



SHILPI CABLE TECHNOLOGIES LIMITED

(Incorporated as 'Rosenberger Shilpi Cable Technologies Limited' at New Delhi on July 09, 2006 under the Companies Act, 1956 with the Registrar of Companies, National Capital Territory of Delhi and Haryana. On October 21, 2008 the name of the Company was changed to 'Shilpi Cable Technologies Limited'. For further details, please refer to the sections titled "General Information" on page 10 of this Red Herring Prospectus)

Registered Office: A-19/B-1 Extension, Mohan Cooperative Industrial Estate, P.O. Badarpur, Mathura Road, New Delhi-110044

Tel.: +91-11- 43117900, 43117901; **Fax:** +91-11- 43117922

Contact Person: Sunita Gaur, Company Secretary and Compliance Officer; **Email:** ipo@shilpicabletech.com; **Website:** www.shilpicables.com

| PROMOTERS OF THE COMPANY | |
|---|---|
| MR. MUKESH KUMAR GUPTA, MR. MANISH GOEL & M/S SHILPI COMMUNICATION PRIVATE LTD | |
| PUBLIC ISSUE OF [•] EQUITY SHARES OF Rs. 10/- EACH OF SHILPI CABLE TECHNOLOGIES LIMITED ("SCTL" OR THE "ISSUER") FOR CASH AT A PRICE OF Rs. [•] PER FULLY PAID UP EQUITY SHARE (INCLUDING A SHARE PREMIUM OF Rs. [•] PER EQUITY SHARE) AGGREGATING Rs. 5587.72 LACS ("THE ISSUE"). THE ISSUE WILL CONSTITUTE [•]% OF THE POST ISSUE PAID UP CAPITAL OF THE COMPANY | |
| PRICE BAND: Rs. 65 TO Rs. 69 PER FULLY PAID UP EQUITY SHARE OF FACE VALUE OF Rs. 10/ EACH. | |
| THE FACE VALUE OF EACH EQUITY SHARE IS Rs. 10 EACH. | |
| THE OFFER PRICE IS 6.5 TIMES THE FACE VALUE AT THE LOWER END OF THE PRICE BAND AND 6.9 TIMES THE FACE VALUE AT THE HIGHER END OF THE PRICE BAND | |
| In case of revision in the Price Band, the Bidding/Issue Period will be extended for three additional days after revision of the Price Band, subject to the Bidding /Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding/Issue Period, if applicable, will be widely disseminated by notification to the Bombay Stock Exchange Limited ("BSE") and National Stock Exchange of India Limited ("NSE"), by issuing a press release, and also by indicating the change on the websites of the Book Running Lead Managers ("BRLMs") and at the terminals of the Syndicate Members. This Issue is being made in accordance with Rule 19(2)(b)(i) of the SCRR, as amended and under the SEBI Regulations, where the Issue will be made will be made through the 100% Book Building Process wherein at least 50% of the Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers (QIB) Bidders. 5% of the QIB Portion (excluding Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. If at least 50% of the Issue cannot be allotted to QIBs, then the entire application money shall be refunded forthwith. Our Company may allocate upto 30% of the QIB Portion, to Anchor Investors, on a discretionary basis (the "Anchor Investor Portion") out of which one-third portion shall be reserved for domestic Mutual Funds, subject to valid bids being received from domestic Mutual Funds at or above the Anchor Investor Issue Price. All Investors may participate in the Issue through the ASBA process by providing the details of the respective bank accounts in which the corresponding Bid Amounts will be blocked by the SCSBs. For details see section entitled 'Issue Procedure' on page 255 of this Red Herring Prospectus. | |
| RISKS IN RELATION TO THE FIRST ISSUE | |
| This being the first issue of the issuer, there has been no formal market for the securities of the issuer. The face value of the Equity Shares is Rs. 10 per Equity Share. The floor price is 6.5 times of the face value and the Cap Price is 6.9 times of the face value. The Issue price (has been determined and justified by the BRLM and the issuer as stated under the paragraph on "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 or sustained trading in the equity shares of the issuer nor regarding the price at which the equity shares will be traded after listing. | |
| GENERAL RISK | |
| Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this offer 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 offering. For taking an investment decision, investors must rely on their own examination of the issuer and the offer including the risks involved. The securities 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 document. Specific attention of investors is invited to the statement of 'Risk factors' given on page number(s) xii to xl under the section 'General Risks'. | |
| ISSUER'S ABSOLUTE RESPONSIBILITY | |
| The issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this offer document contains all information with regard to the issuer and the issue which is material in the context of the issue, that the information contained in the offer document 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 make this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect. | |
| IPO GRADING | |
| This Issue has been graded by CARE as CARE IPO Grade 1, indicating Poor Fundamentals through its letter dated January 14, 2011. For details see section titled "General Information" on page 10 of this Red Herring Prospectus. | |
| LISTING ARRANGEMENTS | |
| The Equity Shares are proposed to be listed on Bombay Stock Exchange Limited (BSE), the Designated Stock Exchange and the National Stock Exchange of India Limited (NSE). The In-principle approval has been received from the Stock Exchanges for listing of the Equity Shares vide BSE's letter dated September 30, 2010 and NSE's Letter dated December 24, 2010. | |
| BOOK RUNNING LEAD MANAGER TO THE ISSUE | REGISTRAR TO THE ISSUE |
| <p>D and A Financial Services Private Limited 13, Community Centre, East of Kailash, New Delhi – 110 065 Tel: 011 26218274, 26419079 Fax: 011 26219491 Email: dafspl@gmail.com; website: www.dnafinserv.com Contact Person: Mr. Priyaranjan, Mrs. Kavita Anandani SEBI Regn No.: INM000011484</p> | <p>BEETAL Financial & Computer Services (P) Limited Beetal House, 3rd Floor, 99 Madangir, Behind Local Shopping Centre Near Dada Harsukhdas Mandir, New Delhi – 110062 Tel: 011 29961281; Fax: 011 29961284 Email: shilpi_ipo@beetalfinancial.com; website: www.beetalfinancial.com Contact Person: Mr. Punit Mittal SEBI Regn No.: INR000000262</p> |
| BID/ISSUE PROGRAMME | |
| BID/ISSUE OPENS ON: MARCH 22, 2011* | BID/ISSUE CLOSES ON: MARCH 25, 2011** |

* The Company may consider participation by Anchor Investors. The Anchor Investor Bid/ Issue Period shall be one day prior to the Bid/ Issue Opening Date.

** Our Company may consider closing the Bidding by QIB Bidders one Working Day prior to the Bid/Issue Closing Date subject to the Bid/Issue Period being for a minimum of three Working Days.

TABLE OF CONTENTS

| | |
|---|------------|
| SECTION I- GENERAL | i |
| DEFINITIONS / ABBREVIATIONS | i |
| PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA | x |
| FORWARD-LOOKING STATEMENTS | xi |
| SECTION II- RISK FACTORS | xii |
| RISK FACTORS | xii |
| SECTION III- INTRODUCTION | 1 |
| SUMMARY OF INDUSTRY OVERVIEW | 1 |
| SUMMARY OF BUSINESS OVERVIEW | 3 |
| ISSUE DETAILS IN BRIEF | 5 |
| SUMMARY FINANCIAL AND OPERATING INFORMATION | 6 |
| GENERAL INFORMATION | 10 |
| CAPITAL STRUCTURE OF THE COMPANY | 21 |
| OBJECTS OF THE ISSUE | 36 |
| BASIC TERMS OF THE ISSUE | 46 |
| BASIS FOR ISSUE PRICE | 47 |
| STATEMENT OF TAX BENEFITS | 50 |
| SECTION IV- ABOUT THE COMPANY | 59 |
| INDUSTRY OVERVIEW | 59 |
| BUSINESS OVERVIEW | 64 |
| KEY INDUSTRY REGULATIONS | 75 |
| HISTORY AND CORPORATE STRUCTURE OF OUR COMPANY | 78 |
| OUR MANAGEMENT | 87 |
| OUR PROMOTERS AND PROMOTER GROUP | 101 |
| CURRENCY OF PRESENTATION | 110 |
| DIVIDEND POLICY | 111 |
| SECTION V- FINANCIAL INFORMATION | 112 |
| FINANCIAL INFORMATION OF OUR COMPANY | 112 |
| FINANCIAL STATEMENTS OF GROUP COMPANIES | 213 |
| CHANGES IN ACCOUNTING POLICIES IN THE LAST 3 YEARS | 217 |
| MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS | 218 |
| SECTION VI- LEGAL AND OTHER INFORMATION | 228 |
| OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS | 228 |
| GOVERNMENT AND OTHER APPROVALS | 236 |
| SECTION VII- OTHER REGULATORY AND STATUTORY DISCLOSURES | 239 |
| SECTION VIII- ISSUE RELATED INFORMATION | 248 |
| TERMS OF THE ISSUE | 248 |
| ISSUE STRUCTURE | 251 |
| ISSUE PROCEDURE | 255 |
| RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES | 284 |
| SECTION IX- MAIN PROVISIONS OF ARTICLES OF ASSOCIATION | 285 |
| SECTION X- OTHER INFORMATION | 306 |
| MATERIAL CONTRACTS & DOCUMENTS FOR INSPECTION | 306 |
| DECLARATION | 308 |
| ANNEXURES | 309 |

SECTION I- GENERAL

DEFINITIONS / ABBREVIATIONS

Unless the context otherwise requires, the terms and abbreviations stated herein shall have the meaning as assigned therewith.

| TERM | DESCRIPTION |
|---|---|
| "We", "us", "our", "the Company" or "our Company" | Unless the context otherwise indicates or implies, refers to Shilpi Cable Technologies Limited and its subsidiary on a consolidated basis, as described in this Red Herring Prospectus |
| "SCTL" or "Shilpi" or "Shilpi Cable Technologies Limited" or "the Issuer" | Shilpi Cable Technologies Limited, a Public Limited Company incorporated under the Companies Act having its registered office at A-19/B-1 Extension, Mohan Cooperative Industrial Estate, P.O. Badarpur, Mathura Road, New Delhi-110044 |

CONVENTIONAL AND GENERAL TERMS/ ABBREVIATIONS

| TERM | DESCRIPTION |
|----------------------------|--|
| Act or Companies Act | Companies Act, 1956 as amended from time to time |
| AS | Accounting Standards issued by the Institute of Chartered Accountants of India |
| AY | Assessment Year |
| BPLR | Benchmark prime lending rate |
| Bppa | Basis points per annum |
| BSE | Bombay Stock Exchange Limited |
| CAGR | Compounded Annual Growth Rate |
| CDSL | Central Depository Services (India) Limited |
| CIN | Corporate Identity Number |
| Depositories | NSDL and CDSL |
| Depositories Act | Depositories Act, 1996 as amended from time to time |
| DER | Debt Equity Ratio |
| DIN | Director Identification Number |
| DP ID | Depository Participant's identification |
| DP/ Depository Participant | A depository participant as defined under the Depositories Act, 1996 |
| EBITDA | Earnings Before Interest, Tax, Depreciation and Amortisation |
| ECS | Electronic Clearing Service |
| EGM | Extraordinary General Meeting |
| EPS | Unless otherwise specified, Earnings Per Share, i.e., profit after tax for a fiscal year divided by the weighted average outstanding number of equity shares during that fiscal year |
| FDI | Foreign Direct Investment |
| FEMA | Foreign Exchange Management Act, 1999 read with rules and regulations thereunder as amended from time to time |
| FEMA Regulations | FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 as amended from time to time |

| | |
|----------------------------|--|
| FII(s) | Foreign Institutional Investors as defined under SEBI (Foreign Institutional Investor) Regulations, 1995 registered with SEBI under applicable laws in India |
| Financial Year/ Fiscal/ FY | Period of twelve months ended March 31 of that particular year |
| FIPB | Foreign Investment Promotion Board |
| FVCI | Foreign Venture Capital Investor registered under the Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000, as amended from time to time |
| GDP | Gross Domestic Product |
| GoI / Government | Government of India |
| HNI | High Net worth Individual |
| HUF | Hindu Undivided Family |
| IFRS | International Financial Reporting Standard |
| Income Tax Act | The Income Tax Act, 1961, as amended from time to time |
| Indian GAAP | Generally Accepted Accounting Principles in India |
| IPO | Initial Public Offering |
| IT | Information Technology |
| ITES | Information Technology Enabled Services |
| JV | Joint Venture |
| Mn / mn | Million |
| MoU | Memorandum of Understanding |
| NA | Not Applicable |
| NAV | Net Asset Value |
| NEFT | National Electronic Fund Transfer |
| NOC | No Objection Certificate |
| NR | Non Resident |
| NRE Account | Non Resident External Account |
| NRI | Non Resident Indian, is a person resident outside India, who is a citizen of India or a person of Indian origin and shall have the same meaning as ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2000, as amended from time to time |
| NRO Account | Non Resident Ordinary Account |
| NSDL | National Securities Depository Limited |
| NSE | National Stock Exchange of India Limited |
| OCB | A company, partnership, society or other corporate body owned directly or indirectly to the extent of up to 60% by NRIs including overseas trusts in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date was eligible to undertake transactions pursuant to the general permission granted to OCBs under the FEMA. OCBs are not allowed to invest in this Issue |
| p.a. | per annum |
| P/E Ratio | Price/Earnings Ratio |
| PAN | Permanent Account Number |
| PAT | Profit After Tax |
| PBT | Profit Before Tax |
| PIO | Persons of Indian Origin |
| PLR | Prime Lending Rate |
| RBI | The Reserve Bank of India |

| | |
|------------------|--|
| RoC | The Registrar of Companies, National Capital Territory of Delhi and Haryana located at IFCI Tower, 4th Floor, 61, Nehru Place, New Delhi 110 019 |
| RoNW | Return on Net Worth |
| RoW | Rest of World |
| Rs. | Indian Rupees |
| RTGS | Real Time Gross Settlement |
| SCRA | Securities Contracts (Regulation) Act, 1956, as amended from time to time |
| SCRR | Securities Contracts (Regulation) Rules, 1957, as amended from time to time |
| SEBI | The Securities and Exchange Board of India constituted under the SEBI Act, 1992 |
| SEBI Act | Securities and Exchange Board of India Act 1992, as amended from time to time |
| Stamp Act | The Indian Stamp Act, 1899 |
| State Government | The Government of a state of India |
| Stock Exchanges | BSE and NSE |
| UIN | Unique Identification Number |
| US / USA | United States of America |
| VCFs | Venture Capital Funds as defined and registered with SEBI under the SEBI (Venture Capital Fund) Regulations, 1996, as amended from time to time |

ISSUE RELATED TERMS

| Term | Description |
|-----------------------------------|---|
| Allotment/ Allot/ Allotted | Unless the context otherwise requires, the allotment of Equity Shares pursuant to the Issue |
| Allottee | A successful Bidder to whom the Equity Shares are Allotted |
| Anchor Investor | A Qualified Institutional Buyer who makes an application for a value of ten crore rupees or more in a public issue made through the book building process in accordance with Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. |
| Anchor Investor Bid/ Issue Period | The day one day prior to the Bid/Issue Opening Date on which Bidding by Anchor Investors shall open and shall be completed. |
| Anchor Investor Issue Price | The final price at which Equity Shares will be issued and Allotted to Anchor Investors in terms of the Red Herring Prospectus and Prospectus, which price will be equal to or higher than the Issue Price but not higher than the Cap Price. The Issue Price will be decided by the Company in consultation with the BRLMs. |
| Anchor Investor Margin Amount | Anchor Investors shall pay on application the same margin which is payable by other categories of investors the balance, if any, shall be paid within two days of the date of closure of the issue. |
| Anchor Investor Portion | Up to 30% of the QIB Portion which may be allocated by the Company to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to Anchor Investors. |

| | |
|--|---|
| Application Supported by Blocked Amount/ ASBA | An application, whether physical or electronic, used by a Bidder to make a Bid authorising a SCSB to block the Bid Amount in the specified bank account maintained with the SCSB. |
| ASBA Account | Account maintained with a SCSB which will be blocked by such SCSB to the extent of the appropriate Bid Amount in relation to a Bid by an ASBA Bidder |
| ASBA Bid cum Application Form or ASBA BCAF | <p>The form, whether physical or electronic, used by an ASBA Bidder to submit a Bid through a Self Certified Syndicate Bank which contains an authorization to block the Bid Amount in an ASBA Account and would be considered as an application for Allotment to ASBA Bidders in terms of the Red Herring Prospectus and the Prospectus.</p> <p>Pursuant to SEBI circular number CIR/CFD/DIL/7/2010 dated July 13, 2010, ASBA Bid cum Application Forms are available for download from the websites of the Stock Exchanges.</p> |
| ASBA Revision Form | <p>The form used by the ASBA Bidders to modify the quantity of Equity Shares or the Bid Amount in any of their ASBA Bid cum Application Forms or any previous ASBA Revision Form(s).</p> <p>Pursuant to SEBI circular number CIR/CFD/DIL/7/2010 dated July 13, 2010, ASBA Revision Forms are available for download from the websites of the Stock Exchanges.</p> |
| ASBA Bidder | Prospective investors in this Issue who Bid/apply through the ASBA process. |
| ASBA Public Issue Account | A bank account of the Company, under Section 73 of the Companies Act where the funds shall be transferred by the SCSBs from the bank accounts of the ASBA Bidders |
| Banker(s) to the Issue / Escrow Collection Bank(s) | The banks which are clearing members and registered with SEBI as Banker to the Issue with whom the Escrow Account will be opened and in this case being IDBI Bank Limited, State Bank of India, Axis Bank Limited, Punjab National Bank, Yes Bank Limited. |
| Basis of Allotment | The basis on which Equity Shares will be Allotted to Bidders under the Issue and which is described in "Issue Procedure – Basis of Allotment" on page 276 of the Red Herring Prospectus. |
| Bid | <p>An indication to make an offer during the Bid/Issue Period by a Bidder, or during the Anchor Investor Bid/Issue Period by the Anchor Investors, to subscribe to the Equity Shares of our Company at a price within the Price Band, including all revisions and modifications thereto.</p> <p>For the purpose of ASBA Bidders, it means an indication to make an offer during the Bidding/ Issue Period by an ASBA Bidder pursuant to the submission of ASBA Bid cum Application Form to subscribe to the Equity Shares.</p> |
| Bid / Issue Closing Date | The date after which the members of the Syndicate will not accept any Bids for the Issue, which shall be notified in an English national newspaper and a Hindi national newspaper. |

| | |
|--------------------------------------|---|
| Bid / Issue Opening Date | The date on which the members of the Syndicate shall start accepting Bids for the Issue, which shall be the date notified in an English national newspaper and a Hindi national newspaper |
| Bid Amount | The highest value of the optional Bids indicated in the Bid cum Application form |
| Bid cum Application Form | The form used by a Bidder to make a Bid and which will be considered as the application for Allotment for the purposes of the Red Herring Prospectus and the Prospectus |
| Bidder | Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form. |
| Bidding / Issue Period | The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids. |
| Book Building Process/ Method | The book building route as provided in Schedule XI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, in terms of which this Issue is being made. |
| BRLM / Book Running Lead Managers | Book Running Lead Managers to the Issue, in this case being D and A Financial Services (P) Limited. |
| Business Day | Any day on which commercial banks in New Delhi are open for business |
| CAN/ Confirmation of Allocation Note | The note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares after discovery of the Issue Price in accordance with the Book Building Process |
| Cap Price | The higher end of the Price Band, above which the Issue Price will not be finalised and above which no Bids will be accepted |
| Controlling Branches | Such branches of the SCSB which coordinates with the BRLMs, the Registrar to the Issue and the Stock Exchanges |
| Cut-off Price | Issue Price, finalised by the Company in consultation with the BRLM. Only Retail Individual Bidders whose Bid Amount does not exceed Rs. 2 Lacs are entitled to Bid at the Cut Off Price. QIBs and Non- Institutional Bidders are not entitled to Bid at the Cut-off Price. |
| DAFSPL | D and A Financial Services (P) Limited |
| Designated Branches | Such branches of the SCSBs which shall collect the ASBA Bid cum Application Form used by ASBA Bidders and a list of which is available on http://www.sebi.gov.in/pmd/scsb.html . |
| Designated Date | The date on which funds are transferred from the Escrow Account to the Public Issue Account after the Prospectus is filed with the RoC, following which the Board of Directors shall Allot Equity Shares to successful Bidders |
| Designated Stock Exchange | The Bombay Stock Exchange Limited |
| DP ID | Depository Participant's Identity |

| | |
|--------------------------------------|---|
| Draft Red Herring Prospectus or DRHP | The draft red herring prospectus issued in accordance with Section 60B of the Companies Act and SEBI Regulations, filed with SEBI and which does not contain complete particulars of the price at which the Equity Shares are issued and the size of the Issue. |
| Eligible NRI | NRIs from jurisdictions outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom the Red Herring Prospectus constitutes an invitation to subscribe to the Equity Shares. |
| Equity Shares | Equity shares of the Company of Rs. 10 each unless otherwise specified. |
| Escrow Account | Account opened with the Escrow Collection Bank(s) for the Issue and in whose favour the Bidder (excluding the ASBA Bidders) will issue cheques or drafts in respect of the Bid Amount when submitting a Bid. |
| Escrow Agreement | Agreement to be entered into by the Company, the Registrar to the Issue, the BRLM, the Syndicate Members and the Escrow Collection Bank(s) for collection of the Bid Amounts and where applicable, refunds of the amounts collected to the Bidders (excluding the ASBA Bidders) on the terms and conditions thereof. |
| First Bidder | The Bidder whose name appears first in the Bid cum Application Form or Revision Form. |
| Floor Price | The lower end of the Price Band, at or above which the Issue Price will be finalized and below which no Bids will be accepted. |
| Issue | Public Issue of [●] Equity Shares of Rs. 10/- each of Shilpi Cable Technologies Limited ("SCTL" or the "Issuer") for cash at a price of Rs. [●] per fully paid up Equity Share (including a share premium of Rs. [●] per Equity Share) aggregating Rs. 5587.72 lacs ("The Issue"). The issue will constitute [●]% of the post issue paid up capital of the company. |
| Issue Price | The final price at which Equity Shares will be Allotted in the Issue in terms of the Red Herring Prospectus. The Issue Price will be decided by the Company in consultation with the BRLMs on the Pricing Date. |
| Issue Proceeds | The proceeds of the Issue that are available to the Company. |
| Margin Amount | The amount paid by the Bidder at the time of submission of his/her Bid, being 100% of the Bid Amount. |
| Mutual Fund Portion | 5% of the QIB Portion (excluding the Anchor Investor Portion) or [●] Equity Shares available for allocation to Mutual Funds only. |
| Mutual Funds | A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996, as amended. |

| | |
|--|---|
| Net Proceeds | The Issue Proceeds less the Issue expenses. For further information about use of the Issue Proceeds and the Issue expenses see the section titled "Objects of the Issue" on page 36 of this Red Herring Prospectus. |
| Non-Institutional Bidders | All Bidders that are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than Rs. 2 Lacs (but not including NRIs other than Eligible NRIs) |
| Non-Institutional Portion | The portion of the Issue being not less than [●] Equity Shares available for allocation to Non-Institutional Bidders |
| Non-Resident | A person resident outside India, as defined under FEMA and includes a Non Resident Indian |
| Pay-in Date | Bid / Issue Closing Date or the last date specified in the CAN sent to Bidders, as applicable |
| Pay-in-Period | The period commencing on the Bid/Issue Opening Date and extending until the closure of the Pay-in Date specified in the CAN |
| Price Band | Price band of a minimum price (Floor Price) of Rs. 64 per Equity Share and the maximum price (Cap Price) of Rs. 69 per Equity Share and includes revisions thereof. |
| Pricing Date | The date on which the Company in consultation with the BRLMs will finalize the Issue Price. |
| Prospectus | The prospectus to be filed with the RoC after pricing in accordance with Section 60 of the Companies Act, containing, inter alia, the Issue Price that is determined at the end of the Book Building Process, the size of the Issue and certain other information. |
| Public Issue Account | Account opened with the Bankers to the Issue to receive monies from the Escrow Account on the Designated Date. |
| QIB Margin Amount | An amount representing 100% of the Bid Amount that QIBs are required to pay at the time of submitting their Bid. |
| QIB Portion | The portion of the Issue being at least 50% of Issue or [●] Equity Shares of Rs. 10 each to be Allotted to QIBs. |
| Qualified Institutional Buyers or QIBs | a mutual fund, venture capital fund and foreign venture capital investor registered with the Board; a foreign institutional investor and sub-account (other than a sub-account which is a foreign corporate or foreign individual), registered with the Board; a public financial institution as defined in section 4A of the Companies Act, 1956; a scheduled commercial bank; a multilateral and bilateral development financial institution; a state industrial development corporation; an insurance company registered with the Insurance Regulatory and Development Authority; provident fund with minimum corpus of Rs. 25 Crore; pension fund with minimum corpus of Rs. 25 Crore; National Investment Fund set up by Government of India; National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India; insurance funds set up and managed by army, navy or air force of the Union of India; insurance funds set up and managed by the Departments of Posts, India. |

| | |
|--|---|
| Red Herring Prospectus or RHP | The Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, which does not have complete particulars of the price at which the Equity Shares are offered and the size of the Issue. The Red Herring Prospectus will be filed with the RoC at least three (3) days before the Bid Opening Date and will become a Prospectus upon filing with the RoC after the Pricing Date |
| Refund Account(s) | The account opened with Escrow Collection Bank(s), from which refunds, if any, of the whole or part of the Bid Amount (excluding to the ASBA Bidder) shall be made |
| Refund Banker(s) | IDBI Bank Limited |
| Refunds through electronic transfer of funds | Refunds through NECS, Direct Credit, NEFT, RTGS or the ASBA process, as applicable |
| Registrar to the Issue | M/s BEETAL Financial & Computer Services (P) Limited having their office at Beetal House, 3rd Floor, 99 Madangir, Behind Local Shopping Centre, Near Dada Harsukhdas Mandir, New Delhi – 110062 |
| Resident Retail Individual Investor or RRII | Retail Individual Bidder who is a person resident in India as defined in FEMA and who has not Bid for Equity Shares for an amount more than Rs. 2 Lacs in any of the bidding options in the Issue |
| Retail Individual Bidder(s) | Individual Bidders (including HUFs applying through their karta, Eligible NRIs and Resident Retail Individual Bidders) who have not Bid for Equity Shares for an amount more than Rs. 2 Lacs in any of the bidding options in the Issue. |
| Retail Portion | The portion of the Issue being not less than [●] Equity Shares of Rs. 10 each available for allocation to Retail Individual Bidder(s). |
| Revision Form | The form used by the Bidders, excluding ASBA Bidders, to modify the quantity of Equity Shares or the Bid Price in any of their Bid cum Application Forms or any previous Revision Form(s). |
| SEBI Regulations | SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time. |
| Self Certified Syndicate Bank or SCSB | A Banker to the Issue registered with SEBI, which offers the facility of ASBA and a list of which is available on http://www.sebi.gov.in/pmd/scsb.html . |
| Syndicate Agreement | The agreement to be entered into between the Syndicate and the Company in relation to the collection of Bids in this Issue (excluding Bids from the ASBA Bidders). |
| Syndicate Member | Hem Securities Limited |
| Syndicate or members of the Syndicate | The BRLMs and the Syndicate Members (if any). |
| TRS/ Transaction Registration Slip | The slip or document issued by a member of the Syndicate to the Bidder as proof of registration of the Bid. |
| Underwriters | The BRLMs and the Syndicate Members. |
| Underwriting Agreement | The agreement among the Underwriters and the Company to be entered into on or after the Pricing Date. |

ISSUER RELATED TERMS

| Term | Description |
|---|--|
| Articles or Articles of Association | Articles of Association of the Company |
| Auditors | The statutory auditors of the Company, namely, M/s. M.M. Bhasin & Co., Chartered Accountants |
| Board/ Board of Directors | Board of directors of the Company or a committee constituted thereof |
| Director(s) | Directors on the Board of the Company, as may be appointed from time to time, unless otherwise specified |
| Group Companies | Refers to those companies, firms, ventures, etc. promoted by the promoters of the issuer, irrespective of whether such entities are covered under section 370 (1)(B) of the Companies Act, 1956 or not and as disclosed in the section titled "Financial Statements of Group Companies" on page 213 of this Red Herring Prospectus |
| Key Management Personnel | The officers vested with executive powers and the officers at the level immediately below the Board of Directors as described in the section titled "Our Management" on page 87 of this Red Herring Prospectus. |
| Memorandum or Memorandum of Association | The Memorandum of Association of the Company |
| Promoters | The Promoters of the Company namely, Mr. Mukesh Kumar Gupta, Mr. Manish Goel & M/s Shilpi Communication Private Limited. |
| Promoter Group | Unless the context otherwise specifies, refers to those entities mentioned in the section titled "Promoter – Promoter Group" on page 101 of this Red Herring Prospectus |
| Registered Office | The registered office of the Company, located at A-19/B-1 Extension, Mohan Cooperative Industrial Estate, P.O. Badarpur, Mathura Road, New Delhi-110044. |
| SCTL | Shilpi Cable Technologies Limited |
| Subsidiary | M/s Shilpi Cabletronics Limited |

TECHNICAL/ INDUSTRY RELATED TERMS

| Term | Description |
|-------------------|--|
| Cables/ RF Cables | Radio Frequency Cables |
| BTS | Base Transceiver Station |
| ARPU | average revenue per user |
| MNP | mobile number portability |
| QoS | Quality of Service |
| 2G | Second Generation |
| 3G | Third Generation |
| DoT | Department of Telecommunications |
| IBS | In-Building Solutions |
| GSM | Global System for Mobile Communications |
| CDMA | Code Division Multiple Access |
| WCDMA | Wideband Code Division Multiple Access |
| CDMA2000 | IMT-CDMA Multi-Carrier or 1xRTT, is a code-division multiple access (CDMA) version of the IMT-2000 standard developed by the International Telecommunication Union |
| LAN | Local Area Network |

PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

Financial Data

Unless stated otherwise, the financial data in this Red Herring Prospectus is derived from the restated financial statements of the Company, prepared in accordance with Indian GAAP and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, which are included in this Red Herring Prospectus.

The fiscal year of the Company commences on April 1 of each year and ends on March 31 of the next year. All references to a particular fiscal year are to the 12 month period ended March 31 of that year. In this Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding-off.

There are significant differences between Indian GAAP and IFRS. The Company has not attempted to quantify their impact on the financial data included herein and urges you to consult your own advisors regarding such differences and their impact on the Company's financial data. Accordingly, the degree to which the Indian GAAP financial statements included in this Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Red Herring Prospectus should accordingly be limited.

Any percentage amounts, as set forth in "Risk Factors", "Business Overview", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Basis for Issue Price" on pages xii, 64, 218 and 47, respectively in this Red Herring Prospectus unless otherwise indicated, have been calculated on the basis of the Company's restated financial statements prepared in accordance with Indian GAAP.

All references to "India" contained in this Red Herring Prospectus are to the Republic of India.

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

Industry and Market Data

Unless otherwise stated, Industry and Market data used throughout this Red Herring Prospectus has been obtained from industry publications and Government data. 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 that industry data used in this Red Herring Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports, while believed by the Company to be reliable, have not been verified by any independent sources.

The extent to which the market and industry data used in this Red Herring Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data.

FORWARD-LOOKING STATEMENTS

This Red Herring Prospectus may contain certain “forward-looking statements”. These forward looking statements can generally be identified by words or phrases such as “aim”, “anticipate”, “believe”, “expect”, “estimate”, “intend”, “objective”, “plan”, “project”, “shall”, “will”, “will continue”, “will pursue”, “will likely result”, “contemplate”, “seek to”, “future”, “goal”, “should” or other words or phrases of similar import. Similarly, statements that describe the Company’s objectives, plans or goals are also forward- looking statements.

All forward-looking statements are subject to risks, uncertainties, and assumptions that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Actual results may differ materially from those suggested by the forward looking statements due to risks or uncertainties associated with the Company’s expectations with respect to, but not limited to, regulatory changes pertaining to the industries in India in which the Company has its businesses and the Company’s ability to respond to them, the Company’s ability to successfully implement its strategy, its growth and expansion, technological changes, its exposure to market risk, general economic and political conditions in India which have an impact on the Company’s business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes and changes in competition in Company’s industry. Important factors that could cause actual results to differ materially from the Company’s expectations include, among others:

- ➔ Relatively lesser experience of the Company in operating as an independent company;
- ➔ Dependence on the Telecom Infrastructure market for a significant portion of its sales and operating income;
- ➔ Growth in income and profits are closely tied to success in securing Product approvals, infrastructure approvals, vendor approval and other approvals from the customers;
- ➔ Decline in income and profit as a result of intense competition from other companies;
- ➔ Dependence on regulatory policies of different jurisdictions;
- ➔ Failure to comply with government and other regulations in a timely manner which could delay or prevent the Company from developing, manufacturing or marketing its products; and
- ➔ Changes in the regulatory framework governing us.
- ➔ Failure to address price erosion.
- ➔ Our ability to successfully implement strategy, growth and expansion plans;
- ➔ Our ability to successfully protect our intellectual property and to obtain intellectual property rights from third parties;
- ➔ Our dependence on key personnel;
- ➔ Our ability to comply with the financial conditions and other covenants of our borrowings;
- ➔ Changes in tax exemption policies/availability or in other laws and regulations that apply to our industry;
- ➔ General economic and business conditions in India and other countries;
- ➔ Changes in political conditions in India;
- ➔ Occurrence of natural disasters or calamities affecting our areas of operations;
- ➔ A slowdown in economic growth in India;
- ➔ Changes in the foreign exchange control regulations in India and Fluctuations in foreign exchange rates.
- ➔ Any downgrading of India’s debt rating by an independent agency.

For a further discussion of factors that could cause the Company’s actual results to differ, see the sections titled “Risk Factors”, “Business Overview” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages xii, 64 and 218, respectively of this Red Herring Prospectus.

By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. The Company, the BRLMs, the Syndicate Members or their respective affiliates do not have any obligation to, and do not intend to, update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, the Company and the BRLMs will ensure that investors in India are informed of material developments until the time of the grant of listing and trading permission by the Stock Exchanges.

