ahmedabad	For administrative convenience
01st December 2001	D - 402, Status Tower, Thaltej, Ahmedabad	B - 24, GIDC Electronic Estate, Sector - 25, Gandhinagar - 382044	For administrative convenience

CHANGES IN MEMORANDUM AND ARTICLES OF ASSOCIATION

Date of Meeting	Reason for change
17th June 1996	Increase in Authorised Capital from Rs. 100 lakhs to Rs. 200 lakhs
02nd January 1997	Increase in Authorised Capital from Rs. 200 lakhs to Rs. 700 lakhs
18th June 1998	Increase in Authorised Capital from Rs. 700 lakhs to Rs. 800 lakhs
18th January 2006	Increase in Authorised Capital from Rs. 800 lakhs to Rs. 1400 lakhs and adopting a new set of Articles

SUBSIDIARIES OF THE COMPANY

The company has no subsidiary as on date.

SHAREHOLDERS' AGREEMENT

There is no Shareholders' Agreement existing as on date.

OTHER AGREEMENTS

Except Contracts / Agreements entered into in the ordinary course of the business carried on or intended to be carried on by the Company, the Company has not entered into any other Agreement / Contract.

FINANCIAL AND STRATEGIC PARTNERS

There are no strategic and financial partners of the Company as on date.



4. MANAGEMENT OF THE COMPANY

The Company is a professionally managed organization. The Company functions under the control of a Board consisting of professional Directors. The day-to-day matters are looked after by qualified key personnel, under the supervisions of Mr Paresh N. Vasani, Managing Director.

Name, Age, Address, Designation And Occupation	Date of Appointment	Current term of office.	Qualification	Other Directorships	Compensation (Rs. in lakhs) FY 2006-2007.
Mr. Magan H. Patel S/o Mr Harjivandas Patel Age 60 Years 3090, Landwher Road, Northbrook, I L – 60062, USA Chairman & Non Independent Director, Business	20 th August 1998.	Liable to retire by rotation in AGM to be held for the year 2009	B.S.(Chemistry), B.S. (Industrial Engg.), U.S.A	None	NIL
Mr. Paresh N. Vasani S/o Mr. Navnit Vasani Age 40 Years 167, Azad Society Ambawadi, Ahmedabad –380 015 Managing Director, Business	8 th February 1995	1 st Feb ,2006 to 31 st January 2009	B.E. (Electronics & Communication) M.S. (Computer Engg.) U.S.A	1) P.C.B Planet (India) Ltd. 2) Apollo Industries & Products Ltd.	30.00
Mr. Sharad R. Shah S/o Mr Ramanlal Shah Age 50 Years F-2, Harihar Flats, Plot No. 746, Sector – 22, Gandhinagar – 382 022 Whole time Director Business	1 st April 2006	1 st April , 2006 to 31 st March, 2009.	B.E (Mech.) M. Tech From I.I.T, Mumbai	None	15.00
Mr. Iswar H. Patel S/o Mr. Hirdas Patel Age 70 Years 1404-1405, Rustomjee Regal, Adarsh Dugdhalaya, off. Marve Road, Malad (West)Mumbai 400 064 Independent Director, Business	5 th December 2005	Liable to retire by rotation in AGM to be held for the year 2008	B.A.	None	NIL
Mr. Ambalal C Patel S/o Mr. Chhitabhai Patel, Age 62 Years 14/B, Shreyanshnath Society, Opp. Gunjan Apptt., B/H. Dharnidhar Derasar Vasna, Ahmedabad-380 007 Independent Director, Business	5 th December 2005	Liable to retire by rotation in AGM to be held for the year 2008	B.Sc. (Chemistry) B.E. (Metallurgy)	1) SAL Steel Ltd. 2) Shree Precoated Steels Ltd. 3) Panchmahal Steels Ltd. 4) Jindal Hotels Ltd. 5) Shree Gajanand Papers Pvt. Ltd. 6) Vishal Malleables Ltd. 7) Laffans Petro Ltd. 8) Sumeru Industries Ltd.	NIL

CIRCUIT SYSTEMS (INDIA) LIMITED

Name, Age, Address, Designation And Occupation	Date of Appointment	Current term of office.	Qualification	Other Directorships	Compensation (Rs. in lakhs) FY 2006-2007.
Mr Anand A. Patel S/o Mr Anil Patel Age 34 years 3, Adarsh Society, Near Highway, Mehsana – 384 002 Director Business	15 th November 2002	Liable to retire by rotation in AGM to be held for the year 2007.	B. E. (Mech) M.E. (Mechanical Engg.) USA	1) Apollo Earthmovers Ltd. 2) Apollo Industrial Products Ltd. 3) Apollo Industries & Projects Ltd. 4) Johnson Screen (India) Ltd. 5) Europrint India Ltd. 6) Zamzam Exports Ltd. 7) Tribhovan Steels Ltd.	NIL
Mr Nirnajan R Dave	11 th June, 2007	To be regularize in the next AGM	BE (Mech)MT IIT	None	Nil
Mr Dilip S Vyas	11 th June, 2007	To be regularize in the next AGM.	BE (MBA)	Sigma Trone International inc. USA	Nil

PROFILE OF THE PROMOTER DIRECTORS OF THE COMPANY

For profile of promoter directors please refer page 70 of this Prospectus

PROFILE OF OTHER DIRECTORS:

MR. SHARAD R. SHAH – 50 years, is a whole time director of the company. He is looking after all technical and administrative matters of the company. He carries an experience of 20 years in PCB industry. He has done his BE (Mech.) and thereafter obtained degree of M. Tech from IIT Mumbai. He started his carrier as an industrial engineer with one of the leading pipe manufacturing company. He had also an opportunity to work as an in charge of EDP division of a large industrial house and as a plant in charge and worked at senior position looking after technical, administrative, procurement and overall management of the company.

MR. ISHWAR H. PATEL – 70 years, independent director of the company is having business experience of 45 years. He started his carrier with trading of fabric and then started his own business of manufacturing of knitted garments in the name of Patel hosiery mills and Darshan hosiery Industries Limited.

MR. AMBALAL C PATEL – 62 years, independent director of the company is having 30 years of experience in various capacities. He is a science graduate and has obtained his engineering degree as B.E. (Metallurgy) from India Institute of Science, Bangalore in the year 1969. He has worked as technical advisor (Metallurgy) with one of the Govt. Corporation of Gujarat and then promoted up to Deputy General Manager in the corporation. During his carrier of 30 years, he has handled responsibilities of project finance, project evaluation, project appraisal, liaison with state Govt. authorities as well as bank and other financial institutions, handled BIFR cases and also headed personal and administration department of the corporation.

MR. DILIP S. VYAS – 59 years, independent director of the Company is having 35 years of experience in various capacities. He is B.E. from Gujarat University and M.B.A. from University of Illinois, Chicago, IL, USA. He started his career in 1972 as product planning engineer with Indequip Engineering Ltd., India. Then he shifted to USA and worked with various organizations. During his career, he has held numerous positions and managed virtually all aspects of the business, such as accounting and finance, banking relationships, purchasing, production planning and scheduling, design and maintenance of management information systems, facility and equipment planning and purchasing, human resource management, shareholder relations, accounting and legal interface, and financial public relations.

MR. NIRANJAN R. DAVE – 70 years, independent director of the Company is Graduate in Mechanical Engineering and obtained his Master of Technology from Indian Institute of Technology, Mumbai with specialization in Internal Combustion Engineering. His research work was in the area of Reduction in Diesel Smoke with additives in fuel. He embarked on his career in the academic field. Starting from the position of Assistant Lecturer in Mechanical Engineering at Lukhdirji Engineering College, Morbi, he was successively selected by the Gujarat Public Service Commission to hold the posts of Lecturer, Deputy



Director of Technical Education and Professor of Mechanical Engineering at the State Engineering College. He is the Founder Principal of the Govt. Engineering College, Bhavnagar. Prof. Dave was appointed as the Director of Technical Education, Gujarat State and he retired on superannuation after eight years. Besides his short stint as the Vice Chancellor, Bhavnagar University, he was appointed as the Vice Chancellor of North Gujarat University for two consecutive terms spanning over six years.

At present, he is Educational Adviser (Technical) to Ganpat University, Mehsana District Education Foundation.

RELATIONSHIP BETWEEN DIRECTORS OF THE ISSUER COMPANY

None of the Directors are related to each other.

DETAILS OF THE BORROWING POWERS

Vide a resolution passed at the Extraordinary General Meeting of the Company held on 18th January 2006, Consent of the members of the Company was accorded to the Board of Directors of the Company pursuant to Section 293(1)(d) of the Companies Act, 1956 for borrowing from time to time any sum or sums of money which together with the money already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), shall not exceed in the aggregate at any one time Rs. 100 Crore (Rupees one hundred Crores only) over and above the paid up capital and free reserves of the company.

COMPENSATION OF MANAGING DIRECTOR/WHOLE TIME DIRECTORS

1) MR PARESH N VASANI

Vide resolution passed in the Extra Ordinary General Meeting of the company held on Wednesday, the 18th January, 2006 at the registered office of the company, Mr Paresh N Vasani has been reappointed as Managing Director of the company for a period of three years w.e.f. 1st February 2006

As per the said resolution, Mr Paresh N Vasani is eligible for following remuneration:

- i) Mr Paresh N Vasani shall be entitled to a maximum remuneration of 5% of the annual Net Profits of the Company, subject to maximum of 10% of Net Profit, in case there is more than Managing Director/ Whole time Directors.
- (ii) In the event of absence of Profits or when the profits are inadequate, Mr. Paresh N. Vasani shall be entitled to the following remuneration and perquisites subject to an overall ceiling of Rs. 2, 50,000/- (Rupees Two Lakhs Fifty thousand only) per month or Rs. 30, 00,000/- (Rupees Thirty Lakhs only) per annum under Section II (1(B)) of Part II of Schedule XIII of the Companies act, 1956.
- (iii) In addition to the above remuneration, Mr Paresh N Vasani shall be entitled the following perquisites, as per the policy of the Company, which shall not be included in the computation of the ceiling on remuneration as given above:
 - (a) Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the income tax Act, 1961.
 - (b) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service, and
 - (c) Encashment of leave at the end of tenure.

2) MR. SHARAD R. SHAH

Vide resolution passed in the Annual General Meeting of the company held on Wednesday, the 6th September, 2006 at the registered office of the company, Mr Sharad R Shah has been appointed as whole time Director of the company for a period of three years w.e.f. 1st April ,2006

As per the said resolution, Mr Sharad R Shah is eligible for following remuneration:

- a) Salary: Rs 65000/- per month.
- b) Perquisite and allowance not exceeding Rs 60,000 per Month which may include HouseRent Allowance, Conveyance, Education Allowance, Medical and other reimbursements.

In addition to the above remuneration, Mr Sharad Shah shall be entitled the following perquisites, as per the policy of the Company, which shall not be included in the computation of the ceiling on remuneration as given above:

- a) Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the income tax Act, 1961.

CIRCUIT SYSTEMS (INDIA) LIMITED

- b) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service, and
- c) Encashment of leave at the end of tenure.

COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS:

The guidelines issued by SEBI in respect of the Corporate Governance will be applicable to the company immediately upon applying for the in principal approval for listing of the equity shares of the Stock Exchanges. The Company stand committed to good corporate Governance practice like transparency, disclosure and independent supervision to increase the value of our stakeholders accordingly, the company has already undertaken steps to comply with the SEBI guidelines on Corporate Governance. The Corporate Governance framework is based on an effective management and the constitution of the Board of Committees, majority of them comprising of independent directors. Committees of the Board have been constituted in order to look into the matters in respect of compensation, shareholding, Audit etc, details of which are as follows.

COMPOSITION OF BOARD OF DIRECTORS:

The Board of Directors of the Company comprises of Executive Directors and Non Executive Independent Directors as under.

NAME OF DIRECTOR	DESIGNATION	STATUS
Mr Magan H. Patel	Chairman	Non Executive and non independent director
Mr Paresh N. Vasani	Managing Director	Executive and non independent director
Mr Sharad R Shah	Whole time Director	Executive and non independent director
Mr Anand A. Patel	Director	Non Executive and non independent director
Mr Ishwar H Patel	Director	Non Executive and independent director
Mr Ambalal C Patel	Director	Non Executive and independent director
Mr Niranjana R Dave	Director	Non Executive and independent director
Mr Dilip S Vyas	Director	Non Executive and independent director

AUDIT COMMITTEE

The terms of Audit Committee comply with the requirements of the Clause 49 of the Listing agreements to be entered into with the stock exchange. The Audit Committee consists of only non-executive directors, with the majority being independent directors.

The Members of the Audit committee are:

Sr. No	Name of the Director	Designation	Nature of Directorship
1	Mr. Ambalal. C. Patel	Chairman	Independent & Non Executive
2	Mr. Ishwar H. Patel	Member	Independent & Non Executive
3	Mr. Paresh N. Vasani	Member	Executive Director

The scope and function of the Audit Committee are as per section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement. Its main function is to provide the Board of Directors of the Company with additional assurance as to reliability of financial information and statutory financial statements and as to the adequacy of internal accounting and controls systems. It acts as a link between the Management, and the statutory auditors. The scope of Audit Committee shall include, but shall not be restricted to the following;

Power of Audit Committee

The powers of the audit committee are as under:

- a. To investigate any activity within its terms of reference.
- b. To seek information from any employee.
- c. To obtain outside legal or other professional advice.
- d. To secure attendance of outsiders with relevant expertise, if it considers necessary.



Role of the Audit committee is as under

- a. Information to ensure that the financial statement is correct, sufficient and credible.
- b. Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- c. Reviewing with management the annual financial statements before submission to the board, focusing primarily on;
 - Any changes in accounting policies and practices.
 - Major accounting entries based on exercise of judgment by management.
 - Qualifications in audit report.
 - Significant adjustments arising out of audit.
 - The going concern assumption.
 - Compliance with accounting standards.
 - Compliance with stock exchange and legal requirements concerning financial statements
 - Any related party transactions i.e. transactions of the company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of company at large.
- d. Reviewing with the management, external and internal auditors, and the adequacy of internal control systems.
- e. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- f. Discussion with internal auditors any significant findings and follow up there on.
- g. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- h. Discussion with external auditors before the audit commences nature and scope of audit as well as has post-audit discussion to ascertain any area of concern.
- i. Reviewing the Company's financial and risk management policies.
- j. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.

The company secretary shall act as secretary to the committee."

REMUNERATION COMMITTEE

The remuneration committee acts in accordance with the Articles of Association of the company. The Remuneration Committee consists of only non-executive directors, with the majority being independent directors.

The members of the remuneration committee consists of following directors of the company:

Sr. No	Name of the Director	Designation	Nature of Directorship
1	Mr. Ambalal C. Patel	Chairman	Independent & Non Executive
2	Mr. Ishwar H. Patel	Member	Independent & Non Executive
3	Mr. Magan H. Patel	Member	Non Executive Director

FUNCTION AND POWERS OF THE COMMITTEE

The remuneration committee to determine on behalf of board and on behalf of the shareholders with agreed terms of reference, the company's policy on specific remuneration packages for Executive Directors including any compensation payment if required and shall review the same from time to time if required.

SHAREHOLDERS/ INVESTORS GRIEVANCE COMMITTEE-

The Company has constituted a Shareholders/Investor Grievance Committee headed by Non Executive Director for speedy disposal of share transfer request and for redressal of investor's complaints if any received by the Company.

CIRCUIT SYSTEMS (INDIA) LIMITED

COMPOSITION OF SHAREHOLDERS/ INVESTORS GRIEVANCE COMMITTEE

Sr. No	Name of the Director	Designation	Nature of Directorship
1	Mr. Ambalal. C. Patel	Chairman	Independent & Non Executive
2	Mr. Ishwar H. Patel	Member	Independent & Non Executive
3	Mr. Paresh N. Vasani	Member	Executive Director

The Committee inter alia, approves issue of Duplicate share certificates & reviews all matters connected with the Securities transfer. The Committee also looks into redressing of Shareholders/Investors Compliance like transfer of shares, Non receipt of Balance sheet, Non receipt of Dividend warrants & also handles the queries/ complaints relating to dematerialization of shares etc. The committee oversees the performance of the Registrar & transfer agent & recommends measures for the overall improvement of the quality of Investors services.

STATEMENT SHOWING SHARES HELD BY DIRECTORS OF THE COMPANY

Sr. No.	Name of the Directors	No. of shares held	% of total shareholding
1	Mr Paresh N. Vasani	*598090	7.25
2	Mr Magan H. Patel	*4410280	53.42
3	Mr Anand A. Patel	180000	2.18
	Total	5188370	62.85

* It includes 4,00,000 number of Equity Shares allotted to Mr Paresh N Vasani and 100,000 No of Equity shares allotted to Mr Magan H Patel as a part of contribution brought by them as a promoter contribution towards this present public issue .

INTERESTS OF DIRECTORS (OTHER THAN THE PROMOTER DIRECTORS)

All the directors may be deemed to be interested to the extent of the sitting fees and other remuneration for the services rendered and the reimbursement of expenses, if any, payable to them under the articles. The directors may also be deemed to be interested to the extent of:

- The shares, if any, held by them or by the relatives or by firms or companies of which any of them is a partner and a director/member respectively. The shares, if any, out of the present issue that may be subscribed for and allotted to them or their relatives or any company in which they are directors/members of, to firms in which they are partners.
- Remuneration of Managing Director/ Executive Directors / Whole time Directors
- Related Party Transactions mentioned on page 87 of this Prospectus

All Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by the Company with any company in which they hold Directorships or any partnership firm in which they are partners as declared in their respective declarations.

The Company has not entered into any contract, agreements or arrangements during the preceding two years from the date of the Prospectus in which the directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements or are proposed to be made to them, other than contracts in the normal course of business and being permitted as per the current rules and regulations governing the same.

The Articles of Association provide that the Directors and officers shall be indemnified by the Company against loss in defending any proceeding brought against Directors and officers in their capacity as such, if the indemnified Director or officer receives judgment in his favor or is acquitted in such proceeding.

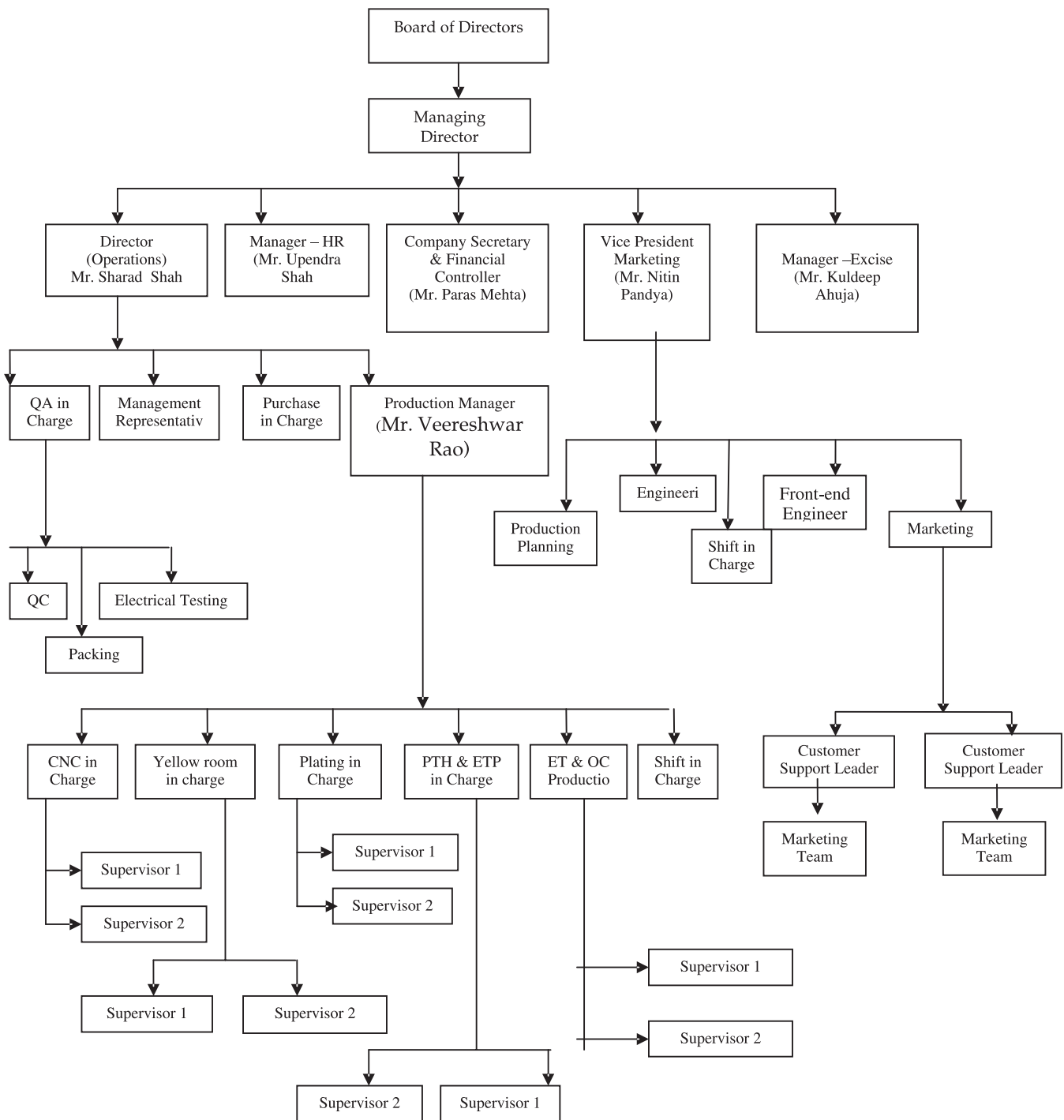
CHANGES IN THE BOARD OF DIRECTORS IN THE LAST 3 YEARS

The following are the changes in the Board of Directors in the last 3 years and no changes thereafter have taken place

Name	Date of Appointment	Date of Cessation	Reason
Mr. Nitin K. Shah	05th December 2005	08th May 2006	Resignation for pre occupation
Mr. Ishwar H Patel	05th December 2005	-	Appointment to broad base the Board
Mr. Ambalal C. Patel	05th December 2005	-	Appointment to broad base the Board
Mr. Sharad R. Shah	01st April 2006	-	Appointment to broad base the Board
Mr Niranjan R Dave	11th June, 2007	-	Appointment to broad base the Board
Mr Dilip S Vyas	11th June, 2007	-	Appointment to broad base the Board



MANAGEMENT ORGANISATION CHART



CIRCUIT SYSTEMS (INDIA) LIMITED

KEY MANAGEMENT PERSONNEL

The Company's management team is made up of qualified professionals with experience in management in their respective fields of expertise. The Managing Director and Executive Director are assisted in their day-to-day responsibilities by a team of professionals as under:

Name	Age	Date of Joining	Designation	Area of specialization	Qualification	Overall experience (years)	Previous Employment	Compensation (Rs. in Lakhs) Financial Year 2006 - 07
Mr. Nitin Pandya	50	01st July 2003	V.P Marketing	Marketing	B.E (Electrical)	27	Ferromatik Milacron India Ltd.	5.76
Mr. Veereshwar Rao	48	02nd May 2000	Production Manager	Production	M. Sc	22	Sulkashna Circuits Ltd	6.67
Mr. Upendra Shah	53	29th August 2003	Manager H R	HR and Administration	B.Sc, MSW, L.L.B	30	HR and Admin Manager with Acrysil Ltd.	1.85
Mr. Paras Mehta	32	14th February 2005	Company Secretary cum Financial Controller	In charge of Accounts, finance and compliance with corporate laws	M.Com, F.C.A, A.C.S.	8	Aquapharm Chemicals Pvt. Ltd.	3.23
Mr. Kuldip Singh Ahuja	50	31st March 1997	Manager Excise	Legal and General Administration	B.com, L.LB, Dip (Imp/Exp)	28	Self Employed	3.70

BRIEF PROFILE OF KEY MANAGERIAL PERSONNEL

- **MR. NITIN PANDYA:** Vice President, age 50 years, holds degree of BE (Electrical). Before joining the company he has worked as Senior Manager Marketing with M/s. Ferromatic Milacron India Ltd. In the company he looks after all marketing activities including new market development.
- **MR. VEERESHWAR RAO:** Manager – production, age 48 years, holds Degree of M.Sc. Before joining the company he has worked as a Production in-with M/s. Sulkashna Circuit Ltd. Presently he is looking after all production activities including daily production planning, production process, material planning, technological aspects and quality of finished goods. He also looks after proper and timely dispatch of orders and also manages machinery maintenance schedule.
- **MR. UPENDRA SHAH:** Manager – HR, age 53 years, is a Bachelor of Science and has also done MSW and L.L.B. Before joining the company he has worked as HR and Administration Manager with M/s. Acrysil Ltd. In the company he is responsible for all HR related works including Manpower management, development of people, general administration, labour welfare and over all development of man power working in the organization.
- **MR. PARAS MEHTA:** Financial Controller & Company Secretary, age 32 years. He is M.Com, F.C.A, A.C.S. Before joining the company he has worked as a Manager – Finance with M/s. Aquapharm Chemicals Pvt. Ltd. In the company he is a Head of Finance and Accounts department. He also looks after all the legal compliances, Income Tax, Sales Tax, Company law and Financial Matters.
- **MR. KULDIP SINGH AHUJA:** Manager – Excise, age 50 years, holds degree of B.com, LLB and has also done Diploma in Import-Export. He is working with the company since 1997. Before joining the company he was having his own business. He is responsible for all excise, import/export and custom related matters. He also looks after general administration and liaison with all government Authorities.

The person whose names appear as key managerial personnel are on the rolls of the Company as Permanent employees.

SHAREHOLDING OF THE KEY MANAGERIAL PERSONNEL

No key managerial personnel hold any shares in the Company.



BONUS OR PROFIT SHARING PLAN FOR THE KEY MANAGERIAL PERSONNEL

Currently, the Company does not have any performance linked bonus or profit sharing scheme for the employees. The Key Managerial personnel do not have any interest in the company other than to the extent of the remuneration or the benefits to which they are entitled as per their terms of appointment, reimbursement of expenses incurred by them during the ordinary course of business and to the extent of equity shares held by them in the company, if any.

CHANGES IN THE KEY MANAGERIAL PERSONNEL IN THE LAST THREE YEARS:

Other than the following here has been no change in the key managerial personnel of the Company during the last three years.

Sr. No.	Name	Designation	Date of Joining	Date of Leaving	Remarks
1	Mr. Jigar Shah	Manager – Accounts/Finance	03rd March 2003	31st. January 2005	Personal reason.
2	Mr Paras Mehta	Financial Controller & Company Secretary	14 th February 2005	Currently working	Joined in place of Mr. Jigar shah

EMPLOYEES

EXISTING

The present strength of the company is 123 employees as on 30th June, 2007 as follows

Particulars	Numbers
Administrative Staff	32
Skilled Personnel	72
Unskilled Personnel	19
Total	123

DISCLOSURES REGARDING EMPLOYEES STOCK OPTION SCHEME/EMPLOYEES STOCK PURCHASE SCHEME

Till date, the Company has not introduced any Employees Stock Option Scheme / Employees Stock Purchase Scheme, as required by the Guidelines or Regulations of SEBI relating to Employee Stock Option Scheme and Employee Stock Purchase Scheme.

PAYMENT OR BENEFIT TO OFFICERS OF THE COMPANY (NON SALARY RELATED)

Except the payment of salaries and perquisites, the Company does not make any payments to its officers.

CIRCUIT SYSTEMS (INDIA) LIMITED

5. PROMOTERS OF THE COMPANY:

DETAILS OF PROMOTERS BEING INDIVIDUALS:

Name: **Mr. MAGAN H. PATEL**

Designation: **Chairman**



Permanent Account Number	ACIPP 6238 P
Passport Number	203379924
Voter ID Number	NA
Driving License Number	P340-5484-6125
Address:	3090, Landwher Road, Northbrook, I L – 60062, USA

MR. MAGAN H. PATEL: 60, Chairman and promoter of the company has an experience of 25 years in the PCB business. After graduation, he has obtained a degree in industrial engineering from USA. He worked with various organizations from 1975 to 1983. From 1983 to 1998 he has worked as vice president and president of Circuit System Inc. USA. He co-founded the company Circuit Systems (India) Limited with other promoters in the year 1995 and since then he is guiding force in Circuit Systems (India) Limited

Name: **Mr. PARESH N. VASANI**

Designation: **Managing Director**



Permanent Account Number	ABKPV 0861 D
Passport Number	2/1025319
Voter ID Number	NA
Driving License Number	GJ01/404781/00
Address:	167, Aazad Society, Ambawadi, Ahmedabad - 380015

MR. PARESH N. VASANI: 40, Managing Director and promoter of the company carries experience of 15 years in various capacities. He obtained his engineering degree in the discipline of Electronics and Communication from L. D. College of Engineering, Gujarat University, and Ahmedabad and has done his M.S. (Computer Engineering) from University of Texas at Austin, USA. He had an opportunity of working with Intel Corporation USA as Senior Design Engineer from 1991 to 1994. He came back to India and set up the Circuit Systems (India) Limited with other promoters in 1995 and took the reign of management as Managing Director. Since then he is looking after day to day management of the company.

Name: **MR. ANAND A. PATEL**

Designation: **Director**



Permanent Account Number	AFSPP 1260 Q
Voter ID Number	NA
Passport Number	E8160865
Driving License Number	12779/MHS/90
Address:	3, Adarsh Society, Near Highway, Mehsana – 384 002



MR. ANAND A. PATEL - 34, director and promoter of the company is has an experience of 10 years in managing various businesses in the capacity of Director. He obtained a degree of Mechanical engineering from USA. At present, he is looking after overall management of various companies in the capacity of Director.

DECLARATION

It is confirmed that the PAN, Bank Account details and Passport Number of Mr. Magan H. Patel , Mr. Paresh N. Vasani, Mr. Anand A. Patel, are being submitted to the Stock Exchanges on which Equity Shares are proposed to be listed, at the time of filing of Prospectus with them.

COMMON PURSUITS

There are no common pursuits amongst the company and other ventures promoted by the promoter.

FULL PARTICULARS OF THE NATURE AND EXTENT OF THE INTEREST, IF ANY, OF EVERY PROMOTER:

Save as stated in this Prospectus neither the Promoters nor the Firms or Companies in which they are members have any interest in the business of the Company, except to the extent of investments made by them and their group / investment companies in Circuit Systems (India) Limited and earning returns thereon. None of the Promoters or the firms or companies in which they are members has any interest in any property acquired by the Company within two years of the date of this Prospectus or proposed to be acquired by it. The promoters are also interested in the company to the extent of their shareholding, for which they are entitled to receive the dividend declared if any, by the company. There are no sums paid or an agreement to pay any sum to the director or promoter of the company in cash or shares or otherwise by any person either induce him to become or qualify him as director or otherwise for service rendered by him or by the company, in connection with promotion or formation of the company.

PAYMENT OR BENEFIT TO PROMOTERS OF THE ISSUER COMPANY:

Other than the salary and remuneration of the Promoter Directors, referred to in the section titled "Compensation and Perks to Managing Director/ Whole-time Directors" on page 63 of this Prospectus there are no payment or benefit to promoters of the Company.

6. RELATED PARTY TRANSACTIONS:

For details of related party transactions please refer to Annexure XVII of the Financial Statement on page 87 of this Prospectus.

Relationship between debtors and the issuer company or its directors or promoters

None of the Debtors are related to the Issuer Company or its Director or Promoters

Relationship between the persons to whom loan has been given and the issuer company or its directors or promoters

None of the Person to whom loan is given is related to Issuer Company or its Director or its promoters.



7. CURRENCY OF PRESENTATION:

In this Prospectus, all references to “Rupees” and “Rs.” and “Indian Rupees” are to the legal currency of the Republic of India.

In this Prospectus, any discrepancies in any table between total and the sum of the amounts listed are due to rounding-off.

CIRCUIT SYSTEMS (INDIA) LIMITED

8. DIVIDEND POLICY

The declaration and payment of dividends will be recommended and declared by the Board of Directors and the shareholders, respectively at their discretion, and will depend on a number of factors, including but not limited to the earnings, capital requirements and overall financial condition. The Board may also from time to time pay interim dividend.

Declaration of Dividend by the company during last five years:

(For the year ended)

Particulars	31-03-03	31-03-04	31-03-05	31-03-06	31-03-07
Rate of Dividend (in %)	5	6	15	15	12



SECTION V: FINANCIAL STATEMENTS

We the Lead Manager to the offer, confirm that all notes to the Accounts, significant accounting policies as well as the Auditor's Qualification has been incorporated.

1. FINANCIAL INFORMATION OF CIRCUIT SYSTEMS (INDIA) LIMITED

AUDITORS' REPORT

To,
The Board of Directors,
Circuit Systems (India) Ltd., Gandhinagar

- A) We have examined the annexed financial information of Circuit Systems (India) Ltd. for the five financial years from financial year ended March 31, 2003 to financial year ended March 31, 2007 made up and audited by us. The Financial information is based on the accounts audited by us for the above-mentioned period. These Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these accounts based on our audit.
- B) In accordance with the requirements of :
- (i) Paragraph B (1) of Part II of Schedule II of the Companies Act, 1956 ('the Act');
 - (ii) The Securities and Exchange Board of India (Disclosure and Investor Protection) guidelines, 2000 ('the SEBI Guidelines') issued by the Securities and Exchange Board of India ('SEBI') on January 19, 2000 in pursuance to Section 11 of the Securities and Exchange Board of India Act, 1992 and related amendments and
 - (iii) Our terms of reference with the Company dated 06th October 2006 requesting us to carry out work in connection with the Offer Document as aforesaid. We have examined the following financial information relating to the Company proposed to be included in the Offer Document, as approved by you and annexed to this report:

In our opinion the financial information of the Company as stated above read with significant accounting policies attached in Annexure III to this report, after making adjustments/restatements and regroupings as considered appropriate and have been prepared in accordance with Part II of schedule II of the Act.