SECTION II- RISK FACTORS

RISK FACTORS

RISK FACTORS ENVISAGED BY MANAGEMENT

An investment in Equity shares involves a high degree of risk. You should carefully consider all of the information in this RHP, including the risks and uncertainties described below, before making an investment in the Equity Shares of the Company. If any of the following risks actually occur, the business, financial condition and results of operations could suffer, the trading price of the Equity Shares could decline, and all or part of the investment may be lost. Unless otherwise stated in the relevant risk factors set below, we are not in a position to specify or quantify the financial or other implications of any of the risks mentioned herein. The following risk factors have been determined on the basis of their materiality in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

Internal Risk Factors that are specific to the project and relating to our business

1. There is a possibility of adverse impact on us in the event of the following litigations being decided against us :

There are certain litigations and disputes outstanding against us that may have an adverse impact if decided against us. Although no liability has been frozen in regard to the cases but in the event some liability does arise there is a possibility of an adverse financial impact on us. The brief details of such outstanding litigations are as follows:

Litigations against the Company, Its Group Companies/Promoters/Directors

| Case No. | Name of Parties | Nature of alleged violation | Act/Regulation/ Code allegedly violated | Name of Court | Amount Involved (In Rs. Lacs) | Latest Status of the case |
|--|--|--|---|---------------------------------|-------------------------------|--|
| CIVIL LITIGATIONS | | | | | | |
| Case No: CS-1404/09 dated 23.10.09 (old No) 304/10 dated 21/10/2010 (New No) | Mr Ram Krishna Sen Vs M/s Rosenberger Shilpi Cable Technologies Ltd | Mr Ram Krishna Sen had worked with the company since 01.02.2008 as a Manager (Accounts). He resigned from the company on August 14, 2008 and was finally relieved of his duties on August 26, 2008. He then filed a civil suit for recovery of his pending dues and interest thereon before the Hon'ble Civil Judge (Senior | Code of Civil Procedure 1908. | Patiala House Court, New Delhi. | 0.42 | The matter has been settled by the Hon'ble court vide its order dated 11/12/2010. A sum of Rs. 30,000/- has been paid to the plaintiff as full and final settlement. |

| | | | | | | |
|-----------|---|---|------------------|--|------|--|
| | | <p>Division) Patiala House, New Delhi.</p> <p>He alleged that he was made to resign from the company without any reason and prior notice and the defendant paid the salary up to July 2008 only.</p> | | | | |
| C/18/2010 | <p>Shilpi Cable Technologies Ltd</p> <p>vs.</p> <p>Commissioner of Customs, Inland Container Depot, Tughlakabad, New Delhi.</p> | <p>The learned Commissioner ordered classification of goods in question as 'coaxial cable' under customs tariff Heading 85442010 and denied the benefit under the Notification no. 21/2002. He reasoned that the impugned goods did not qualify to be called as part of Base Trans Receiver Station.</p> <p>We filed an appeal dated September 08, 2009 against this order. The same was rejected by the Commissioner of Customs (Appeal) New Custom House, New Delhi vide order no. CC(A) Cus/ICD/354/2009.</p> <p>After rejection by the Commissioner of Customs (Appeal) we filed the appeal to the Appellate Tribunal</p> | Customs Act 1962 | Customs Excise and, Service Tax Appellate Tribunal | 2.51 | The matter is pending with the Customs Excise and, Service Tax Appellate Tribunal. |

| | | | | | | |
|---|-----|--|--------------------------------|--|-------|---|
| | | under section 129 A (1) of the Customs Act, 1962. | | | | |
| Show cause notice No. V(H)Adj-I/CE-85/212/2010 dated 27.12.2010 | N.A | Excise Department has alleged in the Show Cause Notice that the Company has availed undue Cenvat Credit of Rs. 12.13 lacs during the period December 2009 to March 2010. | Central Excise Tariff Act 1985 | Forum Office of the Comissioner Central Excise, Jaipur – I | 12.13 | We are yet to reply to the show cause notice. |

Litigation against the Subsidiary Company

| Case No. | Name of Parties | Nature of alleged violation | Act/Regulation/ Code allegedly violated | Name of Court | Amount Involved (In Rs. Lacs) | Latest Status of the case |
|--|--|--|---|---------------------------|-------------------------------|---|
| No. F. 24 (273)/Lab. /SD/09/10 51 dt. 21.01.2010 | Devendra Kumar S/o Sh Om Prakash Vs Shilpi Cabletronics Ltd | Eleven ex-employees of our subsidiary company, M/s Shilpi Cabletronics Limited moved the office of the Deputy Labour Commissioner (South District), Government of National Capital Territory of Delhi, Labour Department with the grievance that their services had been illegally and/or unjustifiably terminated by the management. Based upon the representation, the Under Secretary (Labour), Government of National Capital Territory of Delhi referred the case | Industrial Disputes Act, 1947 | Karkardoom a Court, Delhi | Cannot be ascertained. | Next hearing will be on 4 th March 2011 |
| No. F. 24 (271)/Lab. /SD/09/10 32 dt. 21.01.2010 | Guddu Paswan S/o Lt Sh Kameshwer Paswan Vs Shilpi Cabletronics Ltd | | | | | The case has been settled by order dated 29.11.2010 |
| No. F. 24 (274)/Lab. /SD/09/10 55 dt. 21.01.2010 | Phool Singh S/o Sh Kalu Ram Vs Shilpi Cabletronics Ltd | | | | | The case has been settled by order dated 29.11.2010 |
| No. F. 24 (279)/Lab. /SD/09/10 83 dt. 21.01.2010 | Jogender S/o Sh Chimkut Rajjak Vs Shilpi Cabletronics Ltd | | | | | Not yet executed any prosecution. |
| No. F. 24 (311)/Lab. /SD/09/11 93 dt. 22.01.2010 | Ramu S/o Ruttan Lal Vs Shilpi Cabletronics Ltd | | | | | Not yet executed any prosecution |

| | | | | | | |
|--|---|---|--|--|--|--|
| No. F. 24 (276)/Lab. /SD/09/11 97 dt. 22.01.2010 | Vinod Kumar s/o Sh Ramji Lal Vs Shilpi Cabletronics Ltd | to labour court no. V for adjudication vide his order dated January 21, 2010. | | | | Not yet executed any prosecution |
| No. F. 24 (278)/Lab. /SD/09/11 01 dt. 22.01.2010 | Mahendra Saini S/o Laxman Saini Vs Shilpi Cabletronics Ltd | | | | | Not yet executed any prosecution |
| No. F. 24 (277)/Lab. /SD/09/11 06 dt. 25.01.2010 | Dharmendra Rai S/o Sh Sukhnandan Rai Vs Shilpi Cabletronics Ltd | | | | | Not yet executed any prosecution |
| No. F. 24 (302)/Lab. /SD/09/11 87 dt. 22.01.2010 | Anil Kumar S/o Sh Captan Singh Vs Shilpi Cabletronics Ltd | | | | | Not yet executed any prosecution |
| No. F. 24 (272)/Lab. /SD/09/10 39 dt. 21.01.2010 | Prakash K C S/o Sh Yamlal Vs Shilpi Cabletronics Ltd | | | | | Next hearing will be on 4 th March 2011 |
| No. F. 24 (280)/Lab. /SD/09/10 88 dt. 21.01.2010 | Mahendra Nagar S/o Raghuvar Dayal Vs Shilpi Cabletronics Ltd | | | | | Next hearing will be on 4 th March 2011 |

Material developments since the last balance sheet date

| Case No. | Name of Parties | Nature of alleged violation | Act/Regulation/ Code allegedly violated | Name of Court | Amount Involved (In Rs. Lacs) | Latest Status of the case |
|--------------------------------------|---|--|---|--|-------------------------------|---|
| Order under the Income Tax Act, 1961 | Income Tax Department, Government of India Vs M/s Shilpi Cable Technologies Limited, M/s Shilpi Cabletronics Limited, M/s | No specific violation has been established till now. | Income Tax Act, 1961 | Income Tax Department, Government of India | Not Ascertainable | The Income Tax Department under the provisions of the Income Tax Act, 1961 have conducted a Survey/Search Operation against the Company, its Promoters and other related parties on |

| | | | | | | |
|--|---|---|----|---------------------|---|---|
| | Shilpi Communication Private Limited, M/s Shilpi Cables Private Limited, M/s MVM Impex Private Limited, M/s GGP Cabletronics Private Limited, Mr Mukesh Kumar Gupta, Mr Manish Goel, Mr Vishal Goel and Mr Ghanshyam Pandey | | | | | <p>September 21, 2010. The proceedings, investigation/ verification by the Income Tax Department is still under process and as on the date no adverse Order has been passed in the matter.</p> <p>However pending the completion of the proceedings by the Mr Mukesh Kumar Gupta, Mr Manish Goel and Mr Vishal Goel have surrendered an income of Rs. 1550.00 Lacs to the Income Tax Department.</p> |
| Caveat Petition No. 5795 dated November 20, 2010 | Zhuhai Hansen Technologies Co. Ltd vs. Shilpi Cable Technologies Ltd | Violation of the terms of the alleged MOU and Purchase Order in connection with the supplies of 7/8" Superflex Cables | NA | High Court of Delhi | US Dollars 1501327.40 (Rs.675.60 Lacs considering 1 USD = 45 Indian Rupees) plus 18% interest | <p>One of the Supplier of the Company M/s Zhuhai Hansen Technologies Co. Ltd., has sent a notice to the Company alleging violation of the terms of the alleged MOU and Purchase Order in connection with the supplies of 7/8" Superflex Cables. On account of the alleged loss suffered by M/s Zhuhai Hansen Technologies Co. Ltd., it has raised a demand of USD 1501327.40 plus 18% interest. The Company has</p> |

| | | | | | | |
|-------------------------------|--|--|----|----|-----------------|---|
| | | | | | | <p>categorically denied all the allegations made by M/s Zhu Hai Hansen Technologies Co. Ltd. Correspondences are going on between the Company and M/s Zhu Hai Hansen Technologies Co. Ltd. in the matter and as on the date there is no litigation pending at any court in connection with this matter. The Company has filed a Caveat in the High Court of Delhi, as a precautionary measure to avoid any ex-parte order against the Company in the said matter.</p> |
| Legal Notice dated 28.12.2010 | Brushman Indian Ltd Vs MVM Impex Private Limited | Non repayment of Inter Corporate Deposit | NA | NA | Rs 1752.50 lacs | <p>One of the Group Companies M/s MVM Impex Pvt Ltd has received a recovery notice from M/s Brushman India Ltd demanding a sum of Rs 1752.50 lacs towards alleged Inter Corporate Deposits including interest etc. M/s MVM Impex Pvt Ltd has categorically denied all the demands and allegations made by M/s Brushman India Ltd. As on the date, there is no litigation pending at any court in connection</p> |

| | | | | | | |
|--|--|--|--|--|--|-------------------|
| | | | | | | with this matter. |
|--|--|--|--|--|--|-------------------|

For further details of outstanding litigations against the Company, its Directors, Promoters and the Group Companies, please see the section entitled "Outstanding Litigations and Material Developments" beginning on page 228 of this Red Herring Prospectus.

2. We have incurred a substantial amount of indebtedness, which may adversely affect our cash flow and our ability to operate our business.

As of September 30, 2010, we had total indebtedness of Rs 8946.02 lacs including unsecured Debt of Rs 1591.17 lacs. Our Long term Debt Equity ratio is 1.24 times and total Debt Equity ratio is 2.05 times. Around 99% of our total debt is bearing floating rate interest.

Our ability to meet our debt service obligations and to repay our outstanding borrowings will depend primarily upon the cash flows generated by our business. We cannot assure you that we will generate sufficient cash to enable us to service existing or proposed borrowings. Incurring significant indebtedness may limit our flexibility in planning for, or reacting to changes in our business & industry and limit our ability to borrow additional funds.

In the event that we fail to meet our debt servicing obligations under our financing documents, the relevant lenders could declare us to be in default, accelerate the maturity of our obligations or takeover our project. We cannot assure investors that in the event of any such acceleration we will have sufficient resources to repay these borrowings. Failure to meet obligations under debt financing agreements may have an adverse effect on our cash flows, business and results of operations.

3. The Company has contingent liabilities and its financial condition and results of operations could be adversely affected if any of these contingent liabilities materialize.

As of March 31, 2010, contingent liabilities disclosed in the notes to the financial statements of the Company amounted to Rs. 2618.33 Lacs which is almost 3 times of the Profit after tax of the Company for the year ended March 31, 2010. If any of these contingent liabilities materialize, the Company's financial conditions and results of operations may be adversely affected. The details of the same are as under:

| (Rs in Lacs) | | |
|--|-----------------------------|---------------------------------|
| Particulars | 31 st March 2010 | 30 th September 2010 |
| Bank Guarantee (For EPCG and performance) | 118.33 | 113.61 |
| Corporate Guarantee (For WC Loans to subsidiary co. from Bank) | 2500.00 | 4500.00 |
| Total | 2618.33 | 4613.61 |

If any or all of the contingent liabilities crystallize, our financial position will stand adversely affected to the extent of such crystallisation.

Out of the total contingent liabilities of Rs. 2618.33 lacs, as on March 31, 2010, Rs. 2500 Lacs, amounting to 95% of the total contingent liabilities, are on account of related parties in terms of AS-18 prescribed by the ICAI.

Out of the total contingent liabilities of Rs. 4613.61 lacs, for the six months ending September 30, 2010, Rs. 4500 Lacs, amounting to 97% of the total contingent liabilities, are on account of related parties in terms of AS-18 prescribed by the ICAI.

4. We have been subjected to an erratic and disturbed production schedule in the past and cannot assure you the non-recurrence of such happenings in the future.

In the fiscal 2008, there was production only for 1 month (on account of dispute between the JV partners). In the fiscal 2009, there was production for only 6 months and sales for only 4 months (on account of dispute between the JV partners). Fiscal 2010 was the first year in which there was production for the entire year. Such stoppages in production and sales are detrimental to the financial health of any company. We cannot assure you that such events will not recur in the future. If any such events recur in the future, it will adversely impact the financial position of our company.

5. Our funding requirements and deployment of the net proceeds of the Issue are based on management estimates and have not been independently appraised, and are not subject to monitoring by any independent agency.

Our funding requirements and the deployment of the proceeds of the Issue are based on management estimates, current quotations from suppliers and our current business plan. The fund requirements and intended use of proceeds have not been appraised by any bank or financial institution. In view of the competitive and dynamic nature of the Telecom industry, we may have to revise our expenditure and fund requirements as a result of variations including in the cost structure, changes in estimates, changes in quotations, exchange rate fluctuations and external factors, which may not be within the control of our management. This may entail rescheduling, revising or canceling the planned expenditure and fund requirement and increasing or decreasing the expenditure for a particular purpose from its planned expenditure at the discretion of our Board. In addition, the estimated dates of completion of various projects as described herein are based on management's current expectations and are subject to change due to various factors, some of which may not be in our control. In addition, current quotations from suppliers are only valid for limited periods and there can be no assurance that we will be able to obtain new quotations from these or other suppliers on the same terms. None of the suppliers from whom quotations have been obtained are our related parties in terms of the Accounting Standards issued by the Institute of Chartered Accountants of India.

We are not required to appoint any Monitoring Agency for the issue pursuant to the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

6. We have high Working Capital requirements. In case there is insufficient cash flow to meet our requirement of working capital or pay our debts, there may be adverse effect on the results of our operations. We do not have arrangements in place for bank finance or institutional finance in respect of our projected working capital requirements, a part of which will be financed through the present issue.

Our business requires a substantial amount of working capital. We require working capital to finance the purchase of materials before payment is received from clients. As a result, we are often required to commit resources to projects prior to receiving payment from clients in amounts sufficient to cover expenditures. Our working capital requirements may increase if, in certain agreements, payment terms include reduced or no advance payments or terms that are less favorable to us. Moreover, if a client defaults in making its payments on a consignment to which we have devoted resources, it could also affect our profitability and liquidity and decrease the capital resources that are otherwise available for other uses. There can be no assurance that the payments will be remitted by our clients to us on a timely basis or that we will be able to efficiently manage the level of bad debt arising from such payment practice.

Continued increases in working capital requirements and insufficient cash flows from our operations to meet any of the above requirements may have an adverse effect on our financial condition and results of operations. Moreover, we may need to incur additional indebtedness in the future to satisfy our working capital needs.

Our Company will utilise a part of the net proceeds of the Issue to meet the long-term working capital requirements to the tune of Rs. 1554 Lacs. While estimating this requirement we have assumed a bank borrowing level of Rs. 2063 lacs. These bank borrowings have not yet been tied up. In the event that we fail to raise the requisite funds through bank borrowings, we run the risk of seriously hampering the progress of the proposed project. Currently our average debt collection period is 4 months and our debtors turnover ratio is 33.34%.

7. Over dependence on Imported Raw Materials may affect profitability

Majority of our Raw Materials are imported from countries like China, Germany, USA, Korea and UAE etc and at present the total imported raw materials constitute around 73% of the total raw material requirement of company. This is done to maintain the quality standards as are demanded by our clients. Over dependence on imports and lack of back-up arrangements from Indian Suppliers may adversely affect our profitability in case the trade relations of India with any of these countries get strained in the future or the suppliers face any sort of problems due to internal issues of their countries. Also significant Exchange rate fluctuations may affect the Company's business as it may alter the costs of the imports significantly. At present, the Company does not have any hedging arrangements to cover its exchange rate risk.

The details of imported raw material consumed during the last three years are as given below.

| (Rs. In Lacs) | | | | | |
|---|--|--|-----------------------|-----------------------|-----------------------|
| Particulars | | | March 31, 2008 | March 31, 2009 | March 31, 2010 |
| Total Raw Material Consumed | | | 927.00 | 3072.05 | 13352.05 |
| Imported Material Consumed and its percentage | | | 927.00 (100%) | 1168.91 (38.05%) | 9743.15 (72.97%) |

8. **We have not placed any order for any of the Plant and Machinery that we require as a part of the project which is proposed to be fully funded by the present issue.**

9. **All of the Company's own manufactured RF Cable products are produced from one manufacturing facility in Chopanki, Bhiwadi, Rajasthan.**

All of the Company's own manufactured products are produced from one facility in Chopanki, Bhiwadi, Rajasthan. If this facility experiences production delays or shutdowns, then the Company's operations will be significantly affected, which in turn would have a material adverse effect on the Company's financial condition and results of operations.

10. **We are dependent upon a few suppliers for majority of our essential raw materials. In the event that our business relation with any one or more of them collapses, it could lead to an adverse financial impact on our Company.**

Most of the raw materials that we use are highly specialized in nature and finding readymade substitute suppliers for supplying the raw materials of exact specifications might not be easy. Loss of any one or more of our suppliers may adversely impact our production and eventually our profitability.

11. **If there is a lack of back-to-back product warranty and product liability assurances from some of the Company's suppliers or any recall of products, the Company's business reputation and profits may be affected.**



Defects, if any, in the Company's products could result in product recalls. This could in turn require considerable resources in correcting problems and could adversely affect the demand for the Company's products. Defects in products that arise from defective raw materials or other inputs supplied by external suppliers may or may not be covered under warranties provided by them. If a supplier fails to meet quality standards, it could expose the Company to the risk of product liability claims or delay the production schedule for the Company's products. Any defects in products could also result in customer claims for damages. Furthermore, in defending such claims, substantial costs may be incurred and adverse publicity generated. While the Company attempts to obtain assurances and warranties from suppliers, there can be no assurance that such assurances or warranties will be successfully obtained. In the absence of such warranties, any product recalls would adversely affect the Company's business, results of operations and financial condition. This becomes even graver in light of the fact that the Company's existing customer base consists of Telecom Service providers, EPC contractors who undertake erection and commissioning contracts for Telecom Service providers and also resellers who are approved vendors of telecom companies operating in the Indian Telecom Market. The Company is looking to enlarge its customer base by targeting in-building solution providers, independently providing in-building solutions, expanding its geographical blueprint by providing turnkey projects for telecom companies outside India besides rolling out its turnkey solutions product in India.

12. No prior performance indicator

This is an initial public offering of our equity shares and, thus, there is no other performance indicator besides our financial performance. We may not be able to assure similar performance on stock exchanges where we propose to list our equity shares.

13. The Company's income and profits may decline as a result of intense competition from other cable manufacturing companies.

Net selling prices of RF Cables typically decline, as other competitors receive the requisite government approvals and enter the market for a given product, intensifying competition. The Company's ability to sustain its sales and profitability over time is dependent on both the number of new companies that begin to sell competing products and the timing of the Company's government approval for its new products as well as the approvals of its existing products by new clients. The Company's overall profitability depends on, among other things, its ability to continuously introduce these new products and better its existing products in a timely manner.

In addition, as a result of operating in a highly competitive industry, the Company's competitors may also start consolidating, and the strength of the combined companies could affect the Company's competitive position in any or all of its business areas. Furthermore, if one of the Company's competitors acquires any of the Company's customers or suppliers, the Company may lose business from the customer or lose a supplier of a critical raw material.

14. A significant portion of the Company's income is dependent on a small number of products.

Cables constitute largest selling product of the Company. Sales of cables represent 67.41% of the Company's income for the period ending September 30, 2010. If the volume or pricing of the Company's largest selling products declines in the future, its business, financial condition and results of operations could be materially adversely affected.

15. Our Promoters may have the ability to determine the outcome of any shareholder resolution.

Shilpi Communication Private Limited is the largest shareholder of the Company, holding 99.79% of the pre-issue equity capital and [●]% of post-issue equity capital of the company. As significant shareholder, Shilpi Communication Private Limited may have interests which may affect the interests of shareholders and/or our interests and may have the ability to determine the outcome of any shareholder resolution.

16. For some of its products the Company uses its own name as a manufacturer, while the product is outsourced from a third party. Any litigation or regulatory proceedings against some of these parties may adversely affect the Company's business and goodwill in the market.

The Company uses its own name as a manufacturer, while the product is outsourced from a third party, for connectors, jumpers and surge arrestors. These account for 32.03% of the Company's revenues and 36.95% of the total production of our company (based on audited & restated figures of the six months ending September 30, 2010). The Company is exposed to the risk of these parties being involved in litigation or regulatory proceedings which may have an adverse effect on the Company's business and goodwill in the market.

17. The Company may have conflicts of interest with Shilpi Communication Private Limited (SCPL).

Conflicts of interest may arise between SCPL and the Company in a number of areas relating to past and ongoing business relationships. Potential conflicts of interest include the following:

→ Employee recruiting and retention. Since the Company operates in the same general geographic areas as SCPL, it expects to compete with SCPL in relation to the hiring and retention of employees, in particular with respect to highly-skilled technical employees. There are no agreements with SCPL which would restrict one company from the hiring of the other's employees;

→ Sale of shares in the Company. Even though after the issued all the shares of the promoters will be subject to lock-in of 3 years/1 year and the promoters, in the immediate future, have no intention to sell their holding in the issuer, at a later point of time SCPL may decide to sell all or a portion of the shares that it holds in the Company to a third party, including to a competitor, thereby giving that third party substantial influence over the Company's business and affairs. Such a sale could be contrary to the interests of certain stakeholders of the Company including shareholders and employees; and

→ Allocation of business opportunities. Business opportunities may arise that both the Company and SCPL find attractive, and which would complement their respective businesses. SCPL may decide to take the opportunities itself, which would prevent the Company from taking advantage of such opportunity.

→ SCPL, as the Company's majority shareholder, may from time to time make strategic decisions that it believes are in the best interests of its business as a whole. These decisions may be different from the decisions that the Company would have made on its own. SCPL's decisions with respect to the Company or its business may be resolved in a manner that favors SCPL and therefore SCPL's own shareholders, which may not coincide with the interests of the Company. The Company may also not be able to resolve any potential conflicts and any resolution may be less favorable to the Company than if it were dealing with an unaffiliated party.

18. The Company's expected production levels could be adversely affected by various factors.

Manufacturers of products such as RF Cables often encounter difficulties in production. These problems include difficulties with production costs and yields, product quality (caused by, among other things, process failure, equipment failure, human errors or other unforeseen events during the production cycle) and shortages of qualified personnel, as well as compliance with minimum standard requirements. Because of the many steps involved in the production of RF Cables, any interruption in one of the steps in the manufacturing process could cause delays in the entire production cycle. In addition, any material labour problems, such as a work stoppage or mechanical failure or malfunction could likewise lead to delays in production. Any of these problems could result in delay or suspension of production and may entail higher costs or other unforeseen expenses. Furthermore, if the Company's suppliers fail to deliver necessary manufacturing equipment, raw materials or adequately perform the services outsourced by the Company to them, production deadlines may not be met. Any such developments could have a material adverse effect on the Company's business, financial condition and results of operations.

19. The Company is subject to the risk of loss due to fire as typical Cable raw materials are highly flammable. The Company is also subject to the risk of other natural calamities or general disruptions affecting its production facilities and distribution chain.

The Company uses highly flammable materials, such as LLDP (Linear Low Density Polyethylene) and HDPE (High Density Polyethylene), in its manufacturing processes and is therefore subject to the risk of loss arising from fires. Both the plastics (LLDP and HDPE) as well as Copper which forms significant portion of inventories have high value erosion in case of fire as the molten materials are liable to be sold as scrap at significantly lower values than the cost incurred for them.

Although the Company has implemented industry acceptable risk management controls at its manufacturing location and continuously seeks to upgrade them, the risk of fire associated with these materials cannot be completely eliminated.

In addition to fire, natural calamities such as floods, earthquakes, rains and heavy downpours could disrupt the Company's distribution chain and damage its storage facilities. Although the Company maintains insurance policies to guard against losses caused by fire and other natural calamities, its insurance coverage for damages to properties and disruption of business due to these events may not be sufficient to cover all potential losses. If the manufacturing facility was to be damaged as a result of fire or other natural calamities, it would temporarily reduce the Company's manufacturing capacities.

In addition, unanticipated mechanical and electrical failures may also require shut-downs of production facilities for a significant period of time, any of which could have a material adverse effect on the Company's business, results of operations and financial condition.

20. If we become subject to significant legal action, we may incur substantial costs related to litigation. We currently carry no Liability insurance.

There are risks of limited liabilities on us in the form of liquidated damages to the maximum extent of 5% of the consignment value in the event of us not being able to deliver the consignment on time. In case of any mishaps in our factories we may have to pay compensation to our workers. All these events, if they happen, may lead to significant adverse impact on our business.



Our insurance coverage may not be adequate to protect us against certain operating hazards and this may have a material adverse effect on our business. Our insurance coverage is likely to cover all normal risks associated with our operations but there can be no assurance that any claim under the insurance policies maintained by us will be honored fully, in part or on time. To the extent that we suffer loss or damage that is not covered by insurance or exceeds our insurance coverage, our results of operations and cash flow may be adversely affected. For further details, see the paragraph titled "Insurance" under chapter "Business Overview" on page 74 of this RHP.

21. The Company has issued fully paid up Equity Shares within the last 12 months to one of its Promoters, M/s Shilpi Communication Private Limited, at a price that may be lower than the Issue Price.

The Company has issued 2500000 Equity Shares representing 10.33% of the total pre-issue paid up capital on October 01, 2009 and 1700000 Equity Shares representing 7.02% of the total pre-issue paid up capital on March 22, 2010 to M/s Shilpi Communication Private Limited, one of the Promoters of our Company as a further issue on Preferential Basis. For further details, in relation to the equity share capital history of the Company see "Capital Structure" beginning on page 21 of this Red Herring Prospectus.

22. The Company may acquire additional companies or assets in the future, and its business may be materially affected by difficulties in integration and employee retention, unidentified liabilities, or obligations incurred in connection with acquisition financings.

An amount of Rs. 300 Lacs constituting 5.37% of the proposed project has been allocated toward funds for General Corporate Purposes which may include strategic initiatives and acquisitions, brand building exercises and the strengthening of marketing capabilities, pre-payment of other borrowings and other business purposes including expansion of operations at the existing plant. The details of the same have been mentioned on page 42 of this Red Herring Prospectus. The target companies to be acquired have not yet been identified. The probable date of completing the acquisitions has also not been ascertained. The process of identification of Companies for acquisition would commence after the issue if the Management decides to acquire companies from funds earmarked for General Corporate purposes and not use it for any other purpose as mentioned above. The details of the interim use of the funds till the time they are utilised for the designated object have been given on page 45 of this Red Herring Prospectus.

Potential acquisitions involve known and unknown risks that could adversely affect the Company's future income and operating results. For example:

- ➔ Integration of acquired companies or assets may divert management's attention, resulting in the loss of key customers and/or personnel, and may expose the Company to unanticipated liabilities;
- ➔ The Company may not be able to retain skilled employees and experienced management necessary to operate or integrate any acquired businesses or assets. It may also be difficult to locate or hire new skilled employees and experienced management to replace them; and
- ➔ Any acquisition strategy may require additional debt or equity financing, resulting in additional leverage, or increased debt obligations, or dilution of ownership.

These and other risks inherent with respect to any acquisition strategy may have an adverse effect on the Company's business.

23. We have defaulted in repayment of loan by rescheduling our credit facilities with our lenders in the past and this may adversely affect the credit rating of our Company.

We had availed Fund based and non fund based credit facilities from IDBI Bank and Karur Vysya Bank. However, we defaulted in payment to the tune of Rs. 241.53 Lacs for a total period of one month at the end of the FY 2009 and also rescheduled two installments of the term loan. These defaults were cleared by reschedulement of the term loan of Rs. 195 Lacs vide sanction letter of IDBI Bank dated 16.07.2009 by payment of Rs. 46.53 lacs to Karur Vysya Bank in April, 2009. The default in payment of installment was due to non generation of cash pursuant to lack of sales in the company due to dispute with our JV Partner during that period. If any such defaults occur in the future it could negatively impact our credibility with our lenders which may lead to an adverse impact on our business operations.

Management Perception: The reschedulement was warranted by delayed cash generation which was a direct fallout of halt in production due to a dispute with our JV partner. Originally the Project of the Company was put up as a financial joint venture with Rosenberger Hochfrequenztechnik, Germany (hereinafter referred to as 'Rosenberger'. Soon after the project was implemented, Rosenberger tried to wrest majority and full control of the Company by flexing its financial muscle and blocking debt raising avenues for the Company. This dispute between the JV partners led to a halt in production which resulted in lack of sales for a period of one month. Due to this no cash was generated in the company, which resulted in non payment of installment. The defaults have since been cleared and no defaults exist as on date. Further, no penalty was levied by IDBI Bank for the aforesaid reschedulement

24. The Company may have unsecured debt that is repayable on demand.

The Company may have availed of certain unsecured loans that may be repayable on demand. As on September 30, 2010 our Company has unsecured loan amounting to Rs. 1591.17 lacs which may be repayable on demand. In the event that the lenders of such loans call in these loans, our Company would need to find alternative sources of financing, which may not be available on commercially reasonable terms or at all. This may adversely affect our business operations. The details of all such loans are as under:

| Name of Lenders | Amount Outstanding as on March 31, 2010 (Rs in Lacs) | Amount Outstanding as on September 30, 2010 (Rs in Lacs) | Rate of Interest |
|---------------------------------------|---|---|-------------------------|
| Jetkings Exports Private Limited | 100.00 | 0.00 | 0.00% |
| Jyotirgamya Advisors Private Limited | 1.50 | 31.50 | 0.00% |
| Mukesh Kumar Gupta | 378.80 | 378.80 | 0.00% |
| M V M Impex Private Limited | 133.70 | 283.70 | 0.00% |
| Sahara Fincon Private Limited | 100.00 | 0.00 | 0.00% |
| Sarswati Vincom Limited | 100.00 | 100.00 | 0.00% |
| Shilpi Communications Private Limited | 404.00 | 393.50 | 0.00% |
| Uniword Telecom | 186.00 | 186.00 | 0.00% |

| | | | |
|--------------------------|----------------|----------------|-------|
| Limited | | | |
| MCS Exim Private Limited | 0.00 | 26.00 | |
| SE Investments Limited* | 0.00 | 191.67 | 7.85% |
| Total | 1404.00 | 1591.17 | |

***Not repayable on demand but within 2 years. The repayment is on monthly basis.**

25. Some of the Promoter Group Companies are engaged in the same line of activity or business as that of Shilpi Cable Technologies Limited.

Shilpi Communication Private Limited, Shilpi Cabletronics Limited, Shilpi Cables Private Limited, MVM Impex Private Limited and GGP Cabletronics Private Limited, companies belonging to the Promoters group are, among other activities, also engaged in the same line of business as that of the Company. This might create conflict of interest in the business of the Company in the Long Run.

Management Perception: In this regard we would like to clarify that even as the Promoter Group companies are engaged in same line of business i.e. manufacturing of Cables, still there is no apparent conflict of interest in real sense because of the fact that the product offerings of the two group companies are different. The Issuer Company is engaged in the business of cables, connectors and accessories used in mobile telecom towers, while Shilpi Cabletronics Ltd., a promoter group company and subsidiary company of the Issuer, is engaged in the business of cables used in automobile and other sectors. Together, the two Companies complement each other and enable the group to offer a wider spectrum of products giving both a competitive edge. Issuer and its subsidiary, though engaged in same broad line of business, i.e. manufacturing of cables, have product portfolios which are different and sometimes complementary to each other.

Both the Issuer and its Subsidiary need capital to run their respective businesses. As mentioned on page 42 of the Red Herring Prospectus, the issuer is planning to invest a part of the issue proceeds in its subsidiary as it expects that this investment will lead to an appreciation in the share value of the Subsidiary as a result of the improvement in its business and profitability by virtue of the proposed investment. Such an appreciation in share value will also add to the overall financial strength of the issuer.

26. A substantial portion of proceeds from the proposed issue shall be used for investment in the Company's subsidiary in which the Promoters Group also has a substantial interest.

We plan to invest a sum of Rs. 500 Lacs (which is more than 9% of the net proceeds from the issue) in our subsidiary company, M/s Shilpi Cabletronics Limited. The mode of investment will be allotment of fresh equity shares of M/s Shilpi Cabletronics Limited to the issuer company. It will use this money to improve its working capital position. We cannot guarantee that the amount that is proposed to be invested will yield the intended benefits or that whether any dividends will be paid for such equity investment. We expect that this investment will lead to an appreciation in the share value of the Subsidiary as a result of the improvement in its business and profitability by virtue of the proposed investment. Such an appreciation in share value will also add to the overall financial strength of our Company.

27. The Company has made and may in the future make additional capital commitments to its subsidiaries, affecting its liquidity and capital resources.

The Company has made significant capital investments and other commitments to lend financial support certain of its subsidiaries. The Company may make additional capital expenditures in the future, which may be financed through additional equity or debt, including through the debt of subsidiaries. Till date there has been no instance where any loans or advances which were due to the company had been written off, but if the business and operations of these subsidiaries do not perform as expected, the Company may not derive the anticipated benefits on its investments, and these investments may be required to be written down or written off. Additionally, certain loans and advances due to the Company may not be repaid or may need to be restructured. Any of these developments could have a material adverse effect on the Company's business and financial condition. The company has only recently invested in its subsidiary. Such an investment has not yet given any return in the short term but we expect it to lead to an improvement in our business and profitability in the long run.

28. The Company's success depends in large part upon its management team and skilled personnel and its ability to attract and retain such persons

The Company is dependent on certain members of its technical and management staff, as well as other key employees and officers for the efficient conduct of its business operations. The Company may not be able to continuously attract qualified personnel or retain such personnel on acceptable terms, given the rising demand for such personnel. The Company may face a challenge to recruit and retain a sufficient number of suitably skilled personnel. Retention of personnel leaves companies with rising wage bills. There is also significant competition for managerial and other skilled personnel in this industry, and it may be difficult to attract and retain the personnel that the Company needs in the future. Company's future performance may be affected by the discontinuation of service of its management team and skilled personnel. The loss of key personnel may have an adverse effect on the business of the Company, results of operations, financial condition and its ability to grow.

29. Our operations could be adversely affected by disputes with employees.

As of January 31, 2011, the Company employed a work force of 75 full-time employees and 68 contractual employees. Till date we have had only a single instance of a dispute with one of our employees wherein the concerned employee has alleged wrongful termination of service on part of our Company. The total amount claimed by the employee was Rs. 42,000/-. The matter has been settled by the Hon'ble court vide its order dated 11/12/2010. A sum of Rs. 30,000/- has been paid to the plaintiff as full and final settlement. While we believe we maintain good relationships with employees, there can be no assurance that the Company will not experience future disruptions to its operations due to disputes or other problems with its work force or contract labour employed by independent contractors.

30. Loss making Group companies

Our Company has 7 (seven) group companies. Out of these, 3 (three) Group Companies (including our Promoter Company, M/s Shilpi Communication Private Limited) are incurring losses for some of the last 4 years. The details of the same are as follows:

(In Rs. Lacs)

| S.No. | Name of Company | 2009-10 | 2008-09 | 2007-08 | 2006-07 |
|-------|--------------------------------------|---------|---------|---------|---------|
| 1. | Shilpi Communication Private Limited | (8.01) | (3.36) | (5.75) | (0.52) |
| 2. | MVM Impex Private Limited | (3.91) | (0.01) | 0.01 | NA |
| 3. | GGP Cabletronics Private Limited | (0.04) | (0.02) | 0.01 | NA |

31. Delay in project implementation may lead to an adverse impact on our business.

If the proposed project is delayed due to all or any of the reasons mentioned below, it may have an adverse impact on the future of our business and could stunt our growth process. The various reasons for delays that may take place in the project implementation are as follows:

a) Delay in receipt of funds through the proposed issue

If the proposed Initial Public Offering of Equity Shares gets delayed it would lead to a corresponding delay in receipt of funds and consequently it may delay the project implementation.

b) Delay in placing orders of the total plant and machinery

If there is any delay in the issue process it may lead to undue delays in the implementation of project as the orders for the equipment etc. will be placed only after the receipt of the issue proceeds.

c) Our project is subject to the risk of cost and time overruns.

Our project as referred to in the section titled "Objects of the Issue" on page 36 of this RHP contains project costs and implementation schedules estimated by us. Our plans are subject to a number of contingencies, including changes in laws and regulations, governmental action, inability to obtain equipment and other supplies at quoted or at acceptable rates, accidents, natural calamities, terrorist activity and other factors, many of which may be beyond our control. Although we have a capability to complete the project within parameters estimated by us, we cannot assure you that the actual costs incurred or time taken for implementation of these plans will not vary from our estimated parameters.

32. The Company has experienced negative cash flows in some of the previous 4 years.

The Company has experienced negative cash flows in some of the previous 4 years.

The details of the last 4 years are as under:

| PARTICULARS | 2007 | 2008 | 2009 | 2010 |
|---|-------------|-------------|-------------|-------------|
| Net increase in Cash and Cash equivalents | 345.70 | (302.54) | 184.66 | 204.90 |

33. We may be unable to obtain future financing on favourable terms, or at all, to fund our operations, expected capital expenditure and working capital requirements.

We require capital for, amongst other purposes, expanding our operations, making acquisitions, managing acquired assets, acquiring new equipment, maintaining the condition of our existing equipment and maintaining compliance with environmental laws and regulations. To the extent that cash generated internally and cash available under our existing credit facilities are not sufficient to fund our capital requirements, we will require additional debt or equity financing, which may not be available on favourable terms, or at all.

If we fail to generate or obtain sufficient additional capital in the future, we could be forced to reduce or delay capital expenditures, sell assets or restructure or refinance our indebtedness.

34. We depend on banks and financial institutions and other sources for meeting our short and medium term financial requirements.

We do not have access to any short and medium term funding arrangements. We rely entirely upon banks and financial institutions to fulfill such fund requirements. In the event of any delay in the disbursement of funds from these bodies there can be a bottleneck to our project execution capabilities and thereby our results of operations might be adversely affected. Further, we do not have any hedging arrangements to cover interest rate risk.

35. Interest rate fluctuations may adversely affect the Company's business.

The Company has entered into certain borrowing arrangements to finance its capital requirements in the ordinary course of business. In the future, the Company may be required to enter into additional borrowing arrangements in connection with potential acquisitions or for general working capital purposes. In the event interest rates increase, the Company's costs of borrowing will increase, and its profitability and results of operations may be adversely affected.

36. We may be subject to restrictive covenants under working capital facilities provided to us by our lender(s).

We have availed certain working capital facilities from our bankers. As per the agreements executed with the bankers, there are certain restrictions imposed on us. As per these restrictions; neither sale of any kind nor mortgage, charge, lien or encumbrance, other than the existing charges shall be made or allowed to be made over the currency of the facility without the banker's prior written consent during the currency of the said working capital facility.

37. Rise in Input Costs may affect profitability. These raw materials cost accounts for more than 76 percent of the total income of our Company

The input costs of the products of the Company may increase due to various reasons. In case the Company is not able to pass on such increase to its customers because of competition or otherwise, it may affect the profitability of the Company. The main raw materials used in the manufacture of our products are Copper Tube, Copper Cladded Aluminum Wire, Copper Tape, LLDP (Linear Low Density Polyethylene) and HDPE (High Density Polyethylene), and Black Jacketing Polythene etc. These raw materials cost accounts for more than 76 percent of the total income of our Company. Prices of raw materials may tend to remain very volatile. The prices of raw materials we purchase from our suppliers may fluctuate due to changes in demand and supply conditions for these raw materials in the markets. In the event of any significant increase in the prices of these raw materials and if we are unable to pass on fully such increase in the prices to our customers, our profitability will be adversely affected. If we are unable to ensure adequate and timely supply of raw materials our production plans would be adversely affected impacting our profitability adversely.

38. Over dependence on Imported Raw Materials may affect profitability

Majority of our Raw Materials are imported from countries like China, Germany, USA, Korea and UAE etc. This is done to maintain the quality standards as are demanded by our clients. Over dependence on imports and lack of back-up arrangements from Indian Suppliers may adversely affect our profitability in case the trade relations of India with any of these countries get strained in the future or the suppliers face any sort of problems due to internal issues of their countries. Also significant Exchange rate fluctuations may affect the Company's business as it may alter the costs of the imports significantly.

39. We have incurred a substantial amount of indebtedness, which may adversely affect our cash flow and our ability to operate our business.

As of March 31, 2010, we had Rs. 6,777.42 Lacs of principal amount of indebtedness outstanding. Our substantial indebtedness has important consequences to us such as:

- increasing our vulnerability to general adverse economic and industry conditions and adverse competitive and industry conditions and placing us at a competitive disadvantage to competitors that have less debt;
- requiring us to dedicate a substantial portion of our cash flow from operations and proceeds from any capital raising to payments on indebtedness, thereby reducing our cash flows for working capital expenditures, research and product development efforts, strategic acquisitions, investments and other general corporate requirements;
- limiting our flexibility in planning for, or reacting to, changes in our business and the industry and could limit our ability to pursue other business opportunities, borrow more money for operations or capital expenditures in the future and implement our business strategies; and
- increasing our interest expenditure, since a substantial portion of our debt bears interest at floating rates.

The agreements and instruments governing our existing indebtedness and the agreements we expect to enter into governing future indebtedness, contain and are likely to contain restrictions and limitations, such as restrictions on:

- issuance of new shares or other securities,
- incurring further indebtedness,
- creating further encumbrances on assets,
- disposing of assets,
- effecting any scheme of amalgamation or restructuring,
- undertaking guarantee obligations,
- declaring dividends or incurring capital expenditures beyond certain limits.


In addition, some of these financing agreements contain and are likely to contain financial covenants, which may require us or the specific borrower entity to maintain, amongst other things, a specified net worth to assets ratio, debt service coverage ratio, other leverage ratios and maintenance of collateral. Most of our financing arrangements are secured by specific immovable and movable assets. Many of our financing agreements also include various conditions and covenants that require us or the borrower entity, as applicable, to obtain lender consents prior to carrying out certain activities and entering into certain transactions.

Failure to meet these conditions or obtain these consents could lead to defaults or crossdefaults, and as such, repayments of outstanding indebtedness and termination of such financing agreements.

Our ability to meet our debt service obligations and to repay our outstanding borrowings will depend primarily upon the cash flow generated by our business. There can be no assurance that we will generate sufficient cash to enable us to service our existing or proposed borrowings, comply with covenants or fund other liquidity needs.

Furthermore, adverse developments in the Indian credit markets or a reduced perception of our creditworthiness in the credit markets could increase our debt service costs and the overall cost of our funds. If we fail to meet our debt service obligations or financial covenants required under the financing documents, our lenders could declare us in default under the terms of our borrowings, accelerate the maturity of our obligations, enforce the security interest, take possession of the project assets or substitute themselves or their nominees under any document in relation to the project. There can be no assurance that, in the event of any such acceleration, we will have sufficient resources to repay these borrowings. Failure to meet our obligations under the debt financing arrangements could have an adverse effect on our cash flows, business and results of operations.

40. **We are using the  trademark for which we have only a licence to use.**

The  trademark does not belong exclusively to our Company. Its registration has been applied for by M/s Shilpi Communication Private Limited which is our Promoter Company as it has been using the same since 2003 and is the actual owner of the trademark. We have not applied for the Trademark in our own name as M/s Shilpi Communication Private Limited had been using the same even before our company was incorporated and hence it had the primary right to obtain registration of trademark. Shilpi Communication Private Limited had filed the trademark application on April 05, 2010 and has also got a provisional registration of the trademark. We have got a licence to use the same. We are not paying any fees to the promoter for grant of the licence. In the event of any internal disruptions within our group we may stand to lose out on the right to use the trademark which may lead to an adverse financial impact on our Company.

41. **Growth in the Company's income and profits are closely tied to success in securing exclusive tenders from the participants of the Indian Telecom Market in a timely manner for new products, as well as obtaining the status of a preferred vendor for significant products.**

The Company's ability to achieve further sales growth and profitability is dependent on its success in continuing to successfully obtain government approvals, challenge patents, develop non-infringing products relative to branded RF Cables, securing exclusive tenders by the e-bidding mode as well as the regular mode from the participants of the Indian Telecom Market in a timely manner for new products, as well as obtaining the status of a preferred vendor for significant products. The failure of the Company to efficiently and successfully plan and implement its business strategies and product introductions within the context of these factors may materially affect its income and financial condition. For further details kindly refer to the sections "Objects of the Issue" and "Industry Overview" beginning on page nos. 36 and 59 respectively of this Red Herring Prospectus.

42. **If the Company's R&D efforts do not succeed, the Company may not be able to introduce new products.**

In order to remain competitive, the Company must successfully develop new products in sync with the latest developments in the Telecom Industry, as well as continue to improve the efficiency and cost competitiveness of its manufacturing processes. To accomplish these objectives and to support its current market position in the Indian market and entry into other markets, the Company commits efforts, funds and other resources to R&D. In line with other companies, the Company expects that its R&D costs will continue to increase in the future. It is not certain whether these R&D efforts will translate into increased efficiency in the Company's manufacturing processes, the development of additional products for marketing and sale or provide opportunities for new business partnerships. If these ongoing and increasing R&D investments prove unsuccessful, it would result in higher costs without a proportionate increase in income, which in turn would adversely affect the Company's income and financial condition. Presently we have four staff members across various levels in our R&D department. We are currently working on development of aluminium based RF cables instead of the traditional copper based RF cables.

43. A change in accounting or tax policies applicable to the Company could result in an adverse effect on the Company's income and reported results of operations.

New or revised accounting or tax policies promulgated from time to time by relevant Indian authorities may significantly affect the Company's reported results of operations. Any current or future Government revisions to tax policies, in particular with respect to tax incentives, could have a material adverse effect on the Company's income and results of operations. Presently the effective corporate tax rate is 33.99%. If the corporate tax rate is increased, the company will have to bear additional tax burden and to that extent Company's profit after tax would be adversely affected.

44. The Company is susceptible to product liability and product recall claims that may not be covered by insurance which, if successful, could require the payment of substantial sums.

The Company faces the risk of loss resulting from, and the adverse publicity associated with, product liability lawsuits and product recall expenses, whether or not such claims are valid. Even unsuccessful product liability claims would involve litigation expenses, and may divert management's time, adversely affect the Company's reputation and impair the marketability of its products. In addition, the Company has no product liability insurance to cover such claims or and there can be no assurance that adequate insurance coverage may be obtained in the future at acceptable costs. A successful product liability claim that is excluded from coverage or exceeds the Company's policy limits may require the payment of substantial sums which may have a material adverse effect on the Company's business, financial condition and results of operations.

45. The availability of Duplicate Products could adversely affect the goodwill of the Company's products.

The Company is also exposed to the risk of duplicate products. For example, certain entities could imitate the Company's brand name, packaging material or attempt to create look-alike products. This may not only affect the Company's market but may also adversely affect the goodwill of the Company's products. The proliferation of duplicate products, and the management time diverted to defend claims and complaints about spurious products, may have a material adverse effect on its goodwill, business, financial condition and results of operations.

46. The Company's operations are subject to various employee, health and safety laws and regulations.

The Company's operations are subject to laws and regulations governing relationships with employees in such areas as minimum wage and maximum working hours, overtime, working conditions, hiring and terminating of employees, contract labor and work permits. Furthermore, the success of the Company is contingent upon, among other things, receipt of all required health and safety permits. Changes or concessions required by regulatory authorities may involve significant costs and also result in delays, prevent completion of construction or opening of a plant or result in the loss of an existing license which may adversely affect the Company's business and results of operations.

47. The Company may experience fluctuations in quarterly income, operating results and cash flows which may affect the trading price of the Equity Shares.

Although the business of the company is not seasonal, the Company's quarterly income, operating results and cash flows may fluctuate substantially from quarter to quarter in the future. Such fluctuations may result in volatility in the price of the Equity Shares. Quarterly income, operating results and cash flows may fluctuate as a result of a variety of factors, including but not limited to:

→ changes in demand for products;

- the timing of regulatory approvals and of launches of new products, particularly in relation to any period of market exclusivity;
- changes in pricing policies of the Company or those of competitors;
- the magnitude and timing of research and development investments;
- changes in the level of inventories maintained by customers;
- the geographical mix of sales;
- currency exchange rate fluctuations;
- adverse market events leading to impairment of assets; and

The foregoing factors may adversely affect the Company's income, operating results and cash flows, which may materially affect the trading price of the Company's shares.

48. Inability to manage our growth could disrupt our business and reduce our profitability.

We have experienced growth in recent times and expect our business to grow significantly in view of our expansion plans. We expect this growth to place significant demands on us and require us to continuously evolve and improve our operational, financial and internal controls across the organization. In particular, continued expansion increases the challenges involved in:

- maintaining high levels of customer satisfaction;
- recruiting, training and retaining sufficient skilled management, technical and marketing personnel;
- adhering to quality and process execution standards that meet customer expectations;
- preserving a uniform culture, values and work environment in operations within and outside India;
- developing and improving our internal administrative infrastructure, particularly our financial; and
- maintaining desired level of operational, communications and other internal systems.

Any inability to manage our growth may have an adverse effect on our business and financial results.

49. A part of the shareholding of one of our Promoters is pledged with our Lenders

Our Promoter M/s Shilpi Communication Private Limited had pledged 10200000 Lac shares with the Lenders. Consequently, 10200000 shares (42.14% of the paid up share capital of the Company) of the Company are pledged to the Lenders of the Company as a collateral security. In the event of default of payment to the Lenders by Shilpi Cable Technologies Limited, the pledge could be invoked by the Lenders which could lead to instabilities in the shares price of the Company.

50. Our business faces the risk of natural disasters and operational risks that may cause significant interruption of operations.

India has experienced natural calamities such as earthquakes, a tsunami, floods and drought in the past few years. The extent and severity of these natural disasters determines their effect on the Indian economy. Further prolonged spells of below normal rainfall or other natural calamities could have a negative effect on the Indian economy, adversely affecting the Company's business and the price of its Equity Shares. Our operations are subject to a number of risks and hazards, including unusual or unexpected geological conditions, ground conditions etc. Such risks and hazards could result in personal injury or death, damage to, or destruction of production facilities potentially leading to monetary losses and legal liability.

In addition, breakdown of equipment or other events, including catastrophic events such as war or natural disasters, leading to production interruptions in our plants could have an adverse effect on its financial results.

Further, as many of our customers are, to varying degrees, dependent on planned deliveries from our plant, those customers that have to reschedule their own operations due to our missed deliveries could pursue financial claims against us. We may incur costs to correct any of these problems, in addition to facing claims from customers. Further, our reputation amongst actual and potential customers may be harmed, resulting in a loss of business. While we may maintain insurance policies covering, amongst other things, physical damage, business interruptions and product liability, these policies may not cover all of our losses and we could incur uninsured losses and liabilities arising from such events, including damage to our reputation, loss of customers and suffer substantial losses in operational capacity.

51. We have had a dispute with our erstwhile Joint Venture partner resulting in the break- up of the joint venture with a consequential impact of suspension of operations of the company for a significant period entailing consequential losses.

Originally the Project of the Company was put up as a financial joint venture with Rosenberger Hochfrequenztechnik, Germany (hereinafter referred to as 'Rosenberger'). The genesis of the partnership was the domain knowledge of Shilpi Group in Cable manufacturing and synergies with Rosenberger's established business of connectors and accessories that complement cables with added advantage of the financial strength of Rosenberger. The joint venture partners signed Share Subscription Cum Shareholders Agreement in July 2006. Soon after the project was implemented, Rosenberger tried to wrest majority and full control of the Company by flexing its financial muscle and blocking debt raising avenues for the Company. It exercised the buyout option in the JV agreement by offering to buyout Shilpi, the Indian Partner. Shilpi however found the price offered too low and found a huge opportunity in the buyout exercise initiated by Rosenberger, to buyout Rosenberger who was bound to sell at the same price. Eventually Shilpi bought the German partner out in August 2008 and became the sole promoter of the Company. We cannot assure you that such occurrences will not happen in the future.

52. A part of the shareholding of one of our Promoters is pledged with our Lenders

Our Promoter M/s Shilpi Communication Private Limited had pledged 10200000 Lac shares with the Lenders. Consequently, 10200000 shares (42.14% of the paid up share capital of the Company) of the Company are pledged to the Lenders of the Company as a collateral security.

In the event of default of payment to the Lenders by Shilpi Cable Technologies Limited, the pledge could be invoked by the Lenders which could lead to instabilities in the shares price of the Company.

External Risk Factors/ Risks Related to India

53. The Indian Telecom Industry in general is characterized by a rapidly changing market landscape.

The market landscape of the Indian Telecom industry in general is constantly evolving, primarily due to factors such as but not limited to technological advances, regulations of government and arrangements and consolidation of resources by industry players. These factors are susceptible to sudden change which may affect the industry in a positive or negative manner. Any successful Telecom Equipment supplier company must be adequately prepared to react quickly and successfully when such changes occur. Any delay by the Company in reaction to these changes, whether in terms of modification of the Company's strategy or diversion of its production or management resources, would have a material adverse effect on its business, results of operation and financial condition.

54. The Company's performance is highly dependent upon the regulatory policies of different jurisdictions.

The Indian Telecom Industry is regulated by the Government. Depending on, among other factors, general economic conditions and government policies with respect to Telecom Sector, private and public spending patterns on Telecom Products could change. Policy decisions by regulators such as TRAI that have the effect of making it more difficult for Cable companies from developing countries such as India to sell and market products into their markets or provide services to other telecom companies would have a material adverse effect on the Company's businesses.

Moreover, in addition to normal price competition in the marketplace, the prices of the Company's products may be restricted by price controls imposed by government on telecom Companies as it would have the effect of limiting their buying power which would translate in restricted revenues for us. Currency fluctuations can further aggravate this problem. The existence of price controls on the Telecom Sector can limit the income the Company earns from its products.

55. If we are unable to adapt to technological changes and threats prevailing in our external environment our business could suffer.

Our future success will depend in part on our ability to respond to changes in our external environment, technological advances and emerging telecom industry standards and practices on a cost-effective and timely basis.

Threats prevailing in external environment e.g. increase in prices of raw material may cause hardships for us. The development and implementation of new technology entails technical and business risks. We cannot assure you that we will successfully implement new technologies effectively or adapt our systems to emerging industry standards. If we are unable, for technical, legal, financial or other reasons, to adapt in a timely manner to changing market conditions, customer requirements or technological changes, our business, financial performance and the trading price of our Equity Shares could be adversely affected.

56. If the Company fails to comply with government and other regulations applicable to its activities in a timely manner, it may delay or prevent the Company from developing, manufacturing or marketing its products.

If the Company fails to comply with applicable regulations with respect to its operations and products in various jurisdictions in a timely manner, there may be a delay in the submission or approval of potential new products for marketing approval. In addition, the submission of an application to a regulatory authority does not guarantee that a license to market the product will be granted. Each authority may impose its own requirements and/or delay or refuse to grant approval, even when a product has already been approved by another authority. Any such event would limit the Company's supply of raw materials and possible product shortages may ensue, which may have a material adverse effect on the Company's business, financial condition and results of operation.

Regulatory agencies may at any time reassess the safety and efficacy of Telecom products based on new scientific knowledge or other factors. Such reassessments, if applicable to the Company's products, could result in the amendment or withdrawal of existing approvals to market the products, which in turn could result in a loss of revenues and/or profits, exposure to product liability claims, a loss of goodwill and write-offs of related inventory, all of which could have a material adverse effect on the Company's financial conditions and results of operations.

57. Political, economic and social developments in India could adversely affect the Company's business.

The Government has traditionally exercised and continues to exercise a significant influence over many aspects of the economy. The Company's business, and the market price and liquidity of the Company's Equity Shares, may be affected by changes in the Government's policies, including taxation. Social, political, economic or other developments in or affecting India, acts of war and acts of terrorism could also adversely affect the Company's business.

Since 1991, successive governments have pursued policies of economic liberalization and financial sector reforms. However, there can be no assurance that such policies will be continued and any significant change in the Government's policies in the future could affect business and economic conditions in India in general and could also affect the Company's business and industry in particular. In addition, any political instability in India or geo political stability affecting India will adversely affect the Indian economy and the Indian securities markets in general, which could also affect the trading price of the Company's Equity Shares.

The Company's performance and the growth of its business is necessarily dependant on the performance of the overall Indian economy. India's economy could be adversely affected by a general rise in interest rates, currency exchange rates, adverse conditions affecting agriculture, commodity and electricity prices or various other factors. Further, conditions outside India, such as slowdowns in the economic growth of other countries could have an impact on the growth of the Indian economy, and government policy may change in response to such conditions. A slowdown in the Indian economy could adversely affect the Company's business, including its ability to implement its strategy and increase its participation in the pharmaceutical sector.

58. Financial instability in Indian financial markets could adversely affect the Company's results of operations and financial condition.

The Indian economy and financial markets are significantly influenced by worldwide economic, financial and market conditions. Any financial turmoil, especially in the United States of America, Europe or China, may have a negative impact on the Indian economy. Although economic conditions differ in each country, investors' reactions to any significant developments in one country can have adverse effects on the financial and market conditions in other countries. A loss in investor confidence in the financial systems, particularly in other emerging markets, may cause increased volatility in Indian financial markets.

59. The extent and reliability of Indian infrastructure could adversely affect the Company's results of operations and financial condition.

India's physical infrastructure is less developed than that of many developed nations. Any congestion or disruption in its port, rail and road networks, electricity grid, communication systems or any other public facility could disrupt the Company's normal business activity. Any deterioration of India's physical infrastructure would harm the national economy, disrupt the transportation of goods and supplies, and add costs to doing business in India. These problems could interrupt the Company's business operations, which could have an adverse effect on its results of operations and financial condition.

60. Terrorist attacks, civil disturbances, regional conflicts and other acts of violence in India and abroad may disrupt or otherwise adversely affect the Company's business and its profitability.

Certain events that are beyond the control of the Company, such as terrorist attacks and other acts of violence or war, including those involving India, China, the UK, the US or other countries, may adversely affect worldwide financial markets and could potentially lead to a severe economic recession, which could adversely affect the Company's business, results of operations, financial condition and cash flows, and more generally, any of these events could lower confidence in India's economy. Southern Asia has, from time to time, experienced instances of civil unrest and political tensions and hostilities among neighbouring countries, including India, Pakistan and China. India recently witnessed a major terrorist attack in Mumbai on November 26, 2008, which led to an escalation of political tensions between India and Pakistan. Political tensions could create a perception that there is a risk of disruption of business provided by India-based companies, which could have an adverse effect on the Company's business, future financial performance and price of the Shares. Furthermore, if India were to become engaged in armed hostilities, particularly hostilities that are protracted or involve the threat or use of nuclear weapons, the Company's operations might be significantly affected.

India has from time to time experienced social and civil unrest and hostilities, including riots, regional conflicts and other acts of violence. Events of this nature in the future could have a material adverse effect on the Company's ability to develop its business. As a result, the Company's business, results of operations and financial condition may be adversely affected.

61. The Company's ability to raise foreign capital may be constrained by Indian law.

As an Indian company, the Company is subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions limit the Company's financing sources and hence could constrain its ability to obtain financings on competitive terms and refinance existing indebtedness. In addition, the Company cannot assure investors that required approvals will be granted to the Company without onerous conditions, or at all. The limitations on foreign debt may have an adverse effect on the Company's business growth, financial condition and results of operations.

62. An outbreak of an infectious disease or any other serious public health concerns in Asia or elsewhere could have a material adverse effect on the business and results of operations of the Company.

The outbreak of an infectious disease in Asia or elsewhere or any other serious public health concern such as swine influenza around the world could have a negative impact on economies, financial markets and business activities worldwide, which could have a material adverse effect on the Company's business. Although, the Company has not been adversely affected by such outbreaks, the Company can give no assurance that a future outbreak of an infectious disease among humans or animals or any other serious public health concern will not have a material adverse effect on the business of the Company.

63. Significant differences exist between Indian GAAP and other accounting principles and IFRS, which may be material to investors' assessment of the Company's financial condition.

As stated in the reports of the Company's independent auditors included in this Red Herring Prospectus, its financial statements are prepared and presented in conformity with Indian GAAP, consistently applied during the periods stated, except as provided in such reports, and no attempt has been made to reconcile any of the information given in this Red Herring Prospectus to any other principles or to base it on any other standards. Indian GAAP differs from accounting principles and auditing standards with which prospective investors may be familiar in other countries.

64. Any downgrading of India's debt rating by a domestic or international rating agency could adversely affect the Company's business.

Any adverse revisions to India's credit ratings for domestic and international debt by domestic or international rating agencies may adversely affect the Company's ability to raise additional financing, and the interest rates and other commercial terms at which such additional financing is available. This could harm the Company's business and financial performance, ability to obtain financing for capital expenditures and the price of the Company's Equity Shares.

65. Any increase in competition in our target markets could result in lower prices or sales volumes, which may cause our profitability to suffer.

There is substantial competition in the Telecom infrastructure sector, both in India and internationally, and we expect this to continue. Should the price of our products decline, our profit margins would decline, and without a sufficient increase in our sales volume, our revenues would also decline. The end-user markets for our products are highly competitive.

66. Taxes and other levies imposed by the Government of India or other state governments, as well as other financial policies and regulations, may have a material adverse effect on our business, financial condition and results of operations.

Taxes and other levies imposed by the central or state governments in India that affect our industry include customs duties, excise duties, sales tax, service tax, income tax and other taxes, duties or surcharges introduced on a permanent or temporary basis from time to time.

The central and state tax scheme in India is extensive and subject to change from time to time. Any adverse changes in any of the taxes levied by the central or state governments may adversely affect our competitive position and profitability. Currently we enjoy certain tax benefits, which result in a decrease in the effective tax rate compared to the tax rates that we estimate would have been applicable if these incentives had not been available. There can be no assurance that these tax incentives will continue in the future. The non-availability of these tax incentives could adversely affect our financial condition and results of operations.

67. Change in wage structure across Industry will affect our operations adversely

Wage pressures in India may prevent us from sustaining our competitive advantage and may reduce our profit margins. Wage costs in India have historically been significantly lower than wage costs in the United States and Europe for comparably skilled professionals, which has been one of our competitive strengths. However, wage increases in India may prevent us from sustaining this competitive advantage and may negatively affect our profit margins. We may need to continue to increase the levels of its employee compensation to remain competitive and manage attrition. Compensation increases may result in a material adverse effect on our business, results of operation and financial condition. However, such a material impact cannot be quantified.

68. The Company is dependent upon the continued supply of raw materials for its products, the supply and costs of which can be subject to significant variation due to factors outside the Company's control.



All of the primary raw materials for the manufacture of the Company's products are sourced from third party suppliers. The Company currently relies on and has regular supply contracts with select suppliers to provide these raw materials. In addition the Company may need to source its raw material and other requirements from suppliers approved by Clients. In the event the Company is unable to continue obtaining adequate supplies of these raw materials in a timely manner or on acceptable commercial terms, or if there are significant increases in the cost of these raw materials, the Company's business and results of operations may be materially and adversely affected. In addition, the prices of the Company's raw materials are influenced by market conditions, including those of demand and supply. If unanticipated supply shortages occur, the Company's operations may be adversely affected.

The quality of raw materials purchased by the Company is critical to its operations. In the event quality variations occur, the Company would need to make alternative supply arrangements. While the Company maintains a list of alternative suppliers, there could be significant variations in the quality of materials sourced from different suppliers, which could have an adverse effect on the Company's operations. In addition, sourcing of acceptable substitute raw materials may lead to increased expenses in procuring such raw materials and reduce the Company's profit margins, which could have an adverse impact on its business if the Company is unable to pass on these increased costs to consumers.

69. Any disruption in global or domestic logistics could affect operations.

The Company's success as a business with manufacturing capabilities depends on the smooth supply and transportation of various materials and inputs from different domestic and global sources to its plant, and of the products from the plant to customers located across the country, all of which are subject to various logistical uncertainties and risks. Disruptions of transportation services because of weather related problems, strikes, lock-outs, inadequacies in the road infrastructure and port facilities, or other events could impair the Company's ability to receive materials and other inputs and supply products to its customers. There can be no assurance that such disruptions will not have a material adverse effect on the Company's business and result of operations.

Risks Related to this Issue

70. The price of the Company's Equity Shares may be volatile, and investors may be unable to resell their Equity Shares at or above the Issue Price, or at all.

Prior to the Issue, there has been no public market for the Company's Equity Shares, and an active trading market on the Indian Stock Exchanges may not develop or be sustained after the Issue. The Issue Price of the Equity Shares may bear no relationship to the market price of the Equity Shares after the Issue. The market price of the Equity Shares after the Issue may be subject to significant fluctuations in response to, among other factors, variations in the Company's operating results, market conditions specific to the telecom sector in India, developments relating to India and volatility in the BSE, NSE and securities markets elsewhere in the world.

71. There is no guarantee that the Equity Shares will be listed on the BSE and/or NSE in a timely manner or at all and any trading closures at the BSE and/or NSE may adversely affect the trading price of the Company's Equity Shares.

In accordance with Indian law and practice, permission for listing of the Equity Shares will not be granted until after those Equity Shares have been issued and allotted. Approval requires all other relevant documents authorizing the issuing of Equity Shares to be submitted. There could be a failure or delay in listing the Equity Shares on the BSE and/or NSE. Any failure or delay in obtaining the approval would restrict investors' ability to dispose of their Equity Shares.

72. Any future issuance of Equity Shares by the Company may dilute investors' shareholding and adversely affect the trading price of the Equity Shares.

Any future issuance of Equity Shares by the Company may dilute shareholding of investors in the Company; adversely affect the trading price of the Company's Equity Shares and its ability to raise capital through an issue of its securities. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of the Company's Equity Shares. Additionally the disposal, pledge or encumbrance of Equity Shares by any of the Company's major shareholders, or the perception that such transactions may occur may affect the trading price of the Equity Shares. No assurance may be given that the Company will not issue Equity Shares or that such shareholders will not dispose of, pledge or encumber their Equity Shares in the future.

73. There are restrictions on daily movements in the price of the Equity Shares, which may adversely affect a shareholder's ability to sell, or the price at which it can sell, Equity Shares at a particular point in time.

Subsequent to listing, the Company will be subject to a daily circuit breaker imposed on listed companies by all stock exchanges in India which does not allow transactions beyond certain volatility in the price of the Equity Shares. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on the Company's circuit breaker is set by the stock exchanges based on the historical volatility in the price and trading volume of the Equity Shares. The stock exchanges are not required to inform the Company of the percentage limit of the circuit breaker from time to time, and may change it without its knowledge. This circuit breaker would effectively limit the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, there can be no assurance regarding the ability of shareholders to sell the Equity Shares or the price at which shareholders may be able to sell their Equity Shares.

74. Investors will not be able to sell immediately on an Indian stock exchange any of the Equity Shares they purchase in the Issue until the Issue receives the appropriate trading approvals.

The Company's Equity Shares will be listed on the BSE and NSE. Pursuant to Indian regulations, certain actions must be completed before the Equity Shares can be listed and trading may commence. Investors' book entry, or "demat", accounts with depository participants in India are expected to be credited within ten working days of the date on Bid/Issue closure. Thereafter, upon receipt of final approval from the BSE and NSE, trading in the Equity Shares is expected to commence within twelve working days of the date on which the Bid/Issue closes. The Company cannot assure investors that the Equity Shares will be credited to investors' demat accounts, or that trading in the Equity Shares will commence, within the time periods specified above. Any delay in obtaining the approvals would restrict the Company's ability to dispose of its Equity Shares.

Prominent Notes:

→ Investors may contact D and A Financial Services (P) Limited, in relation to any complaints, information or clarifications pertaining to the Issue.

- ➔ The Company's consolidated net worth as of March 31, 2010 was Rs. 3602.46 Lacs (Rs.4388.92 Lacs for the six months ended September 30, 2010), as per its audited consolidated financial statements prepared under Indian GAAP. The Company's net worth on a standalone basis as of March 31, 2010 was Rs. 3,673.36 Lacs (Rs.4369.58 Lacs for the six months ended September 30, 2010), as per its audited standalone financial statements prepared under Indian GAAP. The net asset value per Equity Share as of March 31, 2010 was Rs. 15.18, as per its audited standalone financial statements and Rs. 14.89, as per its audited consolidated financial statements prepared in compliance with Indian GAAP.
- ➔ Public Issue of [●] Equity Shares of Rs. 10/- each of Shilpi Cable Technologies Limited ("SCTL" or the "Issuer") for cash at a price of Rs. [●] per fully paid up Equity Share (including a share premium of Rs. [●] per Equity Share) aggregating Rs. 5587.72 lacs ("The Issue"). The issue will constitute [●] % of the post issue paid up capital of the company. The Issue is being made through the 100% Book Building Process wherein at least 50% of the Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers (QIB) Bidders. 5% of the QIB Portion (excluding Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. If at least 50% of the Issue cannot be allotted to QIBs, then the entire application money shall be refunded forthwith. Our Company may allocate upto 30% of the QIB Portion, to Anchor Investors, on a discretionary basis (the "Anchor Investor Portion") out of which one-third portion shall be reserved for domestic Mutual Funds, subject to valid bids being received from domestic Mutual Funds at or above the Anchor Investor Issue Price. All Investors may participate in the Issue through the ASBA process by providing the details of their respective bank accounts in which the corresponding Bid Amounts will be blocked by the SCSBs. For details see section entitled 'Issue Procedure' on page 255 of this Red Herring Prospectus.
- ➔ The average cost of acquisition of Equity Shares of the Company by the Promoters which has been calculated by taking the average amount paid by them to acquire the Equity Shares is as follows:

Mr. Mukesh Kumar Gupta - Rs. 10 per Equity Share
Mr. Manish Goel - Rs. 10 per Equity Share
M/s Shilpi Communication Private Limited- Rs. 18.45 per Equity Share
- ➔ For interest of our Group Companies/Promoters/Directors/Key Managerial Personnel and other ventures promoted by Promoters, please refer to section titled "Risk Factors", "Our Promoters and Promoters Group", "Our Management", Annexure of 'Related Party Transactions' in "Financial Information of our Company" beginning on page xii, 101, 87, & 112 respectively.
- ➔ For details of 'Related Party Transactions' including details of transactions by the Issuer with Group entities during the last year, the nature of transaction and the cumulative value of transactions please refer to Annexure XV of "Financial Information of our Company" on page 156.



- ➔ Consequent to our settlement agreement with M/s Rosenberger Hochfrequenztechnik GmbH & Co. KG the name of our Company was changed from Rosenberger Shilpi Cable Technologies Limited to Shilpi Cable Technologies Limited on October 21, 2008. There were no new activities that were carried on with the new name. It was only the result of the termination of our JV agreement. For further details of the same kindly refer page 78 of this Red Herring Prospectus.
- ➔ There are no financing arrangements whereby the Promoter group, the Directors of the Company which our promoter, our Directors and their relatives have financed the purchase by any other person of securities of the issuer other than in the normal course of the business of the financing entity during the period of six months immediately preceding the date of filing Red Herring Prospectus with the Board.
- ➔ For more information on transactions in Equity Shares undertaken by the Company's Promoters and Group Entities, see "Capital Structure" beginning on page 21 of this Red Herring Prospectus.
- ➔ Except as disclosed in "Capital Structure" beginning on page 21 of this Red Herring Prospectus, the Company has not issued any Equity Shares for consideration other than cash.
- ➔ Trading in the Equity Shares shall be in dematerialised form only.

SECTION III- INTRODUCTION

SUMMARY OF INDUSTRY OVERVIEW

In mobile towers, feeders are the cables used as a high-frequency transmission medium to carry high-frequency or broadband signals between antenna and its base station. These feeder cables are vital for site's optimal performance.

The key components that will drive the demand of feeder cables in India in the next 3 years are as follows: -

- Strong subscriber base and healthy growth estimates based on expansion of mobile telephony in rural India
- Demand for cell sites is expected to increase with each operator vying for geographical expansion of their network.
- Mobile Number Portability (MNP) expected to be implemented shortly and entry of new players, telecom operators will invest in network upgradation to improve Quality of Service (QoS).
- Launching of 3G services
- In-building solutions
- Replacement of existing cables

Sharing of active infrastructure will allow operators to share key electronic components such as antennae, radio access networks, transmission system and backhaul. Globally, sharing of active infrastructure elements has been in commercial operation by 2G and 3G players. In India, it needs to be seen as to how required trust can be developed between operators sharing their active infrastructure elements in the geographies where they compete as well.

At present growth in subscriber base is coming from rural/semi urban areas, the incremental average revenue per user (ARPU) is relatively lower. Further network planning and design in rural areas is different from that in urban areas, given that population in rural areas is widely dispersed, which increases the tower requirement and hence active infrastructure requirement.

Indian telecom story so far...strong subscriber growth still continues

All-India mobile subscriber base (wireless)

| | Present Subscriber base (Actual) | | | | | | |
|----------------------------------|---|----------------|----------------|----------------|----------------|----------------|----------------|
| in ('000) | 2002-03 | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 |
| Urban | 13753 | 35263 | 54094 | 91932 | 132912 | 192320 | 283153 |
| Rural | 41 | 317 | 2879 | 6902 | 33139 | 59486 | 108647 |
| All India | 13794 | 35580 | 56973 | 98834 | 166051 | 261100 | 391800 |
| Net Additions - All India | - | 21786 | 21393 | 41861 | 67217 | 95049 | 130700 |
| Net Additions - Urban | - | 21510 | 18831 | 37838 | 40980 | 59408 | 90833 |
| Net Additions - Rural | - | 276 | 2562 | 4023 | 26237 | 26347 | 49161 |
| Growth Rate (%) | - | 158 | 60 | 74 | 68 | 57 | 50 |

3G- Next engine of growth

In October 2009, the DoT released the 3G Information Memorandum, which entailed the details of the auction. However, owing to differences in opinion within the government on the reserve price and number of slots to be auctioned per circle, the auction was delayed. The process has however commenced in April 2010.

3G services subscriber base in India

Government owned companies, MTNL and BSNL, have already been awarded 3G spectrum in their respective circles of operation and launched 3G services in the January-March 2009 quarter. Despite the first-mover advantage they witnessed limited traction in terms of subscribers. The paltry adoption of the service can be attributed to the following factors:

- Poor quality subscriber base, which is evident from the 30-35 per cent ARPU discount to private GSM operators
- Partial rollout of services
- Lack of aggressive marketing and attractive content

Factors driving growth for 3G services include

- Decreasing cost of subscription
- Coverage expansion into hinterland to continue
- Strong competition
- Favourable regulatory environment
- Healthy investments in wireless infrastructure

It is expected that 3G subscriber base would constitute 10% of the total subscriber base within 5 years of operations, resulting in 75 million subscribers.