We have examined the following financial information relating to the Company proposed to be included in the Prospectus, as approved by you and annexed to this report:

1. The restated summary statement of assets and liabilities of the Company as at March 31, 2003, 2004, 2005, 2006 and 2007 are set out in Annexure I to this report;
2. The restated summary statement of profit and loss account of the Company for the financial years ended March 31, 2003, 2004, 2005, 2006 and 2007 are as set out in Annexure II to this report;
3. Statement of Significant Accounting Policies and Notes to the Accounts as appearing in Annexure III to this report;
4. Statement of Cash Flow as appearing in Annexure IV to this report;
5. Statement of Debtors enclosed as Annexure V to this report;
6. Details of loans and advances as appearing in Annexure VI to this report;
7. Statement of Secured Loans as appearing in Annexure VII to this report;
8. Statement of Unsecured Loans as appearing in Annexure VIII to this report;
9. Statement of Operational Income as appearing in Annexure IX to this report;
10. Statement of Other Income as appearing in Annexure X to this report;
11. Details of Contingent Liabilities as appearing in Annexure XI to this report;
12. Financial Ratios as appearing in Annexure XII to this Report;
13. Capitalisation Statement as at March 31, 2007 as appearing in Annexure XIII to this report;
14. Statement of Tax Shelters as appearing in Annexure XIV to this report

CIRCUIT SYSTEMS (INDIA) LIMITED

15. Statement of investments at the end of above mentioned period is enclosed as per Annexure XV;
16. Statement of Dividend paid by the Company as appearing in Annexure XVI to this report;
17. Detail of transaction with the related parties (Related parties with in the meaning of AS 18 issued by ICAI) enclosed as per Annexure XVII;

There has been no change in accounting policies in the concerned years except narrated in Annexure III to this report.

- C) This report is intended solely for your information and for inclusion in the Offer document in connection with the specific Public Offer of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For Virendra Chinubhai & Co.
CHARTERED ACCOUNTANTS

Sd/-

V.C. Shah
Proprietor
M. No. 34167

PLACE: Visnagar
DATED: 31st July 2007



Annexure I

SUMMARY OF ASSETS AND LIABILITIES AS RESTATED:

(Rs. In Lakhs)

	Particulars	As at				
		31/03/2003	31/03/2004	31/03/2005	31/03/2006	31/03/2007
	Assets					
A	FIXED ASSETS					
	Gross Fixed Assets	1296.00	1878.74	2132.11	2306.82	2547.16
	Less : Accumulated Depreciation	222.20	275.22	365.26	468.69	591.94
	Net Fixed Assets	1073.80	1603.52	1766.85	1838.13	1955.22
	Intangible Assets	0.00	0.00	0.00	0.00	40.85
	Capital Work In Progress					497.02
		1073.80	1603.52	1766.85	1838.13	2493.09
B	INVESTMENTS	105.28	112.88	105.36	105.36	105.36
C	CURRENT ASSETS, LOANS & ADVANCES					
	Inventories	295.96	329.27	356.10	360.91	441.44
	Sundry Debtors	828.44	824.47	974.81	1073.51	1474.65
	Cash & Bank Balances	69.43	75.61	75.21	67.36	88.46
	Loans & Advances	207.45	539.22	247.02	339.78	436.13
		1401.28	1768.57	1653.14	1841.56	2440.68
D	LIABILITIES AND PROVISIONS					
	Share Application Money Pending Allotment					
	Secured Loans	446.38	934.08	912.62	1085.28	1460.56
	Unsecured Loans	362.71	426.31	486.90	493.22	571.21
	Deferred Tax Liability	26.51	73.45	134.45	258.15	275.51
	Current Liabilities & Provisions	477.10	675.30	580.51	581.99	852.33
		1312.70	2109.14	2114.48	2418.64	3159.61
E	NET ASSETS (C - D)	88.58	(340.57)	(461.34)	(577.08)	(718.93)
F	NET WORTH (A + B + E)	1267.66	1375.83	1410.87	1366.41	1879.52
	Represented by					
	Share Capital	720.52	720.52	720.52	720.52	825.52
	Share Application Money					
	Reserve & Surplus	547.14	655.31	690.35	650.61	1064.69
		1267.66	1375.83	1410.87	1371.13	1890.21
	Less : Miscellaneous Expenses Not W/off				4.72	10.69
G	NET WORTH	1267.66	1375.83	1410.87	1366.41	1879.52

CIRCUIT SYSTEMS (INDIA) LIMITED

Annexure II

SUMMARY OF PROFIT & LOSSES AS RESTATED:

(Rs. In Lakhs)

Particulars	Year Ended				
	31-03-03	31-03-04	31-03-05	31-03-06	31-03-07
Income					
Sales & Operating Incomes (Net of Excise)	1782.77	2025.62	2672.49	2872.41	3884.18
Other Income	0.43	14.52	23.76	3.62	20.69
Increase / (Decrease) in Stock	24.51	(11.99)	2.98	17.13	15.96
Total Income	1807.71	2028.15	2699.23	2893.16	3920.83
Expenditure					
Purchases & Operating Expenses	1319.68	1360.15	1873.21	2123.43	2889.94
Administrative & Other Expenses	92.90	156.50	191.52	102.92	166.46
Selling & Distribution Expenses	91.73	165.02	175.61	177.05	226.83
Financial Charges	35.14	30.25	80.42	59.87	124.53
Depreciation & Amortization	57.74	68.39	98.61	110.61	124.23
Total Expenditure	1597.19	1780.31	2419.37	2573.88	3531.99
Profit for the Period	210.52	247.84	279.86	319.28	388.84
Add / (Less) : Prior Period Items	-49.97	15.04	-5.59	-18.35	-0.81
Profit Before Tax	160.55	262.88	274.27	300.93	388.03
Add / (Less) : Provision for Tax					
Current Tax	55.00	59.00	55.00	90.25	100.25
Deferred Tax	26.51	46.95	61.00	-2.97	17.35
Fringe Benefit Tax				3.47	2.95
Profit After Tax and before					
extra-Ordinary Items	79.04	156.93	158.27	210.18	267.48
Extra- Ordinary items	0.00	0.00	0.00	0.00	0.00
Profit After Taxation and extra- Ordinary items as per Audited Accounts	79.04	156.93	158.27	210.18	267.48



Annexure III : SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR RESTATED FINANCIAL STATEMENTS

A) SIGNIFICANT ACCOUNTING POLICIES :

1) CONVENTION :

The financial statements are prepared under the historical cost convention in accordance with applicable accounting standard and requirement of the Companies Act, 1956.

2) BASIS OF ACCOUNTING :

The company follows the Mercantile system of Accounting.

3) FIXED ASSETS : As per Accounting Standard (AS) - 6

- i) Fixed Assets are stated at cost of acquisition and subsequent improvements including taxes, freight and other incidental expenses related to acquisition, installation and foundation less accumulated depreciation (other than leasehold land where no depreciation is charged).
- ii) Costs of fixed assets are net of CENVAT to be set off against excise payable on sales, irrespective of actual set-off during the year under review.
- iii) Leasehold land will be written off, in the year in which the respective lease period expires.

4) DEPRECIATION

i) Up to Accounting year 2000-01

Depreciation on fixed assets has been provided on WDV method up to Accounting year 2000-01 as per rates specified in SCHEDULE-XIV of the Companies Act, 1956 vide Notification No. GSR: 758(2) dated 16-12-1992 on pro-rata basis.

iii) During Accounting year 2001-02

Method of providing depreciation on fixed assets has been changed from WDV method to SLM method as per rates specified in AMENDED SCHEDULE-XIV of the Companies Act, 1956 vide Notification No. GSR: 758(2) dated 16-12-1992 on pro-rata basis from Accounting year 2001-02. Due to this change, profit of the relevant year and assets were shown higher to the extent of Rs. 61.88 lakhs. Further difference of Rs. 196.93 lakhs on account of depreciation difference of earlier years has been written back during the year 20001-02 and shown under appropriation part in the Profit & Loss Account.

From Accounting year 2002-03

Depreciation on fixed assets has been provided on SLM method from the Accounting year 2002-03 as per rates specified in AMENDED SCHEDULE-XIV of the Companies Act, 1956 vide Notification No. GSR: 758(2) dated 16-12-1992 on pro-rata basis.

5) INVENTORIES:

The inventories are valued as under:

- i) Stores, Spare parts & Packing material at cost;
- ii) Work-in-progress at cost;
- iii) Raw materials at lower of cost or net realizable value.

6) IMPORT & EXCISE MODVAT:

- i) The purchase cost of raw material & other expenses have been considered net of modvat remaining unabsorbed at the year ending;
- ii) Costs of fixed assets are net of modvat, as the said modvat is to be set off against excise duties payable in sales.
- iii) Value of import includes duties, freight, clearing charges, expenses incidental to acquisition.
- iv) Increase/ decrease in rupee liability at the end of the year in respect of money borrowed for purchase of plant & machinery consequent to fluctuation in exchange rates are treated as addition/ deduction to the fixed assets.

7) SALES & EXPORTS:

Sales are net of sales rejections for the year under review but inclusive of excise duty & sales tax. Rejection quantity of the period under review is not incorporated in Quantitative detail of Production. Sales rejection related to supplies

CIRCUIT SYSTEMS (INDIA) LIMITED

made in earlier period but rejection is informed by customer and accepted by the company in current period is charged to profit & loss account of current period & shown separately as expense under the head rebate, discount or bad debt as the case may be.

8) **EXCISE:**

Total excise collected, irrespective of net payment in PLA after adjustment of modvat, has been considered to work out net income.

9) **WAGES & SALARIES:**

Includes PF contribution from employer, salaries to trainees & apprentices.

10) **TAXATION:**

Provision for current tax is made on the basis of estimated taxable income for the period in accordance with the provisions of the income Tax Act, 1961. Deferred tax is recognized, subject to consideration of prudence, on timing differences between taxable income and accounting income for the period that originate in one period and are capable reversal in one or more subsequent periods. Provision for fringe benefit tax is made at Applicable rate on the expenditure and the extent to which they qualify as fringe benefit.

11) **FOREIGN Currency transactions:**

Transactions in foreign currencies are recognized at the prevailing exchange rates on the date of transaction and difference, if any, on realization date is charged to Profit & Loss Account under the head Exchange difference account. Unrealized gains and losses on settlement of foreign currency transactions realized after the year-end are recognized in the Profit and Loss Account at the rate prevailing at the year end. Foreign currency transactions relating to acquisition of fixed assets are adjusted in the cost of the fixed assets.

12) **IMPAIRMENT OF ASSETS:**As per the opinion of the management, there being no indication of impairment of assets, no loss has been recognized on impairment of assets.

13) **RETIREMENT BENEFITS :**

- i) Contributions to employees Provident Fund remitted to statutory authority are charged to revenue.
- ii) Gratuity benefits wherever applicable are covered by policies taken with the L.I.C. The premium paid under the scheme is charged to revenue.
- iii) Liability on leave encashment to employees are provided on Due basis, which is contrary to Accounting Standard 15 "Retirement Benefits" issued by the ICAI. The effect of the same on profit is not quantifiable for want of necessary information from the company.

14) **PRELIMINARY EXPENSES :**Preliminary expenses are to be written off in five equal installments. Preliminary expenses on public issue will be written off in five equal installments from the year in which formalities of public issue is completed.

B) CHANGE IN ACCOUNTING POLICY :

2001-02

- (i) The company has changed method of providing depreciation from WDV method to SLM method resulting overstatement of profit and assets to the extent of Rs. 61.88 lakhs during the year.

2005-06

- (i) The company has changed method of providing leave encashment from cash basis to accrual basis from the date of its commencement of production since 1995-96, so far as old liabilities are not discharged. As a result the profit & loss account has been charged by Rs. 18.17 Lakhs, being liabilities of earlier years for the year ended 31.03.2006. During the year 2005-06, had the company followed the same method, the charge of leave encashment would have been lower by Rs. 2.36 Lakhs, Having no material effect on profit for the year 2005-06.
- (ii) During the year 2005-06, the company has made a provision of Rs. 126.68 lakhs towards deferred tax liabilities of earlier year so as to comply with the Accounting Standard – 22 of The Institute of Chartered Accountants of India. The same has been provided out of surplus of profit & loss account of the earlier years; this has no effect on the profit for the year ended 31st March , 2006.



C) NOTES ON ACCOUNT :

1. Figures for the Year ended March 31, 2007 are taken from books of accounts and as per accounts approved by Board of Directors of the Company.
2. Liability for leave encashment for the year ended March 31, 2007 is provided on due basis as per rules of the Company. The same has not been taken on Acturial valuation basis as provided in Accounting Standard -15 issued by the institute of Chartered Accountants of India.
3. Sales tax deferment loan shown under the schedule of Unsecured loans is accumulated balance of sales tax collected by the company, which is repayable to Sales tax department over a period of six years commencing from 1st April 2007.

D) Auditors Remuneration:

(Rs. In Lakhs)

Particulars	Current Year	Previous Year
Audit Fees	2.10	1.10
Income Tax Matter Fees	0.20	0.20
Other services	0.70	0.20

E) EARNING PER SHARE

	Face value per Share (Rs.)	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07
(A)	Weighted average number of equity shares					
1.	Number of Equity Shares at the beginning of the year.	8000000	7205190	7205190	7205190	7205190
2.	Number of Equity Shares at the end of the year	7205190	7205190	7205190	7205190	8255190
3.	Weighted average number of Equity shares outstanding during the year	7602595	7205190	7205190	7205190	7496857
(B)	Net profit after tax available for Equity Shareholders (Rs. in lakhs)	79.04	156.93	158.27	210.18	267.48
(C)	Basic earning per share (in Rs.)	1.04	2.18	2.20	2.92	3.57
(D)	Diluted earning per share (in Rs.)	1.04	2.18	2.20	2.92	3.57

F) DEFERRED TAX :

In term of Accounting Standard on "Accounting for Taxes on Income" (AS-22) the Company has recognized deferred taxes during the period ended March 31, 2007, March 31, 2006, March 31, 2005, March 31, 2004 and March 31, 2003.

Deferred Tax Liability / (Assets)	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07
On account of Depreciation Items	26.51	46.95	60.99	(2.97)	17.35
Depreciation of earlier period	–	–	–	126.68	0.00
Disallowed under the I.T. Act	0.00	0.00	0.00	0.00	0.00
Total Deferred Tax Liability/(Assets) as on balance sheet date	26.51	46.95	60.99	123.71	17.35
Add/Less: - Opening Balance of deferred tax Liability Debited / (Credited) in Profit & Loss A/c	0.00	26.51	73.46	134.45	258.16
Closing Balance of deferred tax Liability Debited / (Credited) in Profit & Loss A/c	26.51	73.46	134.45	258.16	275.51

CIRCUIT SYSTEMS (INDIA) LIMITED

Annexure IV

STATEMENT OF CASH FLOWS

(Rs. In Lakhs)

Particulars		01.04.2002 To 31.03.2003	01.04.2003 To 31.03.2004	01.04.2004 To 31.03.2005	01.04.2005 To 31.03.2006	01.04.2006 To 31.03.2007
A.	Cash Flow from Operating Activities					
	Net Profit / (Loss) before tax	160.55	262.88	274.27	300.93	388.03
	Adjustment for :					
	Depreciation & Amortization	57.74	68.39	98.61	110.61	124.23
	Loss/(Profit) on Sale of Assets	3.81	50.89	14.63	11.55	(1.59)
	Financial Expenses	35.14	30.25	80.42	59.87	124.53
	Operating Profit before working capital changes	257.24	412.41	467.93	482.96	635.20
	Changes in Inventories	(121.13)	(33.31)	(26.83)	(4.81)	(80.53)
	Changes in Sundry Debtors	169.72	3.97	(150.34)	(98.70)	(401.31)
	Changes in Loans & Advances	166.65	(331.77)	292.20	(92.76)	(96.35)
	Changes in Current Liabilities & Provisions	104.14	185.94	(165.27)	(34.03)	267.68
	Cash Generated from Operations	576.62	237.24	417.69	252.66	324.69
	Income Tax (paid) / refunded	(72.00)	(55.00)	(59.00)	(58.24)	(92.42)
	Net Cash from Operating Activities A	504.62	182.24	358.69	194.42	232.27
B.	Cash Flow from Investing Activities					
	Capital Expenditures	(145.54)	(659.94)	(299.46)	(218.24)	(803.15)
	Sale of Fixed Assets	4.09	10.95	22.90	26.00	24.94
	(Purchase) / Sale of Investments	(0.02)	(7.60)	7.52	0.00	0.00
	Net Cash from Investing Activities B	(141.47)	(656.59)	(269.04)	(192.24)	(778.21)
C.	Cash Flow from Financing Activities					
	Increase in Capital	(79.48)	0.00	0.00	0.00	367.50
	Application Money for Shares Received					0.00
	Increase / (Decrease) in Secured Loans	(201.53)	487.70	(21.46)	172.66	375.28
	Increase / (Decrease) in Unsecured Loans	29.70	63.60	60.59	6.32	77.99
	Financial Charges Paid	(35.14)	(30.25)	(80.42)	(59.87)	(124.53)
	Dividend paid	(40.00)	(40.52)	(48.77)	(123.23)	(123.23)
	Premium paid on Buy back of shares	(39.74)				
	Preliminary Expenses				(5.90)	(5.96)
	Net Cash from Financing Activities C	(366.19)	480.53	(90.06)	(10.02)	567.05
	Net Change in Cash (A + B + C)	(3.04)	6.18	(0.41)	(7.84)	21.11
	Cash & Bank Balances at the beginning of the year	72.47	69.43	75.61	75.21	67.36
	Cash & Bank Balances at the end of the year	69.43	75.61	75.21	67.36	88.46

**Annexure V****AGE-WISE ANALYSIS OF SUNDRY DEBTORS****(Rs. In Lakhs)**

Particulars	As at				
	31-03-03	31-03-04	31-03-05	31-03-06	31-03-07
Less than Six Months					
Receivable from Promoter group	0.00	58.25	58.91	57.78	0.00
Receivable from others	612.25	553.09	657.59	829.16	1174.84
More than Six Months					
Receivable from Promoter group	0.00	0.00	0.00	0.00	0.00
Receivable from others	216.19	213.13	258.31	186.57	299.81
Total	828.44	824.47	974.81	1073.51	1474.65

Annexure VI**DETAILS OF LOANS & ADVANCES****(Rs. In Lakhs)**

Particulars	As at				
	31-03-03	31-03-04	31-03-05	31-03-06	31-03-07
Directors					
Advances recoverable in cash or kind or for value to be received	0.00	0.00	0.00	0.00	0.00
Promoters					
Advances recoverable in cash or kind or for value to be received	0.00	0.00	0.00	0.00	0.00
Others					
Advances recoverable in cash or kind or for value to be received	202.01	532.04	240.15	332.91	428.89
Deposits	5.44	7.18	6.87	6.87	7.24
Total	207.45	539.22	247.02	339.78	436.13

Annexure VII**DETAILS OF SECURED LOANS****(Rs. In Lakhs)**

Particulars	As at				
	31-03-03	31-03-04	31-03-05	31-03-06	31-03-07
Corporation Bank	446.38	934.08	912.62	1085.28	1236.70
Bank of India – Buyers Credit					223.86
Total	446.38	934.08	912.62	1085.28	1460.56

CIRCUIT SYSTEMS (INDIA) LIMITED
Annexure VIII
DETAILS OF UNSECURED LOANS
(Rs. In Lakhs)

Particulars	As at				
	31-03-03	31-03-04	31-03-05	31-01-06	31-03-07
Sales tax deferment loan	357.39	417.64	473.24	491.02	496.99
Interest Rate	0.00%	0.00%	0.00%	0.00%	0.00%
Unsecured loan from Directors			12.24	59.07	
Interest Rate			12%	12%	
Inter corporate Deposit				2.20	15.15
Interest Rate				12%	12%
Vehicle loan	5.31	8.68	1.42	0	0
Total	362.7	426.32	486.9	493.22	571.21

There was not any fixed repayment schedule of the above loans.

Annexure IX
STATEMENT OF OPERATING INCOME
(Rs. In Lakhs)

Particulars	01.04.2002 To 31.03.2003	01.04.2003 To 31.03.2004	01.04.2004 To 31.03.2005	01.04.2005 To 31.03.2006	01.04.2006 To 31.03.2007
	Domestic Sales	1378.19	1442.74	1847.59	2249.30
Export Sales	374.59	541.25	789.67	590.78	1004.15
DEPB Sales / Accrual	29.99	41.63	35.23	32.33	19.97
Total	1782.77	2025.62	2672.49	2872.41	3920.83

Annexure X
STATEMENT OF OTHER INCOME
(Rs. In Lakhs)

Particulars	01.04.2002 To 31.03.2003	01.04.2003 To 31.03.2004	01.04.2004 To 31.03.2005	01.04.2005 To 31.03.2006	01.04.2006 To 31.03.2007
	Recurring				
foreign exch. Gain/loss	0.00	14.50	23.45	3.62	20.69
Miscellaneous Income	0.43	0.02	0.31	0.00	0.00
Non Recurring					
Profit on sale of Assets					1.60
Total	0.43	14.52	23.76	3.62	22.29

Annexure XI

The Company does not have any reportable contingent liability.



**Annexure XII
FINANCIAL RATIOS**

Particulars	01.04.2002 To 31.03.2003	01.04.2003 To 31.03.2004	01.04.2004 To 31.03.2005	01.04.2005 To 31.03.2006	01.04.2006 To 31.03.2007
Weighted Average number of equity shares Outstanding during the year / period	7602595	7205190	7205190	7205190	7496857
EPS (Rs.)	1.04	2.18	2.20	2.92	3.57
Return on Net Worth (%)	6.24%	11.41%	11.22%	15.38%	14.23%
NAV per Equity Share (Rs.)	17.59	19.09	19.58	18.96	22.77

Notes:

(1) The ratio's have been computed as under:

- (a) Earning Per Share (Rs.) Net Profit attributable to Equity Shareholders
Weighted Average No. of Equity Share outstanding during the year
- (b) Return On Net Worth (%) Net profit After Tax .
Net Worth at the end of the period
- (c) Net Asset Value per Share (Rs.) Net Worth at the end of the year .
Equity Shares outstanding at the end of the period

(2) Monthly outstanding of equity shares has been taken for calculating Weighted Average No. of Equity Share outstanding during the year.

Annexure XIII

CAPITALISATION STATEMENT

(Rs. In Lakhs)

Particulars	Pre Issue As at 31/03/2007	Adjusted For Present Issue
DEBT		
Short Term Debt	74.22	74.22
Long Term Debt	1957.55	1957.55
Total Debt	2031.77	2031.77
SHAREHOLDER'S FUNDS		
Share Capital	825.52	1200.00
Reserve & Surplus	1064.69	2263.40
Less : Misc Expenditures not Written off	10.69	10.69
Total Shareholders' Funds	1879.52	3452.71
Debt / Equity	1.08	0.59

- Notes: 1. The Debt/Equity ratio is calculated on Total Debt instead of Long Term Debt to Equity ratio, to present the prudent and conservative ratio.
2. Short Term Debt consists of unsecured loan from Directors, working capital loan from bank and inter corporate deposits. Long Term Debts consists of sales tax deferment loan and term loan from bank.
3. Deferred tax liability is no shown as part of Debt as it is not actual liability and merely a book figure to comply with the provisions of accounting standards.

CIRCUIT SYSTEMS (INDIA) LIMITED**ANNEXURE – XIV****TAX SHELTER STATEMENT****(Rs. In Lakhs)**

	Year ended March 31st				
	2003	2004	2005	2006	2007
Tax at Notional rate	47.41	62.38	57.85	70.75	90.03
Adjustments: Exports Profits	(17.02)	(13.69)	0.00	0.00	0.00
Difference between tax depreciation and Book	(80.06)	(130.86)	(171.20)	(82.53)	(70.17)
Other Adjustments	110.69	158.36	136.59	121.18	102.94
Net Adjustments	13.61	13.81	(34.61)	38.65	32.77
Total Saving thereon	5.00	4.95	(12.66)	13.01	11.03
Total Taxation	52.42	67.34	45.18	83.75	101.06
Taxation on extra-ordinary items	0.00	(8.79)	11.68	0.52	0.00
Tax on profits before extra-ordinary items	52.42	58.55	56.87	84.28	101.06

Annexure XV**STATEMENT OF INVESTMENTS:****(Rs. in Lakhs)**

Particulars	As At 31-03-03	As At 31-03-04	As At 31-03-05	As At 31-03-06	As At 31-03-07
Unquoted- Other than Trade	0.00	0.00	0.00	0.00	0.00
In Government Securities	0.26	0.26	0.26	0.26	0.26
Other shares	105.02	112.62	105.10	105.10	105.10
Total Aggregate Book Value of Unquoted Investments	105.28	112.88	105.36	105.36	105.36

Note : There were no quoted investments held by the Company as at March 31 2007

Annexure XVI**DETAILS OF DIVIDEND PAID**

Particulars	As At 31-03-03	As At 31-03-04	As At 31-03-05	As At 31-03-06	As At 31-03-07
Number of Equity Shares (Nos. in Lakhs)	72.051	72.051	72.051	72.051	82.551
Face Value Per Share (Rs.)	10	10	10	10	10
Paid up value per share (Rs.)	10	10	10	10	10
Rate of Dividend - %	5	6	15	15	12
Total Dividend Paid / Proposed (Rs. in Lakhs)	36.02	43.23	108.08	108.08	99.06
Corporate Dividend Tax (Rs. in Lakhs)	4.50	5.54	15.15	15.15	16.83

**Annexure XVII :****RELATED PARTY TRANSACTIONS**

List of related parties with whom transactions have taken place during the financial year 2006-07.

(i) Associates :

- (a) PCB Planet (India) Limited
- (b) Global Tech India (Pvt) Ltd.
- (c) VLSI India Pvt. Ltd.
- (d) Apollo Industrial Products Ltd.
- (e) Apollo Earthmovers Ltd.
- (f) Apollo Industries & Projects Ltd.
- (g) Jhonson Screen (India) Ltd

(ii) Key Managerial Personnel :

- Mr. Magan H. Patel - Chairman
- Mr. Paresh N. Vasani - Managing Director
- Mr. Sharad R. Shah - Director

B. Transactions with related parties for the year ended 31.03.2007

(Figures in bracket are in respect of the previous year ended 31.03.2006)

(Rs. in Lakhs)

Particulars	Associates Personnel	Key Managerial
a) Sales, Services and other income	48.69 (59.72)	
b) Purchase of Assets	143.67 (19.04)	
c) Expenditure & other services	99.42 (17.26)	
d) Inter Corporate Deposits given	0.00 (177.50)	
e) Inter Corporate Deposits taken	288.47 (50.00)	
f) Sale of assets	0.00 (21.71)	
g) Interest income	6.85 (14.78)	
h) Interest paid	24.63 (2.84)	5.91 (0.00)
i) Remuneration		45.00 (31.72)
j) Outstanding balances as at 31 st March 2007		
I. Due to company :	70.48 (115.00)	
II. Payable by company	58.31 (14.39)	59.07 (9.05)

CIRCUIT SYSTEMS (INDIA) LIMITED

SUMMARY OF RELATED PARTY TRANSACTIONS

(Amount Rs. Lakhs)

	For the year ended March 31				
	2003	2004	2005	2006	2007
(A) <u>Key managerial Persons</u>					
Managerial remuneration	43.65	55.16	53.27	31.72	45.00
Interest Paid	–	–	–	0.00	5.91
(B) <u>Associate Concerns</u>					
Sales, Services and other income	0.30	0.00	55.57	59.72	48.69
Purchase of Assets	0.00	1.21	0.00	19.04	143.67
Expenditure & other services	3.56	2.47	15.84	17.26	99.42
Inter Corporate Deposits given	228.93	441.50	270.05	177.50	0.00
Inter Corporate Deposits taken	0.00	0.00	0.00	50.00	288.47
Sale of assets	2.09	2.82	0.60	0.00	21.71
Interest income	0.26	5.50	25.75	14.78	6.85
Interest paid	0.46	0.00	19.27	2.84	24.63
Outstanding Balances at the year end					
Debit Balances	8.36	167.73	126.82	115.00	70.48
Credit Balances	6.11	205.75	12.25	23.44	117.38



2. FINANCIAL INFORMATION OF GROUP COMPANIES

A) PCB PLANET (INDIA) LIMITED

PCB Planet (India) Limited (formerly known as Europrint India Limited) is a limited company incorporated on 12th September, 2000. Originally the company was incorporated in the name of Europrint India Limited and the name of the said company was changed subsequently to PCB Planet (India) Limited by passing a Special Resolution dated 11th December, 2006 at the Extra Ordinary General Meeting of the company and a fresh certificate of incorporation consequent upon change of name, was issued by the Registrar of Companies, Gujarat on 20th December, 2006.

The company is currently engaged in the business of providing high end services for PCB designing. The company is registered as 100% export oriented unit and major part of the product as well as services is export.

The Company has its registered office at B – 9, GIDC, Electronic Estate, Sector – 25, Gandhinagar-382 044.

NAME OF PROMOTERS

1. Mr. Paresh N. Vasani
2. Mr. Asit Patel
3. Mr. Luk Smets
4. Mr. Dirk Stans

The Current Shareholding Pattern in the Company is as follows:

Name of the Shareholder	No. of Equity Shares	% of holding
Ms. Jasmine Paresh Vasani	298080	13.31%
Ms. Jayaben Magan Patel	298640	13.33%
Mr. Ashok T. Patel	40000	1.79%
Mr. Anand A. Patel	196000	8.75%
Mr. Arvind T. Patel	40000	1.79%
Mr. Anil T. Patel	14800	0.66%
Ms. Sonali A. Patel	8000	0.36%
M/s. Europrint NV.	1344000	60.00%
Mr. Paresh Vasani	100	0.0045%
Mr. Asit Patel	100	0.0045%
Mr. G. B. Shah	80	0.0036%
Mr. Jayesh Shah	100	0.0045%
Mr. Manish Khambolija	100	0.0045%
Mr. Suresh Modi	100	0.0045%
Total	2240100	100.00%

The Board of Directors comprises of:

Sr. No	Name	Designation
1.	Mr. Paresh Vasani	Director
2.	Mr. Anand Patel	Director
3.	Mr. Asit Patel	Director
4.	Mr. Luc Smets	Director
5.	Mr. Dirk Stans	Director

CIRCUIT SYSTEMS (INDIA) LIMITED

The brief financials of the company are given below:

(Rs. in Lakhs)

Particulars	2003-2004	2004- 2005	2005-06	2006-2007
Total Income	248.14	404.24	494.77	546.22
Profit / (Loss) After Tax	73.01	56.32	26.12	46.91
Equity Share Capital	280.00	280.00	280.00	224.01
Net Worth	394.12	450.44	494.54	382.34
NAV per share of face value Rs. 10/- each (Rs.)	1.41	1.61	1.77	1.71
EPS per share of face value Rs. 10/- each (Rs.)	2.61	2.01	0.93	2.09

The company has not availed any fund based credit limits from bank.

The Company is not a listed Company

The Company has neither become sick Company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 nor is under winding up

There are no outstanding litigation and defaults against the Company

DISASSOCIATION BY PROMOTERS

There are no companies /firms from which promoters have disassociated during last 3 years.

COMMON PURSUITS

There is no other company in the Group, which is engaged in the same business as that of Circuit Systems (India) Limited.

RELATED PARTY TRANSACTION WITHIN THE GROUP

Please refer Schedule XVII of Section V: Financial Statements on page no 87 of this Prospectus for Related Party Transaction.

STATEMENT IN TERMS OF CLAUSE OF 6.10.3.5 OF DIP GUIDELINES

There has been no sale or purchase between Companies in the Promoter Group, wherein such sale or purchase exceeding the value in the aggregate 10% of the total sales or purchase of the Company .and there are no material item of income or expenditure arising out of transaction in the promoters group.

SUNDRY DEBTORS

None of the Sundry Debtors are related to the Issuer Company or its Directors or Promoters.



3. CHANGES IN ACCOUNTING POLICIES IN THE LAST THREE YEARS:

There is no change in Accounting Policies in the Last three years except as mentioned in Annexure III in section titled as "Financial Statements" on page no. 79 this prospectus.

4. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS AS REFLECTED IN THE FINANCIAL STATEMENTS

You should read the following discussion and analysis of our financial condition and results of operations together with financial statements included in this prospectus. You should read the section titled "Risk Factors" beginning of page no vi of this prospectus which discusses a number of factors and contingencies that could impact our financial conditions and results of operations.

The following discussions are based on restated financial statements for the financial year ended , March 31 2003, March 31 2004, March 31 2005, March 31 2006 and March 31 2007 which have been prepared in accordance with the Indian GAAP, the Companies Act and the SEBI (DIP) Guidelines and on information and on information available from other sources.

The Directors confirm that there have been no events or circumstances since the date of the last financial statements which materially and adverse affect or are likely to affect the profitability of the company or the value of its assets or its ability within the next twelve months.

OVERVIEW

The company is in the Business of manufacturing of Printed Circuit Board, which is an electronic component. The product is used for manufacturing any electronic hardware product. It has become synonymous in any electronic assembly be it in high tech mobile phones, computer, automobiles, Radars and submarine controls to electronic toys. The manufacturing facilities are based at Gandhinagar Electronic Zone (Gujarat) where all basic infrastructural facilities including Common Effluent Treatment Plant, Transportation, Water, and Electricity are available. Market of the product is increasing very rapidly and company has decided for this project to cater the increasing demand of the product.

SIGNIFICANT DEVELOPMENTS SUBSEQUENT TO LAST FINANCIAL YEAR

In the opinion of the Directors, there have not arisen any circumstances since the date of the last financial statements as disclosed in the Prospectus and which materially adversely affect the trading or profitability of the company or the value of its assets or its ability to pay within the next twelve months.

FACTOR THAT MAY AFFECT THE RESULTS OF OPERATIONS

There are no major factors affecting results on overall basis. However, price realization from sales and material prices are main factors that affect overall position every year. The industry is matured and stable so far as pricing is concerned. There are no unusual trends expected to affect the result of operations in near future. However, for price realization from sales, it depends on quality, timely delivery and technical specifications. The company has competitive advantage on these areas, and company is expecting to have better price realization in near future from sale of its product.