Constituents of a Mobile Network

| Passive Infrastructure | Active Infrastructure |
|--|---|
| <p>Its Key components include:</p> <ul style="list-style-type: none"> → Steel tower/antenna mounting structures → Base tower station shelter → Power supply → Battery bank → Invertors → Diesel generator (DG) set for power backup → Air conditioner → Fire extinguishers → Security cabin, etc. | <p>Its Key components include:</p> <ul style="list-style-type: none"> → Spectrum (radio frequency) → Base tower station → Microwave radio equipment → Switches → Antennas → Transceivers for signal processing and transmission, etc. |

Source: Report by M/s Infraline Energy, Research and information Services, dated May 24, 2010

For further details, kindly refer to the chapter "Industry Overview" on page 59 of this Red Herring Prospectus.

SUMMARY OF BUSINESS OVERVIEW

M/s Shilpi Cable Technologies is a closely held public limited company incorporated in July 2006 and was formerly known as M/s Rosenberger Shilpi Cable Technologies Ltd. which was a 50:50 joint venture between M/s Shilpi Communications Pvt. Ltd. (SCPL) and M/s Rosenberger Hochfrequenztechnik GmbH & Co. KG, Germany (Rosenberger), to take up the project of Radio Frequency (RF) Cables. The joint venture partners signed Share Subscription Cum Shareholders Agreement in July 2006. However in view of dispute between them, the shares of Rosenberger were acquired by the Indian promoter in 2008 who are the present Promoters of the Company.

As per the shareholders agreement between Rosenberger and SCPL, the present promoter, in case of dispute between the parties, any one party could exercise an option to buy the entire equity stake of other party and the other party will have an option to buy the equity stake of the offering party at the same price at which the offering party has offered to buy the equity stake of the other party, and the offering party shall be bound to sell its stake to other party at the price offered by the offering party. After the dispute among the JV partners, Rosenberger offered to buy the 50% stake of Shilpi Communications (P) Ltd at Rs 22/- per share. Shilpi Communication Private Limited finding the price offered as too low and realizing the opportunities available to it to buy the 50% stake of Rosenberger, exercised option available to it under the JV agreement and gave counter notice to Rosenberger to buy the stake of Rosenberger at same price of Rs 22/- per share. After initial resistance of Rosenberger, finally a settlement between the parties was arrived at, in which the existing debt of the issuer company was taken over by IDBI Bank and Karur Vysya Bank from Deutsche Bank (the loan from which was backed by a guarantee by Rosenberger) with simultaneous payment of consideration from Shilpi Communication Private Limited to Rosenberger. The above acquisition of shares by present promoters did not have any impact on the issuer company except that during the process of buy out of the German JV partner, operations of the company were stalled for a period of 8 months immediately after start of commercial production of plant.

The registered office of the company is situated at A-19/B-1, Mohan Cooperative Industrial Estate, Mathura Road, New Delhi and manufacturing unit at SP 1037, RIICO Industrial Area, Chopanki, Bhiwadi, Tehsil-Tijara, District-Alwar, Rajasthan.

The project started commercial production in January 2008 involving funded with Equity of Rs. 2100 Lacs and unsecured Loans from Deutsche Bank to the tune of Rs. 7217 Lacs. Later, the Deutsche Bank unsecured loan was liquidated out of Rs. 4900 Lacs term loans from IDBI Bank and M/s Karur Vysya Bank Ltd. On account of differences between JV partners the plant stopped production immediately after starting of January 2008 and could start the production in right earnest only in September 2008 after the completion of buyout process among JV partners. The sales could start on regular basis only from the month of Dec 2008.

The details of terms and condition of M/s Karur Vysya Bank Ltd and M/s IDBI Bank Ltd are as under:

Terms and Condition of M/s IDBI Bank;

| Sr No. | Particulars | Terms and Conditions | Details of Collateral Security |
|--------|---------------------|---|--------------------------------|
| 1. | Individual Facility | Term Loan | Nil |
| 2. | Purpose | Takeover of existing term loan from Deutsche Bank (Rs 3650 lacs) and fresh sanction of Rs 250 lacs for reimbursement of Capital expenditure incurred. | |
| 3. | Limit/Amount | Rs 3155 lacs | |

Terms and Condition of M/s Karur Vysya Bank;

Takeover from Deutsche Bank, pari-passu first charge on the machinery purchased out of the Deutsche Bank finance and pari-passu first charge with IDBI Bank Ltd on the land and factory, building, property situated at SP-1037 RIICO Area, Chopanki, Bhiwadi, Alwar, Rajasthan standing in the name of the company valued at Rs 3210 Lacs.

Details of Collateral Security:

Pari-Passu first charge on the following properties:

1. Hypothecations of entire fixed assets of the company (present and future), written down value of fixed assets Rs 3368 Lacs as on 31.03.2008 (provisional) (excluding the factory, land and building valued at Rs 3210 Lacs which is primary security for Term Loan).
2. Equitable Mortgage, ranking pari-passu with IDBI Bank Ltd over the industrial land and building, property situated at Plot No. E-138, Phase-II, RIICO, Bhiwadi, Rajasthan-301019 standing in the name of M/s Shilpi Cables (P) Ltd (one of the sister company of the applicant company) valued at Rs 824 lacs as per VR dated 08.07.2008.
3. Pari-Passu second charge IDBI Bank Ltd on all the machinery purchased out of the Deutsche Bank finance, now proposed to be taken over by us under MBA and pari-passu second charge on the land and factory building located at SP-1037, RIICO Industrial Area, Chopanki, Bhiwadi, Alwar, Rajasthan, valued at Rs 3210 lacs.

During the FY 2009-10, the company reported net sales of Rs. 17,480.64 Lacs with profit after tax of Rs. 904.06 Lacs as compared to Rs. 4,733.21 Lacs and loss of Rs. 398.05 Lacs respectively during the corresponding period, i.e. FY 2008-09.

Nature of our Products

Our products are industrial in nature. We basically manufacture RF cables to cater to the Telecom Sector. We also trade in cable accessories.

Product Portfolio

- RF Cables of various sizes for the Telecom Sector
- Low Voltage Power cables
- Cable Accessories

Applications

Our Products are used in Telecom towers. In mobile towers, feeders are the cables used as a high-frequency transmission medium to carry high-frequency or broadband signals between antenna and its base station. These feeder cables are vital for site's optimal performance.

For further details, kindly refer to the chapter "Business Overview" on page 64 of this Red Herring Prospectus.

ISSUE DETAILS IN BRIEF

The details of the issue are as follows:

| | |
|--|--|
| Details of Equity Shares offered: | |
| Fresh Issue by the Company | [●] Equity Shares aggregating to Rs. 5587.72 Lacs* |
| Of Which | |
| A) Qualified Institutional Buyers portion** | At least [●] Fully Paid up Equity Shares of Rs. 10 each aggregating to Rs. 2793.86 Lacs* |
| Of which | |
| Anchor Investor Portion | upto [●] Equity Shares of Rs.10 each fully paid up aggregating to Rs. 838.15 Lacs |
| Net QIB portion | upto [●] Equity Shares of Rs.10 each fully paid up aggregating to Rs. 1955.70 Lacs |
| Of which | |
| Mutual Fund Portion | [●] Equity Shares of Rs.10 each fully paid up aggregating to Rs. 97.79 Lacs* |
| Balance for all QIBs including Mutual Funds | [●] Equity Shares of Rs.10 each fully paid up aggregating to Rs. 1857.92 Lacs* |
| | |
| B) Non-Institutional Portion | Not less than [●] Equity Shares of Rs.10 each fully paid up aggregating to Rs. 838.16 Lacs* |
| C) Retail Individual Investors Portion | Not less than [●] Equity Shares of Rs.10 each fully paid up aggregating to Rs. 1955.70 Lacs* |
| | |
| Pre and Post Issue Equity Shares | |
| Equity Shares outstanding prior to the Issue | 24200000 Equity Shares of face value of Rs.10/- each |
| Equity Shares outstanding after the Issue | [●] Equity Shares of face value of Rs.10/- each |
| | |
| Use of Issue proceeds | |
| See the section titled "Objects of the Issue" on page 36 of this Red Herring Prospectus for information about the use of the Issue Proceeds. | |

Kindly Note:

➔ Allocation to all categories, except Anchor Investor Portion, if any, shall be made on a proportionate basis.

* Under subscription, if any, in any category except the QIB Portion, would be allowed to be met with spill over from any of the other categories, at the sole discretion of the Company, in consultation with the BRLMs and the Designated Stock Exchange. If at least 50% of the Issue is not allocated to QIBs, the entire subscription monies shall be refunded.

** The Company may allocate up to 30% of the QIB Portion to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to Anchor Investors. Bidding in the Anchor Investor Portion shall open and close on the Anchor Investor Bid/Issue Date, i.e., one day prior to the Bid/Issue Opening Date. Allocation to QIBs (other than Anchor Investors) is proportionate as per the terms of the Red Herring Prospectus. 5% of the QIB Portion shall be available for allocation to Mutual Funds. Mutual Funds participating in the 5% reservation in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. Further attention of all QIBs is specifically drawn to the following: **(a) QIBs will not be allowed to withdraw their Bid-cum-Application Forms after the Bid/Issue Closing Date; and (b) each QIB, including a Mutual Fund, is required to deposit a Margin Amount of 100% with its Bid-cum-Application Form. Any difference between the amount payable by the Anchor Investor for Equity Shares allocated and the Anchor Investor Margin Amount paid at the time of Bidding, shall be payable by the Anchor Investor within two days of the Bid/Issue Closing Date.** For further details, please see the section entitled "Issue Procedure" on page 255 of this Red Herring Prospectus.

SUMMARY FINANCIAL AND OPERATING INFORMATION

The following tables set forth the summary financial information derived from the restated audited financial statements for the period ended March 31, 2007, the years ended March 31 2010, 2009, 2008 and for the 6 months ended September 30, 2010 and prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with the SEBI ICDR Regulations. The restated summary financial information presented below should be read in conjunction with the restated financial information included in the Red Herring Prospectus, the notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on page 218 of the Red Herring Prospectus.

SUMMARY STATEMENT OF ASSETS AND LIABILITIES (AS RESTATED)

| (Rs. in Lacs) | | | | | | |
|---------------|--|--|-----------------------------|-----------------------------|-----------------------------|--|
| | | | For the year ended | | | |
| | Particulars | Period from incorporation date till March 31, 2007 | 31 st March 2008 | 31 st March 2009 | 31 st March 2010 | For the 6 months ended 30 th September 2010 |
| A | FIXED ASSETS | | | | | |
| | Gross Block | 346.48 | 6,310.16 | 6,715.10 | 6,807.88 | 6,795.76 |
| | Less: Depreciation Reserve | 1.30 | 67.09 | 336.35 | 618.77 | 762.05 |
| | Net Block | 345.18 | 6,243.07 | 6,378.75 | 6,189.11 | 6,033.71 |
| | Less : Revaluation Reserve | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | Net Block after adjustment for Revaluation Reserve | 345.18 | 6,243.07 | 6,378.75 | 6,189.11 | 6,033.71 |
| | Capital work in Progress | 878.43 | 333.77 | 0.00 | 0.00 | 0.00 |
| | Pre operative expenses | 213.66 | 0.00 | 0.00 | 0.00 | 0.00 |
| | Total Fixed Assets (A) | 1,437.27 | 6,576.84 | 6,378.75 | 6,189.11 | 6,033.71 |
| B | INVESTMENTS (B) | 0.40 | 0.40 | 0.40 | 379.20 | 379.20 |
| C | CURRENT ASSETS, LOANS AND ADVANCES | | | | | |
| | Inventories | 0.00 | 2,279.66 | 2,291.38 | 2,694.86 | 2,987.25 |
| | Sundry Debtors | 0.00 | 6.30 | 2,160.14 | 6,018.82 | 7,608.44 |
| | Cash and bank Balance | 345.70 | 43.16 | 227.82 | 432.72 | 95.34 |
| | Loans and Advances | 2,431.23 | 697.72 | 312.26 | 743.56 | 1,553.05 |
| | Total (C) | 2,776.93 | 3,026.84 | 4,991.60 | 9,889.96 | 12,244.08 |
| D | LIABILITIES AND PROVISIONS | | | | | |
| | Secured Loans | 0.00 | 29.76 | 7,218.79 | 6,777.42 | 7,354.85 |
| | Unsecured Loans | 2,304.20 | 7,216.82 | 475.01 | 1,404.00 | 1,591.17 |

| | | | | | | |
|----------|--|-----------------|-----------------|-----------------|------------------|------------------|
| | Current Liabilities & Provisions | 40.83 | 549.79 | 1,771.03 | 4,510.35 | 5,132.72 |
| | Deferred Tax Liabilities | 0.00 | 0.00 | 0.00 | 93.14 | 208.67 |
| | Total (D) | 2,345.03 | 7,796.37 | 9,464.83 | 12,784.91 | 14,287.41 |
| E | Deferred Tax Assets (E) | 0.00 | 99.83 | 303.57 | 0.00 | 0.00 |
| F | NET WORTH (A+B+C+E-D) | 1,869.57 | 1,907.54 | 2,209.49 | 3,673.36 | 4,369.58 |
| | REPRESENTED BY: | | | | | |
| | Share Capital | 1,555.00 | 2,000.00 | 2,000.00 | 2,420.00 | 2,420.00 |
| | Share Application Money | 215.00 | 0.00 | 700.00 | 0.00 | 0.00 |
| | Reserve and Surplus | 100.00 | 100.00 | 100.00 | 1,253.36 | 1,949.58 |
| | Less : Revaluation Reserve | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | Reserve and Surplus after adjustment for Revaluation Reserve | 100.00 | 100.00 | 100.00 | 1,253.36 | 1,949.58 |
| | Profit and Loss debit balances | (0.43) | (192.46) | (590.51) | 0.00 | 0.00 |
| | NET WORTH | 1,869.57 | 1,907.54 | 2,209.49 | 3,673.36 | 4,369.58 |

Note: As the total sales has been increasing the amount of Debtors (Sales Receivables) has also been correspondingly been increasing to keep pace with the increased business volumes. Further, to give thrust to the business and win business in the face of competition, the Issuer has extended more credit to its customers than what was offered earlier thereby increasing the Debtors (Sales Receivables) level. This allowed the issuer to give more credit to its customers to sustain the competition and keep in sync with the market conditions.

SUMMARY STATEMENT OF PROFITS AND LOSSES, AS RESTATED

(Rs. in Lacs)

| Particulars | Period from incorporation date till March 31, 2007 | For the year ended | | | For the 6 months ended 30 th September / 2010 |
|--|--|-----------------------------|-----------------------------|-----------------------------|--|
| | | 31 st March 2008 | 31 st March 2009 | 31 st March 2010 | |
| INCOME | | | | | |
| SALES- | | | | | |
| Of products manufactured by the issuer | 0.00 | 83.11 | 4,437.75 | 13,213.16 | 7,363.71 |
| Of products traded by the issuer | 0.00 | 0.00 | 400.69 | 3,777.74 | 3,470.81 |
| Total | 0.00 | 83.11 | 4,838.44 | 16,990.90 | 10,834.52 |
| Other Income/ Job Work | 0.00 | 4.00 | 24.48 | 201.80 | 144.09 |
| Increase/(Decrease) in Stock | 0.00 | 1,055.95 | (129.71) | 287.94 | 635.28 |
| Total | 0.00 | 1,143.06 | 4,733.21 | 17,480.64 | 11,613.89 |

| | | | | | |
|---|-------------|-----------------|-----------------|------------------|------------------|
| | | | | | |
| EXPENDITURE- | | | | | |
| Raw Material Consumed/Purchases | 0.00 | 927.00 | 3,072.05 | 13,352.05 | 9,150.50 |
| Staff Cost | 0.00 | 57.56 | 266.94 | 318.39 | 167.26 |
| Other Manufacturing Expenses (including Depreciation) | 0.00 | 177.51 | 578.60 | 827.85 | 386.71 |
| Administration Expenses | 0.00 | 50.04 | 95.95 | 149.61 | 170.60 |
| Selling & Distribution Expenses | 0.00 | 69.79 | 116.39 | 151.41 | 33.99 |
| Interest & Finance Charges | 0.00 | 151.95 | 1,203.04 | 1,183.10 | 708.31 |
| Preliminary Expenses | 0.43 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total | 0.43 | 1,433.85 | 5,332.97 | 15,982.41 | 10,617.37 |
| Net Profit/(Loss) before Tax & Extra ordinary items | (0.43) | (290.79) | (599.76) | 1,498.23 | 996.52 |
| Provision for Income Tax for Current Year | 0.00 | 0.00 | 0.00 | 197.47 | 184.77 |
| Provision for FBT for Current Year | 0.00 | 1.07 | 2.03 | 0.00 | 0.00 |
| Deferred Tax for Current Year | 0.00 | (99.83) | (203.74) | 396.70 | 115.54 |
| Net Profit/(Loss) after Tax & Extra ordinary items | (0.43) | (192.03) | (398.05) | 904.06 | 696.21 |
| Balance brought forward from the last year | 0.00 | (0.43) | (192.46) | (590.51) | 313.55 |
| Net Profit/(Loss) carried over to Balance Sheet | (0.43) | (192.46) | (590.51) | 313.55 | 1,009.76 |

SUMMARY STATEMENT OF CASH FLOW:

(Rs in Lacs)

| | | | | | |
|---|-------------|----------------|---------------|-----------------|-----------------|
| CASH FLOW FROM OPERATIONS | | | | | |
| Profit before Taxation | (0.43) | (290.79) | (599.76) | 1,498.23 | 996.52 |
| Add:-Adjustment | | | | | |
| Deprecation | 0.00 | 65.80 | 270.61 | 282.42 | 143.28 |
| Miscellaneous expenses written off | 0.43 | 0.00 | 0.00 | 0.00 | 0.00 |
| Interest expenses | 0.00 | 151.95 | 1,203.04 | 1,183.10 | 708.30 |
| Provision for Gratuity/ Leave Encashment | 0.00 | 6.66 | 0.95 | 2.39 | 3.94 |
| Less : Interest income | 0.00 | 4.00 | 8.60 | 15.15 | 18.79 |
| Less :Profit on sale of assets | 0.00 | 0.00 | 1.36 | 0.00 | 0.00 |
| Operating Profit before Working Capital Change | 0.00 | (70.38) | 864.88 | 2,950.99 | 1,833.25 |
| Adjusted For-- | | | | | |
| (Increase)/ Decrease in Current Assets | | | | | |
| (Increase) / Decrease in Inventories | 0.00 | (2,279.66) | (11.72) | (403.48) | (292.39) |

| | | | | | |
|---|-------------------|-------------------|----------------|-----------------|---------------|
| (Increase) / Decrease in Sundry Debtors | 0.00 | (6.30) | (2,153.84) | (3,858.68) | (761.78) |
| (Increase)/ Decrease in Loans & Advances | (2,431.23) | 1,733.51 | 385.46 | (428.27) | (760.97) |
| Increase / (Decrease) in Current Liabilities | | | | | |
| Increase/ (Decrease) in Sundry Creditors | 39.19 | 137.21 | 1,313.18 | 2,672.83 | 483.33 |
| Increase/ (Decrease) in Expenses Payable | 0.00 | 29.26 | 29.91 | (25.97) | (23.00) |
| Increase/ (Decrease) in Other Liabilities | 1.64 | 334.75 | (123.76) | (106.25) | (26.67) |
| Cash Generated from Operations | (2,390.40) | (121.61) | 304.11 | 801.17 | 451.77 |
| Income Tax paid | 0.00 | 0.00 | (1.06) | (4.36) | (243.66) |
| NET CASH FROM OPERATIONS (A) | (2,390.40) | (121.61) | 303.05 | 796.81 | 208.11 |
| INVESTING ACTIVITIES | | | | | |
| Additions to Fixed Assets | (1,224.91) | (5,419.02) | (187.58) | (92.78) | (16.69) |
| Pre-operative and Preliminary Exp. | (212.79) | 213.66 | 0.00 | 0.00 | 0.00 |
| Investment in subsidiary. Company | 0.00 | 0.00 | 0.00 | (378.80) | 0.00 |
| Other Investments | (0.40) | 0.00 | 0.00 | 0.00 | 0.00 |
| Sale of Fixed Assets | 0.00 | 0.00 | 116.41 | 0.00 | 28.80 |
| Income from Intt. & Dividend | 0.00 | 4.00 | 8.60 | 15.15 | 18.79 |
| NET CASH FROM INVESTING ACTIVITIES (B) | (1,438.10) | (5,201.36) | (62.57) | (456.43) | 30.90 |
| FINANCING ACTIVITIES | | | | | |
| Increase in Share Capital | 1,555.00 | 230.00 | 0.00 | 420.00 | 0.00 |
| Increase in Share Application Money | 215.00 | 0.00 | 700.00 | (700.00) | 0.00 |
| Increase in Security Premium | 100.00 | 0.00 | 0.00 | 840.00 | 0.00 |
| Increase in Secured Loans | 0.00 | 29.76 | 7,189.03 | (441.37) | 577.43 |
| Increase in Unsecured Loans | 2,304.20 | 4,912.62 | (6,741.81) | 928.99 | 187.17 |
| Net Interest Paid | 0.00 | (151.95) | (1,203.04) | (1,183.10) | (708.30) |
| NET CASH FROM FINANCING ACTIVITIES (C) | 4,174.20 | 5,020.43 | (55.82) | (135.48) | 56.30 |
| Net Change in cash and cash equivalents (A+ B + C) | 345.70 | (302.54) | 184.66 | 204.90 | 295.31 |
| Cash and cash equivalents at the beginning of the period | 0.00 | 345.70 | 43.16 | 227.82 | 432.72 |
| Cash and cash equivalents at the end of the period | 345.70 | 43.16 | 227.82 | 432.72 | 728.03 |

Notes: 1. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard -3 'Cash Flow Statement'.

2. Previous year's figures have been regrouped / rearranged /recasted wherever necessary to make them comparable with those of current year.

GENERAL INFORMATION

Incorporation

Incorporated as 'Rosenberger Shilpi Cable Technologies Limited' at New Delhi on July 09, 2006 under the Companies Act, 1956 with the Registrar of Companies, National Capital Territory of Delhi and Haryana. On October 21, 2008 the name of the Company was changed to 'Shilpi cable Technologies Limited'.

Registered Office of the Company:

A-19 / B-1 Extension, Mohan Cooperative Industrial Estate, P.O. Badarpur, Mathura Road, New Delhi, 110044

Tel.: +91-11- 43117900, 43117901 **Fax:** +91-11-43117922

Email: ipo@shilpicabletech.com

Website: www.shilpicables.com

CIN:

U64201DL2006PLC150753

Registrar of Companies:

Registrar of Companies, Delhi & Haryana, IFCI Tower, 4th Floor, 61, Nehru Place, New Delhi 110019

Changes in the Registered Office since incorporation

Nil

Board of Directors

| Name, Fathers' name Designation, Status, Experience, Occupation, Address | Age (In Years) | Qualifications | DIN | Date of expiration of current term of office | Details of directorships in other companies |
|---|-----------------------|---|------------|---|--|
| MUKESH KUMAR GUPTA, (S/o: Late Shri Hari Shankar) Designation: Managing director Status: Promoter Director Experience: 32 years Occupation: Business Address: B-8, Chirag Enclave, New Delhi, 110048, Delhi, India | 56 | B.Sc. (Zoology) | 00163044 | 30.09.2011 | → Shilpi Communication Private Limited → Shilpi Cabletronics Ltd → Gloster Metals and Alloys Private Limited |
| GHANSHYAM PANDEY, (S/o: Late Sh. Shyama Charan Pandey) Designation: Whole Time Director Status: Executive Director Experience: 27 Years | 56 | B.Sc (Mathematics) & Diploma in Management | 00163072 | 30.09.2011 | → GGP Cabletronics Private Limited → Gloster Metals and Alloys Private Limited |

| | | | | | |
|---|----|---------------------------------|----------|------------------------------|--|
| Occupation: Service Address: 277, Pocket-J, Sarita Vihar, New Delhi, 110076, Delhi, India | | | | | |
| MANISH GOEL, (S/o: Sh. Mukesh Kumar Gupta) Designation: Whole Time Director Status: Promoter Director Experience: 6 Years Occupation: Business Address: B-8, Chirag Enclave, New Delhi, 110048, Delhi, India | 29 | Bachelor in Business Management | 00163105 | 30.09.2011 | → Shilpi Communication Private Limited → Shilpi Cabletronics Ltd → MVM Impex Private Limited → Shilpi Cables Private Limited → Fasten Cables and Accessories Private Limited |
| SUNIL KALA, (S/o: Sh Tarachand Jain) Designation: Director Status: Independent Director Experience: 31 years Occupation: Business Address: G-23, Jangpura Extn, New Delhi, 110014, Delhi, India | 62 | Bachelor of Engineering and MBA | 00511839 | Liable to retire by rotation | → Kunthu Portfolio And Leasing Private Limited → Nistha Securities Ltd. → Perfect Management & Consultants Private Limited. → Status Portfolio Ltd. → Fox Software Ltd. → Fostiima Integrated Learning Resources Private Limited → Cardinal Drug Limited |
| SANDEEP GUPTA, (S/o: Sh. Satish Chand Gupta) Designation: Director Status: Independent Director Experience: 9 Years Occupation: Business | 34 | B.Com | 00638932 | Liable to retire by rotation | → Capital Ispat Ltd → Shilpi Cabletronics Ltd. |

| | | | | | |
|--|----|---|----------|------------------------------|---|
| Address: D-21, East Of Kailash, New Delhi, 110065, Delhi, India | | | | | |
| NEETA SOOD, (D/o: Sh Laxmi Kant Harilal Mehta) Designation: Nominee Director (of IDBI Bank) Status: Independent Director Experience: 26 Years Occupation: Service Address: # 1507-A, Sector 38-B, Chandigarh, 160036, Chandigarh, India | 48 | MA (Economics) & LLB | 00863500 | Liable to retire by rotation | Nil |
| ANIRUDH GOEL, (S/o: Sh Shyam Sunder Goel) Designation: Director Status: Independent Director Experience: 7 years Occupation: Business Address: 406, Sector-37, Faridabad, 121003, Haryana, India | 29 | B.Com | 01055812 | Liable to retire by rotation | ➔ Shri Bankey Kunj Bihari Milk Foods Private Limited. ➔ A Kumar Milk Food Private Limited ➔ Shree Radhey Kunj Dairy and Milk Products Pvt Ltd |
| RAJESH SURI (S/o: Sh. Inderjeet Suri) Designation: Director Status: Non-Executive and Non-Independent Director Experience: 12 Years Occupation: Business Address: 503 Empire Apartments, 98, M.G. Road, New Delhi, 110030, Delhi | 42 | Bachelor of Engineering from BMS, College of Engineering, Bengaluru | 02027124 | Liable to retire by rotation | ➔ Crossbow Telecom Projects Limited. |

The brief details of the Managing Director, Whole Time Directors, etc.

1. MUKESH KUMAR GUPTA, Managing Director

Mr Mukesh Kumar Gupta, aged 56 years has 33 years of experience in cable manufacturing. He is a 1974 batch science graduate from Desh Bandhu Gupta College, Delhi University. He started his career with business of manufacturing and trading of cables and wires in 1978 and has since been involved in cable manufacturing for various application including Telecom and Automobiles. Presently he is working as Chairman cum Managing Director of M/s Shilpi Cable Technologies Ltd. He was one of the founder Promoter of the Company. He is in charge of overall supervision of the operations of the Company. He is also shareholder and Director of Shilpi Cabletronics Limited.

2. GHANSHYAM PANDEY, Whole Time Director

Mr Ghanshyam Pandey is an experienced professional from the Cable manufacturing industry with more than 27 years of varied experience both in marketing and overall management. Mr Pandey holds a Diploma in Management from the School of Management, University of Delhi. He started his career with Voltas as Manager in 1976. Later, he joined the Sales Department of M/s Fixwell Pushin Cards Limited in Delhi as a Manager in 1980 and worked there till 1988. Thereafter he started working with the Shilpi group. Presently he is working with M/s Shilpi Cable Technologies Ltd as Chief Executive Officer.

3. MANISH GOEL, Whole Time Director

Profile: Mr Manish Goel aged 29 years is the son of Mr. Mukesh Kumar Gupta. He joined his father's business 6 years ago and during this period has got hands on experience in business management. He holds Bachelor's Degree in Business Management from Rai University, Institute of Learning and Management. He has been instrumental in visualization and implementation of the project and is on the board of the Company holding charge of Chief Commercial Officer. The details of the project handled by him are as under:

Originally the Project of the Company was put up as a financial joint venture with Rosenberger Hochfrequenztechnik, Germany (hereinafter referred to as 'Rosenberger'. The genesis of the partnership was the domain knowledge of Shilpi Group in Cable manufacturing and synergies with Rosenberger's established business of connectors and accessories that complement cables with added advantage of the financial strength of Rosenberger. Soon after the project was implemented, Rosenberger tried to wrest majority and full control of the Company by flexing its financial muscle and blocking debt raising avenues for the Company. It exercised the buyout option in the JV agreement by offering to buyout Shilpi, the Indian Partner. Shilpi however found the price offered too low and found a huge opportunity in the buyout exercise initiated by Rosenberger, to buyout Rosenberger who was bound to sell at the same price. Eventually Shilpi bought the German partner out in August 2008 and became the sole promoter of the Company.

COMPANY SECRETARY and COMPLIANCE OFFICER

Ms. Sunita Gaur

Shilpi Cable Technologies Limited

A-19 / B-1 Extension, Mohan Cooperative Industrial Estate, P.O. Badarpur, Mathura Road, New Delhi, 110044

Tel.: +91-11- 43117900, 43117901 Fax: +91-11-43117922

Email: ipo@shilpicabletech.com

Website: www.shilpicables.com

The Investors are requested to contact the Compliance Officer or the Registrar to the issue for any pre-issue/post-issue questions or information, including letter of allotment, refund orders, demat credits of allotted shares etc.

LEGAL ADVISOR TO THE ISSUE

Rajeev Goel & Associates, Advocates & Consultants

138A, Pocket F, Mayur Vihar II, Delhi 110 091

Phone/Fax: 011 - 2272 5301/ 4301 2488

Email: rajeev391@gmail.com

Contact Person: Rajeev K. Goel

BANKERS TO THE COMPANY

IDBI Bank Ltd.

Specialised Corporation Branch
3rd floor Indian Red Cross Society Building 1, Red cross Road,
New Delhi - 110001
Ph: 011-2346 1900
Fax: 011- 23711664 / 23718074
Email: anil.k@idbi.co.in

State Bank of India

Ind. Finance Branch,
14-15 floor, Jawahar Vypar Bhawan
1, Tolstoy Marg,
New Delhi - 110 001
Ph: 011- 23374601
Fax: 011- 23721041
Email: narendra.k@sbi.co.in

Punjab National Bank

372, Patparganj Industrial Area
Delhi 110092
Ph: 011 22165711
Fax: 011 22165410
Email: bo4904@pnb.co.in

Book Running Lead Managers to the Issue

D and A Financial Services Private Limited

SEBI Regn No. - INM000011484
13, Community Centre
East of Kailash
New Delhi – 110065
Tel: 011 26218274, 26419079
Fax: 011 26219491; **website:** www.dnafinserv.com
Email: dafspl@gmail.com
Contact Person: **Mr. Priyaranjan, Mrs. Kavita Anandani**

REGISTRAR TO THE ISSUE

BEETAL Financial & Computer Services (P) Limited

Beetal House, 3rd Floor, 99 Madangir, Behind Local Shopping Centre
Near Dada Harsukhdas Mandir, New Delhi – 110062
Tel: 011 29961281; **Fax:** 011 29961284
Email: shilpi_ipo@beetalfinancial.com; **website:** www.beetalfinancial.com
Contact Person: Mr. Punit Mittal
SEBI Regn No. - INR000000262

BANKERS TO THE ISSUE AND ESCROW COLLECTION BANKS

IDBI Bank Limited

Unit No. 2, Corporate Park
Sion Trombay Road, Chembur
Mumbai-400071
Phone : 022-66908402
Fax : 022- 25286173
Email : mn.kamat@idbi.co.in
Contact Person: Mr M N Kamat
SEBI Regn No. - INBI00000076

HDFC Bank Limited

FIG OPS Department
Lodha, I Think Techno Campus
O-3 Level, Next to Kanjurmarg Railway Station
Kanjurmarg (East)
Mumbai-400042
Phone : 022-30752928
Fax : 022- 25799801
Email : deepak.rane@hdfcbank.com, figdelhi@hdfcbank.com, himanshu.arora@hdfcbank.com
Contact Person: Mr Deepak Rane
SEBI Regn No. – INBI00000063

Axis Bank Limited

D-70A, East of Kailash
New Delhi - 110065
Phone : 011-46500495/96/97.
Fax : 011-46500498
Email : sheetal.handa@axisbank.com, rajan.arora@axisbank.com
Contact Person: Mr. Sheetal Handa/Mr. Rajan Arora
SEBI Regn No. – INBI00000017

Punjab National Bank

Capital Market Services Branch
5 Sansad Marg,
New Delhi - 110001
Phone : 011-23737531,33
Fax : 011-23737528
Email : bo4552@pnb.co.in
Contact Person: A.K. Jain, Chief Manager
SEBI Regn No. – INBI00000084

Yes Bank Limited

3rd Floor, Ion House,
Dr. E. Moses Road, Mahalaxmi,
Mumbai - 400011
Phone : 022-66229031
Fax : 022-24974875
Email : dlbtiservices@yesbank.in
Contact Person: Mr. Mahesh Shirali
SEBI Regn No. – INBI000000935

State Bank of India

CMP Centre, 31 Mahal Industrial Estate,
Off Mahakali Caves Road, Andheri – (E),
Mumbai-400093
Phone : 022-26814805
Fax : 022-26875060, 022-26875061
Email : agmpi.cmp@sbi.co.in, utkarsh.chandra@sbi.co.in
Contact Person: Mr. Ezaz Hussain
SEBI Regn No. – INBI00000038

Refund Bank**IDBI Bank Limited**

Unit No. 2, Corporate Park
Sion Trombay Road, Chembur
Mumbai-400071
Phone : 022-66908402
Fax : 022- 25286173
Email : mn.kamat@idbi.co.in
Contact Person: Mr M N Kamat
SEBI Regn No. – INBI00000076

BROKERS TO THE ISSUE

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

SYNDICATE MEMBERS**Hem Securities Limited**

14/15 Khatau Building
1st Floor, 40 Bank Street
Fort, Mumbai

Phone: 022-22671543

Fax : 022- 22625991

Email : sanjay@hemonline.com

Contact Person: Mr Sanjay Dalmia

SEBI Regn No. -NSE: INB 231110033

BSE: INB 011069953

SELF CERTIFIED SYNDICATE BANKS

The list of banks that have been notified by SEBI to act as SCSB for the ASBA Process are provided on <http://www.sebi.gov.in/pmd/scsb.html>. For details on designated branches of SCSBs collecting the ASBA Bid cum Application Form, please refer the above mentioned SEBI link.

AUDITORS

M. M. Bhasin & Co., Chartered Accountants
28/20, Ground Floor, East Patel Nagar
New Delhi 110008

Tel: 011 25736521, 25825254 ; **Fax:** 011 25751483

Email: contact@mmbca.in

Inter-se allocation of Responsibilities

Not Applicable

CREDIT RATING

This being a public issue of equity shares, no credit rating is required.

IPO GRADING

The Issue has been graded by CARE, a SEBI registered credit rating agency, as CARE IPO Grade 1 indicating poor fundamentals. The IPO Grading is assigned on a five point scale from 1 to 5, with IPO grade 5/5 indicating strong fundamentals and IPO Grade 1/5 indicating poor fundamentals. A copy of the press release provided by CARE, furnishing the rationale for its grading is attached as Annexure I to this Red Herring Prospectus and will be available for inspection at our Registered Office from 10.00 a.m. to 2.00 p.m. on Business Days during the Bidding / Issue period.

TRUSTEES

This being an issue of Equity shares, appointment of Trustees is not required.

MONITORING AGENCY

No agency has been appointed to monitor utilization of Funds. However, in case such an agency is appointed such agency shall file the monitoring report with the issuer company and not with SEBI, so as to enable the Company to place the report before its Audit committee.

APPRAISER

The project has not been appraised by any external agency and is based upon Management Estimates

BOOK BUILDING PROCESS

Book building, with reference to the Issue, refers to the process of collection of Bids on the basis of the Red Herring Prospectus within the Price Band. The Issue Price is finalized after the Bid/Issue Closing Date. The principal parties involved in the Book Building Process are:

- The Company;
- BRLMs;

- ➔ Syndicate Members who are intermediaries registered with SEBI or registered as brokers with BSE/NSE and eligible to act as Underwriters. The Syndicate Member are appointed by the BRLMs;
- ➔ Registrar to the Issue;
- ➔ Escrow Collection Banks; and
- ➔ SCSBs.