**SUMMARY OF PROFIT & LOSSES AS RESTATED:****(Rs. In Lakhs)**

Particulars	Year Ended				
	31-03-03	31-03-04	31-03-05	31-03-06	31-03-07
Income					
Sales & Operating Incomes (Net of Excise)	1782.77	2025.62	2672.49	2872.41	3884.18
Other Income	0.43	14.52	23.76	3.62	20.69
Increase / (Decrease) in Stock	24.51	(11.99)	2.98	17.13	15.96
Total Income	1807.71	2028.15	2699.23	2893.16	3920.83
Expenditure					
Purchases & Operating Expenses	1319.68	1360.15	1873.21	2123.43	2889.94
Administrative & Other Expenses	92.90	156.50	191.52	102.92	166.46
Selling & Distribution Expenses	91.73	165.02	175.61	177.05	226.83
Financial Charges	35.14	30.25	80.42	59.87	124.53
Depreciation & Amortization	57.74	68.39	98.61	110.61	124.23
Total Expenditure	1597.19	1780.31	2419.37	2573.88	3531.99
Profit for the Period	210.52	247.84	279.86	319.28	388.84
Add / (Less) : Prior Period Items	-49.97	15.04	-5.59	-18.35	-0.81
Profit Before Tax	160.55	262.88	274.27	300.93	388.03
Add / (Less) : Provision for Tax					
Current Tax	55.00	59.00	55.00	90.25	100.25
Deferred Tax	26.51	46.95	61.00	-2.97	17.35
Fringe Benefit Tax				3.47	2.95
Profit After Tax and before extra-Ordinary Items	79.04	156.93	158.27	210.18	267.48
Extra- Ordinary items	0.00	0.00	0.00	0.00	0.00
Profit After Taxation and extra- Ordinary items as per Audited Accounts	79.04	156.93	158.27	210.18	267.48

COMPARISON OF THE FINANCIALS FOR THE FINANCIAL YEAR ENDED MARCH 2007 VIS-A-VIS FINANCIAL YEAR ENDED MARCH 2006

- Sales & Operating income :** The turnover of the Company for the financial year ended March 31, 2007 was Rs. 3884.18 lakhs vis-a-vis Rs. 2872.41 lakhs for the financial year ended March 31, 2006. Thus, resulted into increase of 35.22% compared to previous financial year.

The increase was due to increase in quantum of sale as well as better price realization by the company. The same was due to increase in demand of Company's product.

- Purchase & Operating Expenses :** The Purchase and operating expenses were Rs. 2889.94 lakhs for the year ended March 2007 vis-a-vis 2123.43 lakhs of previous financial year. This has increased by 36.10% compared to previous financial year. Major part of Purchase and operating expenses is Raw material consumed, Consumables, power and repairs and maintenance expenses. As all these expenses are variable in nature, it has increased in line with increase in turnover.

- Administrative and other expenses :** The Administrative and other expenses were Rs. 166.46 lakhs vis-à-vis Rs. 102.92 lakhs for the year ended March 31, 2006. The administrative expenses have increased to some extent as a result of increase in operation of the Company and its expansion activities.

CIRCUIT SYSTEMS (INDIA) LIMITED

- 4. Selling and distribution expenses :** The Selling and distribution expenses were Rs. 226.83 lakhs vis-à-vis Rs. 177.05 lakhs for the year ended March 31, 2006. The main components of selling and distribution expenses are freight and sales commission. The increase is as a result of increase in operation of the Company.
- 5. Financial charges :** The financial charges were increased to Rs. 124.53 lakhs vis-a-vis 59.87 lakhs of previous financial year. The increase is due to utilization of more working capital facilities as a result of increased turnover. Also, the company is having its term loans in the form of foreign currency term loans, interest on which is charged based on international LIBOR rates. Due to increase in rate of during the year Libor, foreign currency tem loan has become more costlier vis-a-vis previous financial year. As a cumulative effect of all these, the finance cost has increased as compared previous year.
- 6. Profit Before Tax :** Profit before Tax for the year ended March, 2007 was Rs. 388.03 lakhs vis-a-vis 300.93 lakhs of previous financial year ended March 31, 2006. This is increase of almost 29% over previous financial year. The increase is mainly due to increase in turnover of the Company.

COMPARISON OF THE FINANCIALS FOR THE FINANCIAL YEAR ENDED MARCH 2006 VIS-A-VIS FINANCIAL YEAR ENDED MARCH 2005

- 1. Sales & Operating income :** The turnover of the Company for the year ended March 31, 2006 has increased to Rs. 2872.41 lakhs vis-a-vis Rs. 2672.49 lakhs for previous year ended March 31 2005. Thus, resulted into increase of 7.48% compared to previous financial year.

The increase was due to increase in quantum of sale as a result of increase in demand of Company's product.

- 2. Purchase & Operating Expenses :** The Purchase and operating expenses for the year ended March 31, 2006 were Rs. 2123.43 lakhs vis-a-vis 1873.21 lakhs for the year ended March 31, 2005. This has increased by 13.35% compared to previous financial year. Major part of Purchase and operating expenses is Raw material consumed, Consumables, power and repairs and maintenance expenses. As all these expenses are variable in nature, it has increased due to increase in turnover.
- 3. Administrative and other expenses :** The Administrative expenses were Rs. 102.92 lakhs vis-a-vis Rs. 191.52 lakhs for the previous year ended March 31, 2005. The administrative expenses for the previous financial year included Rs. 36.69 lakh as commission to directors and charity of Rs. 40.11 lakh, which resulted into higher administrative expenses. During the financial year ended March 31, 2006 there was no director commission and charity and hence administrative expenses for the year ended March 31, 2006 was lower compared to previous financial year.
- 4. Selling and distribution expenses :** The Selling and distribution expenses were Rs. 177.05 lakhs vis-à-vis Rs. 175.61 lakhs for the year ended March 31, 2005. The main components of selling and distribution expenses are freight and sales commission. The increase is in line with increase in sales as a result of increase in operation of the Company.
- 5. Financial charges :** The financial charges for the year ended March 31, 2006 were Rs. 59.87 lakh vis-à-vis Rs. 80.42 lakh for the previous financial year ended March 31, 2005. The financial charges decreased by 25.55% vis-a-vis previous year ended March 31, 2005. This is due to repayment of term loan, lower utilization of working capital fund for some part of the year.
- 6. Profit Before Tax :** Profit before Tax for the year ended March 31 2006 was Rs. 300.93 lakh vis-à-vis Rs. 274.27 lakh for the year ended March 31, 2005. This has increased in line with increase in Sales & Operating income.

COMPARISON OF THE FINANCIALS FOR THE FINANCIAL YEAR ENDED MARCH 2005 VIS-A-VIS FINANCIAL YEAR ENDED MARCH 2004

- 1. Sales & Operating income :** The turnover of the Company for the year ended March 31, 2005 has increased by 32% over previous year ended March 31, 2004. This is mainly due to increase in export turnover which was increased from Rs. 541.25 lakhs for the year ended March 31, 2004 to Rs. 789.67 lakhs for the year ended March 31, 2005.
- 2. Purchase & Operating Expenses :** The Purchase & Operating Expenses for the year ended March 31, 2005 was Rs. 1873.21 lakhs vis-à-vis Rs. 1360.15 lakhs for the year ended March 31, 2004. This has increased by 37.72% compared to previous financial year. Major part of Purchase and operating expenses is Raw material consumed, Consumables, power and repairs and maintenance expenses. As all these expenses are variable in nature, it has increased due to increase in turnover.
- 3. Administrative and other expenses :** The Administrative expenses was Rs. 191.52 lakhs for the year ended March 31, 2005 as compared to Rs. 156.50 lakhs for the year ended March 31, 2004. There is increase of 22.38% as compared to previous financial year which is due to increase in level of operation of the Company.



4. **Selling and distribution expenses** : The Selling and distribution expenses were Rs. 175.61 lakhs vis-à-vis Rs. 165.02 lakhs for the year ended March 31, 2005. The main components of selling and distribution expenses are freight and sales commission. The increase is as a result of increase in operation of the Company.
5. **Financial charges** : The financial charges has increased to Rs. 80.42 lakhs vis-a-vis Rs. 30.25 lakhs for the financial year ended March 31, 2004. The increase is due to new loan taken for expansion of manufacturing capacity.
6. **Profit Before Tax** : Profit before Tax has increased by 4.33% as compared to previous financial year ended March 31, 2004. The profit increased due to increase in turnover. However, due to increase in finance cost, increase in net profit was marginal over previous financial year.

COMPARISON OF THE FINANCIALS FOR THE FINANCIAL YEAR ENDED MARCH 2004 VIS-A-VIS FINANCIAL YEAR ENDED MARCH 2003

1. **Sales & Operating income** : The turnover of the Company for the year ended March 31, 2004 was Rs. 2025.62 lakhs vis-à-vis Rs. 1782.77 lakhs. Thus, resulted into increase of 13.62% compared to previous financial year.
2. **Purchase & Operating Expenses** : The Purchase & Operating Expenses for the year ended March 31, 2004 was Rs. 1360.15 lakhs vis-à-vis Rs. 1319.68 lakhs for the year ended March 31, 2003. As major part of Purchase and operating expenses is variable in nature, it has increased due to increase in turnover.
3. **Administrative and other expenses** : The Administrative and other expenses for the year ended March 31, 2004 was Rs. 156.50 lakhs vis-à-vis Rs. 92.90 lakhs for the year ended March 31, 2003. There is increase of 6.84% as compared to previous financial year which is due to increase in level of operation of the Company.
4. **Selling and distribution expenses** : The Selling and distribution expenses was Rs. 165.02 lakhs for the year ended March 31, 2004 vis-à-vis Rs. 91.73 lakhs for the year ended March 31, 2003. The increase is mainly due to increase in freight and sales commission due to increase in turnover. Also, during the year company offered some rebate to customers which resulted into additional cost for the year under the head selling and distribution expenses.
5. **Financial charges** : The financial charges for the year ended March 31, 2004 was Rs. 30.25 lakh vis-à-vis Rs. 35.14 lakh for the year ended March 31, 2003. The expenses are reduced due to repayment of term loan.
6. **Profit Before Tax** : Profit before Tax for the year ended March 31, 2004 was Rs. 262.88 lakh vis-à-vis Rs. 160.55 lakh for the year ended March 31, 2003. The profit has increased as compared to previous financial year due to increase in turnover of the company.

INFORMATION REGARDING:

1. UNUSUAL OR INFREQUENT TRANSACTIONS

There have been no unusual or infrequent transactions.

2. SIGNIFICANT ECONOMIC CHANGES

Any changes in tax, duty in final product may affect the profitability Except the above .There are no significant economic changes that materially affect or likely to affect the income from existing operations

3. KNOWN TRENDS OR UNCERTAINTIES

There are no known trends or uncertainties that have had or are expected to have a material adverse impact on sales, income or revenue from continuing business.

4. FUTURE RELATIONSHIP BETWEEN COSTS & REVENUES

As spelt out in the Prospectus, the Company's cost revenue relationship reflects a direct correlation with each other. The company expects the future relationship between costs and revenue to improve further positively, resulting in an improved bottom line.

CIRCUIT SYSTEMS (INDIA) LIMITED

5. THE EXTENT TO WHICH MATERIAL INCREASES IN NET SALES OR REVENUE ARE DUE TO INCREASED SALES VOLUME , INTRODUCTION OF NEW PRODUCTS OR SERVICES OR INCREASED SALES PRICES.

Increases in revenues are by and large linked to increase in volumes in business activity carried out by the Company.

6. TOTAL TURNOVER OF THE INDUSTRY

It is very difficult to ascertain the total turnover of the industry since validated or authenticated data is not available as majority of the players are in unorganized sector.

7. STATUS OF ANY PUBLICLY ANNOUNCED NEW PRODUCTS OR BUSINESS SEGMENT

The company has not introduced any publicly announced new products or business segment

8. SEASONALITY OF BUSINESS

There is no seasonality and the sale is evenly spread.

9. ANY SIGNIFICANT DEPENDENCE ON A SINGLE OR FEW SUPPLIERS OR CUSTOMERS

The market is fairly large and there is no dependence on single or few suppliers or customers.

10. COMPETITIVE CONDITIONS

The company will face the competition from other established player in the market. However the company is in the business since more than a decade and has established its market and customer relationship which is fairly large enough to take care of product to be sold by the company.

The overall market for the product of the company is increasing very rapidly and there is enough room for each player. Besides, the company has competitive edge in terms of quality product and timely delivery that will protect its revenues and margins even in case of new entrants in the market.



SECTION VI: LEGAL AND OTHER INFORMATION

1. OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

The company certifies that except as stated herein, there are no:

- Other pending litigations against the company.
- Outstanding litigations, defaults etc pertaining to matter likely to affect operations and finances of the company including prosecution under any enactment in respect of Schedule XIII of the Companies Act 1956 (1 of 1956).
- Such cases of pending litigations, defaults etc in respect of Companies/firms/ventures with which the promoters were associated in the past but are no longer associated, and their names continue to be associated with particular litigation.
- Disciplinary action/ investigation has been taken by Securities and Exchange Board of India(SEBI)/ Stock Exchanges against the Company, its directors , promoters and their other business ventures (irrespective of the fact whether or not they fall under the purview of section 370(1B) of the Companies Act 1956.
- Cases against the Company or its Promoters of economic offences in which penalties were imposed on promoters.
- Promoters, their relatives (as per Companies Act, 1956), Issuer Company, Associated Companies are detained as willful defaulters by RBI/Government Authorities.
- Violations of Securities Laws committed by the Promoters, their relatives (as per Companies Act, 1956), issuer, Group Companies, Associated Companies in the past or pending against them.
- Pending litigations, defaults, non payment of Statutory dues, proceedings initiated for economic offences/civil offences, any disciplinary action taken by the Board /Stock Exchanges against the Company/Promoters and their business ventures/Directors other

Other than those mentioned in this Prospectus and that no litigations have arisen after the issue of SEBI's Observation letter and the Company and its Directors take full responsibility of the information mentioned in the Prospectus.

OUTSTANDING LITIGATION INVOLVING CIRCUIT SYSTEMS (INDIA) LIMITED

OUTSTANDING LITIGATIONS

A) Filed by the company

Pertaining to criminal laws

Sr. No	Party	Issue	Place of Litigation	Court before which litigation is pending	Case No/Date of Institution	Claim Amount (Rs in lakhs)
1	Satyam Laser Equipments Co.	Suit filled under Section 138	Ahmedabad	Judicial Magistrate Ahmedabad	639/ 06	0.66

CASE HISTORY

- 1) The company has filed a suit against its customer Satyam Laser Equipments Co. U/s 138 of Negotiable Instrument Act, 1881. The customer's cheque was bounced and hence company has filed a suit against the customer for recovery of dues. Next date of hearing is fixed on 18th October , 2007.

Pertaining to tax matters

Sr No	Party	Issue	Place of Litigation	Court before which litigation is pending	Case No/Date of Institution	Claim Amount (Rs in lakhs)
1	Income tax officer, Gandhinagar	Order of The Commissioner (Appeals) Gandhinagar imposing Penalty by Income tax Authority u/s 271 1(b)	Ahmedabad	Income Tax Appellate Tribunal, Ahmedabad	2/06-07, 13 th May 2004	0.10

CIRCUIT SYSTEMS (INDIA) LIMITED

Case History:

1. Income Tax officer Gandhinagar had imposed a penalty of Rs. 0.10 lakhs U/s 271(1) (b) of the Income Tax Act, 1961 for not remaining present on given date of scrutiny hearing. The company has preferred an appeal against the order; however the penalty amount has been paid to comply with the condition of appeal. Outcome of the matter is awaited.

OUTSTANDING LITIGATIONS INVOLVING PROMOTERS / DIRECTORS

There are no outstanding litigations, disputes, defaults, non-payment of statutory dues, over dues to banks and/or FIs, defaults against banks and/or FIs, proceedings initiated for economic/civil/any other offences (including past cases where penalties may /may not have been awarded and irrespective of whether they are specified under paragraph (1) of Part (1) of schedule XIII of Companies Act 1956 against Promoters/ Directors of Circuit Systems (India) Limited.

LITIGATION AGAINST SUBSIDIARY COMPANIES/GROUP COMPANIES /ASSOCIATE CONCERN

There are no Criminal, securities, statutory or other Litigation against any of the Subsidiary Companies /Group /Associates Companies. There are no outstanding litigation, disputes, penalties including tax liabilities economic offence, criminal/ civil prosecution for any offence irrespective of whether specified under any enactment in paragraph (1) of part (1) of schedule XIII of Companies Act 1956 against the Group Companies/Associate Concerns promoted by promoters

The Company further certifies that the promoters, their relatives, group companies, associate companies are not detained as willful defaulters by RBI/Government authorities and there are no violations of securities laws committed by the company.

AMOUNTS DUE TO SMALL-SCALE UNDERTAKINGS/CREDITORS

There are no creditors who are small scale undertakings to whom the company owes a sum exceeding Rs. 1 Lakh which is outstanding more than 30 days as on 31st March,2007 except as follows:

Name of the creditors	Amount (Rs. in Lakhs)
Shell Extruders	45.89
Total	45.89

MATERIAL DEVELOPMENTS SINCE THE LAST BALANCE SHEET DATE

There are no material developments since the last balance sheet date.

In the opinion of the Board of Directors of the Company, there have not arisen, since the date of the last financial statements disclosed in page no 75 under the Section titled "Financial Statements" of this Prospectus, any circumstance that materially or adversely affect or likely to affect the profitability of the Company or the value of its consolidated assets or its ability to pay its material liabilities within the next twelve months.



2. GOVERNMENT APPROVALS/ LICENSING ARRANGEMENTS:

The Company has received all the necessary licenses, permissions and approvals from the Central and State Governments and other government agencies/certification bodies required for its business and no further approvals are required by the company for carrying on the present as well as proposed business activities of the Company. It must, however, be distinctly understood that in granting the above approvals, the Government and other authorities do not take any responsibility for the financial soundness of the Company or for the correctness of any of the statements or any commitments made or opinions expressed.

In view of the approvals listed below, the Company can undertake this Issue and its current business activities and no further major approvals from any statutory authority are required to continue those activities.

The following statement sets out the details of licenses, permissions and approvals taken by the Company under various Central and State Laws for carrying out its business.

GOVERNMENT APPROVAL / LICENSING ARRANGEMENTS

The following statement sets out the details of licenses, permissions and approvals taken by the Company under various Central and State Laws for carrying out its existing business.

Sr. No.	Issuing Authority	Registration/ LicenseNo.	Nature of Registration/ License	Date of issue	Validity
Incorporation and other statutory Compliances					
1.	Registrar of Companies, Gujarat, Dadra & Nagar Haveli	04-24524	Fresh Certificate of Incorporation consequent on conversion of the Company into a public company	07th October 2005	N. A.
Income Tax					
2.	Jt. Commissioner of Income Tax (Systems), Ahmedabad	AAACC 7706 J	Permanent Account Number (PAN)	10th April 1999	Till Cancelled
3.	ITO TDS Gandhinagar	AHMC01381C	Tax Deduction Account Number	02 nd January 2004	Till Cancelled
Labour laws					
4.	Deputy Chief Inspector of Factory, Gujarat State	098610	Licence under the Factory Act, 1948	23rd September 1997	Till Cancelled
5.	Deputy Labour Commissioner	1073/99	Contract Labour	24th September 1999	Till Cancelled
Excise & Service Tax					
6..	Asst. Commissioner, Central Excise, Division-I	AAACC 7706 J XM 001	Registration under Rule 9 of the Central Excise Rules, 2002	06th June 1997 and modified on 06th October 2006	Till Cancelled
Import / Export					
7.	Jt. Director General of Foreign Trade, Ahmedabad	0895000938	Certificate of Importer-Exporter Code (IEC)	Originally issued on 24.05.1995 modified on 18.01.2006	Till Cancelled
Sales Tax					
11.	Sales Tax officer, Gandhinagar	24060301082	Local Sales Tax Tin No.	14th September 2005	Till Cancelled
12.	Sales Tax officer, Gandhinagar	24560301082	Central Sales Tax Tin No.	14th September 2005	Till Cancelled

CIRCUIT SYSTEMS (INDIA) LIMITED

Environment					
13.	Gujarat Pollution Control Board, Gandhinagar	Order No. 3454 dated 31/07/2004 and subsequent amendments.	Authorisation for the management and handling of Hazardous Wastes	05th February 2005	31.03.2009
14.	Gujarat Pollution Control Board, Gandhinagar	Order No. 3454 dated 31/07/2004 and subsequent amendments.	Authorisation under water (Prevention and control of Pollution) Act and Air (Prevention and control of Pollution) Act	28 th February 2006	31.03.2009
Other					
15.	Det Norske Veritas Certification B.V., The Netherlands	ISO 9001:2000	Registration for Quality Management System Standard	Originally issued on 11.12.1998	10.12.2007
16.	Det Norske Veritas Certification B.V., The Netherlands	ISO/TS 16949: 2002	Registration for Quality Management System Standard	Originally issued on 15.03.2005	14.03.2008
17.	Professional Tax Officer, Gandhinagar	R 233004749	Registration under the Gujarat State Tax on Professions, Trades, Callings and Employments Act, 1976	17.04.1996	Till Cancelled
Secretariat for Industrial Assistance					
18	Govt of India, Ministry of Commerce & Industry, Secretariat for Industrial Assistance, New Delhi.	527/SIA/IMO/ 2005	Permission from SIA for Manufacture of Printed Circuit Boards	Originally issued on 18.11.1997	Till Cancelled

APPROVALS FOR WHICH APPLICATIONS ARE REQUIRED TO BE MADE FOR THE PROPOSED PROJECT

Sr. No.	Approval/Consent	Concerned Authority
1.	Permission from SIA for Manufacture of Printed Circuit Boards with the enhanced capacity.	Govt of India, Ministry of Commerce & Industry, Secretariat for Industrial Assistance, New Delhi.
2.	Registration under Rule 9 of the Central Excise Rules, 2002	Asst. Commissioner, Central Excise, Division-I, Gandhinagar.
3.	Consolidated Consent and Authorization (CC & A) under the provision of Water (Prevention and Control of Pollution) Act, 1974, the Air (Prevention and Control of Pollution) Act, 1981 and the Hazardous Waste (Management and Handling) Rules, 1989 framed under the Environmental (Protection) Act, 1986	Sr. Environmental Engineer, Gujarat Pollution Control Board, Gandhinagar
4	Licence under the Factory Act, 1948	Deputy Chief Inspector of Factory, Gujarat State
5	Permission for construction of Building on land identified at Plot no. 11, 12, 36 and 37 at Gandhinagar Electronic Park (SEZ)	Gujarat Industrial Development Corporation, Gandhinagar

Company has given an undertaking to obtain all the licence / registrations/permission etc for the proposed project as and when required.



SECTION VII: OTHER REGULATORY AND STATUTORY DISCLOSURES

AUTHORITY FOR THE ISSUE

The Issue has been authorized pursuant to a resolution of the Board of Directors of the Company passed at its meeting held on 24th July, 2006 and by a Special Resolution passed under section 81(1A) of the Companies Act, 1956 at the Eleventh Annual General Meeting of the Company held on 6th September, 2006.

PROHIBITION BY SEBI

The Company, its Directors, its Promoters and persons in control of the Company, the subsidiaries, the group companies and companies with which the Company's Directors are associated as Directors have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

Further we confirm that neither the company nor our promoters their relatives and our group companies are not detained as willful defaulters by RBI/Government Authorities and there are no violations or securities laws committed in past or pending against us.

ELIGIBILITY FOR THE ISSUE

- 1) The Company fulfils the criteria of eligibility norms for public issue by unlisted company as specified in clause 2.2.1 of SEBI (Disclosure and Investor Protection) Guidelines, 2000 in the following manner.
- a) The Company's net tangible assets during the last 3 years are given below. The monetary assets in each of these years are less than 50% of the net tangible assets amount. (As per restated statement of Assets and liabilities Account) and its complied with clause 2.2.1 (a) of the SEBI (DIP) Guidelines.

(Rs in Lakhs)

	For the year ended March 31		
	2007	2006	2005
Net Tangible Assets	2155.03	1624.56	1545.32

Calculation of Net Tangible Assets

Details of calculation of Net Tangible Assets

(Rs. in Lakhs)

PARTICULARS	2007	2006	2005	2004	2003
Fixed assets (Net)	2493.09	1838.13	1766.85	1603.52	1073.80
Add: Investments	105.36	105.36	105.36	112.88	105.28
Add: Current Assets					
Inventories	441.44	360.91	356.10	329.27	295.96
Sundry Debtors	1474.65	1073.51	974.81	824.47	828.44
Cash & Bank Balances	88.46	67.36	75.21	75.61	69.43
Loans & Advances	436.13	339.78	247.02	539.22	207.45
Total Current Assets	2440.68	1841.56	1653.14	1768.57	1401.28
TOTAL ASSETS	5039.13	3785.05	3525.35	3484.97	2580.36
Less: Current liabilities					
Secured Loans	1460.56	1085.28	912.62	934.08	446.38
Unsecured Loans	571.21	493.22	486.90	426.31	362.71
Current Liabilities & Provisions	852.33	581.99	580.51	675.30	477.10
TOTAL LIABILITIES	2884.10	2160.49	1980.03	2035.69	1286.19
Net Tangible Assets	2155.03	1624.56	1545.32	1449.28	1294.17
Monetary Assets as a % of Net Tangible Assets	4.10	4.15	4.87	5.22	5.36

Monetary Assets includes cash, balance with Bank and fixed deposits with Banks which is shown as cash and Bank balances under the head Current Assets.

CIRCUIT SYSTEMS (INDIA) LIMITED

- b) The Company has a track record of distributable profits in terms of Section 205 of the Companies Act, for at least three (3) out of the immediately preceding five (5) years. (As per restated statement of profit and loss account) and has complied with clause 2.2.1 (b) of the SEBI (DIP) Guidelines.

(Rs in Lakhs)

	For the year ended March 31		
	2007	2006	2005
Profit after Tax	267.48	210.18	158.27

- c) The Company has a pre issue net worth of at least Rs 1 crore in each of atleast 1 crore in each of the Preceding 3 full years (of 12 months each). (As per restated statement of Assets and Liabilities Account) and Company has complied with clause 2.2.1 (c) of the SEBI (DIP) Guidelines.

(Rs. in lakhs)

	For the year ended March 31		
	2007	2006	2005
Share Capital	825.52	720.52	720.52
Reserve & Surplus	1064.69	650.61	690.34
Less: Misc Expenditure	10.69	4.72	Nil
Net worth	1879.52	1366.41	1410.86

- d) The Company has not changed its name within the last one year
- e) The aggregate of the proposed issue and all previous issues made in the same financial year in terms of size (i.e. offer through prospectus + firm allotment + promoters' contribution through the prospectus), does not exceed five (5) times its pre-issue net worth as per the audited balance sheet of the last financial year and is in compliance with clause 2.2.1 (e) of the SEBI (DIP) Guidelines.

Rs in lakhs

a)	Proposed issue through prospectus	1485.68
b)	All previous issues made in the same financial year in terms of size (i.e. offer through prospectus + firm allotment promoter contribution through the prospectus)	Nil
c)	5 times the preissue net- worth as per audited balance sheet of the last financial year.	9397.60

Based on the above data the Lead Manager has certified that guidelines is fulfilling the criteria of eligibility norms for public issue by unlisted companies as specified in the guidelines 2.2.1 of SEBI (DIP) Guidelines,2000.

In addition to the above, the Company shall ensure that the number of allottees getting Equity shares is not less than one thousand in number.

DISCLAIMER CLAUSE

SEBI DISCLAIMER CLAUSE

AS REQUIRED, A COPY OF THIS PROSPECTUS HAS BEEN SUBMITTED TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (HEREINAFTER REFERRED TO AS SEBI).

"IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI .SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR FOR THE PROJECT FOR WHICH THE ISSUED IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE PROSPECTUS. THE LEAD MANAGERS, CENTRUM CAPITAL LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURES AND INVESTOR PROTECTION) GUIDELINES IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT, WHILE THE ISSUER / COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE PROSPECTUS, THE LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD



MANAGERS CENTRUM CAPITAL LIMITED, HAVE FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED 23rd, December, 2006 ACCORDANCE WITH SEBI (MERCHANT BANKERS) REGULATIONS, 1992, WHICH READS AS FOLLOWS:

1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS MORE PARTICULARS REFERRED TO IN ANNEXURE HERETO IN CONNECTION WITH THE FINALISATION OF THE PROSPECTUS PERTAINING TO THE SAID ISSUE ;
2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY.
3. WE CONFIRM THAT:
 - THE PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE
 - ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE AND ALSO THE GUIDELINES, INSTRUCTIONS ETC., ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND
 - THE DISCLOSURES MADE IN THE PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE.
 - WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATION IS VALID

WE CERTIFY THAT WRITTEN CONSENT FROM SHAREHOLDERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SECURITIES AS PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN WILL NOT BE DISPOSED/ SOLD/ TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE PROSPECTUS WITH THE BOARD TILL DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE PROSPECTUS .

THE FILING OF PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED PUBLIC ISSUE. SEBI, FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MERCHANT BANKER (S) ANY IRREGULARITIES OR LAPSES IN THE PROSPECTUS.”

DISCLAIMER CLAUSE FROM COMPANY AND THE LEAD MANAGER

The Company, the Directors and the Lead Manager accept no responsibility for statements made otherwise than in this Prospectus or in the advertisement or any other material issued by or at the instance of the , Company and the Lead Manager and that anyone placing reliance on any other source of information, including the Company website, www.mycsil.com would do so at their own risk

The Lead Managers accepts no responsibility, save to the extent as provided in the Memorandum of Understanding entered into between the Lead Manager and the Company dated 29th September, 2006.

All information shall be made available by the Company and the Lead Manager to the Public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road shows presentations, in research or sales reports.

GENERAL DISCLAIMER OF THE ISSUER

The Company accepts full responsibility for the accuracy of the information given in this Prospectus and confirms that to the best of their knowledge and belief, there are no other facts, the omission of which make any statement in this Prospectus misleading and they further confirm that they have made all reasonable inquiries to ascertain such facts. The Company further declares that the stock exchanges to which an application for official quotation is proposed to be made do not take any responsibility for the financial soundness of this Proposed Public issue or for the price at which the equity shares are offered or for the correctness of the statements made or opinions expressed in this Prospectus.

The promoters/directors declare and confirm that no information/material likely to have a bearing on the decision of investors in respect of the shares offered in terms of this Prospectus has been suppressed, withheld and/or incorporated in the manner that would amount to misstatement/misrepresentation and in the event of its transpiring at any point of time till allotment/

CIRCUIT SYSTEMS (INDIA) LIMITED

refund, as the case be, that any information/material has been suppressed/withheld and/or amounts to a misstatement/misrepresentation, the promoters/directors undertake to refund the entire application monies to all the subscribers within seven days thereafter without prejudice to the provisions of Section 63 of the Companies Act, 1956.

The issuer will update the prospectus and keep the public informed of any material changes in the document till the listing and trading.

DISCLAIMER IN RESPECT OF JURISDICTION

This present issue is being made in India to persons resident in India (including Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks and co-operative banks (subject to RBI permission if any), Indian Venture capital Funds /Foreign Venture Capital Funds registered with SEBI subject to applicable RBI guidelines and approvals, if any, state Industrial Development corporation, Insurance companies registered with Insurance Regulatory and Development Authority, provident funds with a minimum corpus of 2500 lakhs, Pension funds within minimum corpus of Rs 2500 lakhs; trust registered under the Societies Registration Act, 1860, as amended from time to time or any other trust law and who are authorised under their constitution to hold and invest in shares., permitted insurance companies and to non resident including NRIs, FIIs and Foreign Venture Capital Funds registered with SEBI. as defined under the Indian laws.

This Prospectus does not, however, constitute an issue to sell or an invitation to subscribe to Equity shares issued hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Prospectus comes is required to inform himself about and to observe any such restrictions. Any disputes arising out of this issue will be subject to the jurisdiction of appropriate courts at **Ahmedabad**, India only.

No action has been or will be taken to permit a public issuing in any jurisdiction where action would be required for that purpose, except that this Prospectus has been submitted for approval of and has been filed with SEBI. Accordingly, the equity shares represented thereby may not be offered or sold, directly or indirectly, and this Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Prospectus nor any sale hereunder shall under any circumstances create any implication that there has been no change in the affairs of the company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

Investor may please note that Central Government /RBI do not take any responsibility for the financial soundness or correctness of the statements disclosed in this Prospectus.

DISCLAIMER CLAUSE OF STOCK EXCHANGES – THE DESIGNATED STOCK EXCHANGE

DISCLAIMER CLAUSE OF BOMBAY STOCK EXCHANGE LIMITED, MUMBAI

As required, a copy of this Prospectus has been submitted to the BSE (the designated stock exchange). The BSE has given vide its letter DCS/IPO/SI/IPO-IP/571/2006-07 dated February,21,2007 permission to this Company to use the Exchange's name in this Prospectus as one of the Stock Exchange on which the Companies securities are proposed to be listed. The Exchange has scrutinised this Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company.

BSE does not in any manner-

- Warrant, certify or endorse the correctness or completeness of any of the contents of this Prospectus,
- Warrant that this Company's securities will be listed or will continue to be listed on the BSE, or

Take any responsibility for the financial or other soundness of this Company or its promoters, its management or any scheme or project of this Company, and It should not for any reason be deemed or construed that this Prospectus has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

FILING

A Copy of the prospectus, along with the documents required has been filed SEBI (Head office) SEBI Bhawan, Plot No. C4-A, G Block, Bandra – Kurla Complex, Bandra (East), Mumbai – 400 051 for its observations and SEBI has given its observations.

A copy of the prospectus, along with the Material Contracts and Documents required to be filed under section 60 of the Companies Act would be delivered for registration to the Registrar of Companies, ROC Bhavan, Opp Rupal Park Society, behind Ankur Bus Stop, Navrangpura, Ahmedabad-380 013



LISTING

An initial listing application has been made to the Bombay Stock Exchange Limited (BSE- Designated Stock Exchange) for permission to list the Equity Shares and for an official quotation of the equity shares of the Company.

In case the permission for listing of the equity shares is not granted by the above mentioned Stock Exchange, the Company shall forthwith repay, without interest all monies received from the applicants in pursuance of this Prospectus. If such money is not repaid within 8 days after the day from which the Issuer becomes liable to pay it, then the Company and every director of the Company who is an officer in default shall, on and from expiry of 8 days, be jointly and severally liable to repay that money with interest as prescribed under Section 73 (2) of the Companies Act, 1956.

The Company shall ensure that all steps for the completion of necessary formalities for listing and commencement of trading at BSE are taken within 7 working days of the finalization and adoption of the basis of Allotment for the issue.

IMPERSONATION

As a matter of abundant caution, attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, 1956 (hereinafter referred to as the Act) which is reproduced below:

“Any person who

1. Makes in a fictitious name an application to a Company for acquiring or subscribing for any shares therein,
or
2. Otherwise induces a Company to allot, or register any transfer of, shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years.”

CONSENTS

Consents in writing of the Directors, Auditors, Lead Manager to the Issue, Banker to the issue, Bankers to the Company, Company Secretary, Compliance Officer, Legal Advisor and Registrars to the Issue to act in their respective capacities have been obtained and filed along with copy of Prospectus with the Registrar of Companies, ROC Bhavan, Opp Rupal Park Society, behind Ankur bus stop, Navrangpura, Ahmedabad-380 013 as required under Section 60 of the Act, and none of them have withdrawn the said consents up to the time of delivery of a copy of this Prospectus for registration with the said Registrar of Companies.

Virendra Chinubhai & Co Chartered Accountants, Auditors of the Company have also given their consent to the inclusion of their report as appearing hereinafter in the form and context in which it appears in this Prospectus and also of the tax-benefits accruing to the Company and to the members of the Company and such consent and report have not been withdrawn up to the time of delivery of a copy of this Prospectus for registration with the Registrar of Companies, ROC Bhavan, Opp Rupal Park Society, behind Ankur bus stop, Navrangpura, Ahmedabad-380 013.

EXPERT OPINION

Except for the various tax benefits available to the Company and its members expressed by the Auditors of the Company given dated 9th July, 2007 in this prospectus, the Company has not obtained any other expert opinion.

EXPENSES OF THE ISSUE

The expenses of the issue include interalia Management fees, Brokerage and selling commission, printing and stationery, legal fees, statutory advertisement expenses and listing fees.

The estimated detailed of Public Issue Expenses is as follows:

Sr. No	Description	Amount Rs in Lakhs	% of the total Issue Expenses	% of the total Issue size
1.	Lead Manager's Fees	14.85	18.57	1.00
2	Registrar to the issue Fees	2.90	3.62	0.19
3	Legal Advisor to the issue & Consulting Fees	6.25	7.81	0.42
2	Brokerage and Selling Commission	10.50	13.13	0.70
3.	Advertising & Marketing Expenses	15.00	18.75	1.00
4.	Printing & Stationery/Despatch	14.00	17.50	0.94
5.	Other Expenses (listing fees, Depository charges etc.)	16.50	20.62	1.11
	Total	80.00	100.00	5.36

CIRCUIT SYSTEMS (INDIA) LIMITED

FEES PAYABLE TO THE LEAD MANAGER TO THE ISSUE

The total fees payable to the Lead Manager will be as per the Memorandum of Understanding signed by the Lead Manager and the Company dated 29th September, 2006 a copy of which is available for inspection at the Registered Office of the Company.

FEES PAYABLE TO THE REGISTRAR TO THE ISSUE

The fees payable to the Registrar to the Issue will be as per the Memorandum of Understanding signed by the Registrar to the issue and the Company dated 27th April, 2006 a copy of which is available for inspection at the Registered Office of the Company.

BROKERAGE & SELLING COMMISSION

Brokerage will be paid by the Company at the rate of 1% on the issue price of Equity Shares offered to the public on the basis of Allotment made against applications bearing the stamp of the members of any recognized Stock Exchanges in India in the broker's column. Brokerage at the same rate shall also be payable to the Bankers to the issue in respect of Allotment made against applications procured by them provided the relevant forms of applications bear their respective stamps in the Broker's column.

In case of tampering or over stamping of Brokers'/Agents' codes on the application forms, the Company's decision to pay brokerage in this respect will be final and no further correspondence will be entertained in this matter.

PREVIOUS ISSUE OF CAPITAL DURING LAST FIVE YEARS:

The Company has not made any public issue of equity/debentures during the last five years prior to this issue. The details of issue of capital have been outlined in the paragraph on the build up of the share capital under the capital structure on page no. 12 of this Prospectus.

PREVIOUS ISSUE OTHERWISE THAN FOR CASH

Except as stated in the Prospectus under "Capital Structure " the Company has not issued any equity shares for consideration otherwise than for cash.

COMMISSION OR BROKERAGE ON PREVIOUS ISSUE

The Company has not made any public or Rights issue in the last five years.

PARTICULARS IN REGARD TO CIRCUIT SYSTEMS (INDIA) LIMITED AND OTHER LISTED COMPANIES UNDER THE SAME MANAGEMENT WITHIN THE MEANING SECTION 370 (1B) OF THE COMPANIES ACT, 1956 WHICH MADE ANY CAPITAL ISSUE DURING THE LAST THREE YEARS.

Neither Circuit Systems (India) Limited, nor any other listed companies under the same management within the meaning section 370 (1) (B) of the Companies Act, 1956, has made any capital Issue during the last three years.

PROMISES V/S PERFORMANCE

Issuer Company

Circuit Systems (India) Limited has not made any public or Rights issue since its inception.

LISTED VENTURES OF PROMOTERS

The Promoters does not have any listed ventures and hence information on promises vis a vis performance as far as projection is concerned is not available.

OUTSTANDING REDEEMABLE PREFERENCE SHARES, DEBENTURES OR OTHER INSTRUMENTS

There are no outstanding Preference shares, debentures or any other instruments as on date of filing of this Prospectus.

STOCK MARKET DATA FOR THE COMPANY'S EQUITY SHARES

The Equity Shares of the Company are currently not listed /quoted on any Stock Exchange (s)

INVESTOR GRIEVANCES AND REDRESSAL MECHANISM

REDRESSAL MECHANISM

The company has appointed the registrar to the issue, to handle the investor grievances in coordination with the Compliance Officer of the Company. All grievances relating to the present issue may be addressed to the Registrar with a copy to the



Compliance Officer, giving full details such as name, address of the applicant, number of equity shares applied for, amount paid on application and Bank and branch. The Company would monitor the work of the registrar to ensure that the investor grievances are settled expeditiously and satisfactorily.

The Registrar to the issue, namely, Cameo Corporate Services Limited will handle investors' grievances pertaining to the issue. A fortnightly status report of the complaints received and redressed by them would be forwarded to the Company. The Company would also be co-coordinating with the registrar to the issue in attending to the grievances to the investor. The Company assures that the Board of Directors in respect of the complaints, if any; to be received shall adhere to the following schedules:

	Nature of complaint	Time Table
1.	Non-receipt of refund	Within 7 days of receipt of complaint subject to production of satisfactory evidence
2.	Change of Address Notification	Within 7 days of receipt of information
3.	Any other complaint in relation to Public issue	Within 7 days of receipt of complaint with all relevant details

The Company has appointed Mr Paras Mehta, Compliance Officer who would directly deal with SEBI officer with respect, to implementation/ compliance of various laws, rules, regulations and other directives issued by SEBI and matters related to investor complaints. The investors may contact the Compliance Officer in case of any issue related complaints. The Compliance Officer would be available at the Registered Office of the Company.

CHANGES IN AUDITORS DURING THE LAST THREE YEARS AND REASONS THEREOF

There has been no change in the Auditors of the company during last three years.

CAPITALISATION OF RESERVES OR PROFITS DURING THE LAST FIVE YEARS

There has been no capitalisation of reserves or profits during the last five years. For details of capitalization of reserves please refer page no. 13 under the heading "Notes to capital structure" of this Prospectus.

REVALUATION OF ASSETS, IF ANY DURING LAST FIVE YEARS

There has been no revaluation of the assets since incorporation of the Company.

SECTION VIII: ISSUE INFORMATION

1. TERMS OF THE ISSUE

The Equity shares being issued are subject to the provision of the companies Act, the Memorandum and Articles of the Company, the terms of this Prospectus, Application form, and other terms of this Prospectus, Application form, and other terms and conditions as may be incorporated in the allotment Advice, and other documents/certificates that may be executed in respect of the issue. The Equity shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, Reserve Bank of India, Stock Exchanges, ROC and /or other Authorities, as in force on the date of the issue and to the extent applicable.

RANKING OF EQUITY SHARES

The Equity shares being issued shall be subject to the provision of the Memorandum and Articles of Association of the Company and shall rank pari passu in all respects with other existing shares of the company including rights in respect of dividend. The allottees will be entitled to dividend or any other corporate benefits (including dividend), if any, declared by the Company after the date of Allotment.

MODE AND PAYMENT OF DIVIDEND

The Company shall pay dividend to the shareholders as per the provision of the Companies Act.

FACE VALUE AND ISSUE PRICE

Public issue of 42,44,810 equity shares of Rs. 10/- each for cash at a premium of Rs. 25 . per equity share aggregating to Rs. 1485.68 Lakhs. The face value of the equity shares is Rs. 10/- per equity shares and the issue price of Rs.. 35 per equity share is 3.5 times of the face value.

COMPLIANCE WITH SEBI GUIDELINES

The Company shall comply with all disclosures and accounting norms as specified by SEBI from time to time.

RIGHTS OF THE EQUITY SHAREHOLDERS

Subject to applicable laws the equity shareholders shall have the following right

- Right to receive dividend, if declared.
- Right to attend general meeting and exercise voting rights unless prohibited by law.
- Right to vote on poll either personally or by proxy.
- Right to receive offer for rights shares and the allotted bonus shares, if announced;
- Right to receive surplus on liquidation.
- Right to free transferability ; and
- Such other rights as may be available to a shareholder of a Public Limited Company under the Companies Act, 1956, listing Agreement with the Stock Exchange and Articles of Association of the Company.

For further details on the main provision of the Articles of Association dealing with voting rights, dividends, forfeiture and lien, transfer and transmission and/or consolidating/splitting, please refer to section titled “Main Provision of Articles of Association of the Company” on page no. 122 of the Prospectus.

MARKET LOT AND TRADING LOT

In terms of section 68B of the companies Act, the Equity shares of the Company shall be allotted only in dematerialised form. In terms of existing SEBI Guidelines, the trading in the Equity shares of the Company shall be only in dematerialised for all investors.

Since trading of the equity shares will be in dematerialised mode, the tradable lot is one Equity shares. Allocation and allotment of Equity shares through this issue will be done in electronic form in multiple of one-equity shares subject to minimum of 200 shares

NOMINATION FACILITY TO INVESTOR

In accordance with Section 109A of the Act, applicants may nominate any one person in whom, in the event of the death of the applicants, as the case may be, the equity shares allotted if any, shall vest. A person being a nominee, entitled to the equity shares by reason of death of the original holders (s), shall in accordance with Section 109A of the Act be entitled to the same



advantages to which he or she would be entitled if he or she were the registered holder of the equity shares. Where the nominee is a minor, the holder may make a nomination to appoint, in the prescribed manner, any person to become entitled to equity shares in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of equity shares by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made on a prescribed form available on request at the registered office of the Company or to the Registrar and Transfer Agents of the Company. In accordance with Section 109B of the Act, any person who becomes nominee by virtue of 109A of the Act shall upon production of such evidence as may be required by the Court, elect either:

- To register himself or herself as holder of Equity Shares or
- To make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with, within a period of 90 days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the equity shares, until the requirement of the notice have been complied with.

In case of allotment in dematerialised form; the nominations registered with the respective depository participants of the applicant would prevail. If the investor wants to change the nomination, they are requested to inform their respective depository participant.

MINIMUM SUBSCRIPTION

If the Company does not receive the minimum subscription of 90% of the issued amount on the date of closure of the issue, or if the subscription level falls below 90% after closure of the issue on account of cheques having returned unpaid or withdrawal of application, the Company shall forthwith refund the entire subscription amount received. If there is delay beyond 8 days after the company become liable to pay the amount, the Company shall pay interest as per section 73 of the Companies Act 1956.

WITHDRAWAL OF ISSUE

The Company in consultation with the Lead Manager reserves the right not to proceed with any issue, any time after the issue opening date but before allotment without assigning any reason thereof. In case the Company decided so, it shall issue a public notice within two days of the closure of issue, indicating the reasons for withdrawal of the issue in the newspapers in which the issue advertisement appeared earlier. The Company shall also inform the Stock Exchanges on which the shares are proposed to be listed.

PERIOD OF SUBSCRIPTION

The subscription list for public issue shall remain open for at least 3 working days and not more than 10 working days.

ARRANGEMENTS FOR DISPOSAL OF ODD LOTS

The Company has not made any arrangements for disposal of odd lot of shares arising out of this issue as the tradable lot is ONE.

RESTRICTIONS, IF ANY, ON TRANSFER AND TRANSMISSION OF SHARES AND ON THEIR CONSOLIDATION/SPLITTING

For a detailed description in respect of restrictions, if any, on transfer and transmission of shares and on their consolidation / splitting, please refer sub-heading "Main Provisions of the Articles of the Association" appearing on page no. 122 under Section Titled "Description of Equity Shares and Terms of the Articles of Association" of this Prospectus.

2. ISSUE PROCEDURE

AUTHORITY OF THE PRESENT ISSUE

Pursuant to section 81 1(A) of the Companies Act, 1956 the present issue of equity shares has been authorised vide special resolution passed at the Eleventh Annual General Meeting of the Company held on 6th September, 2006 and resolution passed by the Board of Directors held on 24th July, 2006.

PRINCIPAL TERMS AND CONDITIONS OF THE OFFER

Availability of Application Forms and Prospectus.

Application forms with Memorandum Form 2A containing salient features of the Prospectus and copies of the Prospectus under Section 56(3) of the Companies Act 1956 may be obtained from the Registered Office of the Company, the Lead Managers to the issue and the Bankers to the issue named herein or from their branches as stated on the reverse of the application form.

NRIs/FIIs/Indian Mutual Funds & Indian and Multilateral Development Financial Institutions can obtain the Application Form from the Registered Office of the Company.

WHO CAN APPLY?

Applications may be made by:

1. Indian nationals resident in India who are not minor, in single or joint names (not more than three);
2. Hindu Undivided Families through the Karta of the HUF;
3. Companies, Corporate bodies and Societies registered under the applicable law in India and authorized to invest in the shares;
4. Scientific and/or Industrial Research Organizations, which are authorized to invest in shares;
5. Indian Mutual Funds registered with SEBI, Indian Financial Institution, Commercial Banks and Regional Rural Banks, Co-operative Banks may also apply subject to permission from RBI;
6. Indian Venture Capital Funds /Foreign Venture Capital Funds registered with SEBI subject to the applicable RBI Guidelines and approvals , if any.
7. State Industrial Development Corporations.
8. Indian Financial Institutions and Banks;
9. Trusts or Societies registered under the Societies Registration Act, 1860 or any other applicable Trust Law and which are authorized under their constitution to hold and invest in equity shares of a Company;
10. Non Resident Indians (NRIs) on repatriation /non repatriation basis.
11. Foreign Institutional Investors (FIIs) on repatriation basis/non repatriation basis.
12. Permanent and regular employees of the Company
13. Insurance Companies registered with Insurance Regulatory and Development Authority
14. Provident Funds with a minimum Corpus of Rs 25 crore
15. Pension funds with a minimum corpus of Rs 25 crore.
16. Multilateral and Bilateral Development Financial Institutions.

APPLICATION NOT TO BE MADE BY:

- Minors
- Foreign Nationals(Except NRIs)
- Partnership firms or their nominees
- Trusts (except as stated above)
- Overseas Corporate Bodies (OCBs)



APPLICATIONS BY HINDU UNDIVIDED FAMILIES (HUF)

Application may be made by Hindu Undivided families (HUF) through Karta of the (HUF) and will be treated at par with individual applications

APPLICATION FORM

Applications must be made only in the prescribed Application form and should be accompanied in BLOCK LETTERS in English as per the instruction contained herein and in the Application form, and are liable to be rejected if not so made. The prescribed application forms will have the following colours.

Category	Colour of Application forms
Indian Public including NRIs/FIIs applying on Non- repatriation basis.	White
NRI/FIIs on repatriation basis	Blue

OPTION TO SUBSCRIBE

As on the date of this document, there are no pending options to subscribe to the Equity Shares or convertible instruments pending conversion into Equity Shares of any kind.

The Investor can seek allotment only in dematerialised mode. However the investor shall have the option to hold the Equity shares in physical form or demat form. After the allotment in the proposed issue allottees may request their respective DP for dematerialization of shares if they wish to hold the shares in physical shares.

AVAILABILITY OF PROSPECTUS AND APPLICATION FORMS

The Memorandum Form 2A containing the salient features of the Prospectus together with Application forms and copies of the Prospectus may be obtained from the Registered office of the Company, Lead Manager to the Issue, Registrar to the Issue, and at the collection centres of the Bankers to the issue, as mentioned on the Application Form.

NRIs/FIIs can obtain the Application Form from the registered office of the Company.

SUBSCRIPTION BY NRIs/FIIs

As per the extant policy of the Government of India, OCBs cannot participate in this issue. Investments made by NRIs/FIIs are governed by the regulations contained in FEMA 20/2000-RB dated May 3, 2000 read with AP (DIR Series) Circular No.38 dated December 2, 2003 shall be applicable. It is to be distinctly understood that there is no reservation and separate Application Form for NRIs on non- repatriation basis and FIIs registered with SEBI. All NRI (on repatriation basis) and FII applicant will be treated on the same basis with other categories for the purpose of allotment.

MINIMUM AND MAXIMUM APPLICATION SIZE

- For Retail Individual Investors:** Applications should be for minimum of 200 Equity Shares and in multiples of 200 Equity Shares thereafter, so as to ensure that the amount payable by the applicant does not exceed Rs 1,00,000.
- For other Investors:** Application should be for a minimum of such number of Equity Shares so that amount payable by the applicant exceeds Rs 1,00,000 and in multiples of 200 Equity Shares thereafter.

An applicant in the net public category cannot make application for that number of Equity Shares exceeding the number of Equity Shares offered to the public. A single application can be made only for the number of shares that are offered to each respective category.

TERMS OF PAYMENT

The entire issue price of Rs 35 per share is payable on application only. In case of allotment of lesser number of Equity Shares than the number applied, the Company shall refund the excess amount paid on application to the applicants.

PRE- ISSUE ADVERTISEMENT

A statutory advertisement will be issued by the Company after the filing of the Prospectus with the ROC. This advertisement will contain the information that has to be set out in the statutory and advertisement. Any material updates, if any, between the date of filing of Prospectus with RoC and the date of release of this statutory advertisement will be included in the statutory advertisement.

CIRCUIT SYSTEMS (INDIA) LIMITED

PROCEDURE FOR APPLICATION

APPLICATION BY RESIDENT INDIAN PUBLIC

Application must be:

- a. Made only in the prescribed application form accompanying the memorandum.
- b. Completed in full in block letters in English except signatures in accordance with the instructions contained herein and in the application form. Applications not so made are liable to be rejected.
- c. For a minimum of [•] 200 equity shares and in multiples of 200 thereafter.
- d. In the name of Resident Indian Individuals, Limited Companies, Statutory Corporations/ Institutions Incorporated in India, Indian Mutual Funds registered with SEBI and Banks.
- e. Applications in the name of minors, foreign nationals(except NRIs), Trusts not registered under the Societies Registration Act, 1860, or any other Trust laws, partnership firms or their nominees, OCBs, will be treated as invalid.
- f. HUF should specify that the application is being made in the name of the HUF in the application form as "Name of the sole or first applicant: XYZ HUF applying through XYZ, where XYZ is the name of the Karta". Application by HUFs would be considered at par with those from individuals.
- g. Applicants residing at places where no collection centres have been opened may submit / mail their applications at their sole risk along with application money due there unto by Demand Draft to the Registrar to the Issue, **Cameo Corporate services Limited** super-scribing the envelope "**Circuit Systems (India) Limited- Public Issue**" so as to reach the Registrar on or before the closure of the Subscription List. Such demand drafts should be payable at **Chennai** only. The charges, if any, for purchase of the demand draft will have to be borne by the applicant. The Company will not be responsible for postal delays and loss in transit. The company will not entertain any claims, damage or loss due to postal delays or loss in transit.

APPLICATION BY MUTUAL FUNDS & INDIAN MULTILATERAL DEVELOPMENT FINANCIAL INSTITUTIONS :

A separate application can be made in respect of each scheme of an Indian Mutual Fund registered with SEBI and such applications will not be treated as multiple applications provided the applications made by the Mutual Funds / Trustees / the Custodians clearly indicate their intention as to each Scheme concerned for which application has been made.

SPECIAL TAX BENEFITS FOR COMPANY

In accordance with, and subject to compliance of certain conditions laid down in section 10AA of the Income-Tax Act, the manufacturing unit of the company to be situated at Gandhinagar Electronic Park (SEZ) will be entitled to the 100% deductions in respect of profits derived from the business of the said unit from the total income chargeable to Income-Tax for a period of five consecutive assessment years beginning with the previous year in which the unit begins to manufacture or produce such articles or things or provide service as the case may be and 50% of such profits and gains for further 5 assessment years. For next five assessment years thereafter, so much of the amount not exceeding 50% of the profit as is debited to the profit and loss account of the previous year in respect of which the deduction is to be allowed and credited to the reserve account called "Special Economic Zone Re-investment Reserve account" and to be utilized for the purpose of the business of the assessee as laid down in section 10 AA (2).

INSTRUCTION FOR PAYMENTS BY NRIS/FIIS (ON REPATRIATION BASIS)

1. As per Notification No FEMA 20/2000 RB dated 3rd May 2000, as amended from time to time, under automatic route of Reserve Bank, the Company is not required to make an application for issue of Equity shares to NRIs/FIIs with repatriation benefits.
2. However, the allotments / transfer of the equity shares to NRIs/FIIs shall be subject to prevailing RBI Guidelines, sale proceeds of such investments in equity shares will be allowed to be repatriated along with the income thereon subject to the permission of the RBI and subject to the Indian tax laws and regulations and any other applicable laws.
3. In case of applications by NRIs on repatriation basis, the payments must be made through Indian drafts purchased abroad or cheques or bank drafts, for the amount payable on applications remitted through normal banking channels or out of funds held in Non- Residential External (NRE) Accounts or foreign Currency Non- Residents (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of remittance. Payments will not be accepted out of Non-Resident Ordinary (NRO) Account of Non-Resident subscribers applying on a repatriation basis. Payment by bank drafts should be accompanied by bank certificate confirming that the bank draft has been issued by debiting to NRE or FCNR account.



4. In case of application by FIIs on repatriation basis, the payment should be made out of funds held in special Non Resident Rupee Account along with documentary evidence in support of the remittance like certificates such as FIRC, Bank certificate confirming that the bank draft has been issued by debiting to special Non-Resident Rupee Account.
5. Dully filled Application forms along with Cheques /bank drafts in favour of Name of the Bank Account "CSIL A/c NR" by NRIs/FIIs will be accepted at designated branches of the bankers to the issue at Delhi and Mumbai only
6. Refunds/dividends and other distributions, if any will be payable in Indian Rupees only and net of bank charges/commission. In case of applicants who remit their applications money from funds held in NRE/FCNR accounts, such payments shall be credited to their respective NRE/FCNR accounts (details of which shall be furnished in the space provided for this purpose in the Application form), under intimation to them. In case of applicants who remit their money through Indian Rupee drafts from abroad ,such payments in Indian Rupees will be converted into U.S Dollars or any other freely convertible currency as may be permitted by RBI at the exchange rate prevailing at the time of remittance and will be dispatched by registered post, or if the applicants so desire, will be credited to their NRE/FCNR accounts , details of which are to be furnished in the space provided for this purpose in the Application forms. The Company will not be responsible for loss , if any , incurred by the applicant on Account of conversion of Foreign currency into Indian Rupees and vice versa.

APPLICATION BY NRI ON NON REPATRIATION BASIS

It can be made using the form meant for public out of the funds held in Non Resident (Ordinary) Account (NRO). The relevant bank certificate must accompany such forms. Such application will be treated on par with the application made by the public.

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

No mutual fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights. These limits would have to be adhered to by the mutual funds for investment in the Equity Shares.

A separate application must be made in respect of each scheme of an Indian Mutual Fund registered with SEBI and such applications will not be treated as multiple applications. The applications made by the Asset Management Company or Trustees/ Custodians of a Mutual Fund shall be clearly indicating the name of the concerned scheme for which application is being made.

As per the current regulations, the following restrictions are applicable for investments by FIIs:

The issue of Equity Shares to a single FII should not exceed 10% of the post-issue issued capital (i.e. 10% of 1,20,00,000 Equity Shares of Rs.10 each) Equity Shares. In respect of an FII investing in the Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued capital or 5% of the total issued capital in case such sub-account is a foreign corporate or an individual. As of now, the aggregate FII holding in the Company cannot exceed 24% of the total issued capital of the Company. With the approval of the Board of Directors and the shareholders by way of a special resolution, the aggregate FII holding can go up to 100%. However, as on this date, no such resolution has been recommended to the shareholders of the Company for adoption.

In terms of the Regulation 15A (1) of the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, the Foreign Institutional Investor or sub-account ("FIIs") may issue, deal in or hold, off-shore derivative instruments such as Participatory Notes, Equity Linked Notes or any other similar instruments against underlying securities being allocated to such FIIs.

As per the current regulations, the following restrictions are applicable for SEBI registered Venture Capital Funds and Foreign Venture Capital Investors:

The SEBI (Venture Capital) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, the holding by any individual venture capital fund or foreign venture capital investor registered with SEBI should not exceed (i) 25% of the corpus of the venture capital fund/ (ii) 33.33% of the corpus of the foreign venture capital investor.

The above information is given for the benefit of Investors. The Company and the Lead Managers are not liable for any amendments or modification or changes in applicable laws and regulations, which may occur after the date of this Prospectus, whether prospectively or retrospectively. Investors are advised to make their independent investigations and ensure that their number of Equity Shares applied for do not exceed the applicable limits under laws and regulations.

Application forms together with cheques or bank drafts drawn in Indian Rupees for the full amount payable at the rate of Indian Rs 35 per share must be delivered before the close of subscription list to such branches of the Bankers to the Issue places mentioned in the application form.

A separate single cheque/bank draft must accompany each application form.

CIRCUIT SYSTEMS (INDIA) LIMITED

PAYMENT INSTRUCTIONS

- Payments should be made in cash or cheque or demand draft drawn on any Bank (including a Co-operative Bank), which is situated at, and is a member or a sub-member of the Bankers' "Clearing House" located at the Centres (indicated in the Application Form) where the Application is accepted. However if the amount payable on application is Rs. 20,000/- or more , in terms of section 269 SS of the income tax Act ,1961; such payment must be effected only by way of an account payee cheque of bank draft . In case of payment is effected in contravention of the conditions mentioned herein, the application is liable to be rejected and application money will be refunded and no interest will be paid thereon.
- A separate cheque / demand draft should accompany each Application form.
- Money orders, postal orders, outstation cheques or demand drafts, cheques / draft drawn on banks not participating in the "clearing" will not be accepted and applications accompanied with such instruments may be rejected.
- In case payment is effected in contravention of the conditions mentioned herein, the application money will be refunded and no interest will be paid thereon.
- Investors will not have facility of applying through stock invest instrument as RBI has withdrawn the stock invest scheme vide notification no.DBOD.NO.FSC.BC.42/24.47.001/2003-04 dated 5/11/2003.
- All cheques /bank drafts accompany the application should be crossed "A/c Payee only " and made payable to the Bankers to the issue and marked :

Category of Applications	Cheques/Bank draft favoring
Indian Public including eligible NRIs /FIIs applying on non repatriation basis	"Corporation—" Bank A/c CSIL – Public Issue or ICICI Bank A/c CSIL – Public Issue
NRIs/FIIs on repatriation basis	"Corporation _" Bank A/c CSIL – Public issue-NR" or ICICI Bank A/c CSIL – Public Issue-NR

SUBMISSION OF COMPLETED APPLICATION FORMS:

All applications duly completed and accompanied by cash/ cheques/ bank drafts drawn on any for the amount payable on application at the rate of Rs. 35 per equity share, shall be submitted at the branches of the Bankers to the Issue (listed in the Application Form) before the closure of the Issue. **Application(s) should not be sent to the office of the Company or the Lead Manager to the Issue.**

Applicants residing at places where no collection centers have been opened may submit/mail their applications at their sole risk along with application money due there on by Bank Draft to the Registrar to the Issue, **Cameo Corporate services Limited**, superscribing the envelope "Circuit Systems (India) Limited – Public Issue" so as to reach the Registrar on or before the closure of the Subscription List. Such bank drafts should be payable at Chennai only. The Company will not be responsible for postal delays and loss in transit. The Company will not entertain any claims, damage or loss due to postal delays or loss in transit.

No separate receipts will be issued for the application money. However, the Bankers to the Issue or their approved collecting branches receiving the duly completed application form will acknowledge receipt of the application by stamping and returning to the applicant the acknowledgement slip at the bottom of each application form. The acknowledgement of receipt of application moneys given by the collection agents shall be valid and binding on the issuer company and other persons connected with the issue. Applications shall be deemed to have been received by the Company only when submitted to the Bankers to the Issue at their designated branches or on receipt by the Registrar as detailed above and not otherwise.

ACCEPTANCE OF APPLICATIONS

The Company reserves the right to accept or reject, any application, in whole or in part, without assigning any reason thereof. If the application is rejected in full, the whole of the application money received will be refunded by Electronic Transfer of Funds or through Registered Post, Speed Post to the applicant. If the application is accepted in part, the excess application money will be refunded to the applicant. Such refund, if any, will carry interest @ 15% p.a. after 30 days from the closure of the Issue for the period of delay beyond 30 days.

TECHNICAL GROUNDS FOR REJECTIONS

Applicants are advised to note that applications are liable to be rejected on technical grounds, including the following.

1. Age of first applicant is not mentioned
2. Application by persons not competent to contract under the Indian Contract Act, 1872, including minor and insane person.



3. PAN not stated and GIR number given instead of PAN.
4. Multiple applications
5. In case of applications under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted.
6. Applications accompanied by Stock invests/Money order/postal order/cash (wherever applicable);
7. Application by OCBs
8. Applications not duly signed by the sole/joint applicants
9. Application forms do not have the applicant's depository account details.
10. Application not for a minimum of 200 shares or multiples of thereafter.
11. Category not ticked
12. Application form not delivered by the Applicant within the time prescribed as per the Application form, issue opening date advertisement, and this prospectus and as per the instruction in this prospectus and the application forms.
13. Amount paid does not tally with the amount payable for the value of Equity Shares applied for;
14. Application by minor;
15. In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such, shall be entitled to apply;
16. Application form for amounts greater than the maximum permissible amounts.
17. In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Applicants (including the order of names of joint holders), the depository participant's identity (DP ID) and the beneficiary account number;
18. Copy of PAN card or PAN allotment letter is not enclosed;
19. Applications by U.S persons other than "Qualified Institutional Buyers" as defined in Rule 144A of the Securities Act.

PARTICULARS OF BANK ACCOUNT

The name of the Applicant, Depository Participant's name, Depository Participant's Identification (DPID) number and the beneficiary number provided by the Depository Participant must be mentioned correctly in the Application form at the appropriate place. The Registrar will obtain the demographic details such as address, Bank Account details and occupation from the depository participants. The refunds, if any, will be printed with the Banks details as given by the Depository participant.

Note:

Applicants are requested to write their names and application serial number on the reverse of the instruments by which the payments are being made to avoid misuse of instruments submitted along with the applications for equity shares. For further instructions, please read the Application Form carefully.

For further instruction regarding application for the equity shares Investors are requested to read the applications form carefully.

I. GENERAL INSTRUCTION

- I. **JOINT APPLICATIONS.** An application may be made in single or joint names (not more than three). In case of a joint application, refund, pay order (if any) and dividend / warrants, etc. will be made out in favour of the first applicant. All communications will be addressed to the applicant whose name appears first and will be dispatched to the first applicant's address stated in the application form.
- II. **MULTIPLE APPLICATIONS.** An applicant should submit only one application (and not more than one) for the total number of equity shares required. Applications may be made in single or joint names (not more than three). Two or more applications, in single and / or in joint names will be deemed to be multiple applications if the sole and / or first applicant is one and the same.

The Company reserves the right to accept or reject, in its absolute discretion, any or all-multiple applications. Unless the Company specifically agrees in writing with or without such terms and conditions it deems fit, a separate cheque/draft must accompany each application form.

CIRCUIT SYSTEMS (INDIA) LIMITED

No separate applications for dematerialised and physical are to be made. If such applications are made, the applications for physical shares will be treated as multiple applications and rejected accordingly.

In this regard, the procedure which would be followed by the Registrar to the issue to detect multiple applications are given below.

1. All applications with the same name and age will be accumulated and taken to a separate process file which would serve as a multiplier master.
2. In this master, a check will be carried out for the same PAN. In case where the PAN is different, the same will be deleted from this master.
3. The Registrar will obtain, from depositories, details of the applicants address based on the DP ID and Beneficiary Account number provided in the Application Form and create an address master.
4. The addresses of all the applicants in the multiple masters will be strung from the address master. This involves putting the address in a single line after deleting non-alpha and non-numeric characters i.e. commas, full stops, hash etc Sometimes, the name, the first line of address and pin code will be converted into a string for each applications received and a photo match will be carried out amongst all the applications processed. A print out of the addresses will be taken to check for common names. The applications with same name and same address will be treated as multiple applications.
5. The applications will scrutinize for their DP ID and Beneficiary Account numbers. In case applications bear the same DP ID and beneficiary Account Numbers, these will be treated as multiple applications.
6. Subsequent to the aforesaid procedures, a print out of multiple master will be taken and applications physically verified to tally signatures as also father's/husband names .on completion of this, this applications will be identified as multiple applications.

III. APPLICATION UNDER POWER OF ATTORNEY : In case of applications under a Power of Attorney or by limited companies or bodies corporate or societies, the relevant Power of Attorney or the relevant resolution or authority to make the application, as the case may be, together with a certified true copy thereof along with a copy of Memorandum and Articles of Association and /or bye-laws must be attached to the Application Form at the time of making the application or lodged for scrutiny separately indicating the Serial No. of the Application Form with the Registrar to the issue at their address, within 10 days from the closure of the Issue, failing which, the Company / Issuer reserves the full, unqualified and absolute right to accept or reject any application in whole or in part and in either case without assigning any reason thereof.