The SEBI Regulations have permitted an issue of securities to the public through the 100% Book Building Process, wherein at least 50% of the Issue shall be allocated on a proportionate basis to QIBs. 5% of the QIB Portion (excluding Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIBs including the Mutual Funds subject to valid bids being received at or above the Issue Price. If at least 50% of the Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. The Company will comply with the SEBI Regulations and any other ancillary directions issued by SEBI for this Issue. In this regard, the Company has appointed the BRLMs to manage the Issue and to procure subscriptions to the Issue.

QIB Bidders are not allowed to withdraw their Bid(s) after the Bid /Issue Closing Date. For further details, please see the section entitled "Terms of the Issue" on page 248 of this Red Herring Prospectus.

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

Bidders can bid at any price within the price band. For instance, assume a price band of Rs. 20 to Rs. 24 per share, offer size of 3,000 equity shares and receipt of five bids from bidders out of which one bidder has to bid for 500 shares at Rs. 24 per share while another has to bid for 1,500 shares at Rs. 22 per share. A graphical representation of consolidated demand and price would be made available at the bidding centers during the bidding period. The illustrative book given below shows the demand for the shares of the Company at various prices and is collated from bids from various investors.

| Bid Quantity | Bid Price (Rs.) | Cumulative Quantity | Subscription |
|--------------|-----------------|---------------------|--------------|
| 500 | 24 | 500 | 16.67% |
| 1000 | 23 | 1500 | 50.00% |
| 1500 | 22 | 3000 | 100.00% |
| 2000 | 21 | 5000 | 166.67% |
| 2500 | 20 | 7500 | 250.00% |

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired number of shares is the price at which the book cuts off, i.e., Rs. 22 in the above example. The Issuer, in consultation with the BRLMs, will finalise the issue price at or below such cut-off price, i.e., at or below Rs. 22. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in the respective categories.

Steps to be taken by the Bidders for Bidding

- ➔ Check eligibility for bidding (please refer to the section entitled "Issue Procedure - Who Can Bid?" on page 256 of this Red Herring Prospectus);
- ➔ Ensure that you have an active demat account and the demat account details are correctly mentioned in the Bid cum Application Form;

- ➔ Ensure that you have mentioned your PAN and attached copies of your PAN card to the Bid Cum Application Form. In accordance with the SEBI Regulations, the PAN would be the sole identification number for participants transacting in the securities market, irrespective of the amount of transaction (see section entitled "Issue Procedure" on page 255 of this Red Herring Prospectus). The applicants may note that in case the DP ID & Client ID and PAN mentioned in the application form and entered into the electronic bidding system of the stock exchanges by the syndicate members do not match with the DP ID & Client ID and PAN available in the depository database, the application is liable to be rejected.;
- ➔ Ensure that the Bid cum Application Form or ASBA Bid cum Application Form is duly completed as per instructions given in the Red Herring Prospectus and in the Bid cum Application Form or ASBA Bid cum Application Form; and
- ➔ Ensure the correctness of your demographic details (as defined in the "Issue Procedure-Bidder's Depository Account and Bank Account Details" on page 269) given in the Bid cum Application Form or the ASBA Bid cum Application Form, as the case may be, with the details recorded with your Depository Participant.
- ➔ Bids by QIBs (including Anchor Investors) will only have to be submitted to the BRLM and / or its affiliates or to the Syndicate Member(s), other than Bids by QIBs who Bid through the ASBA process who shall submit the Bids to the Designated Branch of the SCSBs; and
- ➔ Bids by ASBA Bidders will have to be submitted to the Designated Branches of the SCSBs. ASBA Bidders should ensure that the bank accounts have adequate credit balance at the time of submission to the SCSB to ensure that the ASBA Bid cum Application Form is not rejected.

Withdrawal of the Issue

Our Company, in consultation with the Book Running Lead Manager, reserves the right not to proceed with the Issue at any time after the Bid Opening Date but before the Board meeting for Allotment, without assigning any reason thereof. In such an event our Company would issue a public notice in the newspapers, in which the pre-issue advertisements were published, within two days of the closure of the Issue, providing reasons for not proceeding with the Issue. The BRLM, through the Registrar to the Issue, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one day of receipt of such notification. Our Company shall also promptly inform the Stock Exchanges on which the Equity Shares were proposed to be listed.

If our Company withdraws the Issue after the Bid Closing Date, our Company shall state the reasons thereof in a public notice within two days of the closure of the Issue. The public notice shall be issued in the same newspapers where the pre-issue advertisement had appeared. The Stock Exchanges shall also be informed of such withdrawal.

Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment, and (ii) the final RoC approval of the Prospectus after it is filed with the Stock Exchanges.

Any further issue of Equity Shares by the Company shall be in compliance with applicable laws.

Bid/ Issue Programme

| | |
|---------------------|------------------|
| BID/ISSUE OPENS ON | MARCH 22, 2011* |
| BID/ISSUE CLOSES ON | MARCH 25, 2011** |

**The Company may consider participation by Anchor Investors. The Anchor Investor Bid/Issue period shall be one day prior to the Bid/Issue Opening date.*

***The Company may consider closing the Bidding by QIB Bidders one Working Day prior to the Bid/Issue Closing Date subject to the Bid/Issue Period being for a minimum of three Working Days.*

Bids and any revision in Bids shall be accepted **only between 10.00 a.m. and 3.00 p.m.** (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centers mentioned in the Bid cum Application Form or, in case of Bids submitted through ASBA, the Designated Branches of the SCSBs. **On the Bid/Issue Closing Date, Bids (excluding ASBA Bidders) shall be uploaded until** (i) 4.00 p.m. in case of Bids by QIB Bidders and Non-Institutional Bidders; and (ii) until 5.00 p.m. or until such time as permitted by the BSE and NSE in case of Bids by Retail Individual Bidders. It is clarified that Bids not uploaded in the book, would be rejected. Bids by ASBA Bidders shall be uploaded by the SCSB in the electronic system to be provided by the BSE and NSE.

In case of discrepancy of data between the Stock Exchanges and the Designated Branches of the SCSBs, the decision of the Registrar to the Issue, in consultation with the BRLM, our Company and the Designated Stock Exchange, based on the physical / electronic records, as the case may be, of the ASBA Bid cum Application Forms shall be final and binding on all concerned. Further, the Registrar to the Issue may ask for rectified data from the SCSB.

Due to limitation of time available for uploading the Bids on the Bid/ Issue Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid Closing Date and, in any case, no later than 1.00 p.m (Indian Standard Time) on the Bid Closing Date. Bidders are cautioned that in the event a large number of Bids are received on the Bid Closing Date, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded will not be considered for allocation in the Issue. If such Bids are not uploaded, our Company, the BRLM and the Syndicate Members shall not be responsible. Bids will be accepted only on working days, i.e. Monday to Friday (excluding any public holiday).

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

Our Company, in consultation with the BRLM, reserves the right to revise the Price Band during the Bidding Period in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. The Cap Price shall be less than or equal to 120% of the Floor Price. Subject to compliance with the immediately preceding sentence, the Floor Price can be revised up or down to a maximum of 20% of the Floor Price as originally disclosed at least two working days prior to the Bid /Issue Opening Date and the Cap Price will be revised accordingly.

In case of revision in the Price Band, the Bidding Period will be extended for three additional Working Days after revision of the Price Band subject to the Bidding Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bidding Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a press release, and also by indicating the change on the website of the BRLM and at the terminals of the members of the Syndicate. In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain 79 Equity Shares subject to the Bid Amount payable on such minimum application being in the range of Rs. 5,000 to Rs. 7,000.

Underwriting Agreement

After the determination of the Issue Price but prior to filing of the Prospectus with the RoC, the Company will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through this Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLM shall be responsible for bringing in the amount devolved in the event that their respective Syndicate Members do not fulfill their underwriting obligations. The underwriting shall be to the extent of the Bids uploaded by the Underwriters including through its Syndicate/Sub Syndicate. The Underwriting Agreement is dated [●]. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and are subject to certain conditions specified therein.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

(This portion has been intentionally left blank and will be filled in before the filing of the Prospectus with the RoC)

| Name and Address of the Underwriter | Indicative Number of Equity Shares to be Underwritten | Amount Underwritten (Rs. In Lacs) |
|--|--|--|
| [•] | [•] | [•] |

The above mentioned amount is indicative underwriting and this would be finalized after the pricing and actual allocation.

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

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

The underwriting arrangements mentioned above shall not apply to the subscriptions by the ASBA Bidders in this Issue. The underwriting agreement shall list out the role and obligations of each Syndicate Member.

CAPITAL STRUCTURE OF THE COMPANY

Share capital of our Company as at the date of filing of this RHP with SEBI is set forth below:

(Rs. in lacs, except share data)

| Share Capital | Aggregate Value at Face Value | Aggregate Value at Issue Price |
|---|-------------------------------|--------------------------------|
| (A) Authorized Share Capital | | |
| 40000000 Equity Shares of Rs.10 each | 4000 | |
| (B) Issued, Subscribed and Paid-Up Capital before the Issue | | |
| 24200000 Equity Shares of Rs.10 each fully paid up | 2420 | |
| (C) Present Issue in terms of the Red Herring Prospectus # | | |
| [•] Equity Shares of Rs.10 each fully paid up | [•] | [•] |
| Comprising of: | | |
| QIB Portion: At least [•] Equity Shares of Rs.10 each fully paid up, of which the: | | |
| Anchor Investor Portion is upto [•] Equity Shares of Rs.10 each fully paid up* | | |
| Net QIB portion is upto [•] Equity Shares of Rs.10 each fully paid up of which the: | | |
| Mutual Fund Portion is [•] Equity Shares of Rs.10 each fully paid up** | | |
| Other QIBs (Including Mutual Funds) is [•] Equity Shares of Rs.10 each fully paid up | | |
| Non Institutional Portion: Not less than [•] Equity Shares of Rs.10 each fully paid up | | |
| Retail Portion: Not less than [•] Equity Shares of Rs.10 each fully paid up | | |
| (D) Paid up Equity Capital after the Issue | | |
| [•] Equity shares of Rs. 10 each fully paid up | [•] | [•] |
| (E) Securities Premium Account | | |
| Before the Issue | | 939.82 |
| After the Issue | | [•] |

The present Issue has been authorized by the Board of Directors pursuant to a resolution passed at its meeting held on June 30, 2010 and by the shareholders of the Company pursuant to a resolution dated July 24, 2010 under Section 81(1A) of the Companies Act.

*Out of the QIB Portion, our Company may consider participation by Anchor Investors for upto [•] Equity Shares in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 at the Anchor Investor Issue Price of Rs. [•] per Equity Share, out of which at least one third shall be allocated to domestic Mutual Funds.

** The Mutual Fund Portion would be 5% of the Net QIB Portion.

For further details, please refer to the section titled "Issue Procedure" on page 255 of the Red Herring Prospectus.

Our Company has no outstanding convertible instruments as on the date of the Red Herring Prospectus.

The details of increase and change in authorized share capital of our Company after the date of incorporation till filling of the RHP with SEBI is as follows:

(In Rs. Lacs)

| Date of change | Nature of increase/change | Number of Equity Shares | Face Value | Nature of Instrument | Cumulative authorized Share Capital |
|----------------|---------------------------|-------------------------|------------|----------------------|-------------------------------------|
| 17.08.2006 | Increase | 21950000 | 10 | Equity | 2200 |
| 30.09.2009 | Increase | 500000 | 10 | Equity | 2250 |
| 20.03.2010 | Increase | 1700000 | 10 | Equity | 2420 |
| 24.07.2010 | Increase | 15800000 | 10 | Equity | 4000 |

Notes to Capital Structure:

1. Share Capital History of our Company

| Date of Allotment of the Equity Shares | Number of Equity Shares Allotted | Face Value (Rs.) | Issue Price (Rs.) | Nature of Payment | Nature of Issue & reason for allotment | Cumulative No. of Equity Shares | Cumulative paid up share capital (Rs. Lacs) | Cumulative share premium (Rs. Lacs) |
|--|----------------------------------|------------------|-------------------|-------------------|--|---------------------------------|---|-------------------------------------|
| Incorporation July 09, 2006 | 50000 | 10 | 10 | Cash | Initial Allotment | | 5 | 0 |
| November 09, 2006 | 12200000 | 10 | 10 | Cash | Further Issue on preferential basis | 12250000 | 1225 | 0 |
| March 03, 2007 | 2300000 | 10 | 14.34 | Cash | Further Issue on preferential basis | 14550000 | 1455 | 99.82 |
| March 03, 2007 | 1000000 | 10 | 10 | Cash | Further Issue on preferential basis | 15550000 | 1555 | 99.82 |
| May 13, 2007 | 2150000 | 10 | 10 | Cash | Further Issue on preferential basis | 17700000 | 1770 | 99.82 |
| October 12, 2007 | 1300000 | 10 | 10 | Cash | Further Issue on preferential basis | 19000000 | 1900 | 99.82 |
| February 24, 2008 | 1000000 | 10 | 10 | Cash | Further Issue on preferential basis | 20000000 | 2000 | 99.82 |
| October 01, 2009 | 2500000 | 10 | 30 | Cash | Further Issue on preferential basis | 22500000 | 2250 | 599.82 |
| March 22, 2010 | 1700000 | 10 | 30 | Cash | Further Issue on preferential basis | 24200000 | 2420 | 939.82 |

2. Details of Equity shares allotted in the one year preceding the date of filing of the RHP with SEBI

| Date of Allotment of the Equity Shares | Number of Equity Shares Allotted | Face Value (Rs.) | Issue Price (Rs.) | Nature of Payment | Nature of Issue & reason for allotment | Name of the Allottee | Whether part of the Promoters Group |
|--|----------------------------------|------------------|-------------------|-------------------|--|--------------------------------------|-------------------------------------|
| October 01, 2009 | 2500000 | 10 | 30 | Cash | Further Issue on preferential basis | Shilpi Communication Private Limited | Yes |

| | | | | | | | |
|----------------|---------|----|----|------|-------------------------------------|--------------------------------------|-----|
| March 22, 2010 | 1700000 | 10 | 30 | Cash | Further Issue on preferential basis | Shilpi Communication Private Limited | Yes |
|----------------|---------|----|----|------|-------------------------------------|--------------------------------------|-----|

- There will be no further issue of Equity Shares, whether by way of issue of bonus shares, preferential allotment, and rights issue or in any other manner during the period commencing from submission of this Red Herring Prospectus with SEBI until the Equity Shares have been listed.
- At present we do not have any proposals or intentions, negotiations and considerations to alter the capital structure by way of split or consolidation of the denomination of the shares, or issue of Equity Shares on a preferential basis or issue of bonus or rights or further public issue of Equity Shares or qualified institutions placement, within a period of six months from the date of opening of the present issue.

5. Details of Shareholding of the Promoters

Details of shareholding acquired by means of allotment

| Date of Allotment / Acquisition | Nature of Issue & reason for allotment | No. of Equity Shares | Face Value (Rs.) | Issue / acquisition Price (Rs.) | Consideration | Date when the shares were made fully paid up | Percentage of Pre Issue capital | Percentage of Post Issue capital | Lock in period, if any as per terms of issue | Number of Pledged shares | Percentage of Pledged shares to Total Pre issue Holding |
|---|--|----------------------|------------------|---------------------------------|---------------|--|---------------------------------|----------------------------------|--|--------------------------|---|
| Mr. Mukesh Kumar Gupta | | | | | | | | | | | |
| Incorporation | Initial Allotment | 8000 | 10 | 10 | Cash | The shares were issued as fully paid up shares | 0.03% | [•] | Nil | 0 | 0.00% |
| Total | | 8000 | | | | | 0.03% | [•] | | 0 | 0.00% |
| Mr. Manish Goel | | | | | | | | | | | |
| Incorporation | Initial Allotment | 7000 | 10 | 10 | Cash | The shares were issued as fully paid up shares | 0.03% | [•] | Nil | 0 | 0.00% |
| Total | | 7000 | | | | | 0.03% | [•] | | 0 | 0.00% |
| M/s Shilpi Communication Private Limited | | | | | | | | | | | |
| November 09, 2006 | Further Issue on preferential basis | 4500000 | 10 | 10 | Cash | The shares were issued as fully paid up shares | 18.60% | [•] | Nil | 4500000 | 18.60% |
| March 03, 2007 | Further Issue on preferential basis | 1000000 | 10 | 10 | Cash | The shares were issued as fully paid up shares | 4.13% | [•] | Nil | 1000000 | 4.13% |

| Date of Allotment / Acquisition | Nature of Issue reason allotment | No. of Equity Shares | Face Value (Rs.) | Issue / acquisition Price (Rs.) | Consideration | Date when the shares were made fully paid up | Percentage of Pre Issue capital | Percentage of Post Issue capital | Lock in period, if any as per terms of issue | Number of Pledged shares | Percentage of Pledged shares to Total Pre issue Holding |
|---------------------------------|-------------------------------------|----------------------|------------------|---------------------------------|---------------|--|---------------------------------|----------------------------------|--|--------------------------|---|
| May 13, 2007 | Further Issue on preferential basis | 2150000 | 10 | 10 | Cash | The shares were issued as fully paid up shares | 8.88% | [•] | Nil | 2150000 | 8.88% |
| October 12, 2007 | Further Issue on preferential basis | 1300000 | 10 | 10 | Cash | The shares were issued as fully paid up shares | 5.37% | [•] | Nil | 1300000 | 5.37% |
| February 24, 2008 | Further Issue on preferential basis | 1000000 | 10 | 10 | Cash | The shares were issued as fully paid up shares | 4.13% | [•] | Nil | 1000000 | 4.13% |
| October 01, 2009 | Further Issue on preferential basis | 2500000 | 10 | 30 | Cash | The shares were issued as fully paid up shares | 10.33% | [•] | Nil | 0 | 0.00% |
| March 22, 2010 | Further Issue on preferential basis | 1700000 | 10 | 30 | Cash | The shares were issued as fully paid up shares | 7.02% | [•] | Nil | 0 | 0.00% |
| Total | | 24150000 | | | | | 99.79% | [•] | | 10200000 | 41.11 |
| Grand Total | | 24165000 | | | | | 99.86% | [•] | | 10200000 | 41.11 |

Details of shareholding acquired by means of Transfer

| Date of Allotment / Acquisition | Nature of Issue reason allotment | No. of Equity Shares | Face Value (Rs.) | Issue / acquisition Price (Rs.) | Consideration | Date when the shares were made fully paid up | Percentage of Pre Issue capital | Percentage of Post Issue capital | Lock in period, if any as per terms of issue | Number of Pledged shares | Percentage of Pledged shares to Total Pre issue Holding |
|---|----------------------------------|----------------------|------------------|---------------------------------|---------------|--|---------------------------------|----------------------------------|--|--------------------------|---|
| M/s Shilpi Communication Private Limited | | | | | | | | | | | |

| | | | | | | | | | | | |
|-----------------|----------|----------|----|----|------|--|--------|-----|-----|--------|-------|
| August 29, 2008 | Transfer | 10000000 | 10 | 22 | Cash | The shares were issued as fully paid up shares | 41.32% | [•] | Nil | 250000 | 1.03% |
|-----------------|----------|----------|----|----|------|--|--------|-----|-----|--------|-------|

Details of the aforesaid transfer are as follows:

| Date of transfer to transferee | No. of shares transferred | Transfer price per Equity Share | Name of Transferor |
|--------------------------------|---------------------------|---------------------------------|---|
| 29.08.2008 | 10000000 | Rs. 22/- | Rosenberger Hochfrequentchink Gmbh & co |

6. Details of the aggregate shareholding of the promoter group and of the directors of the promoters, where the promoter is a body corporate

| Name | Shareholding in Shilpi Cable Technologies Limited (In Nos.) |
|--|---|
| Promoters Group | |
| Mr. Mukesh Kumar Gupta | 8000 |
| Mr. Manish Goel | 7000 |
| M/s Shilpi Communication Private Limited | 24150000 |
| Mrs. Sharda Rani | 7000 |
| Mr. Vishal Goel | 7000 |
| Ms. Shilpi Goel | 7000 |
| Mukesh Kumar Gupta (HUF) | Nil |
| M/s Shilpi Cabletronics Limited | Nil |
| M/s Shilpi Cables Private Limited | Nil |
| M/s MVM Impex Private Limited | Nil |
| M/s GGP Cabletronics Private Limited | Nil |
| M/s Fasten Cables and Accessories Private Limited | Nil |
| M/s Gloster Metals and Alloys Private Limited | Nil |
| Directors of Shilpi Communication Private Limited | |
| Mr. Mukesh Kumar Gupta | 8000 |
| Mr. Manish Goel | 7000 |
| Mr. Vishal Goel | 7000 |

7. Details of the aggregate number of Equity Shares purchased or sold by the Promoter Group and/or by the Directors of the Company which is a Promoter of The Issuer and/or by the Directors of The Issuer and their immediate relatives within six months immediately preceding the date of filing draft offer document with the Board.

| Name | Date of Allotment | Nature of Issue reason & for allotment | No. of Equity Shares | Face Value (Rs.) | Issue/ acquisition Price (Rs.) | Consideration |
|--|-------------------|--|----------------------|------------------|--------------------------------|---------------|
| M/s Shilpi Communication Private Limited | October 01, 2009 | Further Issue on preferential basis | 2500000 | 10 | 30 | Cash |
| M/s Shilpi Communication Private Limited | March 22, 2010 | Further Issue on preferential basis | 1700000 | 10 | 30 | Cash |

The amounts received by way of aforesaid allotment of shares to M/s Shilpi Communication Private Limited were used towards working capital requirement of issuer.

8. Details of the maximum and minimum price at which purchases and sales referred to above were made, along with the relevant dates.

The aforesaid transaction was made at a price of Rs. 30 per fully paid up Equity Share.

9. Details of all financing arrangements whereby the Promoter Group, the Directors of the Company which is a Promoter of The Issuer, the Directors of The Issuer and their relatives have financed the purchase by any other person of securities of The Issuer other than in the normal course of the business of the financing entity during the period of six months immediately preceding the date of filing the Red Herring Prospectus with SEBI.

Nil

10. **Promoters' Contribution**

Pursuant to the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, an aggregate of 20% of the fully diluted post-Issue paid up capital of our Company held by the Promoters shall be locked in for a period of three years from the date of Allotment of Equity Shares in the Issue.

The Promoter contribution that is eligible for being locked in for three years is as follows.

However, at the time of opening of the issue, only such number of shares that make up 20% of the post issue capital shall be locked in for a period of 3 years and the rest shall be put under a lock-in of 1 year.

| Date of Allotment/ Acquisition | Date when the shares were made fully paid up | Nature of Issue & reason for allotment | No. of Equity Shares | Face Value (Rs.) | Issue/ acquisition Price (Rs.) | Percentage of Pre Issue capital | Date upto which the Equity Shares are subject to Lock-in |
|---|--|--|----------------------|------------------|--------------------------------|---------------------------------|--|
| Mr. Mukesh Kumar Gupta | | | | | | | |
| Incorporation | The shares were issued as fully paid up shares | Initial Allotment | 8000 | 10 | 10 | 0.03% | 3 years from the date of allotment of the Equity Shares in the issue |
| Total | | | 8000 | | | 0.03% | |
| Mr. Manish Goel | | | | | | | |
| Incorporation | The shares were issued as fully paid up shares | Initial Allotment | 7000 | 10 | 10 | 0.03% | 3 years from the date of allotment of the Equity Shares in the issue |
| Total | | | 7000 | | | 0.03% | |
| M/s Shilpi Communication Private Limited | | | | | | | |
| August 29, 2008 | The shares were issued as fully paid up shares | Transfer | 9750000* | 10 | 22 | 40.29% | 3 years from the date of allotment of the Equity Shares in |

| Date of Allotment/Acquisition | Date when the shares were made fully paid up | Nature of Issue & reason for allotment | No. of Equity Shares | Face Value (Rs.) | Issue/acquisition Price (Rs.) | Percentage of Pre Issue capital | Date upto which the Equity Shares are subject to Lock-in |
|-------------------------------|--|--|----------------------|------------------|-------------------------------|---------------------------------|--|
| | | | | | | | the issue |
| October 01, 2009 | The shares were issued as fully paid up shares | Further Issue on preferential basis | 2500000 | 10 | 30 | 10.33% | 3 years from the date of allotment of the Equity Shares in the issue |
| March 22, 2010 | The shares were issued as fully paid up shares | Further Issue on preferential basis | 1700000 | 10 | 30 | 7.02% | 3 years from the date of allotment of the Equity Shares in the issue |
| Total | | | 13950000 | | | 57.64% | |
| Grand Total | | | 13965000 | | | 54.71% | |

**Out of 10000000 shares that were transferred on August 29, 2008 from M/s Rosenberger Hochfrequenztechnik GmbH & Co. KG. Out of the said 10000000 shares, a total of 9750000 Fully paid up Equity Shares are unencumbered and eligible for computation of minimum Promoters' Contribution.*

As per the shareholders agreement between the Rosenberger and Shilpi Communication Private Limited, the present promoter, in case of dispute between the parties, any one party could exercise an option to buy the entire equity stake of other party and the other party will have an option to buy the equity stake of the offering party at the same price at which the offering party has offered to buy the equity stake of the other party, and the offering party shall be bound to sell its stake to other party at the price offered by the offering party. After the dispute among the JV partners, Rosenberger offered to buy the 50% stake of Shilpi Communications (P) Ltd at Rs 22/- per share. Shilpi Communication Private Limited finding the price offered as too low and realizing the opportunities available to it to buy the 50% stake of Rosenberger, exercised option available to it under the JV agreement and gave counter notice to Rosenberger to buy the stake of Rosenberger at same price of Rs 22/- per share and after initial resistance of Rosenberger, finally a settlement between the parties was arrived at and accordingly Shilpi Communication Private Limited acquired 50% stake of Rosenberger at a price of Rs 22/- per share.

The minimum Promoter's contribution has been brought to the extent of not less than the specified minimum lot and from the persons defined as Promoters under the SEBI Regulations. The Company has obtained specific written consent from the Promoter for inclusion of the Equity Shares held by them in the minimum Promoters' contribution subject to lock-in. Further, the Promoter has given an undertaking to the effect that it shall not sell/transfer/dispose of in any manner, Equity Shares forming part of the minimum Promoters' contribution from the date of filing this Red Herring Prospectus till the date of commencement of lock-in as per the SEBI Regulations.

Equity Shares held by the Promoter and offered as minimum Promoters' contribution are free from pledge.

✓ All the Equity Shares which have been locked in are not ineligible for computation of Promoters' contribution under Regulation 33 of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.

- ✧ The entire share capital outstanding as on the date of filing of RHP except minimum Promoter contribution which has been locked in for three years as shown above would be locked in for one year from the date of allotment in the Issue.
 - ✧ In terms with Regulation 36 (b) of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, if the Promoters' contribution in the proposed issue exceeds the required minimum contribution (of 20% of the post issue capital), such excess contribution shall also be locked in for a period of one year.
 - ✧ The Promoters have vide their letter dated August 10, 2010 given their consent for lock in as stated above. Equity Shares issued last shall be locked in first. The entire pre-issue capital, other than the minimum Promoters contribution, which is locked in for three years shall be locked in for a period of one year. The lock-in shall start from the date of allotment in the Issue and the last date of the lock-in shall be reckoned as three years from the date of allotment in the Issue.
 - ✧ In terms of Regulation 39 of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, Equity Shares held by promoters and locked-in may be pledged with any scheduled commercial bank or public financial institution as collateral security for loan granted by such bank or institution, subject to the following:
 - a) if the Equity Shares are locked-in in terms of clause (a) of regulation 36, the loan has been granted by such bank or institution for the purpose of financing one or more of the objects of the issue and pledge of Equity Shares is one of the terms of sanction of the loan;
 - b) if the Equity Shares are locked-in in terms of clause (b) of regulation 36 and the pledge of Equity Shares is one of the terms of sanction of the loan.
 - ✧ In terms of Regulation 40 of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, subject to the provisions of Securities and Exchange Board of India (Substantial Acquisition of shares and Takeovers) Regulations, 1997, the Equity Shares held by promoters and locked-in as per regulation 36 of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 may be transferred to another promoter or any person of the promoter group or a new promoter or a person in control of the issuer and the Equity Share held by persons other than promoters and locked-in as per regulation 37 of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 may be transferred to any other person holding the Equity Shares which are locked-in along with the Equity Shares proposed to be transferred, provided that lock-in on such Equity Shares shall continue for the remaining period with the transferee and such transferee shall not be eligible to transfer them till the lock-in period stipulated in these regulations has expired.
11. **Lock-in of Equity Shares to be issued, if any, to the Anchor Investor**
Any Equity Shares allotted to Anchor Investor Portion shall be locked-in for a period of 30 days from the date of Allotment of Equity Shares in the Issue.
 12. **Buy-back and Standby arrangements**
The Company, its Promoters and Promoters Group, its Directors and the BRLMs have not entered into any buy back arrangements for purchase of the Equity Shares of the Company from any person.
 13. An over-subscription to the extent of ten percent of the issue can be retained for the purpose of rounding off to the nearer multiple of minimum allotment lot.
 14. All the Equity Shares offered through the issue shall be fully paid-up.
 15. The unsubscribed portion in any reserved category may be added to any other reserved category.
 16. In case of under-subscription in the issue, spill-over to the extent of under subscription shall be permitted from the reserved category.

17. Pre and Post-Issue Shareholding Pattern of our Company:

PRE-ISSUE

| CATEGORY CODE | CATEGORY OF SHAREHOLDERS | NUMBER OF SHAREHOLDERS | TOTAL NUMBER OF SHARES | NUMBER OF SHARES HELD IN DEMATERIALIZED FORM | TOTAL SHAREHOLDING ASA PERCENTAGE OF TOTAL NUMBER OF SHARES | | SHARES PLEDGED OR OTHERWISE ENCUMBERED | |
|---------------|--|------------------------|------------------------|--|---|---------------------------|--|----------------|
| | | | | | ASA PERCENTAGE OF (A+B) | ASA PERCENTAGE OF (A+B+C) | NUMBER OF SHARES | ASA PERCENTAGE |
| (A) | SHAREHOLDING OF PROMOTER AND PROMOTER GROUP | | | | | | | |
| 1 | INDIAN | | | | | | | |
| (A) | INDIVIDUALS/HINDU UNDIVIDED FAMILY | 5 | 36000 | 15000 | 0.15 | 0.15 | 0 | 0.00 |
| (B) | CENTRAL GOVERNMENT/STATE GOVERNMENT(S) | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| (C) | BODIES CORPORATE | 1 | 24150000 | 0 | 99.79 | 99.79 | 10200000 | 42.24 |
| (D) | FINANCIAL INSTITUTIONS/BANKS | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| (E) | ANY OTHER DIRECTORS & THEIR RELATIVES | 0 | | | | | | |
| | SOCIETIES | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| | PARTNERSHIP FIRMS | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| | RBI | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| | EMP. WELFARE FUND | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| | ESOP/ESOS | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| | TRUSTS | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| | SUB-TOTAL (A) (1) | 6 | 24186000 | 15000 | 99.94 | 99.94 | 10200000* | 42.17 |
| 2 | FOREIGN | | | | | | | |
| (A) | INDIVIDUALS (NON-RESIDENT INDIVIDUALS/FOREIGN INDIVIDUALS) | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| (B) | BODIES CORPORATE | | 0 | 0 | 0 | 0 | 0 | 0 |
| (C) | INSTITUTIONS | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| (D) | ANY OTHER DIRECTORS & THEIR RELATIVES | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| | SOCIETIES | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| | PARTNERSHIP FIRMS | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| | EMP. WELFARE FUND | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| | TRUSTS | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| | ESOP/ESOS | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| | SUB-TOTAL (A) (2) | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| | TOTAL SHAREHOLDING OF PROMOTER AND PROMOTER GROUP | 6 | 24186000 | 15000 | 99.94 | 99.94 | 10200000* | 42.17 |
| (B) | PUBLIC SHAREHOLDING | | | | | | | |
| 1 | INSTITUTIONS | | | | | | | |

| | | | | | | | | |
|-----|---|---|-------|---|------|------|---|------|
| (A) | MUTUAL FUNDS/UTI | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| (B) | FINANCIAL INSTITUTIONS/BANKS | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| (C) | CENTRAL GOVERNMENT/STATE GOVERNMENT(S) | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| (D) | VENTURE CAPITAL FUNDS | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| (E) | INSURANCE COMPANIES | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| (F) | FOREIGN INSTITUTIONAL INVESTORS | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| (G) | FOREIGN VENTURE CAPITAL INVESTORS | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| (H) | ANY OTHER FOREIGN FIN INST | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| | FOREIGN MUT. FUND | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| | FFI/BANKS | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| | STRESSED ASSET | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| | STABILISATION FUND | | | | | | | |
| | STATE FIN. CORP | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| | SUB-TOTAL(B)(1) | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| 2 | NON-INSTITUTIONS | | | | | | | |
| (A) | BODIES CORPORATE | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| (B) | INDIVIDUALS | | | | | | | |
| | I. INDIVIDUAL SHAREHOLDERS HOLDING NOMINAL SHARE CAPITAL UPTO RS. 1 LAKH | 2 | 14000 | 0 | 0.06 | 0.06 | 0 | 0.00 |
| | II. INDIVIDUAL SHAREHOLDERS HOLDING NOMINAL SHARE CAPITAL IN EXCESS OF RS. 1 LAKH | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| (C) | ANY OTHER TRUSTS | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| | DIRECTORS AND THEIR RELATIVES | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| | FOREIGN NATIONALS | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| | ESCROW ACCOUNT | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| | MARKET MAKER | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| | NRI | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| | OCB | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| | SOCIETIES | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| | CLEARING MEMBERS | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| | SHARES IN TRANSIT | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| | HUF | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| | NRIS/OCBS | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| | FOREIGN CORPORATE BODIES | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| | PARTNERSHIP FIRMS | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| | CUSTODIAN OF ENEMY PROPERTY | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |

| | | | | | | | | |
|-----|--|---|----------|-------|--------|--------|-----------|-------|
| | FOREIGN COLLABORATORS | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| | ESOP/ESOS/ESPS | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| | SUB-TOTAL(B)(2) | 2 | 14000 | 0 | 0.06 | 0.06 | 0 | 0.00 |
| | TOTAL PUBLIC SHAREHOLDING (B)=B (1)+(B) (2) | 2 | 14000 | 0 | 0.06 | 0.06 | 0 | 0.00 |
| | TOTAL (A)+(B) | 8 | 24200000 | 15000 | 100.00 | 100.00 | 10200000* | 42.15 |
| (C) | SHARES HELD BY CUSTODIANS AND AGAINST WHICH DEPOSITORY RECEIPTS HAVE BEEN ISSUED | | | | | | | |
| 1 | PROMOTER AND PROMOTER GROUP | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| 2 | PUBLIC | 0 | 0 | 0 | NA | 0.00 | 0 | 0.00 |
| | GRAND TOTAL (A)+(B)+(C) | 8 | 24200000 | 15000 | NA | 100.00 | 10200000* | 42.15 |

**IDBI bank, vide its letter dated 17.02.2011 has revoked the pledge on the 10200000 equity shares w.e.f 17.02.2011 for the specific and limited purpose of marking the lock-in period (as required in accordance with the provisions of regulation 36 of the SEBI (Issue of Capital and Disclosure requirements) Regulations 2009) by the depository participant and thereafter the shares in demat form will be re-deposited with IDBI Bank, as a security for the loan of Rs. 84.58 lacs, within a period of one week after listing of the shares.*