The Company, in their absolute discretion, reserves the right to relax the condition of lodging of the Power Of Attorney along with the application form subject to such terms and conditions that the Company/Lead Manager may deem fit.

- (i) Thumb impression or signature in language other than English, Hindi or any other language specified in the 8th Schedule of the Constitution of India must be attested by Magistrate or Notary Public or a special Executive Magistrate under his official seal.
- (ii) All communications should be addressed to the Registrar to the Issue.
- (iii) The applicant should mention the Application Form number on the reverse of the instrument through which payment is made.

IV. PAN / GIR Number

The applicant or in the case of an application in joint names, each of the applicants, should mention his/her Permanent Account Number (PAN) allotted under the IT Act. The copy of the PAN card or PAN allotment letter is required to be submitted with the application form. Applications without this information and documents will be considered incomplete and are liable to be rejected. It is to be specifically noted that applicants should not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground. In case the sole/first applicant and joint applicant(s) is/are not required to obtain PAN, each of the applicant(s) shall mention "Not Applicable" and in the event that the sole applicant and/or the joint applicant(s) have applied for PAN, which has not yet been allotted, each of the applicant(s) should mention "Applied for" in the Application Form. Further, where the applicant(s) has mentioned "Applied for" or "Not Applicable", the sole/first applicant and each of the joint applicant(s), as the case may be, would be required to submit Form 60 (form of declaration to be filed by a person who does not have a permanent account number and who enters into any transaction specified in Rule 114B), or, Form 61 (form of declaration to be filed by a person who has agricultural income and is not in receipt of any other income chargeable to income-tax in respect of transactions specified in Rule 114B), as may be applicable, duly filled along with a copy of any one of the following documents in support of the address: (a) Ration card (b) Passport (c) Driving license (d) Identity card issued by any institution (e) Copy of the electricity bill or telephone bill



showing residential address (f) Any document or communication issued by any authority of the Central Government, State Government or local bodies showing residential address (g) Any other documentary evidence in support of address given in the declaration. It may be noted that Form 60 and Form 61 have been amended vide a notification issued on December 1, 2004 by the Central Board of Direct Taxes, Department of Revenue, Ministry of Finance. All applicants are requested to furnish, where applicable, the revised Form 60 or Form 61 as the case may be.

(iv) A separate cheque / bank draft must accompany each application form.

V. EQUITY SHARES IN DEMATERIALIZED FORM WITH NSDL AND CDSL

The Company had signed the following tripartite agreements with the Depositories and the Registrar to the Issue and Share Transfer Agent,

- a) An agreement dated 12th April, 2007 with CDSL and Registrar to the Issue
- b) An agreement dated 28th July, 2006 with NSDL and Registrar to the Issue

The Company's shares bear an ISIN No. INE720H01010.

All investors can seek allotment only in dematerialized mode. However, an investor will have an option to hold the shares in physical form or demat form. After the allotment in the proposed Issue allottees may request their respective DPs for rematerialisation of shares if they wish to hold the shares in physical form. Applications without relevant details of his or her depository account are liable to be rejected.

Instructions:

- a) An applicant applying for equity shares must have at least one beneficiary account either of the depository participants of NSDL or CDSL prior to making the Application.
- b) The applicant must necessarily fill in the details (including the beneficiary account number and depository participants identification number) appearing in the application form.
- c) Equity shares allotted to applicant will be credited in electronic form directly to the beneficiary account (with the depository participant) of the applicant.
- d) Names in the application form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the Depository account of the applicants(s).
- e) If incomplete or incorrect details are given under the heading applicant Depository account details in the application form it is liable to be rejected.
- f) The applicant is responsible for the correctness of his or her demographic details given in the application form vis-à-vis those with his or her Depository participant.
- g) It may be noted that equity shares in electronic form can be traded only on the Stock exchanges having electronic connectivity with NSDL or CDSL. The stock exchange where our equity shares are proposed to be listed is connected to NSDL and CDSL.
- h) The trading of equity shares would be in dematerialised form only for all investors.
- i) The Registrar to the Issue will directly send non-transferable Allotment Letters/ Refund Orders to the Applicant.

VI. Investors can contact the compliances officers in case of any pre issue related problems. In case of post issue related problems such as non –receipt of letter of allotment/share certificate /credit of securities in depository's beneficiary account /refunds orders etc., investors may contact compliance officer or Registrar to the issue.

DISPOSAL OF APPLICATION AND APPLICATION MONEY

The Company shall ensure dispatch of allotment advice, refund orders and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the allotment to the Stock Exchanges within two working days of date of finalisation of allotment of Equity Shares.

The Company shall ensure dispatch of refund orders by following mode.

- A. In case of applicants residing at Ahmedabad, Bangalore, Bhubaneswar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna and Thiruvanthapuram- refunds shall be credited through electronic transfer of funds by using ECS (Electronic Clearing Services), Direct Credit, RTGS (Real Time Gross Settlement) or NEFT (National Electronic Fund Transfer),

CIRCUIT SYSTEMS (INDIA) LIMITED

- B. In case of applicants residing at places other than those specified in (a) above and where the value of refund order is Rs 1500/- or more, refund orders will be dispatch to the applicants by registered post/speed post only at the sole risk of applicant.
- C. In case of applicants residing at places other than those specified in (a) above and where the value of refund order less than Rs 1500/- refund orders will be dispatched under certificate of posting under the sole risk of the applicant.

The Company has undertaken to make available necessary funds to the Registrar for the purpose of dispatch of Allotment Letters/ Refund Orders as stated above.

The Company shall use best efforts to ensure that all steps for completion the necessary formalities for listing and commencement of trading at the Stock Exchanges where the Equity shares are proposed to be listed, are taken within seven working days of finalization of the basis of allotment.

The Company reserves the full unqualified and absolute right to accept or reject any application in whole or part and in either case without assigning any reason thereof.

In accordance with the requirements of the Stock Exchange and SEBI Guidelines, the Company further undertakes that:

- Allotment shall be made only in dematerialised form within 30 days of the Issue Closing Date;
- Dispatch refund orders within 30 days of the Issue Closing Date would be ensured; and
- The Company shall pay interest at 15% per annum (for any delay beyond the 30 day time period as mentioned above), if allotment is not made, refunds are not electronically transferred and refund orders are not dispatched and/or demat credits are not made to investors within the 30 days time prescribed above.

INTEREST IN CASE OF DELAY IN DISPATCH OF ALLOTMENT LETTERS/REFUND ORDERS

The Company agrees that as far as possible allotment of securities offered to the public shall be made within 30 days of the closure of public issue. The company further agrees that it shall pay interest @15% per annum if the allotment letters/refund orders have not been dispatched to the applicants, or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner within 30 days from the date of the closure of the issue.

PAYMENT OF REFUND

The payment of refund, if any, would be done through the following various modes:

1. **ECS** - Payment of refund would be done through ECS for applicants having an account at any of the following fifteen centers: Ahmedabad, Bangalore, Bhubaneswar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds through ECS is mandatory for applicants having a bank account at any of the above mentioned fifteen centers, except where the applicant, being eligible, opts to receive refund through NEFT, direct credit or RTGS.
2. **NEFT**- Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The Process flow in respect of refunds by way of NEFT is at an evolving stage hence use of NEFT is subject to operational feasibility, cost and process efficiency.
3. **Direct Credit** - Applicants having bank accounts with the Refund Banker as mentioned in the Application Form, in this case being, Corporation Bank shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company.
4. **RTGS** - Applicants having a bank account at any of the above mentioned fifteen centers and whose refund amount exceeds Rs. 10 lakhs, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the Application Form. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.



5. For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be dispatched under certificate of posting for value up to Rs. 1,500 and through Speed Post/Registered Post for refund orders of Rs. 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Corporation Bank and payable at par at places where application forms are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers will be payable by the applicant.

Please note that only applicants having a bank account at any of the 15 centers where the clearing houses for the ECS are managed by the RBI are eligible to receive refunds through the modes stated above. For all the other applicants, including applicants who have not updated their bank particulars, along with the nine-digit MICR code, the refund orders shall be dispatched "Under Certificate of Posting" for refund orders less than Rs. 1,500 and through speed post/registered post for refund orders exceeding Rs. 1,500 .

IMPERSONATION

Attention of the applicants is specifically drawn to the provision of sub section (1) of Section 68A of the Companies Act, 1956, which is reproduced below:

"Any person who:

- a) Makes in a fictitious name, an application drawn to the company for acquiring or subscribing for, any shares therein, or
- b) Otherwise induces a company to allot or register any transfer of shares therein to him, or any other persons in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years.

BASIS OF ALLOTMENT

In the event of the Issue being oversubscribed, the Allotment will be on a proportionate basis subject to market lots as explained below:

- a. A minimum 50% of the net issue to the Indian public will be made available for allotment in favour of those retail individual applicants who have applied for Equity Shares of or for a value not more than Rs. 1,00,000/-. This percentage may be increased in consultation with the Designated Stock Exchange depending on the extent of response to the Issue from investors in this category. In case allotments are made to a lesser extent than 50% because of lower subscription in the above category, the balance Equity Shares would be added to the higher category and allotment made on a proportionate basis as per relevant SEBI Guidelines.

The Executive Director / Managing Director of the Stock Exchange, Mumbai along with the Lead Manager and the Registrars to the issue shall be responsible to ensure that the basis of Allotments finalized in a fair and proper manner in accordance with the guidelines.

- b. The balance of Net issue to Indian Public shall be made available for allotment to
 - i) Individuals applicants other than retail individual investors, and
 - ii) Other investors including corporate bodies/ institutions irrespective of the number of shares, debentures, etc applied for.

The Unsubscribed portion of the net issue to any of the categories specified in (a) or (b) shall be made available for allotment to applicants in the other category, if so required.

- c. Applicants will be categorized according to the number of equity shares applied for.
- d. The total number of equity shares to be allocated to each category as a whole shall be arrived at on a proportionate basis i.e. the total number of shares applied for in that category (number of applications in the category multiplied by the number of equity shares applied for) multiplied by the inverse of the over subscription ratio.
- e. Number of equity shares to be allocated to the successful allocates will be arrived at on a proportionate basis i.e. total number of equity shares applied for by each applicant in that category multiplied by the inverse of the over subscription ratio.
- f. In all the applications where the proportionate allotment works out to less than 200 equity shares per applicant, the Allotment shall be made as follows:
 - (i) Each successful applicant shall be allotted a minimum of 200 equity shares, and
 - (ii) The successful applicants out of the total applicants of that category shall be determined by draw of lots in such a manner that the total number of equity shares allotted in that category is equal to the number of equity shares worked out as per (b) above.

CIRCUIT SYSTEMS (INDIA) LIMITED

- (iii) The draw of lots (where required) to finalise the Basis of allotment, shall be done in the presence of a public representative on the Governing Body of the BSE. The basis of allotment shall be signed as correct by the Governing Body of The Stock Exchange Mumbai and the public representative (where applicable) in addition to the Lead Manager and the Registrars to the Issue.
- g. Allotment shall be on proportionate basis within the specified categories, rounded off to the nearest marketable lot subject to a minimum allotment being equal to the minimum application size which is 200 shares
- h. If the equity shares allocated on a proportionate basis to any category is more than the equity shares allocated to the applicants in the category, the balance available equity shares for allotment shall be first adjusted against any other category where the allotted equity shares are not sufficient for proportionate allotment to the successful applicants in that category. The balance equity shares if any, remaining after such adjustment will be added to the category comprising of applicants applying for minimum number of equity shares.
- i. In the event of over subscription, in the process of rounding off to ensure allotment in marketable lots, the Company may make such adjustments in the basis of allotment, as may be necessary, in consultation with SEBI/Stock Exchanges .As the basis of allotment is on proportionate basis , in the process of rounding off to the nearest multiple of marketable lot and in the process of allotting minimum of 200 equity shares. The issue size may increase by a maximum of 10% of the net offer to the public.

ISSUE OF CERTIFICATES

In terms of section 68B of the Companies Act, 1956, the company will not issue any share certificate; instead the Company shall give credit to the beneficiary account with depository participant within 2 working days of finalization of allotment of shares.

SCOPE OF ACTIVITIES OF THE REGISTRARS TO THE ISSUE

The Registrars to the offer shall also be the Share Transfer Agent and would also be responsible for all the post issue activities pertaining to this offer.

ACCESS TO FUNDS

The funds received against this Public issue will be kept in separate bank accounts and the Company will not have any access to such funds received under the public issue unless it has received minimum subscription of 90% of the application money towards the public issue component and permission of the Designated Stock Exchange is obtained to use the amount of subscription. The company will obtain the permission of Designated Stock Exchange by producing sufficient documentary evidence of subscription of 90% or more on the closure of the Issue to utilise the funds collected as per the present rules. The Company will not have access to the funds received against the public issue until it has received approval for allotment from the Designated Stock Exchange and listing and trading permission is received from BSE.

UNDERTAKING BY THE COMPANY

- I. That the Complaints received in respect of the issue shall be attended to by the issuer Company expeditiously and satisfactorily.
- II. that all steps for completion of the necessary formalities for listing and commencement of trading at all stock exchanges where the securities are to be listed are taken within seven working days of finalization of the basis of allotment.
- III. that the issuer company shall apply in advance for the listing of equities.
- IV. That the funds required for dispatch of refund to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the issue by the issuer company.
- IV (a) that where refunds are made through electronics transfer of funds, a suitable communications shall be sent to the applicants within 30 days or 15 days of closure of the issue, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of funds.
that the promoters contributions in full, wherever required, shall be brought in advance before the issue opens for public subscription
- V. that the certificates of the securities /refund orders to the non –resident Indians shall be despatched within specified time.
- VI. That no further issue of securities shall be made till the securities offered through this prospectus are listed or till the application moneys are refunded on account of non-listing, under subscription.



UTILISATION OF ISSUE PROCEEDS

The Board of Directors of the Company certifies that:

- a) all the monies received out of this issue of Equity shares to public shall be transferred to a separate bank Account other than the bank account referred to in sub-section (3) of section 73 of the Companies Act.
- b) details of all monies utilised out of the issue referred to in sub item (a) shall be disclosed under an appropriate separate head in the Balance sheet of the Company indicating the purpose for which such monies has been utilised and,
- c) details of all unutilised monies out of the issue of equity shares, if any, referred to in sub item (a) shall be disclosed under an appropriate head in the Balance sheet of the Company indicating the form in which such unutilised monies have been invested.

The Board of Directors of the Company further certifies that ;

- a) The utilisation of monies received under promoters contributions and reservation shall be disclosed under an appropriate head in the balance sheet of the company indicating the purposes for which such monies have been utilised.
- b) The details of all unutilised monies out the funds received under promoter's contribution and reservation shall be disclosed under a separate head in the balance sheet of the Company indicating the form in which such unutilised monies have been invested.

The Company undertakes that it shall not access the money raised in the issue till finalization of basis of allotment or completion of issue formalities.

RESTRICTION ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign Investment in Indian Securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the Conditions subject to which foreign investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy, FEMA regulates the precise manner in which investments may be made. Under the Industrial policy unless specifically restricted, foreign investor is required to follow certain prescribed procedures for making such investments. As per current foreign investments policies, foreign direct investment in Electronic industry is permitted upto 100% under the automatic route.

The Equity shares have not been and will not be registered under the Securities Act or any state securities laws in the United States and may not be offered or sold within the united states or to, of for the account or benefit of, " U.S, Persons"(as defined in Regulation under the securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, The Equity Shares are only being offered and sold) in the United States to "Qualified Institutional Buyers "as defined in Rule 144A of the Securities Act, and ii) outside the united states to certain persons in offshore transactions in compliances with regulations S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occurs.

Subscription by NRIs/FII.

It is to be distinctly understood that there is no reservation for Non – Resident ,NRIs and FIIs and all Non-Resident , NRI and FIIs applicants will be treated on the same basis as other categories for the purpose of allocation .

According to the Current regulation, the following restrictions are applicable for investments by FIIs:

Under the present regulations, the maximum permissible investment by a single FII cannot exceed 10% of its total issued capital. The maximum permissible FII investment in the company is restricted to 24% of its total issued capital. This limit of 24% of the total issued capital can be raised to 100% by adoption of a special resolution by the Company for adoption.

SECTION IX: DESCRIPTION OF EQUITY SHARES AND TERMS OF ARTICLES OF ASSOCIATION

DESCRIPTION OF EQUITY SHARES

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

- Right to receive dividend, if declared.
- Right to attend general meeting and exercise voting rights unless prohibited by law.
- Right to vote on poll either personally or by proxy.
- Right to receive offer for rights shares and the allotted bonus shares, if announced;
- Right to receive surplus on liquidation.
- Such other rights as may be available to a shareholder of a Public Limited Company under the Companies Act, 1956, listing Agreement with the stock Exchanges and Articles of Association of the Company.

Subject to applicable laws the Company has rights for forfeiture of Shares and lien on shares.

For details of above mentioned rights please refer the Articles of Association of the Company as mentioned below.

Process of Modification of above mentioned rights

The above rights can be amended subject to company complying the provisions of companies Act, as amended from time to time and subject to compliance of such other acts, rules and regulation as may be affecting / restricting the rights of company to amend the aforesaid provision.

MAIN PROVISION OF ARTICLE OF ARTICLES OF ASSOCIATION

CAPITAL

AMOUNT OF CAPITAL

The Authorised Share Capital of the Company is as stated in clause V of Memorandum of Association of the Company with power to increase and/or reduce such capital from time to time in accordance with the regulation of the Company and the legislative provisions for the time being in force in this behalf and with power to divide the shares in the capital for the time being into equity share capital and preference share capital and to attach there to respectively any preferential, qualified or special rights, privileges or conditions. If and whenever the capital of the Company is divided into shares of different classes, the right of any such class may be varied, modified, effected, extended, abrogated or surrendered as provided in the Articles of Association of the Company and the legislative provisions for the time being in force.

INCREASE IN CAPITAL

The Company in general meeting may, from time to time, by an ordinary resolution increase the capital by the creation of new shares, the increase to be of such aggregate amount and to be divided into shares of such respective amounts as the resolution shall prescribe. Subject to the provisions of the Act, any shares of the original or the increased capital shall be issued upon such terms and conditions and with such rights and privileges annexed thereto, as the General Meeting resolving upon the creation thereof, shall direct, and if no direction be given, as the Directors shall determine and in particular, such shares may be issued with a preferential or qualified right to dividends, and in the distribution of assets of the Company in conformity with sections 87 and 88 of the Act. Whenever the capital of the Company has been increased under the provisions of this Article, the Directors shall comply with the provisions of section 97 of the Act.

“Further Issue of Shares

Where at the time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of shares in the Company made for the first time after its formation, whichever is earlier. It is proposed to increase the subscribed capital of the Company by allotment of further shares either out of the unissued capital or out of the increased share capital then:

- (a) Such further shares shall be offered to the persons who as at the date of the offer, are holders of the equity shares of the Company, in proportion, as near as circumstances admit, to the capital paid up on those shares at the date.
- (b) Such offer shall be made by a notice specifying the number of shares offered and limiting a time not less than thirty days from the date of the offer and the offer if not accepted, will be deemed to have been declined.



- (c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to them in favour of any other person and the notice referred to in sub clause (b) hereof shall contain a statement of this right. PROVIDED THAT the Directors may decline, without assigning any reason to allot any shares to any person in whose favour any member may renounce the shares offered to him.
- (d) After expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose off them in such manner and to such person(s) as they may think, in their sole discretion, fit.
- 4B. Notwithstanding anything contained in sub-clause (4A) thereof, the further shares aforesaid may be offered to any persons [whether or not those persons include the persons referred to in sub clause (a) of Article 4A(1)] in any manner whatsoever.
- (a) If a special resolution to that effect is passed by the Company in General meeting, or
- (b) Where no such special resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in the general meeting (including the casting vote, if any, of the chairman) by the members who, being entitled to do so, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf that the proposal is most beneficial to the Company.
- 4C. Nothing in sub clause (c) of Article 4A hereof shall be deemed:
- (a) To extend the time within which the offer should be accepted; or
- (b) To authorise any person to exercise the right of renunciation for a second time on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.
- 4D. Nothing in this article 4A, 4B and 4C shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the debenture issued or loans raised by the Company:
- (i) To convert such debentures or loans into shares in the Company; or,
- (ii) To subscribe for shares in the Company (whether such option is conferred in these Articles or otherwise).

PROVIDED THAT the terms of issue of such debentures or the term of such loans include a term providing for such option and such term:

- (a) Either has been approved by the Central Government before the issue of the debentures of the raising of the loans or is in conformity with Rules, if any, made by that Government in this behalf; and
- (b) In the case of debentures or loans or other than debentures issued to or loans obtained from Government or any institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the Company in General Meeting before the issue of the debentures or raising of the loans.”

NEW CAPITAL SAME AS EXISTING CAPITAL

5. Except so far as otherwise provided by the conditions of issue or by these presents, any capital raised by the creation of new shares shall be considered as part of the existing capital and shall be subject to the provisions herein contained, with reference to the payment of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.

5A. ISSUE ON PREFERENTIAL BASIS

Subject to the provision of Section 81 of the Companies Act, 1956 and rules prescribed under the unlisted Public Companies (Preferential Allotment) rules 2003 and any amendment or modification thereof or any other regulation specified by Government from time to time, the company and the board of Directors may issue shares on preferential allotment basis to any person including promoters relatives, group companies, FIIs, FIs, NRIs or any other body corporate or employees of the company on such terms and conditions as may be prescribed under the aforesaid rules or such other regulation.

POWER TO ISSUE REDEEMABLE PREFERENCE SHARES

6. (1) Subject to the provisions of section 80 of the Act and subject to the provisions of which any shares may have been issued, the Company may issue preference shares which are or at the option of the Company are to be liable to redeem provided that,
- a) No such shares shall be redeemed except out of the profits of the Company which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purpose of the redemption.

CIRCUIT SYSTEMS (INDIA) LIMITED

- b) No such shares shall be redeemed unless they are fully paid;
 - c) The premium, if any, payable on redemption shall have been provided for out of the profits of the Company or out of the Company's share premium account before the shares are redeemed.
 - d) Where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall out of profits which would otherwise have been available for dividend, be transferred to a reserve fund, to be called "the capital redemption reserve account", a sum equal to the nominal amount of the shares redeemed and the provisions of the share capital of the Company shall accept as provided in Section 80 of the Act, apply as if the capital redemption reserve account were paid up share capital of the Company.
- (2) Subject to the provisions of Section 80 of the Act and subject to the provisions on which any shares may have been issued, the redemption of preference shares maybe effected on such terms and in such manner as may be provided by the Articles of the Company or the terms and conditions of their issue and subject thereto in such manner as the Directors may think fit.
- (3) The redemption of preference shares under this provision by the Company shall not be taken as reducing the amount of its Authorised Share Capital.
- (4) Where in pursuance of this Article, the Company has redeemed or is about to redeem any preference shares, it shall have power to issue shares upto the nominal amount of the shares redeemed or to be redeemed as if those have never been issued, and accordingly the Share Capital of the Company shall not, for the purpose of calculating the fees payable under Section 611 of the Act be deemed to be increased by the issue of shares in pursuance of this clause.
- Provided that where new shares are issued before the redemption of the old shares the new shares shall not so far as relates to stamp duty be deemed to have been issued in pursuance of this clause unless the old shares are redeemed within one month after the issue of the shares.
- (5) The Capital redemption reserve account may notwithstanding anything in this Article, be applied by the Company, in paying up unissued shares of the Company to be issued to members of the Company as fully paid bonus shares.

PROVISIONS IN CASE OF REDEMPTION OF PREFERENCE SHARES

7. The Company shall be at liberty at any time, either at one time or from time to time as the Company shall think fit, by giving not less than six month's previous notice in writing to the holders of the preference shares, to redeem at par the whole or part of the preference shares for the time being outstanding by payment of the nominal amount thereof with dividend calculated upto the date or date notified for payment (and for this purpose the dividend shall be deemed to accrue due from day to day) and in the case of redemption of part of the preference shares the following provisions shall take effect:
- (a) The shares to be redeemed shall be determined by drawing a lot which the Company shall cause to be made at its Registered Office in the presence of one Director at least, and
 - (b) Forthwith after every such drawing the Company shall notify to the shareholder whose shares have been drawn for redemption, its intention to redeem such shares by payment at the Registered Office of the Company at the time and on the date to be named against surrender of the Certificates in respect of the shares to be so redeemed and at the time and date so notified, each such shareholder shall be bound to surrender to the Company the Share Certificate in respect of the shares to be redeemed and thereupon the Company shall pay the amount payable to such shareholders in respect of such redemption. The shares to be redeemed shall cease to carry interest from the date named for payment as aforesaid. Where any such Certificate comprises any shares which have not been drawn for redemption, the Company shall issue to holder thereof a fresh Certificate therefore.

REDUCTION OF SHARE CAPITAL

- 8 The Company may (subject to the provisions of sections 78,80 and 100 to 105 inclusive of the Act) from time to time by Special Resolution reduce its capital and any capital Redemption Reserve Account or Premium Account in any manner for the time being authorised by law, and in particular capital may be paid off the footing that it may be called upon again or otherwise. This Article is not to derogate from any power the Company would have, if it were omitted.

8 (A) BUY BACK OF SHARES

The Company may Purchase its own Shares or other Specified Securities subject to and in accordance with the provisions of Section 77A of the Companies Act, 1956 and or any regulations or procedure made by the Securities And Exchange Board of India or Government of India in this behalf and in accordance with any other guidelines as may be prescribed for the time being in force.



8 (B) ISSUE OF SWEAT EQUITY

The Company may issue any shares as Sweat Equity Shares of a class of the Shares already issued subject to the guidelines as prescribed by the Securities And Exchange Board of India or Government of India in this behalf for the time being in force.

SUB-DIVISION, CONSOLIDATION AND CANCELLATION OF SHARES

9. Subject to the provisions of section 94 of the Act, the Company in general meeting may, from time to time, consolidate all or any of its share capital into shares of larger amount than its existing shares or sub-divide its shares, or any of them into shares of smaller amount than is fixed by the memorandum and the resolution whereby any share is sub-divided, may determine that, as between the holders of the shares resulting from such sub-division one or more of such shares shall have some preference or special advantages as regards dividend, capital or otherwise over or as compared with the others or other. Subject to as aforesaid the Company in general meeting may also cancel shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

MODIFICATION OF RIGHTS

10. If at any time share capital, by reason of the issue of Preference Shares or otherwise, is divided into different classes of shares, all or any of the rights and privileges attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of Sections 106 and 107 of the Act and whether or not the Company is being wound-up be varied, modified, commuted, affected or abrogated with the consent in writing of the holders of three-fourths of the issued shares of that class or with the sanction of a Special Resolution passed at a separate general meeting of the holders of the shares of that class. This Article shall not derogate from any power which the Company would have if these Articles were omitted. The provisions of these Articles relating to general meetings shall, mutatis mutandis, apply to every such separate meeting but so that if at any adjourned meeting of such holders a quorum as defined above is not present, those persons who are present shall be the quorum.

SURRENDER OF SHARES

The Directors may, subject to the provisions of the Act, accept a surrender of any share from or by any member desirous of surrendering them on such terms as they think fit.

SHARES AND CERTIFICATES

Register of Members

12. (1) The Company shall cause to be kept Register of Members and an Index of Members in accordance with Section 150 and 151 of the Act and Register and Index of Debenture holders in accordance with Section 152 of the Act. The Company may also keep a Register of Foreign Members and Debenture holders in accordance with Section 157 of the Act.
- (2) The Company shall also comply with the provisions of Section 159 and 161 of the Act as to filing of Annual Returns.
- (3) The Company shall duly complied with the provisions of Section 163 of the Act in regard to keeping of Registers, Indexes, copies of Annual Returns and giving inspection thereof and furnishing copies thereof.

Shares to be numbered progressively and no share to be sub-divided.

13. The shares in the capital shall be numbered progressively according to their several denominations, and except in the manner hereinbefore mentioned no share shall be sub-divided. Every forfeited or surrendered share shall continue to bear the number by which the same was originally distinguished.

FURTHER ISSUE OF CAPITAL

14. Where it is proposed to increase the subscribed Capital of the Company by allotment of further shares the provisions of Section 81 of the Act in so far as the same be applicable shall be complied with.

SHARES AT THE DISPOSAL OF THE DIRECTORS

15. Subject to the provisions of Section 81 of the Act and these Articles, the shares in the capital of the Company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provisions of Section 79 of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the Company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the capital of the Company on payment in full or part of any property sold and transferred or for

CIRCUIT SYSTEMS (INDIA) LIMITED

any services rendered to the Company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares, provided that option or right to call of shares shall not be given to any person or persons without the sanction of the Company in the General Meeting.

Power also to Company in General Meeting to issue shares

16. In addition to and without derogating from the powers for that purpose conferred on the Board under Articles 14 and 15, the Company in General Meeting subject to provisions of section 81 of the Act, determine that any shares (whether forming part of the original capital or of any increased capital of the Company) shall be offered to such persons (whether members or not) in such proportion and on such terms and conditions and either (subject to compliance with the provisions of section 78 and 79 of the Act) at a premium or at par or at discount, such option being exercisable at such times and for such consideration as may be directed by such General Meeting or the Company in general meeting may make any other provision whatsoever for the issue, allotment or disposal of any shares.

ISSUE OF SHARES FOR CONSIDERATION OTHER THAN CASH

17. Subject to these Articles and the provisions of the Act, the Board may issue and allot shares in the capital of the Company as payment or in consideration of the purchase or acquisition of any property or for services rendered to the Company in the conduct of its business and shares which may be so issued or allotted shall be credited or deemed to be credited as fully paid up shares.

ACCEPTANCE OF SHARES

18. Any application signed by or on behalf of an applicant for shares in the Company, followed by an allotment of any shares therein, shall be an acceptance of shares within the meaning of these Articles, and every person who thus or otherwise accept any shares and whose name is on the Register shall for the purposes of these Articles be a member.

DEPOSIT AND CALL ETC., TO BE A DEBT PAYABLE IMMEDIATELY

19. The money, if any, which the Board shall, on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise in respect of any shares allotted by them shall, immediately on the insertion of the name or the name of the allottee in the Register of Members as the name of the holder of such shares, become a debt due to and recoverable by the Company from the allottee thereof and shall be paid by him accordingly.

LIABILITY OF MEMBERS

20. Every member, or his heirs, executors or administrators, shall pay the Company the portion of the capital represented by his shares or shares which may, for the time being, remain unpaid thereon, in such amounts, at such time or times, and in such manner as the Company's regulations require or fix for the payment thereof.

SHARE CERTIFICATE

21 (a). Every member shall be entitled, without payment, to receive one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee as the Directors may from time to time determine) to several certificates, each for one or more of such shares and the Company shall complete and have ready for such delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one month of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every certificate of shares shall be under the seal of the Company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the directors may prescribe or approve, provided that in respect of a share or shares held jointly by several persons, the Company shall not be borne to issue more than one certificate and delivery of a certificate of shares to one of several joint holders shall be sufficient delivery to all such holder.

Provided further that no certificate, as aforesaid shall be issued where such certificate is to be issued for the first time after allotment of share, unless the surrendering, by the allottee, of the letter of allotment or fractional coupons of requisite value, save in case of issued against letter of acceptance or renunciation or in case of issue of bonus shares.

Provided further that the seal of the Company shall be affixed in the presence of two Directors or persons acting on behalf of the Director under a duly registered power of attorney and the Secretary or some other person appointed by the Board for the purpose and the two Directors or their Attorneys and the Secretary or other person shall sign the share certificate, proved that if the composition of the Board permits of it, at least of the aforesaid two Directors shall be a person other than a Managing or a Whole time Director. Particulars of every such share certificate issued shall be entered in the Register of Members against the name of the persons to whom it has been issued, indicating the date of issue.



- (b) A Director may sign a share certificate by affixing his signature thereon by means of any machine, equipment or other mechanical means, such as engraving in metal or lithography, but not by means of rubber stamp, provided that the Director shall be responsible for the safe custody of such machine, equipment or other material used for this purpose.

RENEWAL OF SHARE CERTIFICATES

22. a) No certificate of any share or shares shall be issued either in exchange for those which are sub-divided or consolidated or in replacement of those which are defaced, torn or old, decrepit, worn out or where the cages on the reverse for recording transfer have been duly utilised, unless the certificate in lieu of which it is issued is surrendered to the Company.

- (b) When a new share certificate has been issued in pursuance of clause(a) of this Article, it shall state on the face of it and against the stub or counterfoil to the effect that it is “issued in lieu of share certificate No. sub-divided/replaced/ on consolidation of shares.”

- (c) If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company’s new certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deem adequate, being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate. Every Certificates under the Article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs.2/- for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above the Directors shall comply with such Rules or Regulation or requirements of any Stock Exchange or the Rules made under the Act or the rules made under Securities Contracts (Regulation) Act, 1956 or any other Act, or rules applicable in this behalf.

The provisions of this Articles shall mutates mutandis apply to debentures of the Company.

- (d) When a new share certificate has been issued in view of the original share certificate being lost or destroyed, it shall state on the face of it and against the stub or counterfoil to the effect that it is “duplicate issued in lieu of share certificate No.....” The word Duplicate shall be stamped or punched in bold letters across the face of the share certificate.

- (e) Where a new share certificate has been issued in pursuance of clause (a) or clause (c) of this Article, particulars of every such share certificate shall be entered in a Register of Renewed and Duplicate Certificates indicating against the names of the persons to whom the certificate is issued, the number and date of issue of the share certificate in lieu of which the new certificate is issued, and the necessary changes indicated in the Register of Members by suitable cross reference in the “Remarks” column.

- (f) All blank forms to be issued for issue of share certificate shall be printed and the printing shall be done only on the authority of a resolution of the Board. The blank forms shall be consecutively machine numbered and the forms and the blocks, engravings, facsimiles and hues relating to the printing of such forms shall be kept in the custody of the Secretary or of such other person as the Board may appoint for the purpose and the Secretary or the other person aforesaid shall be responsible for rendering an account of those forms to the Board.

- (g) The Managing Director of the Company for the time being or if the Company has no Managing Director, every Director of the Company shall be responsible for the maintenance, preservation and safe custody of all books and documents relating to the issue of share certificates except the blank forms of share certificate referred to in clause (f) of this Article.

- (h) All books referred to in clause (g) of this Article shall be preserved in good order permanently.

22 (A) Meaning of Depository of Shares and Securities.

For the purpose of Articles 22B and 22C appearing hereunder

- (a) The Depositories Act shall mean Depositories Act, 1996, and includes any statutory modifications or re-enactment thereof for the time being in force.

- (b) Depository shall have the meaning assigned thereto by The Depositories Act.

22 (B) Powers of the Company to Dematerialise or Rematerialise the Certificates of any Holders of Shares, Debentures or any Securities with the depositories.

Notwithstanding anything contained in these Articles, the company shall have powers to dematerialise its shares, debentures and other securities, to rematerialise the same and to offer and issue new shares, debentures or other securities in a dematerialised form in accordance with the provisions of the Depositories Act. The rights and obligations of the concerned parties in respect of the shares, debentures and other securities in the dematerialised form, and all matters connected therewith and/or incidental thereto shall be governed by the provisions of the Depositories Act and the relevant provisions of the act.

22 (C) Holding of Securities in Dematerialised Form with Depositories and the beneficial owner recorded with depositories rights.

Every person subscribing to or holding shares, debentures and other securities of the Company shall have the option to receive certificates therefore or to hold the same with a Depository in dematerialised form. A beneficial owner, i.e. a person whose name is recorded as such in a Depository in respect of the securities, can at any time opt out of the Depository, if permitted by law, and in such a case the Company shall, in the manner and within the time as prescribed, issue the required certificates in respect of the subject securities to the beneficial owner.”

The first named of joint-holders deemed sole holder

23. If any share stands in the names of two or more person first named in the Register shall, as regards receipts of dividends or bonus or service of notice and all or any other matter connected with the Company, except voting at meetings, and the transfer of the shares, be deemed the sole holder thereof but the joint-holders of a share shall be severally as well as jointly liable for the payment of all installments and calls due in respect of such share and for all incidents thereof according to the Company's regulations.

Company not bound to recognise any interest in share other than that of registered holder

24 Except as ordered by a Court of competent jurisdiction or as by law required, the Company shall not be bound to recognise any equitable, contingent, future or partial interest in any share, (except only as is by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto, in accordance with these Articles, in the person from time to time registered as the holder thereof, but the Board shall be at liberty at their sole discretion to register any share in the joint names of any two or more persons or the survivor or survivors of them.

Declaration by person not holding beneficial interest in any share

25. (a) Notwithstanding anything herein contained, a person whose name is at any time entered in the Register of Members of the Company as the holder of a share in the Company, but who does not hold the beneficial interest in such share, shall within such time and in such form as may be prescribed, make a declaration to the Company specifying the name and other particulars of the person or persons who hold the beneficial interest in such share in such manner as may be provided in section 187-C of the Act.
- (b) A person who holds a beneficial interest in a share or a class of shares of the Company shall, within the time prescribed, after his becoming such beneficial owner, make a declaration to the Company specifying the nature of his interest, particulars of the person in whose name the share stand in the Register of Members of the Company and such other particulars as may be prescribed as provided in section 187-C of the Act.
- (c) Whenever there is a change in the beneficial interest in a share referred to above, the beneficial owner shall, within the time prescribed from the date of such change make a declaration to the Company in such form and containing such particulars as may be prescribed as provided in section 187-C of the Act.
- (d) Notwithstanding anything contained in section 153 of the Act and Article 21 hereof, where any declaration referred to above is made to the Company, the Company shall make a note of such declaration in the Register of Members and file within the time prescribed from the date of receipt of the declaration a return in the prescribed form with the Registrar with regard to such declaration.

FUND OF COMPANY MAY NOT BE APPLIED IN PURCHASE OF SHARES OF THE COMPANY

26 None of the funds of the Company shall be applied in the purchase of any shares of the Company, and it shall not give any financial assistance for or in connection with the purchase of subscription of any share in the Company or in its Holding Company save as provided by section 77 of the Act.



UNDERWRITING AND BROKERAGE

Power to pay certain commission and prohibition of payment of all other commissions, discounts etc.

27. (1) The Company may pay a commission to any person in consideration of:
- a) his subscribing or agreeing to subscribe, whether absolutely or conditionally, for any shares or debentures of the Company, or
 - b) This procuring of agreeing to procure subscriptions whether absolute or conditional, for any shares in or debentures of the Company, if the following conditions are fulfilled, namely:
 - (i) the commission paid or agreed to be paid does not exceed in the case of shares, five percent of the price at which the shares are issued and in the case of debentures, two and a half percent of the price at which the debentures are issued;
 - (ii) the amount or rate percent of the commission paid or agreed to be paid is in the case of shares or debentures offered to the public for subscription disclosed in the prospectus, and in the case of shares or debentures not offered to the public for subscription disclosed in the Statement in lieu of Prospectus and filed, before the payment of commission, with the Registrar, and where a circular or notice, not being a Prospectus inviting subscription for the shares or debentures is issued also disclosed in that circular or notice, and
 - (iii) the number of shares or debentures which persons have agreed for a commission to subscribe, absolutely or conditionally, is disclosed in the manner aforesaid.
- (2) Save as aforesaid and save as provided in Section 79 of the Act, the Company shall not allot any of its shares or debentures, or apply any of its money, either directly or indirectly, in payment of any commission, discount or allowance, to any person in consideration of:
- (a) his subscribing or agreeing to subscribe, whether absolutely or conditionally, for any shares in or debentures of the Company, or
 - (b) his procuring or agreeing to procure subscriptions, whether absolute or conditional for any shares in or debentures of the Company, whether the shares, debentures or money be so allotted or applied by being added to the purchase money be so allotted or applied by being added to the purchase money of any property acquired by the Company or to the contract price of any work to be executed for the Company or the money be paid out of the nominal purchase money or contract price, or otherwise.
- (3) Nothing in this Article shall affect the power of the Company to pay such brokerage as it has heretofore been lawful for the Company to pay.
- (4) A vendor to, promoter of, or other person who received payment in shares, debentures or money from the Company shall have and shall be deemed always to have had power to apply any part of the shares, debentures or money so received in payment of any commission, the payment of which, if made directly by the Company, would have been legal under Section 76 of the Act.
- (5) The Commission may be paid or satisfied (subject to the provisions of the Act and these Articles) in cash or in shares, debentures or debentures stocks of the Company.

BROKERAGE

28. The Company may pay a reasonable sum for brokerage.

INTEREST OUT OF CAPITAL

Interest may be paid out of capital

29 Where any shares are issued for the purpose of raising money to defray the expenses of the construction of any work or building or the provisions of any plant which cannot be made profitable for a lengthy period, the Company may pay interest on so much of that share capital as is for the time being paid up, for the period, at the rate and subject to the conditions and restrictions provided by section 208 of the Act and may charge the same to capital as part of the cost of construction of the work or building or the provision of plant.

CALLS

Directors may make calls

30. The Board may, from time to time, subject to the terms on which any shares may have been issued and subject to the conditions of allotment, by a resolution passed at the meeting of the Board (and not by circular resolution) make such calls as it thinks fit upon the members in respect of all moneys unpaid on the shares held by them respectively and each

CIRCUIT SYSTEMS (INDIA) LIMITED

member shall pay the amount of every calls so made on him to the person or persons and at the times and places appointed by the Board. A call may be made payable by installments.

Notice of calls

31. One months notice in writing of any call shall be given by the Company specifying the time and place of payment, and the person or persons to whom such calls shall be paid.

Calls to date from resolution

32. A call shall be deemed to have been made at the time when the resolution authorising such calls was passed at the meeting of the Board.

Call may be revoked or postponed

33. A call may be revoked or postponed at the discretion of the Board.

Liability of joint-holders

34. The joint-holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

Directors may extend time

35. The Board may, from time to time, as its discretion extend the time fixed for the payment of any call, and may extend such time as to all or any of the members whom owing to their residence at a distance or other cause, the Board may deem fairly entitled to such extension but no member shall be entitled to such extension save as a matter of grace and favour.

Calls to carry interest

36. If any member fails to pay any call due from him on the day appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall from time to time be fixed by the Board, but nothing in the Article shall render it obligatory for the Board to demand or recover any interest from any such member.

Sums deemed to be calls

37. Any sum, which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account or the nominal value of the share or by way of premium, shall for the purpose of these Articles be deemed to be a call duly made and payable on the date on which by the terms of issue of the same becomes payable and in case of non-payment all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

Proof on trial of suit for money due on shares

38. On the trial or hearing of any action or suit brought by the Company against any member or his representatives for the recovery of any money claimed to be due to the Company in respect of his shares, it shall be sufficient to prove that the name of the member in respect of whose shares the money is sought to be recovered, appears entered on the Register of Members as the holder, at or subsequently to the date at which the money is sought to be recovered is alleged to have become due on the shares in respect of such money is sought to be recovered that the resolution making the call is duly recorded in the Minute Book and that notice of such call was duly given to the member or his representatives sued in pursuance of these Articles; and that it shall not be necessary to prove the appointment of the Directors who made such call, nor that a quorum of Directors was present at the Board at which any call was made, nor that the meeting at which any call was made was duly convened or constituted nor any other matter whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.

Payment in anticipation of calls may carry interest

39 (a) The Board may, if it thinks fit, subject to the provisions of Section 92 of the act, receive from any member willing to advance the same whole or any part of the money due upon the share held by him beyond the sums actually called for and upon the money so paid in advance, or upon so much thereof as from time to time exceeds the amount of the call then made upon the shares in respect of which such advances has been made, the Company may pay interest at such rate as the member paying such sum in advance and the Board agree upon. Money so paid in excess of the amount of call shall not rank for dividends or confer a right to participate in profits. The Board may at any time re-pay the amount so advanced upon giving to such member not less than three months notice in writing.

(b) No member paying any such sum in advance shall be entitled to voting rights in respect of the money so paid by him until the same would but for such payment become presently payable.



LIEN

Company to have lien on shares

40. The Company shall have a first an paramount lien upon all the shares (other than fully paid-up shares) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereon, for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares, and no equitable interest in any shares shall be created except upon the footing and upon the condition that Article 24 hereof is to have effect. Any such lien shall extend to all dividends from time to time declared in respect of such shares. Unless otherwise agreed the registration of a transfer of shares shall operate as a waiver of the Company's lien, if any, on such shares.

As to enforcing lien by sale

41. For the purpose of enforcing such lien the Board may sell the shares subject thereto in such manner as they shall think fit, and for that purpose may cause to be issued a duplicate certificate in respect of such shares and may authorise one of their members to execute a transfer thereof on behalf of and in the name of such member. No sale shall be made unless a sum in respect of which the lien exists is presently payable nor until notice in writing of the intention to sell shall have been served on such member or his representatives and default shall have been made by him or them in payment, fulfillment or discharge of such debts, liabilities or engagements for fourteen days after such notice.

Application of proceeds of sale

42. The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of the which the lien as is presently payable and the residue, if any, shall (subject to a like lien for sums not presently payable as existed upon the shares before the sale) be paid to the amount in respect of which the lien exists.

FORFEITURE OF SHARES

If money payable on share not paid notice to be given to Member

43. If any member fails to pay any calls or installment of a call on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Board may at any time thereafter, during the such time as the call or installment remains unpaid give notice to him requiring to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the company by reason of such non-payment.

Form of notice

44. The notice shall name a day (not being less than thirty days from the date of the notice) and a place or places on and at which such call or installment and such interest thereon at such rate as the Directors shall determine from the day on which such call or installment ought to have been paid and expenses as aforesaid are to be paid. The notice shall also state that, in the event of non-payment at or before the time and at the place appointed, the shares in respect of which the call was made or installment, or such part or other money is or are payable will be liable to be forfeited.

Partial payment not to preclude forfeiture

45. Neither a judgment in favour of the Company for call or other moneys due in respect of any shares nor any past payment or satisfaction there under nor the receipt by the Company of a portion of any money which shall from time to time be due from any member to the company in respect of its shares, either by way of principal or interest, nor any indulgence granted by the Company in respect of payment of any such money, shall preclude the Company from proceeding to enforce a forfeiture of such shares as hereinafter provided.

In default of payment share to be forfeited

46. If the requirements of any such notice as aforesaid shall not be complied with, every or 'any share in respect of which such notice has been given, may at any time thereafter before payment of all calls or installments, interest and expenses in respect thereof be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited shares and not actually paid before the forfeiture.

Notice for forfeiture to a member

47. When any share shall have been so forfeited notice of the forfeiture shall be given to the member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register of Members, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make any such entry as aforesaid.

CIRCUIT SYSTEMS (INDIA) LIMITED

Forfeited share to be the property of the Company and may be sold etc.

48. Any share so forfeited shall be deemed to be property of the Company and may be sold, re-allotted, or otherwise disposed of, either to the original holder thereof or to any other person, upon such terms and in such manner as the Board shall think fit.

Liability on forfeiture

49. Any member whose share has been forfeited shall cease to be a member in respect of the share, but shall notwithstanding such forfeiture, remain liable to pay, and shall forthwith pay to the company all calls, or installments, interest and expenses, owing upon or in respect of such share, at the time of the forfeiture, together with interest thereon, from the time of forfeiture until payment, at such rate as the Board may determine, and the Board may enforce payment thereof, or any part thereof, without any deduction or allowance for the value of the shares at the time of forfeiture, but shall not be under any obligation to do so.

Effect of Forfeiture

50. The forfeiture of a share shall involve extinction, at the time of the forfeiture, of all interest in and all claims and demands against the Company, in respect of the share and all other rights incidental to the share, except only such of those rights as by these Articles are expressly saved.

Evidence of forfeiture

51. A duly verified declaration in writing that the declaring is a Director or Secretary of the Company, or an Officer duly authorised by the Board in this behalf and that certain shares in the Company have been duly forfeited in accordance with these Articles on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares.

Validity of sale

52. Upon any sale after forfeiture, or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board may appoint some person to execute an instrument of transfer of the shares sold, and the purchaser shall not be bound to see to the regularity of the proceedings nor to the application of the purchase money, and after his name has been entered in the Register in respect of such shares, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

Cancellation of share Certificate in respect of forfeited shares

53. Upon any sale, re-allotment or other disposal under the provisions of the proceeding Articles, the certificates or certificates originally issued in respect of the relative shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting member) stand cancelled and become null and void and of no effect and the directors shall be entitled to issue a duplicate certificate in respect of the said shares to the person or persons entitled thereto.

Power to annul forfeiture

54. The Board may at any time before any shares so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as it thinks fit.

TRANSFER AND TRANSMISSION OF SHARES

Register of transfers

55. The Company shall keep a Register of Transfer and therein shall fairly and distinctly enter particulars of every transfer or transmission of any share.

Instrument of Transfer

56. The instrument of transfer shall be in writing and all provisions of Section 108 of the companies Act, 1956 and statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof and a common form of transfer shall be used for shares as well as debentures.

Transfer form to be completed and presented to the Company

57. The instrument of transfer shall be accompanied by such evidence as the Board may require to prove the title of transferor and his right to transfer the shares and every registered instrument of transfer shall remain in the custody of the Company until destroyed by order of the Board. The transferor shall be deemed to be the holder of such shares until the name of the transferee shall have been entered in the Register of Members in respect thereof. Before the registration of transfer the certificate of the shares must be delivered to the Company.



Transfer books and Register of Members when closed

58. The Board shall have power on giving not less than seven days previous notice by advertisement in some newspaper circulating in the district in which the office of the Company is situated to close the Transfer Books, Register of Members or Register Debenture-holders at such time or times and for such period or periods, not exceeding thirty days at a time and not exceeding in the aggregate forty-five days in each year.

Directors may refuse to register transfer

59. Subject to the provisions of Section 111 and 111A of the Act and Section 22A of the Securities Contracts (Regulation) Act, 1956, the Directors may, at their own absolute and uncontrolled discretion and by giving reasons, decline to register or acknowledge any transfer of shares whether fully paid or not and the right of refusal, shall not be affected by the circumstances that the proposed transferee is already a member of the Company but in such cases, the Directors shall within one month from the date on which the instrument of transfer was lodged with the Company, send to the transferee and transferor notice of the refusal to register such transfer provided that registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except when the Company has a lien to the extent of unpaid capital on partly paid up shares. Transfer of shares / debentures in whatever lot shall not be refused.

Provided that nothing in section 108 and 110 of the Act shall prejudice this power to refuse to register the transfer of, or the transmission by operation of law of the right to any shares or interest of a member in, or debentures of, the Company.

Transfer of shares

60. (1) An application of registration of the transfer of shares may be made either by the transferor or the transferee provided that where such application is made by the transferor, no registration shall in the case of partly paid shares be effected, unless the Company gives notice of the application to the transferee and subject to the provisions of clause (4) the Company shall unless objection is made by the transferee within two weeks from the date of receipt of the notice, enter in the Register of Members the name of the transferee in the same manner and subject to the same conditions as if the application for registration was made by the transferee.
- (2) For the purpose of clause (1) notice to the transferee shall be deemed to have been duly given if sent by prepaid registered post to the transferee at the address given in the instrument of the transfer and shall be deemed to have delivered to him in the ordinary course of post.
- (3) it shall not be lawful for the Company to register a transfer of any shares unless the proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee and specifying the name, address and occupation of the transferee has been delivered to the Company along with the certificate relating to the shares and if no such Certificate is in existence, alongwith the letter of allotment of the shares, the Directors may also call for such other evidence as may reasonably be required to show the right of the transferor to make the transfer. Provided that where it is proved to the satisfaction of the Directors of the Company that an instrument of transfer signed by the transferor and transferee has been lost, the Company may, if the Directors think fit on an application in writing made by the transferee and bearing the stamp required by an instrument of transfer, register the transfer on such terms as to indemnity as the Directors may think fit.
- (4) If the Company refuses to register the transfer of any shares, the Company within one months from the date on which the instrument of transfer is lodged with the Company send to the transferee and the transferor notice of the refusal as provided in Article 59.
- (5) Nothing in clause (3) above shall prejudice any power of the Company to register as shareholder any person to whom the right to any share has been transmitted by operation of law.
- (6) Nothing in this Article shall prejudice any power of the Company to refuse to register the transfer of any share.

Transfer of shares in Dematerialised form

60A. The transfer/ transmission of shares held in dematerialized form shall be affected in accordance with the provisions of the Depositories Act, 1996 and any rules and regulations made there under

Custody of instrument of transfer

61. The instrument of transfer shall after registration be retained by the Company and shall remain to their custody. All instruments of transfer which the Directors may decline to register shall be returned to the persons depositing the same. The Directors may cause to be destroyed all transfer deeds lying with the Company after such period as they may determine.

CIRCUIT SYSTEMS (INDIA) LIMITED

Notice of application when to be given

62. Where, in the case of partly paid shares, an application for registration is made by the transferor, the Company shall give notice of the application to the transferee in accordance with the provisions of Section 110 of the Act.

Death of one or more joint holders of shares

63. In case of the death of any one or more of the persons named in the Register of Members as the joint-holders of any share, the survivor or survivors shall be the only persons recognised by the Company as having any title to or interest in such share, but nothing herein contained shall be taken to release the estate of a deceased joint-holder from any liability on shares held by him jointly with any other person.

Title of shares of deceased Member

64. The executors or administrators or holders of a Succession Certificate or the legal representatives of a deceased member (not being one or two or more joint-holders) shall be the only persons recognised by the Company as having any title to the shares registered in the name of such member and the Company shall not be bound to recognise such executors or administrators or holders of a Succession Certificate or the legal representatives unless they have first obtained Probate Letters of Administration or Succession Certificate, as the case may be, from a duly constituted Court in the Union of India, provided that in any case where the Board in its absolute discretion, thinks fit, it may dispense with production of Probate or Letters of Administration or Succession Certificate upon such terms as to indemnity or otherwise as the Board in its absolute discretion may think necessary and under Article 65, register the name of any person who claims to be absolutely entitled to the shares standing in the name of a deceased member as a member.

Provided that notwithstanding anything contained in these Articles, every holder of shares in or debentures of the company may, at any time, nominate, in the prescribed manner any person to whom his shares or debentures shall vest in the event of his death, and the provisions of Sections 109A and 109B of the Act shall apply in respect of such nomination."

No transfer to Insolvent, etc.

65. No share shall be transferred to any insolvent, person of unsound mind, or partnership firm.

Registration of persons entitled to share otherwise than by transfer

66. Subject to the provisions of the Act and Articles 60 and 62 any person becoming entitled to shares in consequence of the death, lunacy, bankruptcy or insolvency of any member, or by any lawful means other than by a transfer in accordance with these Articles, may, with the consent of the Board (which it shall not be under any obligation to give), upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of such title as the Board thinks sufficient, either be registered himself as the holder of the shares or elect to have some person nominated by him and approved by the Board registered as such holder; provided nevertheless, that if such person shall elect to have his nominee registered he shall testify the election by executing in favour of his nominee an instrument of transfer in accordance with the provision herein contained, and until he does so, he shall not be free from any liability in respect of the shares.

Persons entitled may receive dividend without being registered as member

67. A person entitled to a share by transmission shall, subject to the right of the Directors to retain such dividends of money as hereinafter provided, be entitled to receive any and may give discharge for any dividends or other moneys payable in respect of the share.

Fee on registration of transfer probate, etc.

68. (a) No fee shall be charged for:

- (i) registration of transfer and transmission of the Company's shares and debentures;
- (ii) sub-division and consolidation of shares and debenture certificates and for sub-division of letters of allotment and split, consolidation, renewal and pucca transfer receipts into denominations corresponding to the market units of trading;
- (iii) sub-division of renounceable letters of right
- (iv) issue of new certificates in replacement of those which are old, decrepit or worn out or where the cages on the reverse for recording transfer have been fully utilised;
- (v) registration of any power of attorney, succession certificate, certificate of death and marriage, probate, letters of administration or similar other documents.



- (b) Fees as agreed upon with the Stock Exchanges will be charged for :
- (i) issue of new certificates in replacement of those that are torn, defaced, lost or destroyed;
 - (ii) sub-division and consolidation of shares and debenture certificates and for sub-division of letters of allotment and split, consolidation, renewal and pacca transfer receipts into denominations other than those fixed for the market unit of trading.

Company not liable for disregard of a notice prohibiting registration of a transfer

69. The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of Members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the said shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer and may have entered such notice or referred thereto, in any book of the Company and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest or to be under any liability whatsoever for refusing or neglecting so to do though it may have been entered or referred to in some book of the company, but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto if the Board shall so think fit.

Board may require evidence of transmission

70. Every transmission of a share shall be verified in such manner as the Directors may require and the Company may refuse to register any such transmission until the same be so verified or until or unless an indemnity be given to the Company with regard to such registration which the Directors at their discretion shall consider sufficient, provided nevertheless that there shall not be any obligation on the Company or the Directors to accept any indemnity.

BORROWING POWERS

Power to borrow

71. Subject to the provisions of sections 292 and 293 of the Act, the Board may, from time to time at its discretion by a resolution passed at a meeting of the Board, accept deposits from the members either in advance of calls or otherwise and generally from any source or rise, for the purpose of the Company, borrow or secure the payment of such sums as it thinks fit. Provided, however, where the money to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, the Board shall not borrow or raise such moneys without the consent of the Company in the General Meeting.

Payment or repayment of money borrowed

72. Subject to the provisions of Article 72 hereof, the payment or repayment of moneys borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respects, as the Company in General Meeting shall prescribe including the issue of bonds, debentures, debenture-stock of the Company charge upon all or any part of the property of the Company (both present and future), including its uncalled capital for the time being and the bonds, debentures, debenture-stock and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.

Terms of issue of Bonds, Debentures

73. Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination, and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares and attending (but not voting) at general meeting, appointment of Directors and otherwise. or debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in the General Meeting accorded by a Special Resolution.

Register of Mortgages, etc. to be kept.

74. The Board shall cause a proper Register to be kept in accordance with the provisions of Section 141 of the Act of all mortgages, debentures and charges specifically affecting the property of the Company, and shall cause the requirements of Sections 118, 126 and 127 to 144 (both inclusive) of the Act in that behalf to be duly complied with so far as they fall to be complied with the Board.

Register and Index of Debenture holders

75. The Company shall, if at any time it issues debentures, keep a Register and Index of Debenture-holders in accordance with Section 152 of the Act. The Company shall have the power to keep in any State or Country outside India a branch Register of Debenture-holders resident in that State or Country.

CIRCUIT SYSTEMS (INDIA) LIMITED

Notice of refusal to register transfer

76. Subject to the provisions of section 111 of the Act, if the Board refuses to register the transfer of any debenture, the Company shall within one month from the date on which the instrument of transfer was lodged with the Company, send to the transferee and to the transferor notice of the refusal.

CONVERSION OF SHARES INTO STOCK AND RECONVERSION

Shares may be converted into stock

77. The Company in general meeting may convert any paid-up shares into stock, and when any share shall have been converted into stock, the several holders of such stock may henceforth transfer their respective interest therein, or any part of such interest, in the same manner and subject to the same regulations as and subject to the which shares from which the stock arose might have been transferred, as if no such conversion had taken place, or as near thereto as circumstances will admit. The Company may at any time reconvert any stock into paid-up shares of any denomination.

Right of Stockholders

78. The holder of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company, and other matters, as if they hold the shares from which the stock arose but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding-up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

MEETINGS OF MEMBERS

Statutory Meeting

79. The Annual General Meeting and statutory general meeting shall be held in accordance with provisions of section 166 and 165 respectively.

Annual General Meeting

80. (1) a. The Company shall in each year hold in addition to any other meetings, a General Meeting as its Annual General Meeting at the intervals, and in accordance with the provisions of the Act.

Provided that the Registrar may, for any reason extend the time within which any Annual General Meeting shall be held, by such period as may be provided in the Act.

b. Except in the cases referred to in the Act, not more than fifteen months shall elapse between the date of one Annual General Meeting and that of the next.

Time and place of annual general meeting

(2) Every Annual General Meeting shall be called for any time during business hours, on a day that is not a public holiday, and shall be held either at the Registered Office of the Company or at some other place within the city, town or village in which the Registered Office of the Company be situated, and the notices calling the meeting shall specify it as the Annual General Meeting.

Power of Central Government to call General Meeting

81. (1) If default is made in holding an Annual General Meeting in accordance with section 166 of the Act, the Central Government may, notwithstanding any thing contained in the Act or in the Articles of the Company on the application of any member of the Company call or direct the calling of a General Meeting of the Company and give such ancillary or consequential directions as the Central Government thinks expedient in relation to the calling holding and conducting of the meeting.

EXPLANATION : The directions that may be given under section of the Act may include a direction that one member of the Company so present in person or by proxy shall be deemed to constitute a meeting.

(2) A General Meeting held in pursuance of clause(1) shall subject to any directions of the Central Government be deemed to be an Annual General Meeting of the Company.

Sections 171 to 186 of the Act shall apply to meetings

82. (1) The provisions of sections 171 to 186 of the Act, shall notwithstanding anything to the contrary in the Articles of the Company, apply with respect to General Meeting of the Company.



- (2) (a) Section 176 of the Act with sub adaptations and modifications, if any, as may be prescribed shall apply with respect to meetings of any class of members or of debentures holders of the Company in like manner as it applied with respect to the General Meetings of the Company.
- (b) Unless the Articles or a contract binding on the persons concerned otherwise provide, sections and modifications if any, as may be sections 171 to 175 and sections 177 to 186 of the Act with such adaptations and modifications if any, as may be prescribed, shall apply with respect to meetings of any class of members or of debentures holders or any class of debentures holders of the Company in like manner as they apply with respect to General Meetings of the Company.

Power of Directors to call Extra Ordinary General Meeting

83. The Directors may call an Extra Ordinary General Meeting of the Company whenever they think fit.

Calling of Extra Ordinary General Meeting on requisition

84. (1) The Board of Directors of the Company shall on the requisition of such number of members of the Company as is specified in clause (4) of this article, forthwith proceed duly to call an Extra Ordinary General Meeting of the Company.
- (2) The requisition shall set out the matters for the consideration of which the meeting is to be allied and shall be signed by the requisitionists and shall be deposited at the registered office of the Company.
- (3) The requisition may consist of several documents in like form each signed by one or more requisitionist.
- (4) The numbers of members entitled to requisition a meeting in regard to any matter shall be such number of them as hold at the date of the deposit of the requisition not less than one-tenth of such of the paid-up share capital of the Company as at that date carried the right of voting in regard to that matter.
- (5) Where two or more distinct matters are specified in the requisition, the provisions of clause (4) shall apply separately in regard to each such matter, and the requisition shall accordingly be valid only in respect of those matters in regard to which the conditions specified in that clause is fulfilled.
- (6) If the Board does not, within twenty-one days from the date of deposit of a valid requisition in regard to any matters, proceed duly to call a meeting for the consideration of those matters on a day not later than forty five days from the date of deposit of the requisition, the meeting may be called.
- a) by the requisitionists themselves
- b) by such of the requisitionists as represent either as majority in value of the paid-up share capital held by all of them not less than one-tenth of such of the paid-up share capital of the Company as is referred to in clause (4) whichever is less.

EXPLANATION : For the purpose of this clause, the Board shall in the case of a meeting at which a resolution is to be proposed as a Special Resolution, be deemed not to have duly convened the meeting if they do not give such notice thereof as is required by sub-section (2) of section 189 of the Act.

- (7) A meeting called under clause (6) by the requisitionists or any of them:
- a) shall be called in the same manner as nearly as possible as that in which meetings are to be called by the Board; but
- b) shall not be held after the expiration of three months from the date of the deposit of the requisition.

EXPLANATION : Nothing in clause 7 (b) shall be deemed to prevent a meeting duly commenced before the expiry of the period of three months aforesaid from adjourning to some day after the expiry of that period.

- (8) Where two or more persons hold any shares or interest in the Company jointly, a requisition or a notice calling a meeting signed by one or some only or them, shall for the purpose of this Article have the same force and effect as it has been signed by all of them.
- (9) Any reasonable expenses incurred by the requisitionists by reason of the failure of the Board duly to call a meeting shall be repaid to the requisitionists by the Company, and any, sum so repaid shall be retained by the Company out of sums due or to become due from the Company by way of fees or other remuneration for their services to such of the directors as were in default.

Length of notice for calling meeting

85. (1) A General Meeting of the Company may be called by giving not less than twenty one day's notice in writing.

CIRCUIT SYSTEMS (INDIA) LIMITED

- (2) A General Meeting of the Company may be called after giving shorter notice than that specified in clause (1), if consent is accorded thereto
- (i) in the case of an Annual General Meeting by all the members entitled to vote there at, and
 - (ii) in the case of any other meeting by members of the Company holding not less than 95 (ninety five) percent of such part of the paid-up Capital of the Company as gives a right to vote at the meeting. Provided that where any members of the Company are entitled to vote only on some resolution or resolutions to be moved at the meeting and not on the others, those members shall be taken into account for the purpose of this sub-clause in respect of the former resolution or resolutions and not in respect of the latter.

Contents and manner of service of notice and persons on whom it is to be served

86. (1) Every notice of a meeting of the Company shall specify the place and the day and hour of the meeting and shall contain a statement of the business to be transacted thereat.
- (2) Notice of every meeting of the Company shall be given:]
- (i) to every members of the Company in manner authorised by sub-section (1) to (4) of section 53 of the Act.
 - (ii) to the persons entitled to share in consequence of the death or insolvency of a member by sending it through the post in a prepaid letter addressed to them by name, or by the title or representatives of the deceased, or assignees of the insolvent, or by any like description, at the address, if any, in India supplied for the purpose by the persons claiming to be so entitled, or until and address has been so supplied, by giving the notice in any manner in which it might have been given if the death or insolvency had not occurred, and
 - (iii) to the Auditor or Auditors for the time being of the Company in any manner authorised by section 53 of the Act as in the case of any members of the Company.
- (3) The Accidental omission to given notice to, or the non-receipt of notice by any member or other person to whom it should be given shall not invalidate the proceedings at the meeting.

Explanatory statement to be annexed to notice

87. (1) For the purpose of this Article:
- a) in any case of Annual General Meeting all business to be transacted at the meeting shall be deemed special with the exception of business relating to (i) the consideration of account, balance sheet and the report of the Board of Directors and Auditors, (ii) the declaration of a dividend, (iii) the appointment of Directors in the place of those retiring and (iv) the appointment of and the fixing of remuneration of the Auditors, and
 - b) In the case of any other meetings, all business shall be deemed special.
- (2) Where any items of business to be transacted at the meeting are deemed to be special as aforesaid, there shall be annexed to the notice of the meeting a statement setting out all material facts concerning each such item of business including in particular the nature of the concern of interest, if any therein of every Director and the Manager, if any.
- Provided that the extent of shareholding interest of any such person shall be set out in the circumstances specified in the proviso to sub-section (2) of section 173 of the Act.
- (3) Where any item of business consists of the according of approval to any document by the meeting, the time and place where the document can be inspected shall be specified in the statement aforesaid.

Quorum at General Meeting

- 88 1) Five members present in person shall be a quorum for a General Meeting. No business shall be transacted at any General Meeting unless the requisite quorum be present at the commencement of the business.
- 2) If, at the expiration of half an hour from the time appointed for holding a meeting of the Company, a quorum is not present, the meeting, convened upon the requisition of members, shall stand dissolved, but in any other case the meeting shall stand adjourned to the same day in the next week or if that day is a public holiday, until the next succeeding day which is not a public holiday at the same time and place or to such other day and at such other time and place in the city or town in which the office of the company is for the time being situate as the Board may determine, and if at such adjourned meeting a quorum is not present at the expiration of half an hour from the time appointed for holding the meeting, the members present shall be a quorum, and may transact the business for which the meeting was called.



Body Corporate deemed to be personally present

89. A body Corporate being a member shall be deemed to be personally present if it is represented in accordance with Section 187 of the Act.