POST-ISSUE

| CATEGORY CODE | CATEGORY OF SHAREHOLDERS | NUMBER OF SHAREHOLDERS | TOTAL NUMBER OF SHARES | NUMBER OF SHARES HELD IN DEMATERIALIZED FORM | TOTAL SHAREHOLDING ASA PERCENTAGE OF TOTAL NUMBER OF SHARES | | SHARES PLEDGED OR OTHERWISE ENCUMBERED | |
|---------------|---|------------------------|------------------------|--|---|---------------------------|--|----------------|
| | | | | | ASA PERCENTAGE OF (A+B) | ASA PERCENTAGE OF (A+B+C) | NUMBER OF SHARES | ASA PERCENTAGE |
| (A) | SHAREHOLDING OF PROMOTER AND PROMOTER GROUP | | | | | | | |
| 1 | INDIAN | | | | | | | |
| (A) | INDIVIDUALS/HINDU UNDIVIDED FAMILY | 5 | 36000 | 15000 | [•] | [•] | 0 | 0.00 |
| (B) | CENTRAL GOVERNMENT/STATE GOVERNMENT(S) | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| (C) | BODIES CORPORATE | 1 | 24150000 | 0 | [•] | [•] | 10200000 | [•] |
| (D) | FINANCIAL INSTITUTIONS/BANKS | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| (E) | ANY OTHER DIRECTORS & THEIR RELATIVES | 0 | | | | | | |
| | SOCIETIES | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| | PARTNERSHIP FIRMS | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| | RBI | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| | EMP. WELFARE FUND | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |

| | | | | | | | | |
|-----|--|-----|----------|-------|------|------|----------|------|
| | ESOP/ESOS | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| | TRUSTS | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| | SUB-TOTAL (A) (1) | 6 | 24186000 | 15000 | [.] | [.] | 10200000 | [.] |
| 2 | FOREIGN | | | | | | | |
| (A) | INDIVIDUALS (NON-RESIDENT INDIVIDUALS/FOREIGN INDIVIDUALS) | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| (B) | BODIES CORPORATE | | 0 | 0 | 0 | 0 | 0 | 0 |
| (C) | INSTITUTIONS | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| (D) | ANY OTHER DIRECTORS & THEIR RELATIVES | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| | SOCIETIES | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| | PARTNERSHIP FIRMS | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| | EMP. WELFARE FUND | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| | TRUSTS | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| | ESOP/ESOS | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| | SUB-TOTAL (A) (2) | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| | TOTAL SHAREHOLDING OF PROMOTER AND PROMOTER GROUP | 6 | 24186000 | 15000 | [.] | [.] | 10200000 | [.] |
| (B) | PUBLIC SHAREHOLDING | | | | | | | |
| 1 | INSTITUTIONS | | | | | | | |
| (A) | MUTUAL FUNDS/UTI | [.] | [.] | [.] | [.] | [.] | [.] | [.] |
| (B) | FINANCIAL INSTITUTIONS/BANKS | [.] | [.] | [.] | [.] | [.] | [.] | [.] |
| (C) | CENTRAL GOVERNMENT/STATE GOVERNMENT(S) | [.] | [.] | [.] | [.] | [.] | [.] | [.] |
| (D) | VENTURE CAPITAL FUNDS | [.] | [.] | [.] | [.] | [.] | [.] | [.] |
| (E) | INSURANCE COMPANIES | [.] | [.] | [.] | [.] | [.] | [.] | [.] |
| (F) | FOREIGN INSTITUTIONAL INVESTORS | [.] | [.] | [.] | [.] | [.] | [.] | [.] |
| (G) | FOREIGN VENTURE CAPITAL INVESTORS | [.] | [.] | [.] | [.] | [.] | [.] | [.] |
| (H) | ANY OTHER FOREIGN FIN INST | [.] | [.] | [.] | [.] | [.] | [.] | [.] |
| | FOREIGN MUT. FUND | [.] | [.] | [.] | [.] | [.] | [.] | [.] |
| | FFI/BANKS | [.] | [.] | [.] | [.] | [.] | [.] | [.] |
| | STRESSED ASSET | [.] | [.] | [.] | [.] | [.] | [.] | [.] |
| | STABILISATION FUND | | | | | | | |
| | STATE FIN. CORP | [.] | [.] | [.] | [.] | [.] | [.] | [.] |
| | SUB-TOTAL (B) (1) | [.] | [.] | [.] | [.] | [.] | [.] | [.] |
| 2 | NON-INSTITUTIONS | | | | | | | |
| (A) | BODIES CORPORATE | [.] | [.] | [.] | [.] | [.] | [.] | [.] |
| (B) | INDIVIDUALS | | | | | | | |
| | I. INDIVIDUAL SHAREHOLDERS HOLDING NOMINAL SHARE CAPITAL UPTO RS. 1 LAKH | [.] | [.] | [.] | [.] | [.] | [.] | [.] |

| | | | | | | | | |
|-----|---|--|--|--|--|--|--|--|
| | II. INDIVIDUAL SHAREHOLDERS HOLDING NOMINAL SHARE CAPITAL IN EXCESS OF RS. 1 LAKH | | | | | | | |
| (C) | ANY OTHER TRUSTS | | | | | | | |
| | DIRECTORS AND THEIR RELATIVES | | | | | | | |
| | FOREIGN NATIONALS | | | | | | | |
| | ESCROW ACCOUNT | | | | | | | |
| | MARKET MAKER | | | | | | | |
| | NRI | | | | | | | |
| | OCB | | | | | | | |
| | SOCIETIES | | | | | | | |
| | CLEARING MEMBERS | | | | | | | |
| | SHARES IN TRANSIT | | | | | | | |
| | HUF | | | | | | | |
| | NRIS/OCBS | | | | | | | |
| | FOREIGN CORPORATE BODIES | | | | | | | |
| | PARTNERSHIP FIRMS | | | | | | | |
| | CUSTODIAN OF ENEMY PROPERTY | | | | | | | |
| | FOREIGN COLLABORATORS | | | | | | | |
| | ESOP/ESOS/ESPS | | | | | | | |
| | SUB-TOTAL (B) (2) | | | | | | | |
| | TOTAL PUBLIC SHAREHOLDING (B)=B (1)+(B) (2) | | | | | | | |
| | TOTAL (A)+(B) | | | | | | | |
| (C) | SHARES HELD BY CUSTODIANS AND AGAINST WHICH DEPOSITORY RECEIPTS HAVE BEEN ISSUED | | | | | | | |
| 1 | PROMOTER AND PROMOTER GROUP | | | | | | | |
| 2 | PUBLIC | | | | | | | |
| | GRAND TOTAL (A)+(B)+(C) | | | | | | | |

18. A list of top ten shareholders of the Company and the number of Equity Shares held by them is as under

a.) As on the date of the Red Herring Prospectus

| Name of Shareholders | Number of shares | % of Total paid up share Capital |
|--|------------------|----------------------------------|
| Mukesh Kumar Gupta | 8000 | 0.03% |
| Manish Goel | 7000 | 0.03% |
| M/s Shilpi Communication Private Limited | 24150000 | 99.79% |
| Sharda Rani | 7000 | 0.03% |

| | | |
|------------------|-----------------|-------|
| Vishal Goel | 7000 | 0.03% |
| Shilpi Goel | 7000 | 0.03% |
| Ghanshyam Pandey | 7000 | 0.03% |
| Laxmi Pandey | 7000 | 0.03% |
| Total | 24200000 | |

b.) Ten days prior to the date of this Red Herring Prospectus

| Name of Shareholders | Number of shares | % of Total paid up share Capital |
|--|-------------------------|---|
| Mukesh Kumar Gupta | 8000 | 0.03% |
| Manish Goel | 7000 | 0.03% |
| M/s Shilpi Communication Private Limited | 24150000 | 99.79% |
| Sharda Rani | 7000 | 0.03% |
| Vishal Goel | 7000 | 0.03% |
| Shilpi Goel | 7000 | 0.03% |
| Ghanshyam Pandey | 7000 | 0.03% |
| Laxmi Pandey | 7000 | 0.03% |
| Total | 24200000 | |

b.) Two years prior to the date of this Red Herring Prospectus

| Name of Shareholders | Number of shares | % of Total paid up share Capital |
|--------------------------------------|-------------------------|---|
| Shilpi Communication Private Limited | 19950000 | 99.75 |
| Mukesh Kumar Gupta | 8000 | 0.04 |
| Manish Goel | 7000 | 0.03 |
| Ghanshyam Pandey | 7000 | 0.03 |
| Vishal Goel | 7000 | 0.03 |
| Sharda Goel | 7000 | 0.03 |
| Laxmi Pandey | 7000 | 0.03 |
| Shilpi Goel | 7000 | 0.03 |
| Total | 20000000 | 100.00 |

19. The details of shareholding, if any, of the BRLMs and their associates in the Company.

Nil

20. There are no options granted or equity shares issued under any scheme of employee stock option or employee stock purchase of the Company.

21. The Company has not raised any bridge loan against the proceeds of the Issue.

22. As on the date of filing the RHP with SEBI, there are no outstanding financial instruments or any other right, which would entitle the Promoters or shareholders or any other person any option to receive equity shares after the Issue. The Company does not have any shares to be allotted, which are outstanding under ESOPs.

23. We have not issued any Equity Shares out of revaluation reserve or reserves without accrual of cash resources.

24. At any given point of time there shall be only one denomination of Equity Shares of our Company, unless otherwise permitted by law. The Company shall comply with such disclosures and accounting norms specified by SEBI from time to time.

25. A Bidder cannot make a Bid for more than the number of Equity Shares offered through the Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.
26. Our Company has 8 shareholders as on the date of filing the RHP with SEBI.
27. The Company, the Directors, the Promoter or the Promoter Group shall not make any, direct or indirect, payments, discounts, commissions or allowances under this Issue, except as disclosed in this Red Herring Prospectus.
28. The Equity Shares held by the Promoter are not subject to any pledge except for 10200000 shares held by M/s Shilpi Communication Private Limited as detailed in on page 24.
29. None of the Directors or key managerial personnel holds Equity Shares in the Company except as stated in the section titled "Our Management" on page 87 of this Red Herring Prospectus.
30. As per the RBI regulations, OCBs are not allowed to participate in the Issue.
31. The Issue is being made through the 100% Book Building Process wherein at least 50% of the Issue shall be allocated on a proportionate basis to QIB Bidders. 5% of the QIB Portion (excluding Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. If at least 50% of the Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

Under-subscription, if any, in any category, except the QIB Portion, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of the Company in consultation with the BRLM and the Designated Stock Exchange.

OBJECTS OF THE ISSUE

The net proceeds of the Issue, after deducting the underwriting and issue management fees, selling commission and other expenses associated with the Issue (the "**Net Proceeds of the Issue**"), are estimated to be approximately Rs. 5287.72 Lacs.

A) OBJECTS OF THE ISSUE

The Net Proceeds of the Issue are proposed to be utilised by the Company for the following objects:

1. To raise funds for capital expenditure on Cable/ wire Assembly shop;
2. To raise funds for capital expenditure on Tools for 3G enabling;
3. To raise funds for capital expenditure on augmenting cable manufacturing capabilities;
4. To raise funds towards margin for working capital for the proposed new businesses;
5. To raise funds for investment in the Subsidiary of the Company, M/s Shilpi Cabletronics Limited;
6. To raise funds for General corporate purposes ;and
7. To meet the expenses of the issue.

B) FUND REQUIREMENT

The fund requirement and deployment are based upon Management estimates and quotations obtained from suppliers.

| Sl. No. | Particulars | Amount (In Rs. Lacs.) |
|--------------|---|-----------------------|
| 1 | To raise funds for capital expenditure on Cable/ wire Assembly shop | 865.42 |
| 2 | To raise funds for capital expenditure on Tools for 3G enabling | 446.69 |
| 3 | To raise funds for capital expenditure on augmenting cable manufacturing capabilities | 1621.61 |
| 4 | To raise funds towards margin for working capital for the proposed new businesses | 1554.00 |
| 5 | To raise funds for investment in the Subsidiary of the Company, M/s Shilpi Cabletronics Limited | 500.00 |
| 6 | To raise funds for General corporate purposes | 300.00 |
| 7 | To meet the expenses of the issue | 300.00 |
| Total | | 5587.72 |

The Objects Clause of the Memorandum and Articles of Association of the Company enable it to undertake the activities for which the funds are to be raised in the present Issue. Further, it is confirmed that the activities, which the company has been carrying out until now is in accordance with the object clause of Memorandum and Articles of Association of the Company.

1) DETAILS OF CAPITAL EXPENDITURE ON CABLE/ WIRE ASSEMBLY SHOP

Our Company is mainly producing High RF (Radio Frequency) Cables for use in Mobile Telecom Towers. Some of these Cables are used in Telecom Towers after fitting connectors and other accessories on them. There is a business opportunity that this job of fitting the connectors and accessories called Cable Assembly is done in house to sell value added product. Presently we are supplying connectors and assemblies separately. There are approximately 22 types of different cable assemblies used in a Mobile Tower. The proposed capital expenditure on the cable/wire assembly shop will enable the Company to cater to this market.

| Sl. No. | Equipment Type and Description | Name of Supplier and Brand | Total Quantity | Date of Quotation | Rate (Cost per unit in USD) | Rate (Cost per unit in Rs. Lacs)# | Total Amount Rs.(in lacs) |
|---------|----------------------------------|---------------------------------|----------------|-------------------|-----------------------------|-----------------------------------|---------------------------|
| 1 | CoaxStrip 5400 Stripping Machine | PNB International , Schleuniger | 1 Set | 28.01.11 | 93117 | 41.90 | 41.90 |

| | | | | | | | |
|------|---|---------------------------------|-------|----------|--------|--------|---------------|
| 2 | CoaxStrip 5500 Stripping Machine | PNB International , Schleuniger | 1 Set | 28.01.11 | 98416 | 44.29 | 44.29 |
| 3 | PreFeeder 2500 Prefeeding Machine Dereeler Type | PNB International , Schleuniger | 1 Set | 28.01.11 | 59515 | 26.78 | 26.78 |
| 4 | PowerStrip 9500 Automatic cutting and stripping machine | PNB International , Schleuniger | 1 Set | 28.01.11 | 227878 | 102.55 | 102.55 |
| 5 | Rotadip RD 3 Standard Unit | Amcor Pte Ltd, Amcor | 1 Set | 01.02.11 | 7020 | 3.16 | 3.16 |
| 6 | Rotadip RD 3 Variable Speed | Amcor Pte Ltd, Amcor | 1 Set | 01.02.11 | 8836 | 3.98 | 3.98 |
| 7 | Rotadip RD 3 Variable Speed/High Temp | Amcor Pte Ltd, Amcor | 1 Set | 01.02.11 | 10492 | 4.72 | 4.72 |
| 8 | Ampomator System III 433S Wire Guage Upto 6 SQ.MM | Amcor Pte Ltd, Amcor | 1 Set | 01.02.11 | 600000 | 270.00 | 270.00 |
| 9 | Komax Gamma 333PC | Amcor Pte Ltd, Amcor | 1 Set | 01.02.11 | 258000 | 116.10 | 116.10 |
| 10 | 5K/40 Crimping Press | Amcor Pte Ltd, Amcor | 1 Set | 01.02.11 | 8950 | 4.03 | 4.03 |
| 11 | HDI Applicator Wire Preparation Equipment | Amcor Pte Ltd, Amcor | 1 Set | 01.02.11 | 5000 | 2.25 | 2.25 |
| 12 | UniStrip 2100 528453-8 | Amcor Pte Ltd, Amcor | 1 Set | 01.02.11 | 16000 | 7.20 | 7.20 |
| 13 | JacketStrip 1-528453-8 | Amcor Pte Ltd, Amcor | 1 Set | 01.02.11 | 51200 | 23.04 | 23.04 |
| 14 | Kodera Cut Strip Machine | Amcor Pte Ltd, Amcor | 1 Set | 01.02.11 | 48000 | 21.60 | 21.60 |
| 15 | Pneumatic Machine for Crimping Wire guage upto 50 Sq.mm | Amcor Pte Ltd, Amcor | | | | | |
| 15.1 | Crimping M/c System UP/42-N | Amcor Pte Ltd, Amcor | 1 Set | 01.02.11 | 17000 | 7.65 | 7.65 |
| 15.2 | Adaptor for WDT-DIES | Amcor Pte Ltd, Amcor | 1 Set | 01.02.11 | 1400 | 0.63 | 0.63 |
| 15.3 | Die for Insulated terminals | Amcor Pte Ltd, Amcor | 1 Set | 01.02.11 | 500 | 0.23 | 0.23 |
| 15.4 | Die for Crimping regular faston crimp | Amcor Pte Ltd, Amcor | 1 Set | 01.02.11 | 900 | 0.41 | 0.41 |
| 15.5 | Die for copper-tube and uninsulated Terminals | Amcor Pte Ltd, Amcor | 1 Set | 01.02.11 | 900 | 0.41 | 0.41 |
| | Total Basic Cost | | | | | | 680.93 |
| | Installation, Commission and Freight | | | | | | 18.40 |
| | Taxes and Duties | | | | | | 166.09 |
| | Total Landed Cost | | | | | | 865.42 |

#Conversion from USD to INR is based on an assumed exchange rate of Rs. 45 per USD. Such conversion is for convenience purposes only.

2) DETAILS OF CAPITAL EXPENDITURE ON TOOLS FOR 3G ENABLING

In light of the recent developments in the Indian Telecom Industry and the 3G auctions, we spot a huge scope to cater to the prospective demand in this segment by augmenting the present product base. The present set up can be geared to manufacture 3G cables which have much higher value. The investment on tools for 3G enabling is required to keep the manufacturing facilities technologically updated and is mandated by qualitative aspects and will result in improvement in profitability in view of higher prices being commanded by 3G cables.

| Sl.No. | Equipment Type and Description | Name of Supplier and Brand | Total Quantity | Date of Quotation | Rate (Cost per unit in Euros) | Rate (Cost per unit in Rs. Lacs)# | Total Amount Rs.(in lacs) |
|--------|---|-----------------------------------|----------------|-------------------|-------------------------------|-----------------------------------|---------------------------|
| 1 | Formation and Corrugation Tools for existing Line | Rosendahl Maschinen Gmbh, Austria | 1 Set | 03.02.11 | 331403 | 215.41 | 215.41 |
| 2 | Formation and Corrugation Tools for existing Line Aluminum Cables | Rosendahl Maschinen Gmbh, Austria | 1 Set | 03.02.11 | 197475 | 128.36 | 128.36 |
| | Total Basic Cost | | | | | | 343.77 |
| | Installation, Commission and Frieght | | | | | | 17.19 |
| | Taxes and Duties | | | | | | 85.73 |
| | Total Landed Cost | | | | | | 446.69 |

#Conversion from Euros to INR is based on an assumed exchange rate of Rs. 65 per Euro. Such conversion is for convenience purposes only.

3) DETAILS OF CAPITAL EXPENDITURE ON AUGMENTING CABLE MANUFACTURING CAPABILITIES

We propose to raise funds for Capital Expenditure required to enable the Company for manufacturing of certain other varieties of cables. The machines to be acquired will provide manufacturing capabilities to the Company for making cables like Copper PVC insulated flexible cables, Power cables etc. These Cables are used in Telecom and Automobile sectors and will enhance the product offering of the Company. The Company along with its subsidiary has Telecom and Automobile sectors as major customers. This widening of range in Company's product portfolio is considered desirable as this will help Company scale up its size & reach and build upon the its existing customer relationship.

Imported Machines

| Sl.No | Equipment Type and Description | Name of Supplier and Brand | Total Quantity | Date of Quotation | Rate (Cost per unit in USD) | Rate (Cost per unit in Rs. Lacs)# | Total Amount Rs.(in lacs) |
|-------|--------------------------------------|----------------------------|----------------|-------------------|-----------------------------|-----------------------------------|---------------------------|
| 1 | 16 Multi Wire Drawing Unit | PNB International | 1 Set | 28.01.11 | 1589500 | 715.28 | 715.28 |
| 2 | GSB-1A 16-Carrier High Speed Braider | PNB International | 30 Sets | 28.01.11 | 20331 | 9.15 | 274.47 |
| | Total Basic Cost | | | | | | 989.74 |
| | Installation, | | | | | | |

| | | | | | | | |
|--|-------------------------------|--|--|--|--|--|----------------|
| | Commission and Freight | | | | | | 49.49 |
| | Taxes and Duties | | | | | | 246.82 |
| | Total Landed Cost | | | | | | 1286.05 |

Indian Machines

| Sl.No. | Equipment Type and Description | Name of Supplier and Brand | Total Quantity | Date of Quotation | Rate (Cost per unit In Rs. Lacs) | Total Amount Rs.(in lacs) |
|--------|--|----------------------------|----------------|-------------------|----------------------------------|---------------------------|
| 1 | Wire Handling System for Drawing unit | Niehoff of India Pvt Ltd. | 1 Set | 04.02.2011 | 167.578 | 167.578 |
| 2 | Double Twist Bunching Machine Niehoff Type D 630 A | Niehoff of India Pvt Ltd. | 1 Set | 04.02.2011 | 115.24 | 115.24 |
| | Total Basic Cost | | | | 282.82 | 282.82 |
| | Installation, Commission and Freight | | | | 296.96 | 14.14 |
| | Taxes and Duties | | | | 75.37 | 38.60 |
| | Total Cost | | | | 655.15 | 335.56 |

None of the suppliers as mentioned above are parties related to the issuer or its Promoter/Directors or their relatives.

4) DETAILED FUND REQUIREMENT FOR WORKING CAPITAL FOR THE PROPOSED NEW BUSINESSES

Our Company will utilise a part of the net proceeds of the Issue to meet the long-term working capital requirements for the proposed new businesses. The details of the same are as under:

Margin Money for Working Capital is being raised through IPO and the Company will raise Working Capital finance from bank at an appropriate time.

| (Rs. in Lacs) | | | |
|---------------|-----------------------------|------------------------------|---|
| S.no | Particulars | For Cable/Wire Assembly Shop | For augmenting Cable manufacturing capabilities |
| | Raw Materials | 542.00 | 500.00 |
| | Work in Progress | 135.00 | 400.00 |
| | Finished Goods | 271.00 | 200.00 |
| 1 | Total Inventories | 948.00 | 1100.00 |
| | | | |
| | Debtors | 1667.00 | 2000.00 |
| 2 | Total receivables | 1667.00 | 2000.00 |
| | | | |
| 3 | Other current assets | 200.00 | 300.00 |
| | | | |

| | | | |
|-----------|---|----------------|----------------|
| 4 | Total current assets | 2815.00 | 3400.00 |
| | | | |
| 5 | Less : Creditors | 948.00 | 1400.00 |
| | Other current liabilities | 100.00 | 150.00 |
| 6 | Total current liabilities | 1048.00 | 1550.00 |
| | | | |
| 7 | Net working capital requirement | 1767.00 | 1850.00 |
| | | | |
| 8 | Funding Pattern | | |
| | Internal Accruals | 0.00 | 0.00 |
| | Estimated Bank Finance availability as per Tandon Committee norms | 1063.00 | 1000.00 |
| 9 | Proposed to be funded from Public Issue towards margin for working capital (25% of Total Current Assets shown at S.No. 4) | 704.00 | 850.00 |
| 10 | Total | 1767.00 | 1850.00 |

Margin money required for working capital at 25% of total current assets is calculated as per the Tandon Committee norms for financing of working capital.

a. For Cable/Wire Assembly Shop

The above working capital estimates are based on the following assumptions on an estimated sales figure of Rs. 5000 Lacs and raw materials consumed at Rs. 3250 Lacs:

| Particulars | Period (No. of Months) |
|--------------------|-------------------------------|
| Raw Materials | 2.00 |
| Work in Progress | 0.50 |
| Finished Goods | 1.00 |
| Debtors | 4.00 |
| Creditors | 3.50 |

→ The projected levels of holding periods of various items of current assets and current liabilities are shown in the above table.

On the basis of estimated holding period for the FY 2010-2011, we have projected the bank borrowings for the year 2010-2011 at the level of Rs. 1063.00 Lacs against the net working capital requirement of Rs. 1767.00 Lacs. The balance of Rs. 704.00 Lacs is proposed to be met through public issue proceeds.

b. For augmenting cable manufacturing capabilities

The above working capital estimates are based on the following assumptions on an estimated sales figure of Rs. 6000 Lacs and raw materials consumed at Rs. 4800 Lacs.

| Particulars | Period (No. of Months) |
|--------------------|-------------------------------|
| Raw Materials | 1.25 |
| Work in Progress | 1.00 |

| | |
|----------------|------|
| Finished Goods | 0.50 |
| Debtors | 4.00 |
| Creditors | 3.50 |

→ The projected levels of holding periods of various items of current assets and current liabilities are shown in the above table.

On the basis of estimated holding period for the FY 2010-2011, we have projected the bank borrowings for the year 2010-2011 at the level of Rs. 1000.00 Lacs against the net working capital requirement of Rs. 1850.00 Lacs. The balance of Rs. 850.00 Lacs is proposed to be met through public issue proceeds.

PRESENT WORKING CAPITAL POSITION VIS-À-VIS THE PROJECTED WORKING CAPITAL FOR THE PRESENT BUSINESS

| (Rs. in Lacs) | | |
|--|----------------------|------------------------|
| Particulars | FY 2009-10 (Audited) | FY 2010-11 (Estimated) |
| Raw Materials | 1481.00 | 1758.00 |
| Work in Progress | 534.00 | 703.00 |
| Finished Goods | 680.00 | 703.00 |
| Total Inventories | 2695.00 | 3164.00 |
| Debtors | 6019.00 | 7500.00 |
| Total receivables | 6019.00 | 7500.00 |
| Other current assets | 1173.00 | 1520.00 |
| Total current assets | 9887.00 | 12184.00 |
| Less : Creditors | 4162.00 | 4922.00 |
| Other current liabilities | 393.00 | 275.00 |
| Total current liabilities | 4555.00 | 5197.00 |
| Net working capital requirement | 5332.00 | 6987.00 |
| Funding Pattern | | |
| Internal Resources | 2799.00 | 3787.00 |
| Estimated Bank Finance available | 2533.00 | 3200.00 |
| Total | 5332.00 | 6987.00 |

Note: The Company has already been sanctioned a working capital limit of around Rs 3200 lacs from banks and remaining amount of Rs 3787 lacs out of total working capital requirement of Rs 6987 lacs will be met through internal accruals.

The above working capital estimates are based on the following assumptions on an estimated sales figure of Rs. 22500 Lacs and raw materials consumed at Rs. 16875 Lacs.:

| Particulars | Period (No. of Months) considered in estimation of working capital requirement | Period (no of months) as per the Audited Balance Sheet as on March 31, 2010 |
|---------------|--|--|
| Raw Materials | 1.25 | 1.33 |

| | | |
|------------------|------|------|
| Work in Progress | 0.50 | 0.46 |
| Finished Goods | 0.50 | 0.58 |
| Debtors | 4.00 | 4.25 |
| Creditors | 3.50 | 3.74 |

- ➔ Current assets holding periods considered in estimation of working capital requirements are estimates based on business environment and needs as also the targets. These are also guided by actual holding periods in the FY 09-10.
- ➔ The net working capital for 2009-10 is based on the position of the current assets and current liabilities as per the audited financial position of our Company for the financial year ended March 31, 2010.
- ➔ The projected levels of holding periods of various items of current assets and current liabilities are shown in the above table.

On the basis of estimated holding period for the FY 2010-2011, we have projected the bank borrowings for the year 2010-2011 at the level of Rs. 3200.00 Lacs against the net working capital requirement of Rs. 6987.00 Lacs. The balance of Rs. 3787 Lacs would be met from internal resources.

5) Funds requirement for investment in the Subsidiary of the Company, M/s Shilpi Cabletronics Limited

We plan to invest a sum of Rs. 500 Lacs in our subsidiary company, M/s Shilpi Cabletronics Limited which will use this money to improve its working capital position.

The mode of investment will be allotment of fresh equity shares of M/s Shilpi Cabletronics Limited to the issuer company. No dividends can be ensured from such equity investment.

We expect that this investment will lead to an appreciation in the share value of the Subsidiary as a result of the improvement in its business and profitability by virtue of the proposed investment. Such an appreciation in share value will also add to the overall financial strength of our Company.

6) General corporate purposes

We, in accordance with the policies set up by our Board, will have flexibility in applying the remaining Net Proceeds of this Issue, for general corporate purposes including towards strategic initiatives and acquisitions, brand building exercises and the strengthening of our marketing capabilities.

In order to become a significant player in the Telecom Infrastructure sector, the Company needs to have adequate manufacturing facilities for cables. We have already established one facility for manufacturing of cables. The company is now exploring the acquisition route to build up manufacturing capacities for cables. Going forward, we believe that strategic investments and acquisitions may act as an enabler to growing business and consolidate its position in India and establish itself as a significant player in the country. While this would be a component of our strategy, presently we do not have any legally binding commitments to enter into any such arrangements. SHILPI may also pre-pay its other borrowings or use the above money for other business purposes including expansion of operations at the existing plant.

Our management, in response to the competitive and dynamic nature of the industry, will have the discretion to revise its business plan from time to time and consequently our funding requirement and deployment of funds may also change. This may also include rescheduling the proposed utilization of Net Proceeds and increasing or decreasing expenditure for a particular object vis-à-vis the utilization of Net Proceeds. In case of a shortfall in the Net Proceeds of the Issue, our management may explore a range of options including utilizing our internal accruals or seeking debt from future lenders. Our management expects that such alternate arrangements would be available to fund any such shortfall. Our management, in accordance with the policies of our Board, will have flexibility in utilizing the proceeds earmarked for general corporate purposes.

7) BREAK-UP OF ISSUE EXPENSES

The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. The estimated expenses of the Issue are as follows:

| Activity | Expense (in Rs. Lacs)* | Percentage of Issue Expenses* | Percentage of the Issue size* |
|--|------------------------|-------------------------------|-------------------------------|
| Lead Management, Underwriting and Selling Commission | [•] | [•] | [•] |
| SCSB Commission | [•] | [•] | [•] |
| Advertisement and Marketing expenses | [•] | [•] | [•] |
| Printing and Stationery (including courier and transportation charges) | [•] | [•] | [•] |
| Registrar to the Issue | [•] | [•] | [•] |
| Advisors to the Issue | [•] | [•] | [•] |
| Fees paid to rating agency | [•] | [•] | [•] |
| Others (Processing fees, listing fee, Corporate Action charges etc) | [•] | [•] | [•] |
| Total Estimated Issue expenses | 300 | | 5.37% |

* Will be incorporated after finalisation of the Issue Price.

The listing fee and all expenses with respect to the Issue will be borne by the Company.

DETAILS OF ALL MATERIAL EXISTING OR ANTICIPATED TRANSACTIONS IN RELATION TO UTILISATION OF THE ISSUE PROCEEDS OR PROJECT COST WITH PROMOTERS, DIRECTORS, KEY MANAGEMENT PERSONNEL, ASSOCIATES AND GROUP COMPANIES.

No part of the issue proceeds will be paid as consideration to promoters, directors, key managerial personnel, associates or group companies except in the normal course of business and as disclosed in the sections titled 'Interest of the Promoters' & 'Interest of Directors' as mentioned on page nos. 105 and 91 of this Red Herring Prospectus.

In case of variations in the actual utilization of funds earmarked for the purposes set forth above, increased fund requirements for a particular purpose may be financed through internal accruals and debt.

C) FUNDING PLANS (MEANS OF FINANCE)

| Particulars | Amount (In Rs. Lacs) |
|-------------------------------|----------------------|
| Gross Proceeds from the issue | 5587.72 |
| Issue Related Expenses* | 300 |
| Net Proceeds from the Issue* | 5287.72 |

*to be finalised upon determination of the Issue Price

The entire requirements of the objects detailed above are intended to be funded from the Proceeds of the Issue. Accordingly, we confirm that there is no requirement for us to make firm arrangement of finance through variable means towards at least 75% of the stated means of finance, excluding the amount to be raised through the Issue.

Balance portion of the means of finance for which no firm arrangement has been made.

Nil.

The Means of finance consist only of proceeds from the Proposed Issue.

The details of funds tied up and the avenues for deployment of excess proceeds, if any.

Nil

(D) APPRAISAL

None of the objects for which Net Proceeds will be utilized have been financially appraised and the estimates of the costs of projects mentioned above are based on internal estimates of the Company.

(E) SCHEDULE OF IMPLEMENTATION

For Cable/Wire Assembly shop

| Activity | Commencement date | Completion Date | Remarks |
|--|-------------------|-----------------|-----------------|
| Placing of Orders for Machinery and Equipments at site | January 2011 | January 2011 | Yet to commence |
| Delivery of Equipments | April 2011 | May 2011 | Yet to commence |
| Installation of Machinery | May 2011 | June 2011 | Yet to commence |
| Trial Runs | July 2011 | July 2011 | Yet to commence |
| Commercial Operations | August 2011 | - | Yet to commence |

For augmenting cable manufacturing capabilities and 3G enabling

| Activity | Commencement date | Completion Date | Remarks |
|--|-------------------|-----------------|-----------------|
| Placing of Orders for Machinery and Equipments at site | January 2011 | January 2011 | Yet to commence |
| Delivery of Equipments | April 2011 | May 2011 | Yet to commence |
| Installation of Machinery | May 2011 | June 2011 | Yet to commence |
| Trial Runs | July 2011 | July 2011 | Yet to commence |
| Commercial Operations | August 2011 | - | Yet to commence |

(F) DEPLOYMENT OF FUNDS:

The Company has received the Sources and Deployment Funds Certificate dated February 16, 2011 from M/s Deepak K. Thakkar and Associates, Chartered Accountants. The certificate states that the Company has deployed amounts aggregating Rs. 25.88 Lacs. Details of the sources and deployment of funds as on February 16, 2010 as per the certificate is as follows:

| Particulars | Amount (In Rs.) |
|----------------|-----------------|
| Issue Expenses | 25.88 |
| Total | 25.88 |

(G) SOURCES OF FINANCING OF FUNDS ALREADY DEPLOYED

| Particulars | Amount (Rs. Lacs) |
|--------------------|-------------------|
| Internal Resources | 25.88 |
| Total | 25.88 |

Bridge Financing Facilities

The Company has not raised any bridge loans from any bank or financial institution as on the date of this Red Herring Prospectus, which are proposed to be repaid from the proceeds of this Issue.

(H) DEPLOYMENT OF BALANCE FUNDS

(in Rs. Lacs)

| Deployment of Funds | Financial Year 2010-11 Already incurred 1.08.2010 | To be incurred upto March 2011 | Total |
|--|---|-----------------------------------|---------|
| For capital expenditure on Cable/ wire Assembly shop | Nil | 1165.42 | 1165.42 |
| For capital expenditure on Tools for 3G enabling | Nil | 446.69 | 446.69 |
| For capital expenditure on augmenting cable manufacturing capabilities | Nil | 1621.61 | 1621.61 |
| To raise funds for long term working capital requirement for the proposed new businesses | Nil | 1554.00 | 1554.00 |
| To raise funds for investment in the Subsidiary of the Company, | Nil | 500.00 | 500.00 |

| | | | |
|---|-------|--------|--------|
| M/s Shilpi Cabletronics Limited | | | |
| To raise funds for General corporate purposes | Nil | 300.00 | 300.00 |
| To meet the expenses of the issue | 25.88 | 274.12 | 300.00 |

The fund requirements and deployment of the funds mentioned above are based on internal management estimates. The Company may have to revise its expenditure and fund requirements as a result of changes, external factors which may not be within the control of its management and may entail rescheduling and revising the planned expenditure and funding requirement and increasing or decreasing the expenditure for a particular purpose from the planned expenditure at the discretion of its management.

In case of a shortfall in raising requisite capital from the Net Proceeds of the Issue towards meeting the objects of the Issue, the Company may explore a range of options including utilising its internal accruals, seeking additional debt from existing and future lenders. The Company believes that such alternate arrangements would be available to fund any such shortfalls.

(I) INTERIM USE OF FUNDS

The Company's management, in accordance with the policies established by the Board, will have flexibility in deploying the Net Proceeds. Pending utilization of the Net Proceeds for the purposes described above, the Company intends to temporarily invest the funds in high quality interest bearing liquid instruments including money market mutual funds and deposits with banks, in accordance with its investment policies as approved by the Board from time to time.

(J) Monitoring of Utilization of Funds

As the net proceeds of the Issue is less than Rs. 50000 Lacs, under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 it is not required that a monitoring agency be appointed by the Company. The Board will monitor the utilization of the proceeds of the Issue. The Company will disclose the utilization of the proceeds of the Issue under a separate head along with details, for all such proceeds of the Issue that have not been utilized. The Company will indicate investments, if any, of unutilized proceeds of the Issue in the Balance Sheet of the Company for the relevant Financial Years subsequent to the listing.

Pursuant to clause 49 of the Listing Agreement, the Company shall on a quarterly basis disclose to the Audit Committee the uses and applications of the proceeds of the Issue. On an annual basis, the Company shall prepare a statement of funds utilised for purposes other than those stated in this Red Herring Prospectus and place it before the Audit Committee. Such disclosure shall be made only until such time that all the proceeds of the Issue have been utilised in full. The statement will be certified by the statutory auditors of the Company. In addition, the report submitted by the monitoring agency will be placed before the Audit Committee of the Company, so as to enable the Audit Committee to make appropriate recommendations to the Board of Directors of the Company.

The Company shall be required to inform material deviations in the utilisation of Issue proceeds to the stock exchanges and shall also be required to simultaneously make the material deviations/adverse comments of the Audit committee/monitoring agency public through advertisement in newspapers.

No part of the proceeds from the Issue will be paid by the Company as consideration to its Promoter, Directors, Group Companies or key managerial employees, except in the normal course of its business.

BASIC TERMS OF THE ISSUE

Authority for The Present Issue

The issue has been authorized by a resolution of the Board passed at their meeting held on June 30, 2010, subject to the approval of shareholders through a special resolution to be passed pursuant to section 81 (1A) of the Companies Act.