Chairman of General Meeting

90. The Chairman of the Board of Directors shall be entitled to take the chair at every General Meeting. If there be no Chairman or if at any meeting he shall not be present within 15 (fifteen) minutes after the time appointed for holding such meeting or is unwilling to act, the Directors present may choose one of themselves to be Chairman and in default of their doing so, the members present shall choose one of the Directors to be chairman and if no Directors present willing to take the chair, the members present shall choose one of themselves to be the Chairman.

Business confined to election of Chairman whilst chair vacant

91. No business shall be discussed at any General Meeting except the election of a Chairman whilst the chair is vacant.

Chairman with consent may adjourn meeting

92. The Chairman with the consent of the members may adjourn any meeting from time to time and from place to place in the city or town in which the office of the Company is for the time being situate but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

Voting to be by show of hands in first instance

93. At any General Meeting, a resolution put to the vote of the meeting shall, unless a poll is demanded under section 179 of the Act, be decided on a show of hands.

- (a) Subject to the provisions of the Act, upon show of hands every member entitled to vote, and present in person shall have one vote, and upon a poll every member entitled to vote and present in person or by proxy shall have one vote, for every share held by him.

No voting by proxy on show of hands

- (b) No member not personally present shall be entitled to vote on a show of hand unless such member is a body corporate present by proxy or by a representative duly authorised under section 187 of the Act in which case such proxy or representative may vote on a show of hands as if he were a member of the Company.

Chairman's Casting Vote

94. In the case of an equality of votes, the Chairman shall, both on a show of hands and at a poll (if any), have a casting vote in addition to the vote or votes to which he may be entitled as a member.

Demand for poll

95. (1) Before or on the declaration of the result of the voting on any resolution on a show of hands, a poll may be ordered to be taken by the Chairman of the meeting on his own motion and shall be ordered to be taken by him on a demand made in that behalf by the member or members present in person or by proxy and holding shares in the Company which confer a power to vote on the resolution not being less than one tenth of the total voting power in respect of the resolution or on which an aggregate sum of not less than fifty thousand rupees has been paid up.

- (2) The demand for a poll may be withdrawn at any time by the person or persons who made the demand.

Time of taking poll

- (3) a) A poll demanded on a question of adjournment shall be taken forthwith.
- b) A poll demanded on any other question (not being a question relating to the election of a Chairman which is provided for in section 175 of the Act) shall be taken at such times not being later than 48 (forty eight) hours from the time when the demand was made as the Chairman may direct.

Scrutineers at Poll

- 96. (1) Where a poll is to be taken, Chairman of the meeting shall appoint two scrutineers to scrutinise the votes given on the poll and to report thereon to him.
- (2) The Chairman shall have power at any time before the result of the poll is declared to remove a scrutineer from office and to fill vacancy in the office of scrutineer arising from such removal or from any other cause.
- (3) Of the two scrutineers appointed under this Article, one shall always be a member (not being an officer or employee of the Company) present at the meeting, provided such a member is available and willing to be appointed.

CIRCUIT SYSTEMS (INDIA) LIMITED

In what case Poll be taken without adjournment

97. Any poll duly demanded on the election of a Chairman of a meeting or any question of adjournment shall be taken at the meeting forthwith.

Demand for poll not to prevent transaction of other business

98. The demand for poll except on the question of the election of the Chairman and of an adjournment shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.

VOTES OF MEMBERS

Members in arrears not to vote

99. No members shall be entitled to vote either personally or by proxy at any General Meeting or Meeting of class of shareholders either upon a show of hands or upon a poll in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has, and has not exercised, any right of lien.

Number of votes to which member entitled

100. Subject to the provisions of these Articles and without prejudice to any special privileges, or restrictions as to voting for the time being attached to any class of shares for the time being forming part of the capital of the Company, every member, not disqualified by the last preceding Article shall be entitled to be present, and to speak and vote at such meeting, and on a show of hands every member present in person shall have one vote and upon a poll the voting right of every member present in person or by proxy shall be in proportion to his share of the paid-up equity share capital of the Company. Provided, however, that if any preference shareholder be present at any meeting of the Company, save as provided in clause (b) of sub-section (2) of Section 87, he shall have a right to vote only on resolution placed before the meeting which directly affect the rights attached to his preference shares.

Casting of vote by a member entitled to more than one vote

101. On a poll taken at a meeting of the Company, a member entitled to more than one vote, or his proxy or other person entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast in the same way all the votes he uses.

How members non-composment may vote

102. A member of unsound mind or in respect of whom an order has been made by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll by his committee or other legal guardian, and any such committee or guardian may on poll vote, by proxy.

Votes of joint-members

103. If there be joint registered holder of any shares, any one of such persons may vote at any meeting or may appoint another person (whether a member or not) as his proxy in respect of such shares, as if he were solely entitled thereto but the proxy so appointed shall not have any right to speak at the meeting, and if more than one of such joint holders be present at any meeting, then one of the said person so present whose name stands higher on the Register shall alone be entitled to speak and to vote in respect of such shares, but the other or others of the joint holders shall be entitled to be present at meeting. Several executors or administrators of a deceased member in whose name shares stand shall be for the purpose of these Articles deemed joint holders thereof.

Voting in person or by proxy

104. Subject to the provisions of these Articles, votes may be given either personally or by proxy, body corporate being a member may vote either by a proxy or by a representative duly authorised in accordance with section 187 of the Act and such representative shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the body corporate which he represents as that body could exercise if it were an individual member.

Vote in respect of shares of deceased and insolvent member

105. Any person entitled under Article 64 to transfer any share may vote at any General Meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that forty-eight hours at least before the time of holding the meeting or adjourned meeting as the case may be, at which he proposes to vote, he shall satisfy the Directors of his right to transfer such shares and give such indemnity (if any) as the Directors may require or the Directors shall have previously admitted his right to vote at such meeting in respect thereof.



Appointment of proxy

106. Every proxy (whether a member or not) shall be appointed in writing under the hand of the appointer or his attorney, or if such appointer is a body corporate under the common seal of such corporation, or be signed by an officer of any attorney duly authorised by it, and any committee or guardian may appoint such proxy. The proxy so appointed shall not have any right to speak at the meeting.

Proxy either of specified meeting or for a period

107. An instrument of proxy may appoint a proxy either for the purpose of a particular meeting specified in the instrument and any adjournment thereof or it may appoint for the purpose of every meeting of the Company, or of every meeting to be held before a date specified in the instrument and every adjournment of any such meeting.

Proxy to vote only on a poll

108. A member present by proxy shall be entitled to vote only on a poll.

Deposit of instrument of appointment

109. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney or authority, shall be deposited at the office not later than forty-eight hours before the time for holding the meeting at which, the person named in the instrument proposed to vote, and in default the instrument or proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of twelve months from the date of its execution.

Form of Proxy

110. Every instrument of proxy whether for a specified meeting or otherwise shall, as nearly as circumstances will admit, be in any of the forms set out in the Schedule IX of the Act.

Validity of votes given by proxy notwithstanding death of member

111. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal, or the transfer of the share in respect of which the vote is given, provided that no intimation in writing of the death or insanity, revocation or transfer shall have been received at the office before the meeting.

Time for objections of votes

112. No objection shall be made to the validity of any vote, except at any meeting or poll at which such vote shall be tendered, and every vote whether given personally or by proxy, not disallowed at such meeting or poll shall be deemed valid for all purposes of such meeting or poll whatsoever.

Chairman of the meeting to be the sole judge of validity of every vote

113. The Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting. The Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.

MINUTES OF MEETINGS

Minutes of General Meeting and inspection thereof by Members

- 114 (1) The Company shall cause minutes of all proceedings of every General Meeting to be kept by making within thirty days of the conclusion of every such meeting concerned, entries thereof in books kept for the purpose with their pages consecutively numbered.
- (2) Each page of every such book shall be initialed or signed and the last page of the record or proceedings of each meeting in such book, shall be dated and signed by the Chairman of the same meeting within the aforesaid period of thirty days or in the event of the death or inability of that Chairman within that period, by a Director duly authorised by the Board for the purpose.
 - (3) In no case shall the minutes of proceedings of a meeting be attached to any such books as aforesaid by pasting or otherwise.
 - (4) The minutes of each meeting shall contain a fair and correct summary of the proceedings thereof.
 - (5) Nothing herein contained shall require or be deemed to require the inclusion in any such minutes of any matter which in the opinion of the Chairman of the meeting (a) is or could reasonably be regarded as defamatory of any person; (b) is irrelevant or immaterial to the proceedings; or (c) is detrimental to the interests of the Company. The Chairman of the meeting shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the aforesaid grounds.

CIRCUIT SYSTEMS (INDIA) LIMITED

- (6) Any such minutes shall be of the proceedings recorded therein.
- (7) The book containing the minutes of proceedings of General Meetings shall be kept at the office of the Company and shall be open during business hours, for such period not being less in the aggregate than two hours in each day as the Directors determine, to inspection of any member without charge.
- (8) No documents purporting to be a report of proceedings of any General Meeting of the Company shall be circulated or advertised at the expense of the Company unless it includes the matters enquired by Section 193 of the Act to be contained in the minutes of the proceedings of such meeting.

DIRECTORS

Number of Directors

115 The number of Directors of the Company shall not be less than three and not to be more than twelve, excluding the Special Director, if any, and Debenture Director, if any, and Corporation directors, if any.

First Directors

116. The following persons shall be the First Directors of the Company.

1. **Mr. Anil T. Patel**
2. **Mr. Paresh Vasani**
3. **Mr. Ashok T Patel.**

Directors of the Company

117. Not less than two-thirds of total number of Directors of the Company shall:

- (a) be persons whose period of office is liable to determination by retirement of Directors by rotation; and
- (b) save as otherwise expressly provided in the Act, be appointed by the Company in General Meeting.

Corporation Director

118. Notwithstanding anything to the contrary contained in these Articles, so long as any moneys remain owing by the Company to the Industrial Development Bank of India Limited (IDBI), Industrial Finance Corporation of India (IFCI), The Industrial Credit and Investment Corporation of India Limited (ICICI), The Industrial Reconstruction Corporation of India Limited (IRCI), Life Insurance Corporation of India (LIC), Unit Trust of India (UTI), General Insurance Company Limited (GIC), The Oriental Fire and General Insurance Company Limited (OFGI), The New India Assurance Company Limited (NIA), United Insurance Company (UI), Himachal Pradesh Mineral and Industrial Development Corporation Limited (HPMIDC) or a State Finance Corporation or any financial Institution owned or controlled by the Central Government or State Government or the Reserve Bank of India or by two or more of them or by Central Government or State Government by themselves (each of the above is hereinafter this Article referred to as "the Corporation" out of any loan/debenture assistance granted by them to the Company or so long as the Corporation holds or continues to hold Debentures/shares in the Company as a result of underwriting or by direct subscription or private placement, or so long as any liability of the Company arising out of any guarantee furnished by the Corporation on behalf of the Company remains outstanding, the Corporation shall have a right to appoint from time to time, any person or persons as a Director or Directors wholetime or non wholetime (which Director or Directors, is/are hereinafter referred to as Nominee Directors) on the Board of the Company and to remove from such office any person or persons so appointed and to appoint any person in his or their place/s.

The Board of Directors of the Company shall have no power to remove from the office the Nominee Director/s. At the option of the Corporation such Nominee Director/s shall not be required to hold any share qualification in the Company. Also at the option of the Corporation such Nominee Director's shall not be liable to retirement by rotation of Directors. Subject as aforesaid, the Nominee Director/s shall be entitled to the same rights and privileges and subject to the same obligations as any other Director of the Company.

The Nominee Director/s so appointed shall hold the said office only so long as any moneys remain owing by the Company to the Corporation or so long as the Corporation holds or continues to hold or continues to hold Debentures/shares in the Company as a result of underwriting or by direct subscription or private placement or the liability of the Company arising out of the guarantee is outstanding and the Nominee Directors so appointed in exercise of the said power shall ipso facto vacate such office immediately the moneys owing by the Company to Corporation are paid off or on the corporation ceasing to hold the debentures/shares in the Company or on the satisfaction of the liability of the Company arising out of the guarantee furnished by the Corporation.



The Company shall pay to the Nominee Director/s sitting fees and expenses to which the other Directors of the Company are entitled, but if any other fees, commission, monies or remuneration in any form is payable to the Director/s of the Company, the fees, commission monies or remuneration in the relation to such Nominee Director/s shall accrue to the Corporation and the same shall accordingly be paid by the Company directly to Corporation. Any expenses that may be incurred by the Corporation or such Nominee Director/s in connection with their appointment or Directorship shall also be paid or reimbursed by the Company to the Corporation or as the case may be, to such Nominee Director/s.

Provided that if any such Nominee Director/s is an officer of the Corporation, the sitting fees in relation to such Nominee Director/s shall also accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation.

Provided also that in the event of the Nominee Director/s being appointed as wholetime Director/s, such Nominee Director/s shall exercise such power and duties as may be approved by the Corporation and have such rights as are exercised or available to wholetime Director in the management of the affairs of the company. Such wholetime Director/s shall be entitled to receive such remuneration, fee, commission, and monies as may be approved by the Corporation.

Power to appoint ex-officio Directors

119. Whenever the Directors enter into a contract with any government, central, state or local authority, institution or any person or persons for borrowing any money or for providing any guarantee or security or for technical collaboration or assistance or for underwriting or enter into any other arrangement whatsoever, the Directors shall have subject to the provisions of Section 255 of the Act, the power to agree that such government, authority, institution, person or persons shall have the right to appoint or nominate by a notice in writing addressed to the Company one or more Directors on the Board for such period and upon such conditions as may be mentioned in the agreement and that such Director/s may not be liable to retire nor be required to hold any qualification shares. The Director/s may also agree that any such Director or Directors may be removed from time to time by the government, institution, person or persons entitled to appoint or nominate them and such person or persons may appoint another or others in his or their place and also fill in any vacancy which occurs as a result of any such Director or Directors ceasing to hold that of his for any reason whatever. The Directors appointed or nominated under this Article shall be entitled to exercise and enjoy all or any of the rights and privileges exercised and enjoyed by the Directors of the Company including the payment of remuneration and travelling expenses to such Director or Directors as may be agreed by the Company with such person or persons aforesaid.

Debenture Directors

120. It is provided by the Trust Deed securing or otherwise, in connection with any issue of debentures of the Company that any person or persons shall have power to nominate a Director of the Company, than in the case of any and every such issue of debentures, the person or persons having such power may exercise such power from time to time and appoint a Director accordingly. Any Director so appointed is herein referred to as Debenture Director. A Debenture Director may be removed from office at any time by the person or persons in whom for the time being is vested the power under which he was appointed and another Director may be appointed in his place. A Debenture Director shall not be liable to retire by rotation.

Appointment of Alternate Director

121. The Board may in accordance with and subject to the provisions of Section 313 of the Act, appoint and Alternate Director to act for a Director during the latter's absence for a period of not less than three months from the state in which the meetings of the Board are ordinarily held. And Alternate Director appointed under this Article shall not hold office for a period longer than that permissible to the original Director in whose place he has been appointed and shall vacate office if and when the original Director returns to the state. If the time of office of the Original Director is determined before he so returns to state any provision in the Act or in these Articles for the automatic reappointment of a retiring Director in default of another appointment shall apply to the Original Director and not to the Alternate Director.

Director's power to add to the Board

122. Subject to the provisions of sections 260 and 264 of the Act the Board shall have power at any time and from time to time to appoint any other person to be an additional Director but so that the total number of Directors shall not at any time exceed the maximum fixed under Article 115. Any such additional Director shall hold office only up to the date of the next Annual General Meeting.

Director's power to fill casual vacancies

123. Subject to the provisions of sections 262 and 264 of the Act, the Board shall have power at any time to appoint any other person to be a Director to fill a casual vacancy. Any person so appointed shall hold office only up to the date up to which the Director in whose place he is appointed would have held office if it had not been vacated by him.

CIRCUIT SYSTEMS (INDIA) LIMITED

Share qualification of Directors

124 A Director of the Company is not required to hold any qualification shares.

Remuneration of Directors

- 125.(a) Until otherwise determined by the Company in General Meeting, each Director other than the managing Director and Wholetime Director shall be entitled to receive out of the funds of the Company for his services in attending meeting of the Board or committees thereof, such fee as may from time to time be determined by the Board but not exceeding such sum as may from time to time be prescribed by or under the Act and applicable to the Company.
- (b) Subject to the provisions of the Act, a Managing Director or Director in the whole-time employment of the Company may be paid remuneration either by way of a monthly payment or at a specified percentage of the net profits of the Company or partly by one way and partly by the other.
- (c) Subject to the provisions of the Act, a Director who is neither in the whole-time employment of the Company nor a Managing Director, may be paid remuneration either;
- (i) by way of a monthly, quarterly or annually payment with the approval of the Central Government: or
- (ii) by way of commission if the Company by special resolution authorised such payment.

Special remuneration of Directors performing extra services

126.If any Director be called upon to perform extra services or make special exertion of efforts (which expression shall include work done by a Director as a member of any committee of the Board), the Board ay arrange with such Director for special remuneration for such service or exertions or efforts either by a fixed sum or otherwise as may be determined by the Board and such remuneration may be either in addition to or in substitution for his remuneration above provided.

Travelling expenses incurred by Director not a bona fide resident

127.The Board may allow and pay to any director, who is not a bona fide resident of the place where the meetings of the Board are ordinarily held and who shall come to such place for the purpose of attending any meeting, such sum as the Board may consider fair compensation or for travelling, boarding, lodging and other expenses, in addition to his fee for attending such meeting as above specified; and if any Director be called upon to go or reside out of the ordinary place of his residence on the Company's business, he shall be entitled to be repaid and reimbursed any travelling or other expenses incurred in connection with business of the Company.

Director may act notwithstanding any vacancy

128.The continuing Director may act notwithstanding any vacancy in their body but if and so long as their number is deducted below the minimum, the continuing Directors not being less than two may act for the purpose of increasing the number of Directors to that number, or of summoning a General Meeting, but for no other purpose.

When office of Directors to become vacant

129.Subject to the Sections 283(2) and 314 of the Act the office of a Director shall become vacant if:

- (a) he is found to be of unsound mind by a Court of competent jurisdiction; or
- (b) he applies to be adjudicated an insolvent; or
- (c) he is adjudged an insolvent; or
- (d) he fails to pay any call made on him in respect of shares of the Company held by him, whether alone or jointly with others within six months from the date fixed for the payment of such call unless the Central Government has by notification in the official gazette removed the disqualification incurred by such failure; or
- (e) he absents himself from three consecutive meetings of the directors or from all meetings of the directors for continuous period of three months, whichever is longer, without leave or absence from the Board; or
- (f) he becomes disqualified by an order of the court under section 203 of the Act; or
- (g) he is removed in pursuance of section 284; or
- (h) he (whether by himself or by other person for his benefit or on his account) or any firm in which he is a partner or any private company of which he is a director, accepts a loan, or any guarantee or security for a loan, from the Company in contravention of section 295 of the Act; or
- (i) he acts in contravention of section 299 of the Act; or



- (j) he is convicted by a court of an offence involving moral turpitude and is sentenced in respect thereof to imprisonment for not less than six months; or
- (k) having been appointed a director by virtue of his holding any office or other employment in the Company, he ceases to hold such office or other employment in the Company; or
- (l) he resigns his office by a notice in writing addressed to the Company.

Directors may contract with the Company

130.(1) A Director or his relative, a firm in which such director or relative is a partner; or any other partner in such a firm or a private company of which the director is a member or director may enter into any contract with the company for the sale, purchase or supply of any goods, materials or services or for underwriting the subscription of any shares in or debentures of the Company, provided that in the case of the Company having a paid-up capital of not less than Rupee one crore, no such contract shall be entered into except with the previous approval of the Central Government and the sanction of the Board shall be obtained before or within three months of the date on which the contract is entered into in accordance with section 297 of the Act.

(2) No sanction shall, however, be necessary for:

- (a) any purchase of goods and material from the Company, or the sale of goods or materials to the Company, by any such director relative, firm, partner or private company, as aforesaid for cash at prevailing market prices; or
- (b) any contract or contracts between the Company on one side and any such director, relative, firm partner or private company on the other for sale, purchase or supply of any goods, materials or services in which either the Company or the director, relative, firm, partner or private company, as the case may be, regularly trades or does business, where the value of the goods and materials or the cost of such services does not exceed Rs.5000 (Rupees five thousand) in the aggregate in any year comprised in the period of the contract or contracts. Provided that in circumstances of urgent necessity, a director, relative, firm, partner or private company as aforesaid may, without obtaining the consent of the Board, enter into any such contract with the Company for the sale, purchase or supply of any goods, materials or services even if the value of such goods or cost of such services exceeds Rs.5,000/- in the aggregate in any year comprised in the period of contract, if the consent of the Board shall be obtained to such contract or contracts at a meeting within three months of the date on which the contract was entered into.

Disclosure of interest

131.A director of the Company who is in any way, whether directly or indirectly concerned or interested in a contract or arrangement, or proposed contract or arrangement entered into or to be entered into by or on behalf of the Company shall disclose the nature of his concern or interest at a meeting of the Board in the manner provided in section 299(2) of the Act. Provided that it shall not be necessary for a director to disclose his concern or interest in any contract or arrangement entered into or to be entered into with any other company where any of the directors of the Company or two or more of them together holds or hold not more than two percent of the paid-up share capital in any such other company.

General notice of interest

132.A general notice given to the Board by the director to the effect that he is a director or member of a specified body corporate or is a member of a specified firm and is to be regarded as concerned or interested in any notice shall expire at the end of the financial year in which it shall be given but may be renewed for a further period of one financial year at a time by a fresh notice given in the last month of the financial year in which it would have otherwise expired. No such general notice, and no renewal thereof shall be of effect unless, either it is given at a meeting of the Board or director concerned takes reasonable steps to secure that it is brought up and read at the first meeting of the Board after it is given.

Interested Directors not to participate or vote in Board's Proceedings

133.No Directors shall as a director take any part in the discussion of, or vote on any contract or arrangement entered into or to be entered into by or on behalf of the Company, if he is, in any way, whether directly or indirectly concerned or interested in such contract or arrangement, nor shall his presence count for the purpose of forming a quorum at the time of any such discussion or vote, and if he does vote, his vote shall be void. Provided, however, that nothing herein contained shall apply to:

- (a) any contract of indemnity against any loss which the Directors, or any one or more of them, may suffer by reason of becoming or being sureties or a surety for the Company;
- (b) any contract or arrangement entered into or to be entered into with a public company or a private company which is a subsidiary of a public company in which the interest of the Directors consists solely; i) In his being; a) a director of

CIRCUIT SYSTEMS (INDIA) LIMITED

such company; and b) the holder of not more than shares of such number or value therein as is requisite to qualify him for appointment as a director thereof, he having been nominated as such director by the Company, or ii) in his being a member holding not more than 2 percent of its paid-up share capital.

Register of contracts in which the Directors are interested

Register of contracts in which the Directors are interested

134. The Company shall keep a Register in accordance with section 301(1) and shall within the time specified in section 301(2) enter therein such particulars as may be relevant having regard to the application thereto of section 297 or section 299 of the Act as the case may be. The Register aforesaid shall also specify, in relation to each director of the Company, the names of the bodies corporate and firms of which notice has been given by him under Article 132. The Register shall be kept at the office of the Company and shall be open to inspection at such office and extracts may be taken and copies thereof may be required by any member of the Company to the same extent, in the same manner, and on payment of the same fee as in the case of the Register of Members of the Company and the provisions of section 163 of the Act shall apply accordingly.

Directors may be Directors of the Companies promoted by the Company

135 A Director may be or become a director of any company promoted by the Company, or in which it may be interested as a vendor, shareholder, or otherwise, and no such director shall be accountable for any benefits received as a director or shareholder of such company except in so far as section 309(6) or section 314 of the Act may be applicable.

Retirements and rotation of Directors

136. Subject to the provisions of section 256 of the Act, at every Annual General Meeting of the Company, one third of such of the Directors, for the time being as are liable to retire by rotation or, if their number is not three or a multiple of three, the number nearest to one-third shall retire from office. In the following Articles 'a Retiring Directors' means a Director retiring by rotation.

Ascertainment of Directors' retirement by rotation and filling of vacancies

137. Subject to section 256(2) of the Act, the Directors to retire by rotation under Article 137, at every annual General Meeting, shall be those who have been longest in office since their last appointment, but as a between person who become directors on the same day those who are to retire shall, in default and subject to any agreement among themselves, be determined by lot.

Eligibility for re-election

138. A retiring Director shall be eligible for re-election and shall act as a Director throughout the meeting at which he retired.

Company to appoint successors

139. Subject to section 258 of the Act, the Company at the General Meeting at which a director retires in the manner aforesaid, may fill in the vacated office by electing a person thereto.

Provision in default of appointment

140. (a) If the place of the retiring Director is not so filled up and the meeting had not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the next week, at the same place, and time or if that day is a public holiday, till the next succeeding day which is not a holiday, at the same time and place.
- (b) If at the adjourned meeting also it has been nor expressly resolved not to fill the vacancy the retiring Director shall be deemed to have been re-appointed at the adjourned meeting, unless.
- (i) at that meeting or at the previous meeting resolution for the re-appointment of such Director has been put to the meeting and lost;
 - (ii) the retiring Director has, by a notice in writing addressed to the Company or its Board, expressed his unwillingness to be so re-appointed;
 - (iii) he is not qualified or is disqualified for appointment;
 - (iv) a resolution, whether special or ordinary, is required for the appointment or re-appointment by virtue of any provisions of the Act; or
 - (v) the proviso to sub-section (2) of section 263 of the Act is applicable to the case.



Company may increase or reduce the number of Directors

141. Subject to section 259 of the Act, the Company may, by ordinary resolution, from time to time, increase or reduce the number of Directors, and may alter their qualifications and the Company may (subject to the provision of section 284 of the Act) remove any Director before the expiration of his period of office and appoint another person in his stead. The person so appointed shall hold the office during such time as the Director in whose place he is appointed would have held the same if he had not been removed.

Right of persons other than retiring Directors to stand for Directorship

- 142.(1) No person not being a retiring Director shall be eligible for appointment to the office of Director at any General Meeting unless he or some member intending to propose him has, not less than fourteen days before the meeting, left at the office of the Company a notice in writing under his hand signifying his candidature for the office of Director or the intention of such member to propose him as a candidate of that office, as the case may be alongwith a deposit of such sum as may be prescribed by the Act, or the Central Government, from time to time which shall be refunded to such person or, as the case may be, to such member, if the person succeeds in getting elected as a Director.
- (2) The Company shall inform its members of the candidature of a person for the office of director or the intention of a member(s) to propose a person as a candidate for that office by serving individual notice on the members not less than seven days before the meeting in the manner provided under section 257 of the Act.
- (3) Every person other than a Director or a person who has left at the office of the Company a notice under section 257 of the Act signifying his candidature for the office of a Director posted as a candidate for the office of a Director shall sign and file with the Company, the consent in writing to act as such Director, if appointed.
- (4) A person other than a Director re-appointed after retirement by rotation or immediately on the expiry of his return of office, or an additional or alternate Director, or a person filling a casual vacancy in the office of Director under section 262 of the Act appointed as a Director or re-appointed as an additional or alternate Director immediately on the expiry of his term of office, shall not act as a Director of the Company, unless he has within thirty days of his appointment signed and filed with the Registrar his consent in writing to act as such Director.

Register of Directors etc. and notification of change to Registrar

- 143.(1) The Company shall keep at its office a Register containing the particulars of its Directors, Manager, Secretary and other persons mentioned in section 303 of the Act and shall otherwise comply with the provisions of the said section in all respect.
- (2) The Company shall in respect of each of its Directors also keep at its office a Register, as required by section 307 of the Act, and shall otherwise duly comply with the provisions of the said section in all respects.

Disclosure by Director of appointment to any other body corporate

144.(1) Every Director including a person deemed to be a Director by virtue of the Explanation to sub-section (1) of section 303 of the Act, Manager, or Secretary of the Company shall within twenty days of his appointment to any of the above office in any other body corporate, disclose to the Company the particulars relating to his office in the other body corporate which are required to be specified under sub-section (1) of section 303 of the Act.

Disclosure by a Director of his holdings of shares and debentures of the Company etc.

(2) Every Director every person deemed to be a Director of the Company by the virtue of sub-section (1) of section 307 of the Act, shall give notice to the Company of such matters relating to himself as may be necessary for the purpose of enabling the Company to comply with the provisions of that section.

Disqualification of Directors

145. The Company shall not appoint any person as its Director if:

- (1) he has been found to be of unsound mind by a court of competent jurisdiction and the finding is in force;
- (2) he is an undischarged insolvent;
- (3) he has applied to be adjudicated as an insolvent and his application is pending;
- (4) he has been convicted by a court of any offence involving moral turpitude and sentenced in respect thereof to imprisonment for not less than six months, and a period of five years has not elapsed from the date of expiry of the sentence;
- (5) he has not paid any call in respect of shares of the Company held by him, whether alone or jointly with others, and six months have elapsed from the last day fixed for the payment of the call; or
- (6) an order disqualifying him for appointment as Director has been passed by a Court in pursuance of section 203 and is in force, unless the leave of the Court has been obtained for his appointment in pursuance of that section.

CIRCUIT SYSTEMS (INDIA) LIMITED

PROCEEDINGS OF THE BOARD OF DIRECTORS

Meeting of Directors

146.(1) The Directors may meet together as a Board for despatch of business from time to time, and shall so meet at least once in every three month and at least four such meetings shall be held in every year. The Directors may adjourn and otherwise regulate their meetings as they think fit.

Notice of meetings

(2) Notice of every meeting of the Board shall be given in writing to every Director for the time being in India and at his usual address in India to every other Director provided however that in the case of a Director resident outside India, notice of every meeting of the board shall also be given to such Director at his usual address in India. Such notice shall be accompanied by the agenda setting out the business proposed to be transacted at the meeting of the Board.

Quorum

147. Subject to section 287 of the Act, the Quorum for a meeting of the Board shall be one third of its total strength (excluding Directors, if any, whose place may be vacant at the time and any fraction contained in that one-third being rounded off as one) or two Directors, whichever is higher, provided, that where at any time the number of interested Director exceeds or is equal to two thirds of the total strength in number of the remaining Directors, that is to say, the number of Directors who are not interested, present at the meeting being not less than two, shall be the quorum during such time.

Adjournment of meeting for want of quorum

148. If a meeting of the Board could not be held for want of quorum then the meeting shall automatically stand adjourned to such other date and time (if any) as may be fixed by the Chairman not being later than seven days from the date originally fixed for the meeting.

When meeting to be convened

149. The Secretary shall, as and when directed by the Chairman or Vice Chairman or by Directors to do so, convene a meeting of the Board by giving a notice in writing to every Director.

Chairman and Vice Chairman

150.a) The Board shall appoint from amongst its members a Chairman, and a Vice Chairman.

b) The Chairman of the Board shall be entitled to take the chair at every meeting of the Board. If any meeting of the Board the Chairman shall not be present within fifteen minutes of the time appointed for holding the same or if he be unable or unwilling to take the chair then the Vice Chairman shall be entitled to take the chair at such Board meeting, and failing him the Board may elect one of their members to act as the Chairman of the meeting.

Questions at Board Meetings how decided

151. Subject to the provisions of the Act, all questions arising at any meeting of the Board shall be determined by a majority of the votes of the Directors present and voting thereat.

Powers of the Board Meeting

152. A meeting of the Board for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions which by or under the Act or the Articles of the Company are for the time being vested in or exercisable by the Board generally.

Directors may appoint committee

153. Subject to the provisions of the Act and the restrictions contained in section 292 of the Act the Board may delegate any of their powers to committees of the Board consisting of such members or of its body as it thinks fit, and it may from time to time revoke and discharge any such committee of the Board either wholly or in part and either as to persons or purposes, but every committee of the Board so formed shall in the exercise of the powers so delegated confirm to any regulations that may from time to time be imposed on it by the Board. All acts done by any such committee of The Board in conformity with such regulations and in fulfillment of the purposes of their appointment but not otherwise shall have the like force and effect as if done by the Board.

Resolution by circulation

154. Resolution shall be deemed to have been duly passed by the Board or a committee thereof by circulation, unless the resolution has been circulated in draft, together with the necessary papers, if any, to all the Directors or to all the members



of the committee, then in India (not being less in number than the quorum fixed for a meeting of the Board or its committee, as the case may be), and to all other Directors or members of the committee at their usual address in India, and has been approved by such of the Directors or members of the committee as are then in India, or by a majority of such of them as are entitled to vote on the resolution.

Acts of Board or Committee valid notwithstanding informal appointment

155. All acts done by any meeting of the Board or by a committee of the Board, or by any person acting as a Director shall notwithstanding that it shall afterwards be discovered that there is some defect in the appointment of such Director or persons acting as aforesaid, or that they or any of them were disqualified or had vacated office or that the appointment of any of them had been terminated by virtue of any provisions contained in the Act or in these articles, be as valid as if every such person had been duly appointed, and was qualified to be a Director and had not vacated his office or his appointment had not been terminated, provided that nothing in this Article shall be deemed to give validity to Acts done by a Director after his appointment has been shown to the Company to be invalid or to have terminated.

Minutes of proceedings of meetings of Board

156. (1) The Company shall cause minutes of all proceedings of every meeting of the Board and committee thereof to be kept by making within thirty days of the conclusion of every such meeting entries thereof in books kept for that purpose with their pages consecutively numbered.
- (2) Each page of every such book shall be initialed or signed and the last page of the record of proceedings of every meeting in such books shall be dated and signed by the Chairman of the said meeting or the Chairman of the next succeeding meeting.
- (3) In no case shall the minutes of proceedings of a meeting be attached to any such books as aforesaid by pasting or otherwise.
- (4) The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.
- (5) All appointments of officers made at any of the meetings aforesaid shall be included in the minutes of the meeting.
- (6) The minutes shall also contain:
- (a) the names of the directors present at the meeting; and
 - (b) in the case of each resolution passed at the meeting, the names of the Directors, if any, dissenting from or not concurring in the resolution.
- (7) Nothing contained in sub-clauses (1) to (6) shall be deemed to require the inclusion in any such minutes of any matter which in the opinion of the Chairman of the meeting:
- (a) is or could reasonably be regarded as defamatory of any person,
 - (b) is irrelevant or immaterial to the proceedings, or
 - (c) is detrimental to the interests of the Company.
- The Chairman shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in minutes on the grounds specified in this sub-clause.
- (8) Minutes of meetings kept in accordance with aforesaid provisions shall be evidence of the proceedings recorded therein.