The shareholders have authorised the Issue by a special resolution in accordance with Section 81(1A) of the Companies Act, passed at the Extra-Ordinary General Meeting of the Company held on July 24, 2010, at New Delhi.

Terms of the Issue

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

Ranking of Equity Shares

The Equity Shares being issued shall be subject to the provisions of the Memorandum and Articles of Association and shall rank pari-passu with the existing Equity Shares of the Company including rights in respect of dividend. The Allottees in receipt of Allotment of Equity Shares under this Issue will be entitled to dividends and other corporate benefits, if any, declared by the Company after the date of Allotment. For further details, please see "Main Provisions of the Articles of Association" on page 285 of this Red Herring Prospectus.

Face Value and Issue Price

The face value of the Equity Shares is Rs. 10 each. The Floor Price of Equity Shares is Rs. 64 per Equity Share and the Cap Price is Rs. 69 per Equity Share. The Anchor Investor Issue Price is Rs. [●] per Equity Share. At any given point of time there shall be only one denomination for the Equity Shares.

Terms of Payment:

Applications should be for a minimum of 79 equity shares and 79 equity shares thereafter. The entire price of the equity shares of Rs. [●] per share is payable on application.

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialised form. As per the SEBI Regulations, the trading of the Equity Shares shall only be in dematerialised form for all investors.

Since trading of the Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allotment in this Issue will be only in electronic form in multiples of one (1) Equity Share subject to a minimum Allotment of 79 Equity Shares.

Minimum Subscription

If we do not receive the minimum subscription of ninety (90) percent of the offer through the present Red Herring Prospectus including devolvement of Underwriters within sixty days from the date of closure of the issue, we shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after the issuer becomes liable to pay the amount, the issuer shall pay interest prescribed under section 73 of the Companies Act, 1956.

Further, in accordance with Clause 26(4) of the SEBI ICDR Regulations, our Company shall ensure that the number of prospective allottees to whom the Equity Shares will be allotted will be not less than 1,000.

BASIS FOR ISSUE PRICE

The Issue Price will be determined by the Company in consultation with the BRLMs on the basis of assessment of market demand and on the basis of the following qualitative and quantitative factors for the Equity Shares offered by the Book Building Process. The face value of the Equity Shares is Rs. 10 and the Issue Price is 6.5 times the face value at the lower end of the Price Band and 6.9 times the face value at the higher end of the Price Band.

Qualitative Factors

Some of the qualitative factors which form the basis for computing the Issue price are:

1. **Extensive experience and strong track record of the Promoters for supplying of materials to Telecom and Automobile sectors.**
2. **Professionally managed company with an experienced management and a qualified employee base.**
3. **ISO 9001:2000, ISO 9001:2008 and DIN EN ISO 9001:2000 certifications.**

Quantitative Factors

Information presented in this section is derived from the Company's restated standalone financial statements prepared in accordance with Indian GAAP and SEBI Regulations. Investors should evaluate our Company taking into consideration its earnings and based on its consolidated growth strategy. Some of the quantitative factors, which form the basis for computing the price, are as follows:

1. Earnings Per Share and Diluted Earnings Per Share , Pre Issue for the last 3 years (as adjusted for changes in capital)

On Standalone basis:

a) Earnings Per Share

| Year | EPS (In Rs.) | Weight |
|-------------------------|--------------|--------|
| 2007-08 | (0.96) | 1 |
| 2008-09 | (1.99) | 2 |
| 2009-10 | 4.25 | 3 |
| Weighted Average | 1.30 | |

b) Diluted Earnings Per Share

| Year | EPS (In Rs.) | Weight |
|-------------------------|--------------|--------|
| 2007-08 | (0.96) | 1 |
| 2008-09 | (1.99) | 2 |
| 2009-10 | 4.25 | 3 |
| Weighted Average | 1.30 | |

On Consolidated basis:

a) Earnings Per Share

| Year | EPS (In Rs.) | Weight |
|-------------------------|--------------|--------|
| 2009-10 | 4.45 | 1 |
| Weighted Average | 4.45 | |

b) Diluted Earnings Per Share

| Year | EPS (In Rs.) | Weight |
|-------------------------|--------------|--------|
| 2009-10 | 4.45 | 1 |
| Weighted Average | 4.45 | |

Notes:

- ➔ The weighted average of adjusted EPS for these fiscal years has been computed by giving weights of 1, 2 and 3 for the fiscal years ending March 31 2008, 2009 and 2010 respectively.

- ➔ Earnings per share calculations are done in accordance with Accounting Standard 20 'Earning per Share' issued by the Institute of Chartered Accountants of India.
- ➔ The above statement should be read with Significant Accounting Policies and the Notes to the Restated Unconsolidated Summary Statements as appearing in the chapter "Financial Information of our Company beginning on page 112 of this Red Herring Prospectus.
- ➔ The face value of each equity shares is Rs.10

2. Price Earning (P/E) Ratio in relation to the Issue Price of Rs. [●] per share of Rs. 10 each

a) Based on the year ended March 31, 2010, the Earnings per Share is Rs. 4.25 on standalone basis and Rs. 4.45 on consolidated basis.

b) P/E based on the financial year ended March 31, 2010 EPS is 15.06 at the Floor Price and 16.24 at the Cap Price on Standalone basis.

P/E based on the financial year ended March 31, 2010 EPS is 14.38 at the Floor Price and 15.51 at the Cap Price on consolidated basis.

c) Industry P/E*

- a. Highest: 27.1 (Vindhya Telelinks Limited)
- b. Lowest: 9.6 (Sterlite Technologies Limited)
- c. Average: 10.4

**Source: Capital Market Volume XXV/25 dated February 07-20, 2011; Cables-Telephone*

3. Weighted Average Return on Net worth (RoNW) on an unconsolidated basis* in the last three years

| Year | RONW | Weight |
|-------------------------|-------------|--------|
| 2007-08 | (10.07) | 1 |
| 2008-09 | (18.02) | 2 |
| 2009-10 | 24.61 | 3 |
| Weighted Average | 4.62 | |

Weighted Average Return on Net worth (RoNW) on an consolidated basis*

| Year | RONW | Weight |
|-------------------------|--------------|--------|
| 2009-10 | 26.31 | 1 |
| Weighted Average | 26.31 | |

**Net worth has been computed by aggregating share capital, reserves and surplus and adjusting for revaluation reserves, as per the Company's restated audited financial statements.*

Note: The weighted average return on net worth has been computed on the basis of the adjusted profits and losses of the respective years drawn after considering the impact of accounting policy changes and material adjustments/ regroupings pertaining to earlier years.

4. Minimum Return on Increased Net Worth to maintain pre-issue EPS is [●] %.

5. Net Asset Value per Equity Share

Net Asset Value per Equity Share represents shareholders' equity less miscellaneous expenses as dividend by weighted average number of equity shares.

(i) Net Asset Value per Equity Share as on March 31, 2010 is Rs. 15.18 on an unconsolidated basis and Rs. 14.89 on consolidated basis.

(ii) Net Asset Value after the Issue: [●]

(iii) Issue Price: Rs. [●]

Issue Price per Equity Share will be determined on conclusion of book building process.

6. Comparison of Accounting ratios with Industry peers

We manufacture RF Telecom cables. Currently there is no listed peer group Company in the same line of business as ours. However, for the sake of Comparison we present below a table consisting of Companies manufacturing telephone cables.

| S. No. | Name of the company | Face Value (Rs. Per Share) | EPS (Rs.) | P/E Ratio | RoNW (%) | Book value per share (Rs.) |
|---------------------|------------------------------------|----------------------------|-----------|-----------|----------|----------------------------|
| 1 | Shilpi Cable Technologies Limited* | 10 | 4.45 | [●] | 26.31 | 14.89 |
| Peer group** | | | | | | |
| 2 | Surana Telecom Limited | 5 | 0.55 | - | 1.66 | 33.05 |
| 3 | Bhagyanagar India Limited | 2 | 1.91 | - | 5.87 | 32.58 |

* The Company's and Peer Group Companies' EPS, RoNW and Book value per share have been calculated from the Company's consolidated audited financial statements on diluted basis.

**Source: Capital Market Volume XXV/25 dated February 07-20, 2011; Cables-Telephone and the Annual Reports of the Companies as available on www.bseindia.com

The issue price has been determined by the issuer in consultation with the book runner(s), on the basis of assessment of market demand for the offered securities by way of book-building. The BRLM believes that the Issue Price of Rs. [●] per Equity Share is justified in view of the above qualitative and quantitative parameters. Prospective investors should also review the entire Red Herring Prospectus, including, in particular the sections titled "Risk Factors", "Business Overview" and "Financial Information" on pages xii, 64 and 112 respectively, of this Red Herring Prospectus to have a more informed view.

The face value of the Equity Shares is Rs. 10 each and the Issue Price is [●] times the face value of the equity shares.



STATEMENT OF TAX BENEFITS

The Board of Directors

Shilpi Cable Technologies Limited
(Formerly known as Rosenberger Shilpi Cable Technologies Limited)
A-18/B-1 Extn., Mohan Cooperative Industrial Estate
Mathura Road, P.O. Badarpur,
New Delhi - 110044

Dear Sirs,

Sub: Statement of possible tax benefits available to the company and its shareholders on proposed Public Issue of Shares under the existing tax laws

On your request, we have enumerated as per annexure annexed, the various possible tax benefits available to the company, its shareholders, FII's and venture capital companies \ mutual funds as per the existing Tax laws in force.

It is to be noted that these benefits are available to the respective persons subject to the fulfillment of various conditions prescribed under the concerned sections of the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is subject to the fulfillment of such conditions.

The benefits enumerated in the annexure are not exhaustive and the same 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, investors need to consult their own tax consultant with respect to the specific tax implications arising out of their subscription to the issue.

The Draft Direct Tax Code, Bill 2009 (DTC) has been released by the ministry of Finance for public comments. DTC, which is expected to change the tax structure, is open for discussion and after which it will take the form of law. DTC is expected to be implemented from Assessment year 2013-14 and would replace existing Act (s). Any proposals in DTC may alter the tax benefits discussed in the Annexure. However, since, DTC is yet to be introduced; the impacts of provisions contained in the DTC have not been discussed in this statement of tax benefits.

We do not express any opinion or provide any assurance as to whether:-

- (i) The company or its share holders will continue to obtain these benefits in future: or
- (ii) The conditions prescribed for availing the benefits have been / would be met with.

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

No assurance is given that the revenue authorities / courts will concur with the views expressed herein. The views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We would not assume responsibility to update the view, consequence to such change. We shall not be liable to Shilpi Cable Technologies Limited for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith of intentional misconduct.

For M.M. Bhasin Co.

Chartered Accountants
Firm Reg. No. 014777N

Partner
Membership No 086745
Date: February 17, 2011

ANNEXURES TO THE STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO SHILPI CABLE TECHNOLOGIES LIMITED AND TO ITS SHAREHOLDERS

A) SPECIAL TAX BENEFIT FOR SHILPI CABLE TECHNOLOGIES LIMITED AND ITS SHAREHOLDERS

NIL

B) OTHER GENERAL TAX BENEFITS TO THE COMPANY AND ITS SHAREHOLDERS

The following tax benefits shall be available to the company and its Shareholders under Direct tax law

Under the Income-Tax Act, 1961 ("the Act"):

I. Benefits available to the Company

1. Depreciation

As per the provisions of Section 32 of the Act, the company is eligible to claim depreciation on tangible and specified intangible assets as explained in the said section and the relevant Income Tax rules there under.

In accordance with and subject to the conditions specified in Section 32(I) (iia) of the Act, the company is entitled to an additional depreciation allowance of 20% of the cost of new machines acquired and put to use during a year.

2. Dividend Income

Dividend income, if any, received by the Company from its investment in shares of another domestic company will be exempt from tax under Section 10(34) read with Section 115O of the IT Act.

3. Income from Mutual Funds / Units

As per section 10(35) of the Act, the following income shall be exempt in the hands of the Company:

Income received in respect of the units of a Mutual Fund specified under clause (23D) of section 10; or

Income received in respect of units from the Administrator of the specified undertaking; or

Income received in respect of units from the specified company

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

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

4. Income from Long Term Capital Gain

As per section 10(38) of the Act, long term capital gains arising to the Company from the transfer of a long term capital asset being an equity share in a company or a unit of an equity oriented fund where such transaction is chargeable to securities transaction tax would not be liable to tax in the hands of the Company.

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

(i) Where the invest able funds are invested by way of equity shares in domestic companies to the extent of more than sixty five percent of the total proceeds of such funds; and

(ii) Which has been set up under a scheme of a Mutual Fund specified under section 10(23D) of the Act.

5. As per section 115JB, the Company will not be able to reduce the income to which the provisions of section 10(38) of the Act apply while calculating "book profits" under the provisions of section 115JB of the Act and will be required to pay Minimum Alternative Tax as follows-

| Book Profit | A.Y.-2010-11 | A.Y.-2011-12 |
|---|---------------------|---------------------|
| If book profit is less than or equal to 1 crore | 15.45% | 18.54 % |
| If book profit is more than 1 crore | 16.995% | 19.9305 % |

6. As per the provisions of Section 112 of the IT Act, long term gains as computed above that are not exempt under Section 10(38) of the IT Act would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess). However, as per the provision to Section 112(1), if the tax on long term capital gains resulting on transfer of listed securities or units, calculated at the rate of 20 percent with indexation benefit exceeds the tax on long term gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (plus applicable surcharge and education cess).
7. As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long - term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from capital gains tax if the capital gains are invested in a "long term specified asset" within a period of 6 months after the date of such transfer. However, if the assessee transfers or converts the long term specified asset into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the long term specified asset is transferred or converted into money.

A "long term specified asset" means any bond, redeemable after three years and issued on or after the 1st day of April 2006:

(i) by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988, and notified by the Central Government in the Official Gazette for the purposes of this section; or

(ii) By the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956, and notified by the Central Government in the Official Gazette for the purposes of this section.

8. As per section 111A of the Act, short term capital gains arising to the Company from the sale of equity share or a unit of an equity oriented fund transacted through a recognized stock exchange in India, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 15% (plus applicable surcharge plus education cess plus secondary and higher education cess)

9. Preliminary Expenses

Under Section 35D of the Act, the company will be entitled to be deduction equal to 1/5th of the Preliminary 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, subject to stipulated limits.

10. Credit for Minimum Alternate Taxes ("MAT")

Under Section 115JAA (2A) of the IT Act, tax credit shall be allowed in respect of any tax paid (MAT) under Section 115JB of the IT Act for any Assessment Year commencing on or after April 1, 2006. Credit eligible for carry forward is the difference between MAT paid and the tax computed as per the normal provisions of the IT Act. Such MAT credit shall not be available for set-off beyond 10 years immediately succeeding the year in which the MAT credit initially arose.

II. Benefits to the Resident Shareholders of the Company under the Income-Tax Act, 1961:

1. As per section 10(34) of the Act, any income by way of dividends referred to in Section 115-O (i.e. dividends declared, distributed or paid on or after 1 April 2003) received on the shares of the Company is exempt from tax in the hands of the shareholders.
2. Section 48 of the Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition/improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long term capital gains, it offers a benefit by permitting substitution of cost of acquisition / improvement with the indexed cost of acquisition / improvement, which adjusts the cost of acquisition / improvement by a cost inflation index as prescribed from time to time.
3. Under Section 10(38) of the IT Act, long term capital gains arising to a shareholder on transfer of equity shares in the Company would be exempt from tax where the sale transaction has been entered into on a recognized stock exchange of India and is liable to STT. However, the long term capital gain of a share holder being company shall be subject to income tax computation on book profit under section 115JB of the Income Tax, 1961.
4. As per provision of clause (xv) in subsection (1) of section 36 of The Income tax Act 1961, an amount of securities transaction tax paid by the assessee during the previous year in respect of taxable securities transaction entered in to in the course of his business during the previous year shall be allowed as deduction if the income arising from such taxable security transaction is included in the income computed under the head "Profit and Gains in Business or Profession.
5. As per section 112 of the Act, if the shares of the Company are listed on a recognized stock exchange, taxable long term capital gains, if any, on sale of the shares of the Company (in cases not covered under section 10(38) of the Act) would be charged to tax at the rate of 20% (plus applicable surcharge and education cess) after considering indexation benefits or at 10% (plus applicable surcharge and education cess) without indexation benefits, whichever is less
6. As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long – term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from capital gains tax if the capital gains are invested in a "long term specified asset" within a period of 6 months after the date of such transfer. If only part of capital gain is so reinvested, the exemption shall be allowed proportionately provided that the investment made in the long – term specified asset during any financial year does not exceed fifty lac rupees. In such a case, the cost of such long term specified asset will not qualify for deduction under section 80C of the act. However, if the assessee transfers or converts the long term specified asset into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the long term specified asset is transferred or converted into money.

A "long term specified asset" means any bond, redeemable after three years and issued on or after the 1st day of April 2006:

(i) by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988, and notified by the Central Government in the Official Gazette for the purposes of this section; or

(ii) By the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956, and notified by the Central Government in the Official Gazette for the purposes of this section.

7. Under Section 54F of the IT Act and subject to the conditions specified therein, long-term capital gains (other than those exempt from tax under Section 10(38) of the IT Act) arising to an individual or a Hindu Undivided Family ('HUF') on transfer of shares of the Company will be exempt from capital gains tax subject to certain conditions, if the net consideration from transfer of such shares are used for purchase of residential house property within a period of 1 year before or 2 years after the date on which the transfer took place or for construction of residential house property within a period of 3 years after the date of such transfer.
8. Under Section 111A of the IT Act and other relevant provisions of the IT Act, short-term capital gains (i.e., if shares are held for a period not exceeding 12 months) arising on transfer of equity share in the Company would be taxable at a rate of 15 percent (plus applicable surcharge and education cess) where such transaction of sale is entered on a recognized stock exchange in India and is liable to STT. Short-term capital gains arising from transfer of shares in a Company, other than those covered by Section 111A of the IT Act, would be subject to tax as calculated under the normal provisions of the IT Act

III. Non-Resident Indians/Non Resident Shareholders (Other than FIIs and Foreign Venture Capital Investors)

1. Dividend income, if any, received by the Company from its investment in shares of another domestic company will be exempt from tax under Section 10(34) read with Section 115O of the IT Act. Income, if any, received on units of a Mutual Funds specified under Section 10(23D) of the IT Act will also be exempt from tax under Section 10(35) of the IT Act received on the shares of the Company is exempt from tax.
2. As per section 10(38) of the Act, long-term capital gains arising to the shareholder from the transfer of a long-term capital asset being an equity share in the Company, where such transaction is chargeable to securities transaction tax would not be liable to tax in the hands of the shareholder.
3. As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long – term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from capital gains tax if the capital gains are invested in a "long term specified asset" within a period of 6 months after the date of such transfer. If only part of capital gain is so reinvested, the exemption shall be allowed proportionately provided that the investment made in the long – term specified asset during any financial year does not exceed fifty lac rupees. In such a case, the cost of such long term specified asset will not qualify for deduction under section 80C of the act. However, if the assessee transfers or converts the long term specified asset into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the long term specified asset is transferred or converted into money.

A "long term specified asset" means any bond, redeemable after three years and issued on or after the 1st day of April 2006:

(i) by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988, and notified by the Central Government in the Official Gazette for the purposes of this section; or

(ii) By the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956, and notified by the Central Government in the Official Gazette for the purposes of this section.

4. Under Section 54F of the IT Act and subject to the conditions specified therein, long-term capital gains (other than those exempt from tax under Section 10(38) of the IT Act) arising to an individual or a Hindu Undivided Family ('HUF') on transfer of shares of the Company will be exempt from capital gains tax subject to certain conditions, if the net consideration from transfer of such shares are used for purchase of residential house property within a period of 1 year before or 2 years after the date on which the transfer took place or for construction of residential house property within a period of 3 years after the date of such transfer.

5. Under Section 111A of the IT Act and other relevant provisions of the IT Act, short-term capital gains (i.e., if shares are held for a period not exceeding 12 months) arising on transfer of equity share in the Company would be taxable at a rate of 15 percent (plus applicable surcharge and education cess) where such transaction of sale is entered on a recognized stock exchange in India and is liable to STT. Short-term capital gains arising from transfer of shares in a Company, other than those covered by Section 111A of the IT Act, would be subject to tax as calculated under the normal provisions of the IT Act.
6. Under section 115-C (e) of the Act, the Non-Resident Indian shareholder has an option to be governed by the provisions of Chapter XIIA of the Act viz. "Special Provisions Relating to Certain Incomes of Non-Residents" which are as follows:
 - (i) As per provisions of section 115D read with section 115E of the Act, where shares in the Company are acquired or subscribed to in convertible foreign exchange by a Non-Resident Indian, capital gains arising to the non-resident on transfer of shares held for a period exceeding 12 months, shall (in cases not covered under section 10(38) of the Act) be concessionally taxed at the flat rate of 10% (plus applicable surcharge and education cess) (without indexation benefit but with protection against foreign exchange fluctuation).
 - (ii) As per section 115F of the Act, long-term capital gains (in cases not covered under section 10(38) of the Act) arising to a Non-Resident Indian from the transfer of shares of the company subscribed to in convertible foreign exchange shall be exempt from income tax, if the net consideration is reinvested in specified assets within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted into money within three years from the date of their acquisition.
 - (iii) As per section 115G of the Act, Non-Resident Indians are not obliged to file a return of income under section 139(1) of the Act, if their only source of income is income from specified investments or long term capital gains earned on transfer of such investments or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.
 - (iv) As per section 115H of the Act, where the 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 the assessment year in which he is first assessable as a Resident, under section 139 of the Act to the effect that the provisions of the Chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are converted into money
 - (v) As per section 115-I of the Act, a Non-Resident Indian may elect not to be governed by the provision of Chapter XII-A for any assessment year by furnishing his return of income for that assessment year under section 139 of the Act, declaring therein that the provisions of Chapter XIIA shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance the other provisions of the Act.
7. The tax rates and consequent taxation mentioned above shall be further subject to any benefits available under the Tax Treaty, if any, between India and the country in which the non-resident has fiscal domicile. As per the provisions of section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the non-resident.
8. As per provision of clause (xv) in subsection (1) of section 36 of The Income tax Act 1961 so as to provide that an amount of securities transaction tax paid by the assessee during the previous year in respect of taxable securities transaction entered in to in the course of his business during the previous year shall be allowed as deduction if the income arising from such taxable security transaction is included in the income computed under the head "Profit and Gains in Business or Profession.

IV. Foreign Institutional Investors (FIIs)

1. Dividend income, if any, received by the Company from its investment in shares of another domestic company will be exempt from tax under Section 10(34) read with Section 115O of the IT Act. Income, if any, received on units of a Mutual Funds specified under Section 10(23D) of the IT Act will also be exempt from tax under Section 10(35) of the IT Act received on the shares of the Company is exempt from tax.
2. As per section 10(38) of the Act, long-term capital gains arising to the FIIs from the transfer of a long – term capital asset being an equity share in the Company or a unit of equity oriented fund where such transaction is chargeable to securities transaction tax would not be liable to tax in the hands of the FIIs.
3. As per section 115AD of the Act, FIIs will be taxed on the capital gains that are not exempt under the section 10(38) of the Act at the following rates:

4. Nature of income Rate of tax (%)

| Nature of Income | Rate of Tax (%) |
|--|-----------------|
| Long – Term Capital Gains | 10 |
| Short – Term Capital Gain (Referred to Section 111A) | 15 |

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

5. In case of long-term capital gains, (in cases not covered under section 10(38) of the Act), the tax is levied on the capital gains computed without considering the cost indexation and without considering foreign exchange fluctuation.
6. As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long – term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from capital gains tax if the capital gains are invested in a “long term specified asset” within a period of 6 months after the date of such transfer. If only part of capital gain is so reinvested, the exemption shall be allowed proportionately provided that the investment made in the long – term specified asset during any financial year does not exceed fifty lac rupees. In such a case, the cost of such long term specified asset will not qualify for deduction under section 80C of the act. However, if the assessee transfers or converts the long term specified asset into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the long term specified asset is transferred or converted into money.

A “long term specified asset” means any bond, redeemable after three years and issued on or after the 1st day of April 2006:

(i) by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988, and notified by the Central Government in the Official Gazette for the purposes of this section; or

(ii) By the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956, and notified by the Central Government in the Official Gazette for the purposes of this section.

7. Under Section 54ED of the Act and subject to the conditions and to the extent specified therein, long term capital gains not covered under Section 10(38) of the Act arising on the transfer of shares of the Company, will be exempt from capital gain tax if the capital gain is invested in equity shares of Indian Public Company forming part of an eligible public issue, within a period of 6 months after the date of such transfer. If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within one year from the date of their acquisition.

8. As per Provision of clause (xv) in subsection (1) of section 36 of The Income tax Act 1961 an amount of securities transaction tax paid by the assessee during the previous year in respect of taxable securities transaction entered in to in the course of his business during the previous year shall be allowed as deduction if the income arising from such taxable security transaction is included in the income computed under the head "Profit and Gains in Business or Profession"
9. The tax rates and consequent taxation mentioned above shall be further subject to any benefits available under the Tax Treaty, if any, between India and the country in which the FII has fiscal domicile. As per the provisions of section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the FII.
10. However, where the equity shares form a part of its stock-in-trade, any income realized in the disposition of such equity shares may be treated as business profits, taxable in accordance with the DTAA between India and the country of tax residence of the FII. The nature of the equity shares held by the FII is usually determined on the basis of the substantial nature of the transactions, the manner of maintaining books of account, the magnitude of purchases, sales and the ratio between purchases and sales and the holding etc. If the income realized from the disposition of equity shares is chargeable to tax in India as business income, FII's could claim, STT paid on purchase/sale of equity shares as allowable business expenditure. Business profits may be subject to applicable Tax Laws.

V. Venture Capital Companies/Funds

1. Under Section 10(23FB) of the IT Act, any income of Venture Capital companies/ Funds (set up to raise funds for investment in venture capital undertaking notified in this behalf) registered with the Securities and Exchange Board of India would be exempt from income tax, subject to conditions specified therein. As per Section 115U of the IT Act, any income derived by a person from his investment in venture capital companies/ funds would be taxable in the hands of the person making an investment in the same manner as if it were the income received by such person had the investments been made directly in the venture capital undertaking.

VI. Mutual Funds

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

Under the Wealth Tax Act, 1957

Benefits to shareholders of the Company

Shares of the Company held by the shareholder will not be treated as an asset within the meaning of section 2 (ea) of Wealth Tax Act, 1957. Hence the shares are not liable to Wealth Tax.

Tax Treaty Benefits

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

Notes:

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

- The above Statement of Possible Direct Tax Benefits sets out the possible tax benefits available to the Company and its shareholders under the current tax laws presently in force in India as amended from time to time. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws;
- 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, the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue;
- 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 Agreement, if any, between India and the country in which the non-resident has fiscal domicile; and
- The stated benefits will be available only to the sole/first named holder in case the shares are held by joint shareholders.

SECTION IV- ABOUT THE COMPANY

INDUSTRY OVERVIEW

In mobile towers, feeders are the cables used as a high-frequency transmission medium to carry high-frequency or broadband signals between antenna and its base station. These feeder cables are vital for site's optimal performance.

The key components that will drive the demand of feeder cables in India in the next 3 years are as follows: -

- ➔ Strong subscriber base and healthy growth estimates based on expansion of mobile telephony in rural India
- ➔ Demand for cell sites is expected to increase with each operator vying for geographical expansion of their network.
- ➔ Mobile Number Portability (MNP) expected to be implemented shortly and entry of new players, telecom operators will invest in network upgradation to improve Quality of Service (QoS).
- ➔ Launching of 3G services
- ➔ In-building solutions
- ➔ Replacement of existing cables

Sharing of active infrastructure will allow operators to share key electronic components such as antennae, radio access networks, transmission system and backhaul. Globally, sharing of active infrastructure elements has been in commercial operation by 2G and 3G players. In India, it needs to be seen as to how required trust can be developed between operators sharing their active infrastructure elements in the geographies where they compete as well.

At present growth in subscriber base is coming from rural/semi urban areas, the incremental average revenue per user (ARPU) is relatively lower. Further network planning and design in rural areas is different from that in urban areas, given that population in rural areas is widely dispersed, which increases the tower requirement and hence active infrastructure requirement.

2009- Another spectacular year for Telecom Sector

Surging far ahead of even the most optimistic expectations, over the past few months, the domestic wireless telecom segment has been adding over sixteen million subscribers per month, surpassing China, thereby making it the fastest growing wireless market in the world. Net additions of this magnitude are unprecedented. Although the subscriber growth momentum is expected to remain buoyant, reduced tariffs and declining usage will pull down revenue growth. Aggressive pricing schemes offered by mobile operators in a quest to grab market share has turned the outlook for the sector somewhat sombre. This is primarily driven by pricing pressures, the trend of multiple SIM cards rapidly gaining ground and competition accelerating with the implementation of mobile number portability (MNP) and rollout of services by new entrants. Given the highly competitive environment, mobile services providers across the board are witnessing rising churn rates. With the mobile services industry grappling with high churn rate, declining average revenue per user (ARPU) and rising costs, profitability of operators is expected to dip over the next 2 years.

On the brighter side, the rollout of 3G services offers an opportunity to service providers to manage the fall in ARPUs and thereby improve profitability. Despite the challenging environment, we believe that lucrative circles and areas with limited number of slots available for auction will continue to witness keen interest.

Indian telecom story so far...strong subscriber growth still continues

All-India mobile subscriber base (wireless)

| | Present Subscriber base (Actual) | | | | | | |
|--------------|----------------------------------|---------|---------|---------|---------|---------|---------|
| in ('000) | 2002-03 | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 |
| Urban | 13753 | 35263 | 54094 | 91932 | 132912 | 192320 | 283153 |

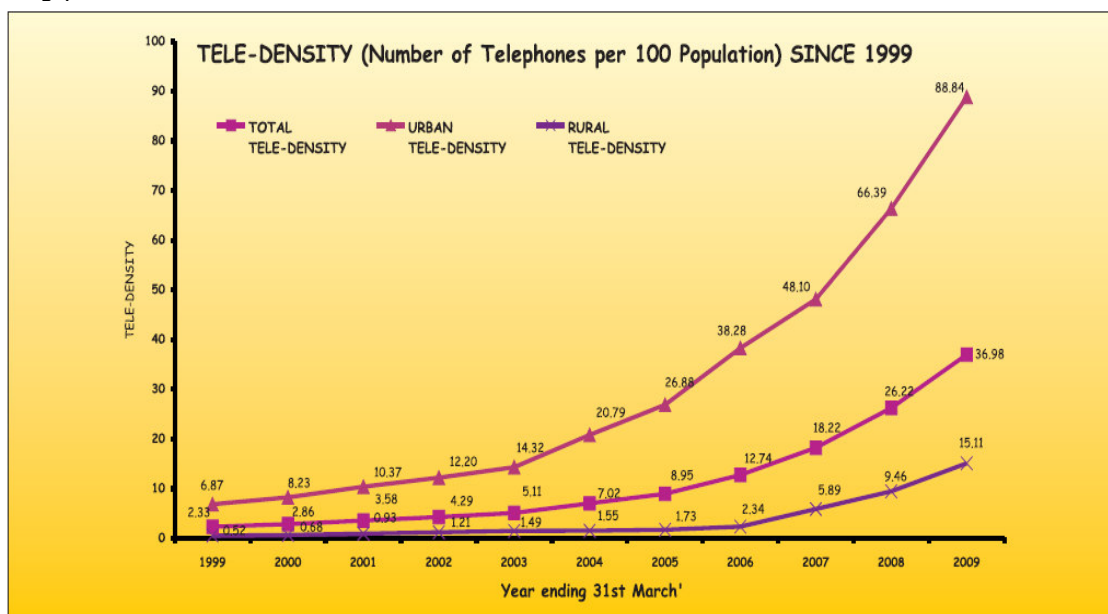
| | | | | | | | |
|----------------------------------|-------|-------|-------|-------|--------|--------|--------|
| Rural | 41 | 317 | 2879 | 6902 | 33139 | 59486 | 108647 |
| All India | 13794 | 35580 | 56973 | 98834 | 166051 | 261100 | 391800 |
| Net Additions - All India | - | 21786 | 21393 | 41861 | 67217 | 95049 | 130700 |
| Net Additions - Urban | - | 21510 | 18831 | 37838 | 40980 | 59408 | 90833 |
| Net Additions - Rural | - | 276 | 2562 | 4023 | 26237 | 26347 | 49161 |
| Growth Rate (%) | - | 158 | 60 | 74 | 68 | 57 | 50 |

Indian Rural Market – enormous scope for telecom growth

There is huge digital divide between urban and rural India. India is a vast country having area of about 3,287,000 square kilometers having more than 6,00,000 villages with nearly 70% of its total population of about 1.15 billion, living in rural areas. The village is not what it used to be- 56% of Income, 64% of expenditure and 33% of the savings come from rural India. The rural share of spending on popular consumer goods and durables ranges from 30% to 60%. Life Insurance Company (LIC) sells 50% of its policies in rural India. Further out of Rs 83,000 crores FMCG market 53% contribution comes from rural India. Unilever India gets 50% of its Rs 13,000 crores plus sales from rural India.

Rural Mobile Market in India – Driver for future growth

The Indian mobile market has been continued to witness rapid increase in its subscriber base over the past few years, largely due to the declining mobile tariffs and availability of low cost handsets in the country. The mobile subscriber base during 2009 with penetration approaching saturation in urban India, mobile operators in the country are now eyeing rural India as their next area for growth in the near future. Meanwhile, a number of mobile handset manufacturers have been working to cover the untapped rural mobile market, which will be the major driver for Indian mobile market in coming years.



As on March 2009 rural teledensity touched 15%. With the expansion of mobile telephones in rural areas, rural teledensity has been increasing steadily since last three years reducing the high imbalance of rural-urban divide ratio from 1:10 to 1:5. By March 2010 rural tele-density is expected to jump from 5.8% (in 2007) to 19 %. The Government of India has targeted to achieve 25% and 40% rural teledensity by 2012 (end of Eleventh Plan) and 2014 respectively.

Drivers for rural mobile market in India would be:-

- ➔ Operators' service pricing models
- ➔ Availability of low cost handsets - that support affordable access for rural areas. It is forecasted that sales of mobile handsets in rural India will grow at CAGR of around 15% from 2009 to 2013.
- ➔ Availability of low-cost battery efficient handsets will drive the future sales in this segment.

Implementation of mobile number portability

To reduce entry barriers, increase competition and enhance alternatives for the customer, the government has decided to implement mobile number portability (MNP). MNP would give subscribers the liberty to change their existing operators while retaining the same number. In the guidelines issued in August 2008, the government proposed to implement MNP in 2010 in all the 23 circles. As Indian wireless operators gear themselves for the post-MNP era, the experience in countries such as Japan, Pakistan and USA, where MNP has been introduced recently, throw following lessons for Indian operators :-

- ➔ Leaders tend to lose market share
- ➔ Deep erosion in subscriber base unusual, however, pace of growth slows down
- ➔ Quality of service tends to improve
- ➔ Time required to port number is crucial for successful implementation of MNP

MNP will have positive impact for the telecom equipment manufacturers.

Overall analysis reveals that implementation of MNP will have positive impact on the infrastructure provider particularly feeder cable manufacturers as this will increase the consumption of cable and accessories due to increased focus on Quality of Service (QoS). The QoS will improve by increasing the number of BTS.

3G- Next engine of growth

In October 2009, the DoT released the 3G Information Memorandum, which entailed the details of the auction. However, owing to differences in opinion within the government on the reserve price and number of slots to be auctioned per circle, the auction was delayed. The process has however commenced in April 2010.

3G services subscriber base in India

Government owned companies, MTNL and BSNL, have already been awarded 3G spectrum in their respective circles of operation and launched 3G services in the January-March 2009 quarter. Despite the first-mover advantage they witnessed limited traction in terms of subscribers. The paltry adoption of the service can be attributed to the following factors:

- ➔ Poor quality subscriber base, which is evident from the 30-35 per cent ARPU discount to private GSM operators
- ➔ Partial rollout of services
- ➔ Lack of aggressive marketing and attractive content

Factors driving growth for 3G services include

- ➔ Decreasing cost of subscription
- ➔ Coverage expansion into hinterland to continue
- ➔ Strong competition
- ➔ Favourable regulatory environment
- ➔ Healthy investments in wireless infrastructure

It is expected that 3G subscriber base would constitute 10% of the total subscriber base within 5 years of operations, resulting in 75 million subscribers.