POWERS OF DIRECTORS

Powers of Directors

157. The Board may exercise all such powers of the Company and do all such acts and things as are not, by the Act, or any other Act or by the Memorandum or by the Articles of the Company required to be exercised by the Company in General Meeting, subject nevertheless to these Articles, to the provisions of the Act, or any other Act and to such regulations being not inconsistent with the aforesaid regulations or provisions, as may be prescribed by the Company in General Meeting but no regulation made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made. Provided that the Board shall not, except with the consent of the Company in General Meetings:

- (a) sell, lease or otherwise dispose of the whole, or substantially the whole, of the undertaking of the Company, or where the Company owns more than one undertaking, the whole or substantially the whole of any such undertaking;

CIRCUIT SYSTEMS (INDIA) LIMITED

- (b) remit or give time for the repayment of any debt due by a Director.
- (c) invest otherwise than in trust securities the amount of compensation received by the Company in respect of the compulsory acquisition of any such undertakings as is referred to in sub-clause (a) or of any premises or properties used for any such undertakings and without which it cannot be carried on or can be carried on only with difficulty or only after a considerable time;
- (d) borrow money where the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose,

Provided further that the powers specified in section 292 of the Act shall subject to these Articles be exercised only at meetings of the Board; unless the same be delegated to the extent therein stated; or

- (e) contribute to charitable and other funds not directly relating to the business of the Company or the welfare of its employees, any amounts the aggregate of which will, in any financial year, exceed fifty thousand rupees or five percent of its average net profits as determined in accordance with the provisions of sections 349 and 350 of the Act, during the three financial years immediately preceding whichever is greater.

Certain powers of the Board

158. Without prejudice to the general powers conferred by the last preceding Article and so as not in any way to limit or restrict those powers conferred by these Articles, but subject to the restrictions contained in the last preceding Article, it is hereby declared that the Directors shall have the following powers, that is to say, power:

- (1) To pay the costs, charges and expenses, preliminary and incidental to the promotion, formation, establishment and registration of the Company.
- (2) To pay and charge to the capital account of the Company any commission or interest lawfully payable thereout under the provisions of sections 76 and 208 of the Act.
- (3) Subject to section 292 and 297 of the Act to purchase or otherwise acquire for the Company any property, right or privileges which the Company is authorised to acquire at or for such price or consideration and generally on such terms and conditions as they may think fit, and in any such purchase or other acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfactory.
- (4) At their discretion and subject to the provisions of the Act to pay for any property, rights or privileges acquired by or services rendered to the Company either wholly or partially in cash or in shares, bonds, debentures, mortgages, or other securities of the Company, and such shares may be issued either as fully paid-up or with such amount credited as paid-up thereon as may be agreed upon, and any such bonds, debentures, mortgages or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged.
- (5) To secure the fulfillment of any contracts or engagements entered into by the Company by mortgage or charge of all or any of the property of the Company and its uncalled capital for the time being or in such manner as they think fit.
- (6) To accept from any member, as far as may be permissible by law, a surrender of his shares or any part thereof, on such terms and conditions as shall be agreed.
- (7) To appoint any person to accept and hold in trust for the Company any property belonging to the Company or in which it is interested, or for any other purpose, and to execute and do all such deeds and things as may be required in relation to any trust, and to provide for the remuneration of such trustee or trustees.
- (8) To institute, conduct, defend, compound, or abandon any legal proceedings by or against the Company or its officers or otherwise concerning the affairs of the Company and also to compound and allow time for payment or satisfaction of any debts due and of any claim or demands by or against the Company and to refer any differences to arbitration and observe and perform any awards made thereon.
- (9) To act on behalf of the Company in all matters relating to bankrupts and insolvents.
- (10) To make and give receipts, releases and other discharges for moneys payable to the Company and for the claims and demands of the Company.
- (11) Subject to the provisions of sections 292, 295, 360, 370 and 372 of the Act, to invest and deal with any money of the Company not immediately required for the purpose thereof upon such security (not being shares of this Company), or



without security and in such manner as they may think fit and from time to time to vary or realise such investments, save as provided in section 49 of the Act, all investments shall be made and held in the Company's own name.

- (12) To execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any personal liability, whether as principal or surety, for the benefit of the Company, such mortgage of the Company's property (present and future) as they think fit, and any such mortgage may contain a power of sale and such other powers, provisions, covenants and agreements shall be agreed upon.
- (13) To determine from time to time who shall be entitled to sign, on the Company's behalf, bills, notes, receipts, acceptances, endorsements, cheques, dividend, warrants, releases, contracts and documents and to give the necessary authority for such purpose.
- (14) To distribute by way of bonus amongst the staff of the Company a share or shares in the profit of the Company, and to give to any officer or other persons employed by the Company a commission on the profits of any particular business or transactions and to charge such bonus or commission as part of the working expenses of the Company.
- (15) To provide for the welfare of Directors or ex-Directors or employees or ex-employees of the Company, and to give to any officer or other persons employed by the Company a commission on the profits of any particular business or transactions and to charge such bonus or commission as part of the working expenses of the Company.
- (16) Before recommending any dividend, to set aside out of the profits of the Company, such sum as they may think proper for depreciation fund or to an insurance fund or as a reserve fund or sinking fund or any special fund to meet contingencies or to repay debentures or debenture stock or for special dividends or for equalising dividends or for repairing, improving, extending and maintaining any of the property of the Company and for such other purposes (including the purposes referred to in the preceding clause) as the Board may, in their absolute discretion think conducive to the interest of the Company and subject to section 292 of the Act to invest the several sums so set aside or so much thereof as require to be invested, upon such investments (other than shares of the Company) as they may think fit, and from time to time to deal with and vary such investments and dispose of and apply and expend all or any part thereof for the benefit of the Company, in such manner and for such purposes as the Board in their absolute discretion think conducive to the interest of the Company, notwithstanding that the matters to which the Board apply or upon which they expend the same or any part thereof may be matter to or upon which the capital moneys of the Company might rightly be applied or expended, to divide the reserve fund into such special fund as Board may think fit with full power to transfer the whole or any portion of a reserve fund or division of a reserve fund to another reserve fund or division of a reserve fund and with full power to employ the assets constituting all or any of the funds including the depreciation funds or debentures or debenture stock and without being bound to pay interest on the same with power, however, to the Board at their discretion to pay or allow to the credit of such funds interest at such rate as the Board may think proper.
- (17) To appoint, and at their discretion remove or suspend such general managers, managers, secretaries, assistants, supervisors, clerks, agents and servants for permanent, temporary or special services as they may from time to time think fit, and to determine their powers and duties, and fix their salaries or emoluments or remuneration, and to require security in such instances and to such amount as they may think fit. And also from time to time to provide for the management and transaction of the affairs of the Company in any specified locality in India or elsewhere in such manner as they think fit; and the provisions contained in the four next following sub-clauses shall be without prejudice to the general powers conferred by this sub-clause.
- (18) To comply with the requirements of any local law which in their opinion it shall in interest of the Company be necessary or expedient to comply with.
- (19) From time to time and at any time to establish any local board for managing any of the affairs of the Company in any specified locality in India or elsewhere and to appoint any persons to be members of such local boards, and to fix their remuneration.
- (20) Subject to section 292 of the Act, from time to time and at any time to delegate to any person so appointed any powers, authorities and discretions for the time being vested in the Board, other than their power to make call or to make loans or borrow moneys, and to authorise the members for the time being of any such local board, or any of them, to fill up any vacancies and any such appointment or delegation may be made on such terms and subject to such conditions as the Board may think fit, and the Board may at any time remove any person so appointed and may annul or vary any such delegation.
- (21) At any time and from time to time by power of attorney under the seal of the Company, to appoint, any person or persons to be the attorney or attorneys of the Company, for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these presents and excluding the power to make calls and excluding also except in their limits authorised by the Board the power to make loans and borrow

CIRCUIT SYSTEMS (INDIA) LIMITED

money) and for such period and subject to such conditions as the Board may from time to time think fit; and any such appointment may (if the Board thinks fit) be made in favour of the members or any of the members of any local board, established as aforesaid or in favour of any company, or the shareholders, directors, nominee, or managers, of any company or firm or otherwise in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board and any such power of attorney may contain such powers for the protection or convenience of persons dealing with such attorneys as the Board may think fit and may contain powers enabling any such delegates or attorneys as aforesaid to sub-delegate all or any of the powers, authorities and discretions for the time being vested in them.

(22) Subject to sections 294, 294-AA, 297 and 300 of the Act, for or in relation to any of the matters aforesaid or otherwise for the purposes of the Company to enter into all such negotiations and contracts and rescind and vary all such contracts and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient.

(23) From time to time to make, vary and repeal by-laws for the regulation of the business of the Company, its officers and servants.

MANAGEMENT

Power to appoint Managing or Wholetime Directors

159.(1) Subject to the provision of the Act and of these Articles, the Board shall have power to appoint from time to time any of its members as Managing Director or Managing Directors and / or Wholetime Directors and / or Special Director like Technical Director, Financial Director, etc. of the Company for a fixed term not exceeding five years at a time and upon such terms and conditions as the Board thinks fit, and the Board may by resolution vest in such Managing Director or Managing Directors/Wholetime Director(s), Technical Director(s), Financial Director(s) and Special Director(s) such of the power hereby vested in the Board generally as it thinks fit, and such powers may be made exercisable for such period or periods, and upon such conditions and subject to such restrictions as it may determine. The remuneration of such Directors may be by way of monthly remuneration and/or fee for each meeting and/or participation in profits, or by any or all of those modes, or of any other mode not expressly prohibited by the Act.

(2) The Directors may whenever they appoint more than one Managing Director, designate one or more of them as "Joint Managing Director" or "Joint Managing Directors" or "Deputy Managing Directors" as the case may be.

(3) If a Nominee Director discharges the duties of Managing Director enjoying substantial powers of management or is in the whole time service of the Company, the Company shall, where required, obtain the necessary approval of the Central Government under Section 269 of the Act.

160. Subject to the provisions of Section 255 of the Act, a Managing Director shall not while he continues to hold office be subject to retirement by rotation and he shall not be reckoned as a Director for the purpose of determining the rotation of retirement of Directors or in fixing the number of Directors to retire. Subject to the revisions of any contract between him and the Company a Managing Director shall be subject to the same provisions as to resignation and removal as the other Directors, and he shall, ipso facto and immediately, cease to be a Managing Director if he ceases to hold the office of Director from any cause save that if he shall retire by rotation under the provisions of Section 256 of the Act or otherwise vacates office as a Director at an Annual General Meeting and be reappointed a Director at the same meeting he shall not, by reason only of the such retirement, or vacation cease to be a Managing Director.

161. If at any time the total number of Managing Directors is more than one third of the total number of Directors not liable to retire by rotation the Managing Directors who shall retire be determined by Managing Directors shall be determined by the date of their respective appointments as Managing Directors by the Board. As between persons who became Managing Directors on the same day those to retire shall in default of or subject to any agreement among themselves be determined by lot.

162. Subject to the provisions of Sections 198, 269, 309, 310 and 311 of the Act a Managing Director shall in addition to the remuneration payable to him as a Director of the Company under these Articles receive such additional remuneration as may from time to time be sanctioned by the Board.

163. Subject to the provisions of the Act and in particular to the prohibitions and restrictions contained in Section 292 thereof the Board may, from time to time, entrust to and confer upon a Managing Director for the time being such of the powers exercisable under these presented by the Board as it may think fit, and may confer such powers, for such time and to be exercised for such objects and purposes and upon such terms and conditions, and with such restrictions as it thinks fit, and the Board may confer such powers either collaterally with, or to the exclusion of and in substitution for all or any of the powers of the Board in that behalf and may from time to time, revoke, withdraw, alter or vary all or any of such powers.



MANAGER

164. Subject to the provisions of the Act and in particular to the provisions of Section 197A thereof a Manager may be appointed by the Board for such term, at such remuneration and upon such terms and conditions as it may think fit.

THE SECRETARY

165. The Directors may from time to time appoint, and at their discretion, remove the Secretary, as may be prescribed by the Government from time to time under the Companies Act 1956. The Directors may also at any time appoint some person (who need not be the Secretary) to keep the register required to be kept by the Company.

THE SEAL, ITS CUSTODY AND USE

166.a) The Board shall provide a common seal for the purpose of the Company, and shall have power from time to time to destroy the same and substitute a new seal in lieu thereof and the Board shall provide for the safe custody of the seal for the time being, and seal shall never be used except by the authority of the Board or a Committee of the Board previously given.

b) The Company shall also be at liberty to have an official seal in accordance with section 50 of the Act, for use in any territory, district or place outside India.

Deeds how executed

167. Every deed or other instrument to which the seal of the Company is required to be affixed, shall unless the same is executed by a duly constituted attorney, be signed by two Directors or one Director and Secretary or some other person appointed by the Board for the purpose provided that in respect of the share certificate the seal shall be affixed in accordance with Article 21 (A)

DIVIDENDS

Division of Profits

168. The profits of the Company, subject to any special rights relating thereto created or authorised to be created by these Articles and subject to the provisions of these Articles shall be divisible among the members in proportion to the amount of capital paid or credited paid-up on the shares held by them respectively.

The Company in General Meeting may declare a dividend

169. The Company in General Meeting may declare dividends to be paid to members according to their respective rights, but no dividends shall exceed the amount recommended by the Board, but The Company in General Meeting may declare a smaller dividend.

Dividends only to be paid out of profits

170. No dividend shall be declared or paid otherwise than out of profits of the financial year arrived at after providing for depreciation in accordance with the provisions of section 205 of the Act or out of the profits of the Company for any previous financial year or years arrived at after providing for depreciation in accordance with these provisions and remaining undistributed or out of both, provided that :

- a) if the Company has not provided for depreciation for any previous financial year or years it shall, before declaring or paying a dividend for any financial year, provide for such depreciation out of the profits of the financial year or out of the profits of any other previous financial year or years;
- b) if the Company has incurred any loss in any previous financial year or years the amount of the loss or an amount which is equal to the amount provided for depreciation for that year or those years whichever is less, shall be set off against the profits of the Company for the year which the dividend is proposed to be declared or paid or against the profits of any other previous financial year or years;
- c) if the Company has incurred any loss in any previous financial year or years the amount of the loss or an amount which is equal to the amount provided for depreciation for that year or those years which ever is less, shall be set off against the profits of the Company for the year for which the dividends is proposed to be declared or paid or against the profits of the company for any previous financial year or years arrived at in both cases after providing for depreciation in accordance with the provisions of sub-section (2) of section 205 of the Act or against both.

Interim Dividend

171. The Board may, from time to time, pay to the members such interim dividend as in their judgment the position of the Company justifies.

CIRCUIT SYSTEMS (INDIA) LIMITED

Capital paid-up in advance at interest not to earn dividend

172. Where capital is paid in advance of calls, such capital may carry interest but shall not in respect thereof confer a right to dividend or participation in profits.

Dividends in proportion to amount paid-up

173. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividends is paid, but if any share is issued on terms providing that it shall rank for dividend as from a particular date, such share shall rank for dividend accordingly.

Transfer of share must be registered

174. A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.

Dividends how remitted

175. Unless otherwise directed any dividend may be paid by cheques or warrant or by a pay slip or receipt having the force of a cheque or warrant sent through the post to the registered address of the member or person entitled or in case of joint-holders to that one of them first named in the register in respect of the joint holdings. Every such cheque for warrant so sent shall be made payable to the person to whom it is sent. The Company shall not be liable or responsible for any cheque or warrant or payslip or receipt lost in transmission, or for any dividend lost to the member or person entitled thereto by the forged endorsement of any cheque or warrant or the forged signature of any payslip or receipt or the fraudulent recovery of the dividend by any other means.

Interest on unpaid dividend

176 Subject to the provisions of sections 205 to 208 of the Act, no unpaid dividend shall bear interest as against the Company.

176.(A) The Company may make payment of any Dividend directly into the credit of Savings/Current or other Accounts of the Shareholders to their Bankers through an Electronics Clearing System as per the instructions given by the respective shareholders to the company. In such cases the Company will issue a Payment instruction advice to the Shareholders at their registered addresses. Such payment of Dividend made through ECS be deemed to be made and paid as per the provisions of The Companies Act 1956.

Unclaimed dividend

177. Any money transferred to Unpaid Dividend Account shall be governed by the Provisions of the section 205B & 205C of the Companies Act, 1956 and any other applicable provisions made by the specified authority for the time being in force and from time to time.

Dividend and call together

No unclaimed or unpaid dividend shall be forfeited by the Board.

178. Any General Meeting declaring a dividend may on the recommendation of the Directors make a call on the members of such amount as the meeting fixes, but so that the call on each member shall not exceed the dividend payable to him and so that the call be made payable at the same times the dividend may, if so arranged between the Company and the member, be set off against the calls.

CAPITALISATION

179.(a) The Company in General Meeting may resolve that any moneys, investments or other assets forming part of the undivided profits of the Company standing to the credit of the reserve fund, or any capital redemption reserve accounts, or in the hands of the Company and available for dividend (representing premium received on the issue of shares and standing to the credit of the share premium account) be capitalised and distributed amongst such of the shareholders as would be entitled to receive the same if distributed by way of dividend and in the same proportions on the footing that they become entitled thereto as capital and that all or any part of such capitalised fund be applied on behalf of such shareholders in paying up in full either at par or at such premium as the resolution may provide, any unissued shares of the Company which shall be distributed accordingly or in or towards payment shall be accepted by such shareholders in full satisfaction of their interest in the said capitalised sum provided that a share premium account and a capital redemption reserve account may, for the purpose of this Article, only be applied in the paying of any unissued shares to be issued to members of the Company as fully paid bonus shares.

(b) A General Meeting may resolve that any surplus money arising from the realisation of any capital assets of the Company or any investment representing the same or any other undistributed profits of the Company not subject to charge for income tax be distributed among the members on the footing that they receive the same as capital.



- (c) For the purpose of giving effect to any resolution under the preceding paragraphs of these articles the Board may settle any difficulty which may arise in regard to the distribution as it thinks expedient and in particular may issue fractional certificates.

ACCOUNTS

Directors to keep true accounts

180. The Company shall keep at the office or at such other place in India as the Board thinks fit proper books of accounts in accordance with section 209 of the Act with respect to :

- (a) all sums of money received and expended by the Company and the matters in respect of which the receipts and expenditures take place; and
- (b) all sales and purchases of goods by the Company.
- (c) the assets and liabilities of the Company.

Provided that the Company shall comply with Section 210A, 211(3A), 211(3B) and 211(3C) of the companies Act, 1956 and the Profit and Loss Account and Balance Sheet of the Company shall comply with the accounting standards as recommended by the Institute of Chartered Accountants of India and any other specified authority for the time being in force from time to time.

Place where books shall be kept

181. Where the Board decides to keep all or any of the books of accounts at any place other than the office of the Company, the Company shall within seven days of the decision file with the Registrar a notice in writing giving the full address of that other place.

The Company shall preserve in good order the books of account relating to a period of not less than eight years proceeding the current year together with the vouchers relevant to any entry in such books of accounts.

Where the Company has a branch office, whether in or outside India, the Company shall be deemed to have complied with this Article if proper books of account relating to the transactions effected at the branch office and proper summarised returns, made up-to-date at intervals of not more than three months, are sent by the branch office to the Company at its office or other place in India, at which the Company's books of account are kept as aforesaid.

Books to show true and fair view

182. The books of accounts shall give a true and fair view of the state of affairs of the Company or branch office as the case may be, and explain its transactions. The books of account and other books and papers shall be open to inspection by any Director during business hours.

As to inspection of accounts or books by members

183 Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of members not being directors and no member (not being a Director) shall have any right of inspecting any account or books or documents of the Company except as conferred by law or authorised by the Board.

Statement of accounts to be furnished to General Meeting

184. The Directors shall from time to time , in accordance with sections 210, 211, 212, 215, 216 and 217 of the Act cause to be prepared and to be laid before the Company in General Meeting, such Balance Sheets, Profit & Loss Accounts and Reports as are required by these sections.

Copies shall be sent to each member

185.(1) A copy of every such Profit & Loss Account and Balance Sheet (including the Auditors' Report and every other document required by law to be annexed or attached to the Balance Sheet), shall at least twenty one days before the meeting at which the same are to be laid before the members be sent to the members of the Company, to holders of debentures issued by the Company (not being debentures which ex-facie are payable to the bearer thereof), to trustees for the holders of such debentures and to all persons entitled to receive notice of General Meeting of the Company.

- (2) Without prejudice to the generality of the above provisions the company may, if its shares are listed at any recognised Stock Exchange make available for inspection at its registered office for a period not exceeding 21 days before the date of the meeting and send a statement containing the salient features of such documents in the prescribed forms

CIRCUIT SYSTEMS (INDIA) LIMITED

or copies thereof as the Company may deem fit to every member of the Company and to every trustee for the holder of any debenture issued by the Company not less than 21 days before the date of the meeting.

Audited and approved Balance Sheet and Profit and Loss A/c. to be conclusive evidence

186. Every Balance Sheet and Profit & Loss Account of the Company when audited and approved by the Company at an Annual General Meeting shall be conclusive except as regards any error discovered therein. Whenever any such error is discovered the Balance Sheet and Profit & Loss Account shall forthwith be corrected by the Board and henceforth shall be conclusive.

AUDIT

Accounts to be audited

187. Auditors shall be appointed and their rights and duties regulated in accordance with sections 224 to 233 of the Act.

First Auditor or Auditors

188. The First Auditor or Auditors of the Company shall be appointed by the Board within one month of the date of registration of the Company and the Auditor or Auditors so appointed shall hold office until the conclusion of this Annual General Meeting provided that the Company may, at a General Meeting, remove any such Auditor or all of such Auditors and appoint in his or their place any other person or persons who have been nominated for appointment by any member of the Company and of whose nomination notice has been given to the members of the Company not less than fourteen days before the date of the meeting provided further that if the Board fails to exercise its powers under this Article, the Company in General Meeting may appoint the first Auditor or Auditors.

DOCUMENTS AND NOTICES

Service of documents or notices on members by Company

189 (1) A document or notice may be served or given by the Company on any member either personally or by sending it by post to him to his registered address or (if he has not registered address in India) to the address, if any in India supplied by him to the Company for serving documents or notices on him.

(2) Where a document or notice is sent by post, service of the document or notice shall be deemed to be effected by properly addressing, prepaying and posting a letter containing the document or notice, provided that where a member has intimated to the Company in advance that documents or notices should be sent to him under a certificate of posting or by registered post with or without acknowledgement due and has deposited with the Company a sum sufficient to defray the expenses of doing so; service of the document or notice shall not be deemed to be effected unless it is sent in the manner intimated by the member, and such service shall be deemed to have been effected in the case of a notice of a meeting, at the expiration of forty eight hours after the letter, containing the document or notice is posted and in other case, at the time at which the letter would be delivered in the ordinary course of post.

By Advertisement

190. A document or notice advertised in a newspaper circulating in the neighbourhood of the office shall be deemed to be duly served or sent on the day on which the advertisement appears on or to every member who has no registered address in India and has not supplied to the Company an address within India for the serving of documents on or the sending of notices to him.

On Joint Holder

191. A document or notice may be served or given by the company on or to the joint-holders of a share by serving or giving the document on or to the joint-holder named first in the register of members in respect of the shares.

On personal representatives etc.

192. A document or notice may be served or given by the Company on or to the person entitled to a share in consequence of the death or insolvency of a member by sending it through the post in prepaid letter addressed to them by name or by the title or representatives of the deceased or assignee of the insolvent or by any like description, at the address (if any) in India supplied by serving the document or notice in any manner in which the same might have been given if the death or insolvency had not occurred.

To whom documents or notices must be served or given

193. Documents or notices of every General Meeting shall be served or given in such manner hereinafter authorised on or to (a) every member, (b) every person entitled to share in consequence of the death or insolvency of a member, and (c) the Auditor or Auditors for the time being of the Company.



Members bound by documents or notices served on or given to previous holders

194. Every person who, by operation of law, transfer or other means whatsoever, shall become entitled to any share, shall be bound by every document or notice in respect of such share, which previously to his name and address being entered on the Register of Members, shall have been duly served on or given to the person from whom he derives his title to such shares.

Documents or notices by Company and signature thereto

195. Any document or notice to be served or given by the Company may be signed by a Director or some person duly authorised by the Board of Directors for such purpose and the signature thereto may be written, printed or lithographed.

Service of document or notice by member

196. All Documents or notices to be served or given by members on or to the Company or any officer thereof shall be served or given by sending it to the Company or officer at the office by post under a certificate of posting or by registered post, or by leaving it at the office.

WINDING UP

Liquidator may divide assets in specie

197. The liquidator on any winding-up (whether voluntary, under supervision of the Court or compulsory) may, with the sanction of Special Resolution, but subject to the rights attached to any preference share capital, divide among the contributories in specie any part of the assets of the Company and may with the like sanction, vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction shall think fit.

INDEMNITY AND RESPONSIBILITY

Directors' and others' right of indemnity

198. Subject to section 201 of the Act, every officer or an agent for the time being of the Company shall be indemnified out of the assets of the Company against all liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or discharged or in connection with any application under section 633 of the Act in which reliefs is granted to him by the Company.

SECURITY CLAUSE

199.(a) Every Director, Auditor, Trustee, member of a committee, officer, servant, agent, accountant or other person employed in the business of the Company shall, if so required by the Directors before entering upon his duties, sign a declaration pledging himself to observe strict secrecy respecting all transactions and affairs of the Company and all matters relating thereto, and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required to do so by the Directors or by law or by the person to whom such matters relate and except so far as may be necessary in order to comply with any of the provisions in these presents contained.

No member shall be entitled to visit or inspect any works of the Company, without the permission of the Directors or to require discovery of or any information respecting any details of the Company's trading or any matters which is or may be in the nature of a trade secret, mystery of trade, secret process or any other matters which may relate to the conduct of the business of the Company and which, in the opinion of the Director, it would be inexpedient in the interest of the Company to disclose.

SECTION X: OTHER INFORMATION

1. MATERIAL CONTRACT & DOCUMENTS FOR INSPECTION

The following contracts and agreements referred to below (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Company or contracts entered into more than two years before the date of this Prospectus which are/or may be deemed to be material have been entered into by or on behalf of the Company. Copies of these contracts together with copies of documents referred to below, all of which have been attached to the copy of the Prospectus and which have been delivered to the Registrar of Companies, ROC Bhavan, Opp. Rupal Park Society, behind Ankur Bus Stop, Naranpura, Ahmedabad 380013, may be inspected at the Registered Office of the Company between 11.00 a.m. and 3.00 p.m. on any working day from the date of the Prospectus until the date of closing of subscription list.

A. Material Contracts

1. Memorandum of Understanding between the company and Lead Manager, Centrum Capital Limited, dated 29th September, 2006.
2. Memorandum of Understanding dated 27th April, 2006, between the Company and the Registrar, Cameo Corporate Services Limited.

B. Material Documents

1. Copy of tripartite agreement entered into between CDSL, the Company and the Registrar, Cameo Corporate Services Limited dated 12th April, 2007
2. Copy of tripartite agreement entered into between NSDL, the Company and the Registrar, Cameo Corporate Service Private. Limited dated 28th July, 2006.
3. Copies of Agreements of Existing properties owned by the Company as mentioned in the Prospectus
4. Copies of Lease Agreements entered into between issuer company and others including GIDC for the lease hold property owned by the company.
5. Certified true copy of Memorandum of Association and Articles of Association of the Circuit Systems (India) limited as amended from time to time.
6. Certificate of Incorporation dated 8th February, 1995 and the fresh Certificate of Incorporation for change of name from Circuit System s India (P) Ltd. to Circuit System s India Ltd vide dated 7th October, 2005 & Certificate of commencement of business dated 24th February, 2005.
7. Copy of resolutions passed at the AGM of the Company held on 6th September, 2006 for appointment and affixing the remuneration of Mr. Sharad R. Shah, Whole time Director of the company.
8. Copy of resolutions passed at the EGM of the Company held on 18th January, 2006 for reappointment and affixing the remuneration of Mr Pares N. Vasani, Managing Director, of the company.
9. Letter of appointment dated 20th September, 2006, for appointment of Mr. Navin Phava, Advocates as Legal Advisor to the issue.
10. Copies of all Insurance policies.
11. Copies of all Quotations received by the company relating to plant and machineries mentioned in the prospectus.
12. Copy of application made by the company to GIDC for allotment of plot of land for the proposed expansion in Gandhinagar Electronic Park, (SEZ). & copy of license agreement dated 13th April, 2007 executed between Company and GIDC.
13. Copy of certificate dated 21st December, 2006 obtained from M/s. Stillman & Associates, Professional Engineers, Italy, with respect of the life of second hand machineries imported by the company.
14. Quotation No. SCC /CSIL /QTN dated 10th July, 2007 from M/s Subha Construction Co., Engineer & Contractor, Gandhinagar for the construction of building at SEZ for the proposed project.
15. Copies of all Government Approvals and licenses as mentioned in the Prospectus.
16. Letters from Bombay Stock Exchange Limited (BSE) vide letter No DCS/IPO/SI/IPO-IP/571/2006-07 dated February 21, 2007 granting the 'in principle' approval to the listing of shares.
17. Report of Statutory Auditors, M/s Virendra Chinubhai & Co, Chartered Accountants dated 31st July, 2007 as mentioned in Prospectus.



18. Letter dated 9th July, 2007 given by Virendra Chinubhai & Co regarding possible tax benefits available to Circuit Systems (India) Limited and its current shareholders under the Current tax laws presently in force in India
19. Certificate dated 9th July, 2007 from M/s. Virendra Chinubhai & Co, Chartered Accountant regarding sources and deployment of Funds.
20. Certificate dated 9th July, 2007 from M/s. Virendra Chinubhai & Co, Chartered Accountant, regarding Compliance of Corporate Governance by the Company as per clause 49 of the Listing Agreement.
21. Consent letters from the Directors of the Company, Lead Manager to the Issue, Bankers to the Issue, Bankers to the Company, Auditors, Legal Advisor, Registrar to the Issuer, Company Secretary and Compliance Officer to act in their respective capacities and for inclusion of their names in the Prospectus.
22. Power of Attorney(s) executed by the Directors for signing and making correction in the Prospectus and any other related document on their behalf.
23. Copies of Annual Reports for the last five accounting periods, i.e., F Y 2002-2003, 2003-2004, 2004-2005 2005-2006, 2006-2007 of the Company
24. Copies of Annual Reports of Group/Associate companies as mentioned in the Prospectus.
25. Due diligence certificate dated 23rd December, 2006 issued by Lead Manager to the Issue, Centrum Capital Limited.
26. SEBI observation letter No. CFD/DIL/ISSUES/PB/EHN/97586/ 2007 dated June, 29 2007.
27. Certified true copy of the resolution passed at the meeting of the Board of Directors held on 24th July, 2006 and resolution passed under section 81(1A) at the Eleventh Annual General Meeting dated 6th September, 2006.
28. Consent letter dated 31st July, 2007 from M/s. Virendra Chinubhai & Co, Chartered Accountant for inclusion of his report on Accounts and tax benefits.
29. Copy of the letter dated 14th August, 2007 from Mr Navin Pahva, Advocates as legal Advisor to the issue for vetting and approval of Prospectus.
30. Copy of resolution passed under section 293 (1) (d) of Companies Act, 1956, vide dated 18th January, 2006 for borrowing powers.
31. Copy of the Board resolution dated 5th December, 2005 for appointment of Company Secretary.
32. Copy of Board resolution dated 24th July, 2006 for appointment of compliance officer.
33. Copy of the Board Resolution dated 5th December, 2005, for constitution of Audit Committee, Shareholders and Investor Grievances Committee and Remuneration Committee.
34. Copy of agreement dated 25th January 1997 with Stovec Industries Limited for purchase of Business Assets.

Any of the Contracts or documents mentioned in the Prospectus may be amended or modified at any time if so required in the interest of the Company or if required by the other parties, without reference to the shareholders subject to compliances of applicable laws.

CIRCUIT SYSTEMS (INDIA) LIMITED

2. DECLARATION

This is to confirm that all the relevant provisions of the Companies Act, 1956 and the guidelines issued by the Government have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, 1956 and rules made there under. All the legal requirements connected with this said offer as also the guidelines; instructions etc., issued by SEBI, the Government and any other competent authority in this behalf have been duly complied with.

We, the Directors of Circuit Systems (India) Limited and the Issuer(s), declare and confirm that no information/material likely to have a bearing on the decision of the investor in respect of the equity shares offered in terms of this Prospectus have been suppressed/withheld and/or incorporated in a manner that would amount to misstatement/misrepresentation and in the event of it transpiring at any point of time till Allotment/refund, as the case may be, that any information/material has been suppressed/withheld and/or amounts to misstatement /misrepresentation, we undertake to refund the entire application moneys to all the subscribers within seven days thereafter, without prejudice to the provisions of Section 63 of the Act.

Since the date of last financial statement disclosed in this Prospectus, there have been no circumstances that materially and adversely affects or is likely to affect the profitability of the Company or the value of its assets or its ability to pay off its liabilities within a period of next twelve months.

The Directors of the Company certify that all disclosures made in the Prospectus are true and correct.

Signed by all the Directors

Sd/-

Mr Paresh N. Vasani, Managing Director

Sd/-

Mr Magan H. Patel*, Chairman

Sd/-

Mr Anand A. Patel, Director

Sd/-

Mr Sharad R Shah, Director

Sd/-

Mr Ishwar H Patel, Director

Sd/-

Mr Ambalal C Patel, Director

Sd/-

Mr Niranjan R Dave*, Director

Sd/-

Mr Dilip S Vyas*, Director

Sd/-

Mr. Paras Mehta

Financial controller cum Company Secretary

* Signed through Specific Power of Attorney holder Mr. Paresh Vasani, Managing Director

Place : Gandhinagar

Date : 6th September, 2007



THIS PAGE IS INTENTIONALLY LEFT BLANK

THIS PAGE IS INTENTIONALLY LEFT BLANK