Constituents of a Mobile Network

| Passive Infrastructure | Active Infrastructure |
|--|---|
| <p>Its Key components include:</p> <ul style="list-style-type: none"> ➔ Steel tower/antenna mounting structures ➔ Base tower station shelter ➔ Power supply ➔ Battery bank ➔ Invertors ➔ Diesel generator (DG) set for power backup ➔ Air conditioner ➔ Fire extinguishers ➔ Security cabin, etc. | <p>Its Key components include:</p> <ul style="list-style-type: none"> ➔ Spectrum (radio frequency) ➔ Base tower station ➔ Microwave radio equipment ➔ Switches ➔ Antennas ➔ Transceivers for signal processing and transmission, etc. |

Factors driving growth for passive infrastructure sharing

Passive infrastructure accounts for 60-70% of the total cost of setting up a wireless network. Passive infrastructure being one of the most important components of a mobile network, the same has been a critical area of operations for telecom companies in the past. Apart from favourable industry prospects, there are several other factors too that drive increase in tower sharing, as below:

- ➔ Viability of business at low ARPUs
- ➔ High usage and limited spectrum availability:
- ➔ Quality of service:
- ➔ Enhancement of profitability:
- ➔ Entry of new players and expansion plans of existing operators:
- ➔ Shorter rollout time, a key necessity:
- ➔ New technologies to further stimulate demand:

Passive Infrastructure sharing (tower sharing) gaining significance

With increasing competition posing an urgent need for telecom companies to expand their coverage and sharpen their focus on core operations so that they can sustain and improve their market position, passive infrastructure has assumed the status of an independent industry during the past few years.

Overall, sharing of infrastructure, passive as well as active, is beneficial for all parties involved as it brings along significant operational as well financial savings, thus enabling the companies to minimise duplication of efforts and costs and improve profitability.

Tower Infrastructure Subsidiaries (TIS):

In India, Bharti Airtel Limited, Reliance Communications Limited, and Tata Teleservices Limited have hived off their tower assets into separate tower infrastructure subsidiaries, namely Bharti Infratel Limited, Reliance Infratel Limited, and Wireless TT Infoservices Limited, respectively. Also Bharti Infratel Limited together with Vodafone Essar Limited and Idea Cellular Limited in a joint-venture agreement has created India's largest tower infrastructure company – Indus Towers Limited, which has an estimated portfolio of around 85,000 towers.

In-Building Solutions

In-Building Solutions (IBS) are solutions that provides mobile coverage inside buildings, where the coverage, capacity or quality otherwise would not had been satisfactory. IBS can include both cellular standards such as GSM, WCDMA, CDMA2000 and/or non-cellular standards like for example Wireless LAN and Bluetooth.

IBS are increasingly deployed and introduced to mobile networks, as user demands for "everywhere coverage" are matched by the opportunity for mobile operators to offer improved services and increase traffic revenues. Site owners more frequently appreciate and recognize the value of IBS, that most often enhances the general perception and value of the property, and provide a tailor-made infrastructure that may both attract as well as retain key tenants. Today's mobile operator performs a profitability analysis on prospective IBS locations, based on the estimated generated traffic in a particular building. If the estimated traffic exceeds operator specific parameters at a specific in-building location, operators may justify the investment in the solution. Measurements show that up to 80% of the traffic generated from an in-building site is new traffic. If one chooses the right buildings, experience shows return on investment for an IBS is within two years.

People nowadays to a large extent also expect their mobile phones to work inside shopping malls, airports, metros, offices, hotels etc, and increasingly in places such as road and train tunnels, elevators and underground garages. Present and future mobile Internet services with high data rates provide numerous opportunities for the operators where tailor-made application packages may be introduced to satisfy any end-user service requirement at for example an office, airport, exhibition centre or subway station, conference centre, hotel or shopping mall.

In-building coverage -- A key concern in the 3G era – international experience

Japan's NTT DoCoMo started deploying WCDMA networks in 2001, but the initial service progress proved to be rather disappointing. In an effort to determine what might have been some of the causes responsible for creating this problem, the company organized a series of investigations to be conducted, from which one result caught their attention. It was showed that nearly 70% of subscribers used mobile phones inside the building, and that indoor traffic greatly exceeded outdoor traffic.

Based upon their investigations, DoCoMo determined that improvement of indoor coverage quality was a key element in attracting 3G subscribers. Thus, from 2003 to 2005, over 3000 indoor coverage sites were deployed in areas with dense traffic throughout Japan, which included downtown areas, commercial areas, hotels and metros. As a consequence, subscriptions of DoCoMo's WCDMA network are now expected to exceed that of 2G subscribers this year.

In many countries, indoor coverage has become a battleground for attracting new users and revenues. According to research carried out by leading investment consultancy firm, the primary reason why users decide to switch to another network (about 34%) is because of the poor indoor coverage. So, it is important to improve indoor coverage in order to retain users, especially high-end customers, whose contribution to overall operation revenues is the greatest.

Cable Assemblies used in Mobile Telecom Towers - Connection Technology for Wireless Communication Systems

According to Cellular Operators' Association of India, erecting one cell site costs about Rs 30 lakh. "To set up 2.2 lakh more towers in the next three years, an investment of Rs 66,000 crore will be required". Added to this cost of equipment like BTS, generator set and air conditioner etc., the total cost per BTS works out to Rs. 2 crores which indicates large capital investment required for the sector.

One of the most critical performance parameter for any cell site is the layout of RF cables and power cables to provide for interconnection between the antenna / BTS and BTS / generator set respectively. Coupled with RF cable and power cables, accessories provide well defined interface to the various components. These are collectively referred to as Connection Technology for Wireless Communication Systems based on cable assemblies. Over the years, the telecom industry has constantly been driven to incorporate multi-functionality and miniaturization, while maintaining improved reliability and low cost. Therefore, focus on Connection Technology for Wireless Communication Systems and Cable Assemblies is of paramount importance given today's competitive scenario in the telecom industry. A consistent focus on the market, in-depth sector and product knowledge, decades of manufacturing experience and innovative products is decisive for success in Connection Technology for Wireless Communication Systems and Cable Assemblies. Capability to supply all kinds of cables and cable assemblies for telecommunication applications will result in strategic advantage as telecom players will benefit from outsourcing and procurement from single vendor. The high pace of innovation in mobile communications requires products that meet the highest standards of performance and reliability. Therefore, a comprehensive product range of cables, connectors and accessories for Mobile Network Solutions will enable cable manufacturers to provide perfect cable or cable system solution.

Cables, connectors and accessories are specially developed to serve as the link between the BTS and the antenna to provide a wide range of RF applications. Some of these applications include jumper cables for the connection of antennas. RF cables interconnect the transceiver unit at the top of the antenna mast with BTS. In the previous section we referred to the RF cable requirement, herein we provide demand assessment for jumper cables, connectors and assemblies (commonly Jumper set). Each BTS requires 6 loops of RF cable and accordingly 2 jumper set for each RF cable resulting in 12 Jumper sets per BTS. As per management estimates, cost of jumper set presently is around Rs. 550/- per set and provide below the various power cables and accessories used in BTS connectivity along with their cost estimates as indicated by the management.

Source of the entire chapter: Report dated May 24, 2010 prepared by M/s Infraline Energy, Research and Information services. M/s Infraline Energy, Research and Information Services is a consultancy firm offering services of research in various fields. M/s Infraline Energy, Research and Information Services is not related in any manner with the Issuer Company/its promoters/directors.

BUSINESS OVERVIEW

Overview

M/s Shilpi Cable Technologies is a closely held public limited company incorporated in July 2006 and was formerly known as M/s Rosenberger Shilpi Cable Technologies Ltd. which was a 50:50 joint venture between M/s Shilpi Communications Pvt. Ltd. (SCPL) and M/s Rosenberger Hochfrequenztechnik GmbH & Co. KG, Germany, to take up the project of Radio Frequency (RF) Cables. Originally the Project of the Company was put up as a financial joint venture with Rosenberger Hochfrequenztechnik, Germany (hereinafter referred to as 'Rosenberger'). The genesis of the partnership was the domain knowledge of Shilpi Group in Cable manufacturing and synergies with Rosenberger's established business of connectors and accessories that complement cables with added advantage of the financial strength of Rosenberger. The joint venture partners signed Share Subscription Cum Shareholders Agreement in July 2006. Soon after the project was implemented, Rosenberger tried to wrest majority and full control of the Company by flexing its financial muscle and blocking debt raising avenues for the Company. It exercised the buyout option in the JV agreement by offering to buyout Shilpi, the Indian Partner. Shilpi however found the price offered too low and found a huge opportunity in the buyout exercise initiated by Rosenberger, to buyout Rosenberger who was bound to sell at the same price. Eventually Shilpi bought the German partner out in August 2008 and became the sole promoter of the Company.

The details of the buyout are as follows: As per the shareholders agreement between the Rosenberger and Shilpi Communication Private Limited, the present promoter, in case of dispute between the parties, any one party could exercise an option to buy the entire equity stake of other party and the other party will have an option to buy the equity stake of the offering party at the same price at which the offering party has offered to buy the equity stake of the other party, and the offering party shall be bound to sell its stake to other party at the price offered by the offering party. After the dispute among the JV partners, Rosenberger offered to buy the 50% stake of Shilpi Communications (P) Ltd at Rs 22/- per share. Shilpi Communication Private Limited finding the price offered as too low and realizing the opportunities available to it to buy the 50% stake of Rosenberger, exercised option available to it under the JV agreement and gave counter notice to Rosenberger to buy the stake of Rosenberger at same price of Rs 22/- per share. After initial resistance of Rosenberger, finally a settlement between the parties was arrived at, in which the existing debt of the issuer company was taken over by IDBI Bank and Karur Vyasa Bank from Deutsche Bank (the loan from which was backed by a guarantee by Rosenberger) with simultaneous payment of consideration from Shilpi Communication Private Limited to Rosenberger.

The above acquisition of shares by present promoters did not have any impact on the issuer company except that during the process of buy out of the German JV partner, operations of the company were stalled for a period of 8 months immediately after start of commercial production of plant.

The registered office of the company is situated at A-19/B-1, Mohan Cooperative Industrial Estate, Mathura Road, New Delhi and manufacturing unit at SP 1037, RIICO Industrial Area, Chopanki, Bhiwadi, Tehsil-Tijara, District-Alwar, Rajasthan.

The project started commercial production in January 2008 involving funded with Equity of Rs. 2100 Lacs and unsecured Loans from Deutsche Bank to the tune of Rs. 7217 Lacs. Later, the Deutsche Bank unsecured loan was liquidated out of Rs. 4900 Lacs term loans from IDBI Bank and M/s Karur Vysya Bank Ltd. On account of differences between JV partners the plant stopped production immediately after starting of January 2008 and could start the production in right earnest only in September 2008 after the completion of buyout process among JV partners. The sales could start on regular basis only from the month of Dec 2008.

The details of terms and condition of M/s Karur Vysya Bank Ltd and M/s IDBI Bank Ltd are as under:

Terms and Condition of M/s IDBI Bank;

| Sr No. | Particulars | Terms and Conditions | Details of Collateral Security |
|--------|---------------------|---|--------------------------------|
| 1. | Individual Facility | Term Loan | Nil |
| 2. | Purpose | Takeover of existing term loan from Deutsche Bank (Rs 3650 lacs) and fresh sanction of Rs 250 lacs for reimbursement of Capital expenditure incurred. | |
| 3. | Limit/Amount | Rs 3155 lacs | |

Terms and Condition of M/s Karur Vysya Bank;

Takeover from Deutsche Bank, pari-passu first charge on the machinery purchased out of the Deutsche Bank finance and pari-passu first charge with IDBI Bank Ltd on the land and factory, building, property situated at SP-1037 RIICO Area, Chopanki, Bhiwadi, Alwar, Rajasthan standing in the name of the company valued at Rs 3210 Lacs.

Details of Collateral Security:

Pari-Passu first charge on the following properties:

1. Hypothecations of entire fixed assets of the company (present and future), written down value of fixed assets Rs 3368 Lacs as on 31.03.2008 (provisional) (excluding the factory, land and building valued at Rs 3210 Lacs which is primary security for Term Loan).
2. Equitable Mortgage, ranking pari-passu with IDBI Bank Ltd over the industrial land and building, property situated at Plot No. E-138, Phase-II, RIICO, Bhiwadi, Rajasthan-301019 standing in the name of M/s Shilpi Cables (P) Ltd (one of the sister company of the applicant company) valued at Rs 824 lacs as per VR dated 08.07.2008.
3. Pari-Passu second charge IDBI Bank Ltd on all the machinery purchased out of the Deutsche Bank finance, now proposed to be taken over by us under MBA and pari-passu second charge on the land and factory building located at SP-1037, RIICO Industrial Area, Chopanki, Bhiwadi, Alwar, Rajasthan, valued at Rs 3210 lacs.

During the FY 2009-10, the company reported net sales of Rs. 17,480.64 Lacs with profit after tax of Rs. 904.06 Lacs as compared to Rs. 4,733.21 Lacs and loss of Rs. 398.05 Lacs respectively during the corresponding period, i.e. FY 2008-09.

(1) **Details of the business of the issuer**

- a. **Location of the project:** The proposed project would be located at the existing manufacturing unit of the Company at SP 1037, RIICO Industrial Area, Chopanki, Bhiwadi, Tehsil-Tijara, District-Alwar, Rajasthan.



Actual Factory Building Photograph

b. Plant, machinery, technology, process, etc.:

We plan to import various machines for the proposed project. The details of all these machines including the cost, names of suppliers and dates of the quotations are mentioned on pages 36 to 39 of this Red Herring Prospectus.

No orders have been placed for any of the machines that are proposed to be acquired out of the net proceeds of the issue, i.e. 100% of the machines aggregating to a total value of 3233.72 Lacs are such for which orders are yet to be placed.

No second hand machinery has been bought or is proposed to be bought.

c. Collaborations, any performance guarantee or assistance in marketing by the collaborators:

The Company has entered into an agreement with M/s Crossbow Telecom Projects Limited to undertake to undertake Turnkey Telecom Service Provider (TSP) business. The division will be managed by a team of members which will be headed by Rajesh Suri and Nihal Singh, Directors of Crossbow Telecom Projects Ltd. Crossbow is a complete telecom solution provider with core focus on turnkey service and project management in the field of telecommunication. Crossbow's trained workforce and management expertise have the ability and strength to plan and execute projects across the technology domain including GSM, CDMA, Wifi, WiMax and 3G networks. Crossbow has been instrumental in successfully implementing Turnkey Implementation projects such as telecom networking solutions for Indian Telecom operators. Crossbow has also managed the coordination and implementation of Optical fibre and copper laying for wireline projects, Base station installation and commissioning for wireless projects. Crossbow has also been an interface among the Indian Governmental agencies and telecom operators for steering projects.

Crossbow as a project management company has also been actively involved in the following:

- a) Identifying opportunities in the telecom sector, establishing business development channels, and managing a business development team to generate sales for associate companies in the corporate/government telecommunication sector.
- b) Frequent participation in forums set up for taking ahead the telecom initiative in India.
- c) Identifying and setting up sponsors for associate companies in the governmental agencies and corporate telecommunication players
- d) Setting up a joint venture between an overseas-based OSP solution provider and an associate Indian company.
- e) Identifying and setting up a telecom joint venture between an Indian and overseas Telecommunication Company in Dubai, UAE

The details of the agreement are mentioned on page 84 of this Red Herring Prospectus.

Certain brief details about M/s Crossbow Telecom Projects Limited are as under:

| | |
|--|---|
| Place of registration | New Delhi |
| Year of incorporation. | 2009 |
| CIN | U64100DL2009PLC191180 |
| Paid up share capital (In Rs. Lacs) | 5.00 |
| Turnover of the last financial year of operation. | Not available |
| General information regarding such persons relevant to the issuer. | The Promoters and Directors of the Company are Mr. Rajesh Suri, Mr. Nihal Singh and Mrs. Veena Suri. Mr Rajesh Suri, Director of the issuer and Mr Nihal Singh, a Key Managerial Person of the issuer are also Directors of Crossbow Telecom Ltd. Besides this there is no relationship of any promoters of Crossbow Telecom Projects Limited with any of the Promoters/Directors of the issuer. |

d. Infrastructure facilities for raw materials and utilities like water, electricity, etc.

Raw Materials

The basic raw materials required for manufacturing of cables are Copper, LLDP (Linear Low Density Polyethelyne) and HDPE (High Density Polyethelyne) and Black Jacketing Polythene. These raw materials are imported from China, USA, Korea and UAE etc.

Raw material procurement policy

We have an established supplier base with whom we have been dealing for years. We have stringent quality control checks before any consignment is accepted in the factory as the quality of raw materials has a direct bearing on the quality of finished products.

Some of our Major Raw Material Suppliers are as follows:-

| Name of Raw Material | Name of Supplier | Country |
|---------------------------|---|-------------|
| Copper | Dubai Cable Company Private Limited | UAE |
| | Jiangsu Huansheng Copper Industry Company Limited | China |
| LLDP | Dow Europe Gmbh | USA |
| HDPE | Dow Europe Gmbh | USA |
| Black Jacketing Polythene | M/s Hanwha Corporation | South Korea |

We maintain an inventory of 4 weeks of the critical raw materials like Copper, LLDP and HDPE and Black Jacketing Polythene.

Our quality control department performs the inspection of raw materials received at factory as per the quality control policy. Only conforming materials are received and subsequently released for production. In certain cases where adequate facilities for in-house testing are not available, suppliers are asked to provide test certificates as per prevailing industry standard with guarantee certificate.

Power

At present we have a sanctioned load of 800 KVA from Jaipur Vidut Vitaran Nigam Ltd. which meets our entire power requirement. We also have backup power arrangement of 700 KVA in the form of DG Sets.

Water

Our water requirement is low, as it is required for the cooling process only. We use ground water to meet our water requirements.

Compressed Air

The requirement of compressed air at pressure of 6 +/- 2 bars is about 20000 nltrs/min which is available through 2 compressors of 500cfm capacity each.

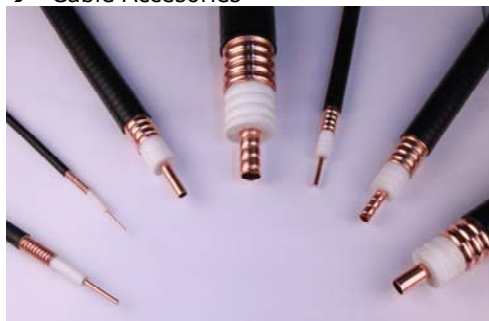
e. Products or services of the issuer:

i) Nature of our Products

Our products are industrial in nature. We basically manufacture RF cables to cater to the Telecom Sector. We also trade in cable accessories.

Product Portfolio

- ➔ RF Cables of various sizes for the Telecom Sector
- ➔ Low Voltage Power cables
- ➔ Cable Accesories



RF Cables of various sizes

Applications

Our Products are used in Telecom towers. In mobile towers, feeders are the cables used as a high-frequency transmission medium to carry high-frequency or broadband signals between antenna and its base station. These feeder cables are vital for site's optimal performance.

ii) The details about the market

- a) **Competition:** Our main competitors are Andrew Telecommunications India Pvt. Ltd, Microqual Techno Pvt.Ltd. and LS Cable Limited
- b) **Past production figures for the industry:** No such authentic data is available.
- c) **Existing installed capacity (of the industry):** No such authentic data is available.
- d) **Past trends:** No such authentic data is available.
- e) **Future prospects regarding exports:** Currently we are not exporting any of our Products. However, as per the terms of the EPCG licence no. 0530143360/3/11/00 the Company is obligated to achieve an export turnover of USD 12279634.53 (Rs.5525.84 Lacs, assuming 1 USD= 45 INR) by March 2015. In this regard the Company will explore possibilities of exports in the future. In this regard we have set up an Export Department which is rigorously working on new market development and expect to grow it further and full fill the export obligation by March 2015. In case of shortfall in export obligation we need to payback duty exemption taken for import of Capital Goods along with prescribed interest rate. However, in case of export shortfall there is a provision to request to Director General of Foreign Trade for further extension of the obligation period.

f) Demand forecasts:

| Particulars | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|-------------------------------------|--------------|--------------|--------------|--------------|
| Total BTS projected | 483472 | 616961 | 742519 | 862975 |
| Total Urban BTS | 251692 | 301885 | 350589 | 404224 |
| Total rural BTS | 231780 | 315076 | 391930 | 458751 |
| Incremental Urban BTS | 49439 | 35818 | 26451 | 22893 |
| Incremental rural BTS | 76570 | 83296 | 70429 | 51401 |
| Cable Requirement (for Urban | 14832 | 10745 | 7935 | 6868 |
| Cable Requirement (for Rural BTS) | 26800 | 29154 | 24650 | 17990 |
| Total | 41631 | 39899 | 32585 | 24858 |
| In-Building Solutions requirement | 5000 | 7500 | 10000 | 20000 |
| Replacement Demand | 14504 | 18509 | 33413 | 51778 |
| Total RF Cable demand in Kms | 61136 | 65908 | 75999 | 96637 |

Power cables and accessories per BTS as below

| Particulars | Amt (in Rs.) |
|---|--------------|
| Estimated Power cables cost per urban BTS | 127340 |
| Estimated Power cables cost per rural BTS | 187690 |
| Estimated cost of accessories per BTS | 60160 |

Based on above market size estimated is given as below:

| Particulars | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|-------------|---------|---------|---------|---------|
| Urban BTS | 251692 | 301885 | 350589 | 404224 |

| | | | | |
|--|-------------|-------------|-------------|-------------|
| Rural BTS | 231780 | 315076 | 391930 | 458751 |
| Total BTS (Urban + Rural) | 483472 | 616961 | 742519 | 862975 |
| Incremental number of BTSs | 126010 | 133489 | 125558 | 120456 |
| Total market size for power cables for urban BTS (Rs.) | 630 | 456 | 337 | 292 |
| Total market size for power cables for rural BTS (Rs. Crores) | 1437 | 1563 | 1322 | 965 |
| Total market size for accessories (Rs. Crores) | 758 | 717 | 583 | 447 |
| Total market size for power cables accessories (Rs. Crores) | 2825 | 2736 | 2242 | 1704 |

Total estimated market size for connection technology for wireless communication systems and cable assemblies would work out as below:

(Rs. crores)

| Particulars | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|--|-------------|-------------|-------------|-------------|
| Total market size for RF | 825 | 890 | 1026 | 1305 |
| Total market size for Jumper sets | 83 | 79 | 64 | 49 |
| Total market size for power cables accessories (Rs. Crores) | 2825 | 2736 | 2242 | 1704 |
| Total market size for connection technology for wireless communication systems and cable assemblies | 3733 | 3705 | 3332 | 3058 |

Source: Report prepared by M/s Infraline Energy, Research and Information services

iii) **The approach to marketing and proposed marketing set up.**

We do not sell our products through a dealer network. We sell our products directly to the Original Equipment (OE) suppliers and Traders. We bid for tenders wherever applicable and deliver our products directly to the parties. We have a dedicated marketing team to look after this important aspect of our business and this team reports directly to the Board of Directors of our Company.

We do not propose to alter this marketing set-up in the near future.

iv) **Export possibilities and export obligations.**

As per the terms of the EPCG licence no. 0530143360/3/11/00 the Company is obligated to achieve an export turnover of USD 12279634.53 (Rs.5525.84 Lacs, assuming 1 USD= 45 INR) by March 2015

(2) **Business strategy**

a. OUR BUSINESS STRATEGY

Our vision is to become a renowned and major RF cable manufacturer by providing cost-effective and quality products. In line with this vision, our strategy is to capitalize on our core strengths and thus enhance the volume of our business. We intend to focus on our existing range of products with specific emphasis on the following as a part of our growth strategy:

→ **To increase our scale of operation by undertaking a modernization cum expansion program**

With the increased demand from our customers, we realized the need for increasing our capacity by modernizing our existing facilities and also by commencing the process of cable harnessing. The proposed expansion will give us economies of scale and ability to execute multiple bulk orders simultaneously. For more details please refer to section titled "Objects of the Issue" on page no. 36 of this Red Herring Prospectus.

→ **To strengthen our relationships with existing clients and to develop relationships with new clients**

Our Company has executed orders for various corporate giants like BSNL (Bharat Sanchar Nigam Limited), Ericsson India Private Limited, Tata Teleservices Limited etc. We will further consolidate and strengthen our relationship with existing clients by providing them with quality products and at the same time will consistently develop new relations.

→ **To continue focus on product development through constant research and development**

Our Company continues to focus on research and development as a core thrust of our business. We intend to continuously develop customized cables for our customers to satisfy their requirement. We believe constant research and development would enable us to remain ahead of competition and also to help customers with lower costs and enhance their efficiency. We also focus on process improvements to bring down operational costs and enhance the quality of products. Through an in-house quality control and research and development, we have created our own knowledge database and are providing new products to our customers. Our Company makes continuous efforts to apply modern techniques in the manufacturing process as a practice, in order to achieve better quality products.

→ **To widen our portfolio across sectors**

Presently our Company is catering to only the Telecom Sector. We aim to diversify our product line across various industries, so as to mitigate any sort of risk that may arise in the future due to slowdown in any particular industry.

→ **To strengthen our competitive position**

Our Company intends to strengthen the competitive position of our products by undertaking brand-building exercise. We would focus on providing quality products at competitive prices.

→ **To make optimal utilization of resources**

Our Company constantly endeavors to improve our productivity levels by optimum resource utilization, improvement in manufacturing process, skill up-gradation of our workers, modernization of machineries to achieve better asset turnover. We regularly analyze our existing raw material procurement policy and manufacturing processes to identify the areas of bottlenecks and timely correct the same. This helps us in improving efficiency and putting resources to optimal use.

→ **Maximize backward integration capabilities.**

The Company aims to consolidate its position as a low-cost producer through continued backward integration of its products. Increased backward integration also develops the Company's logistics and operations efficiencies across the organization.

→ **Explore potential acquisition and partnership opportunities.**

The Company intends to explore opportunities for expanding its reach in the Telecom industry through potential acquisitions as and when such opportunities arise. The Company also intends to develop new and existing business partnerships with other major cable manufacturing companies to capitalize on business opportunities to further increase its profile in the rapidly consolidating Telecom Cable industry.

b. FUTURE PROSPECTS

Capacity and Capacity Utilisation:



| Name of Product | Installed capacity | Capacity Utilisation | | | | | |
|----------------------------|--------------------|----------------------|-----------|---------|---------|-------|-------|
| | | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
| Existing Products | | | | | | | |
| RF Cables (in Kms) | 18245 | 580.67* | 2510.11** | 9415.09 | 12771.5 | 14596 | 14596 |
| (in Percentage) | | 3.18% | 13.76% | 51.60% | 70% | 80% | 80% |
| | | | | | | | |
| Proposed Products | | | | | | | |
| Cables and Wires (in Kms) | 20000 | NA | NA | NA | NA | 12000 | 14000 |
| (in Percentage) | | | | | | 60% | 70% |
| | | | | | | | |
| Cable Assemblies (in nos.) | 80000 | NA | NA | NA | NA | 48000 | 56000 |
| (in Percentage) | | | | | | 60% | 70% |

*Production figures are for 1 month (January 2008) production only.



**Production figures are for 6 months (September 2008- March 2009) production only.

We propose to achieve the projected capacity utilizations levels by adding new customers and new markets. The figures for the capacity utilizations in FY 2008, 2009 and 2010 have been low as these were the initial years and the customer approvals took time to come by.

(3) Intellectual property rights

We are using the  trademark for which we have only a licence to use. The  trademark does not belong exclusively to our Company. Its registration has been applied for by M/s Shilpi Communication Private Limited which is our Promoter Company. Shilpi Communication Private Limited has got a provisional registration of the trademark and we have got a licence to use the same.

The salient features of the licence to use agreement are as under:

- ➔ Shilpi Cable Technologies Limited can use the  trademark within and outside India for the products manufactured by it and traded by it in its own name.
- ➔ No licence fee is payable for the use the  trademark to Shilpi Communication Private Limited.
- ➔ The agreement will be valid for a period of 5 years and shall be renewable at the option of and with the mutual consent of both parties.

(4) Property

The Company does not own any freehold land on which its registered office and manufacturing facility are situated, and has entered into lease and other agreements for the use of these properties. Details with respect to registered office and the principal facility of the Company are set forth below.

| S. no | Details of the Properties |
|-------|---------------------------|
|-------|---------------------------|

| | | |
|----|----------------------------|--|
| 1. | Date & Tenure | Lease dated: 23.03.2006 Tenure: 99 years from 12.04.2006 |
| | Details of Property Leased | Address: Plot No. SP 1037, RIICO Industrial Area, Chopanki, Bhiwadi, Tehsil-Tijara, District-Alwar, Rajasthan. Area: 37,652 Sq. Mtr. Lease rental: Rs 4. 94 Lacs per annum Rent escalation clauses: The enhancement in rent may be done every five years however at each revision shall not exceed 25% of the rent payable for the period immediate preceding revision. Registration Particulars: Registered with sub Registrar, Bhiwadi under Regn. No. 2007001308 dated 23-03-2007. Lease Purpose: For setting up industrial unit for manufacturing Telecom Cables & Accessories |
| | Parties | Lessor: Rajasthan State Industrial Development & Investment Corporation Ltd. Lessee: Rosenberger Shilpi Cable Technologies Ltd. Consequent to the change of the name of the Company from Rosenberger Shilpi Cable Technologies Ltd to Shilpi Cable Technologies Ltd w.e.f 21.10.2008, Rajasthan State Industrial Development & Investment Corporation Ltd has approved/ recorded the same in their records vide letter No. 2528 dated 23-09-2009. |
| 2. | Date & Tenure | Lease dated: Leave & License Agreement dated 10.11.2010 Tenure: Renewed for eleven months w.e.f. November 10, 2010 |
| | Details of Property Leased | Address: A-19/B-1 Extension, 1st floor, Mohan Coop. Industrial Estate, Mathura Road, Badarpur, New Delhi-110044 Area: 663.68 square yards Lease rental: Nil Registration Particulars: Un-registered Lease Purpose: For the registered office of Shilpi Cable Technologies Ltd. |
| | Parties | Lessor: Mr Mukesh Kumar Gupta, R/o B-8, Chirag Enclave, New Delhi-110019 Lessee: Shilpi Cable Technologies Ltd. Mr Mukesh Kumar Gupta (Lessor) is one of the Promoters of issuer company (Lessee) |
| 3. | Date & Tenure | Lease dated: 01.10.2010 Tenure: For a period of eleven months commencing from 01.10.2010 which can be further renewed on mutually terms and conditions. |

| | | |
|----|----------------------------|--|
| | Details of Property Leased | Address: J-277, Sarita Vihar, New Delhi-110076. Area: 1850 sq. ft. Lease rental: Rs 0.75 Lacs per month Registration Particulars: Un-registered Lease Purpose: For exclusive residence of Mr Ghanshyam Pandey, Whole Time Director and the members of his family dependent upon him. |
| | Parties | Lessor: Laxmi Pandey R/o J-277, Sarita Vihar, New Delhi-110076. Lessee: Shilpi Cable Technologies Ltd. Ms Lakshmi Pandey (Lessor) is wife of Mr Ghanshyam Pandey who is a Whole time Director in the issuer company (Lessee). |
| 4. | Date & Tenure | Lease dated: 21.06.2010 Tenure: For a period of 3 years commencing from 01.07.2010 which can be further renewed on mutually terms and conditions. |
| | Details of Property Leased | Address: Flat no 106, Tower Sapphire at BDI Sunshine City, 2nd Mile Stone, Alwar bypass Road, Bhiwadi, Distt. Alwar, Rajasthan Area: 1490 sq ft Lease rental: Rs 0.10 Lacs per month Registration Particulars: Un-registered* Lease Purpose: For the purpose of company's guesthouse. |
| | Parties | Lessor: Ms Shilpa Rajan D/o Mr Devaranjan, r/o 1/45, Gandhi Nagar, Jaipur.302015. Lessee: Shilpi Cable Technologies Ltd. |

Besides the issuer the following parties are occupying some of the leased properties. The details of the same are as under:

| | |
|---|--|
| Details of Property | A-19/B-1 Extension, 1st floor, Mohan Coop. Industrial Estate, Mathura Road, Badarpur, New Delhi-110044 |
| Name of Parties using the property besides the issuer | M/s Shilpi Cabletronics Limited and M/s Shilpi Cables (P) Ltd |
| Purpose | For the registered office of M/s Shilpi Cabletronics Limited and M/s Shilpi Cables (P) Ltd |

(5) Purchase of property

There is no such property that has been purchased or acquired by the Company or is proposed to be purchased or acquired, which is to be paid for wholly or partly out of the proceeds of the issue offered for subscription by this Red Herring Prospectus or the purchase or acquisition of which has not been completed at the date of issue of the Red Herring Prospectus.

(6) **Land**

No land has been acquired/ proposed to be acquired alongwith by the Company from entities having any sort of relation with any Promoter or Director of the Company.

(7) **Insurance**

All of the Company's property, plant and equipment are insured under standard fire & special perils cover. The Company also carries product liability insurance coverage, as well as insurance policies that cover products during shipment to distributor locations. The Company believes that its insurance coverage is adequate and consistent with industry standards. However, as the Company enters additional markets with its products, the Company intends to take necessary additional insurance coverage as may be appropriate.

KEY INDUSTRY REGULATIONS

The following description is a summary of certain sector specific laws and regulations in India, which are applicable to the Company. The information detailed in this chapter has been obtained from publications available in the public domain. The regulations set out below may not be exhaustive, and are only intended to provide general information to the investors and are neither designed nor intended to substitute for professional legal advice.

The Company is engaged in the business of manufacturing RF Cables is governed by a number of central and state legislations that regulate its business. The following discussion summarises certain significant Indian laws and regulations that govern the Company's business.

Indian Environmental Regulation

The three major statutes in India, which seek to regulate and protect the environment against pollution, related activities in India are the Environment Protection Act, 1986, the Water (Prevention and Control of Pollution) Act 1974 and the Air (Prevention and Control of Pollution) Act, 1981. The basic purpose of these statutes is to control, abate and prevent pollution. In order to achieve these objectives, Pollution Control Boards ("**PCB**"), which are vested with diverse powers to deal with water and air pollution, have been established at the central level and in each state. The PCBs are responsible for setting the standards for maintenance of clean air and water, directing the installation of pollution control devices in industries and undertaking investigations to ensure that industries are functioning in compliance with the standards prescribed. These authorities also have the power of search, seizure and investigation if the authorities are aware of or suspect pollution. All industries and factories are required to obtain consent orders from the PCBs, which are indicative of the fact that the factory or industry in question is functioning in compliance with the pollution control norms laid down. These required to be renewed annually.

The issue of management, storage, and disposal of hazardous waste is regulated by the Hazardous Waste Management Rules, 1989 made under the Environment Protection Act, 1986. Under these rules, the PCBs are empowered to grant authorisation for collection, treatment, storage and disposal of hazardous waste, either to the occupier or the operator of the facility.

In addition, the Ministry of Environment and Forests looks into Environment Impact Assessment (EIA). The Ministry of Environment and Forests receives proposals for expansion, modernisation and setting up of projects and the impact which, such projects would have on the environment is assessed by the ministry before granting clearances for the proposed projects.

The Factories Act, 1948

The Factories Act, 1948, as amended (the "**Factories Act**"), defines a 'factory' to be any premises on which on any day in the previous 12 months, 10 or more workers are or were working and in which a manufacturing process is being carried on or is ordinarily carried on with the aid of power; or where at least 20 workers are or were working on any day in the preceding 12 months and on which a manufacturing process is being carried on or is ordinarily carried on without the aid of power. State governments prescribe rules with respect to the prior submission of plans, their approval for the establishment of factories and the registration and licensing of factories.

The Factories Act provides that the 'occupier' of a factory (defined as the person who has ultimate control over the affairs of the factory and in the case of a company, any one of the directors) shall ensure the health, safety and welfare of all workers while they are at work in the factory, especially in respect of safety and proper maintenance of the factory such that it does not pose health risks, the safe use, handling, storage and transport of factory articles and substances, provision of adequate instruction, training and supervision to ensure workers' health and safety, cleanliness and safe working conditions. If there is a contravention of any of the provisions of the Factories Act or the rules framed thereunder, the occupier and manager of the factory may be punished with imprisonment or with a fine or both.

Trade Marks

The Trade Marks Act, 1999 ("**Trademark Act**") governs the statutory protection of trademarks in India. In India, trademarks enjoy protection under both statutory and common law. Indian trademark law permits the registration of trademarks for goods and services. Certification marks and collective marks can also be registered under the Trademark Act. An application for trademark registration may be made by individual or joint applicants and can be made on the basis of either use or intention to use a trademark in the future.

However, the registration of a trademark that is not inherently distinctive on the basis of intent to use may be difficult to obtain. Applications for a trademark registration may be made for in one or more international classes. Once granted, trademark registration is valid for ten years unless cancelled. If not renewed after ten years, the mark lapses and the registration has to be restored. The average timeline for the completion of the entire registration process is three to four years. However, it is likely that this timeline may be reduced in the near future due to initiatives which have been recently undertaken to expedite trademark filings.

MISCELLANEOUS

THE PAYMENT OF GRATUITY ACT, 1972

The Payment of gratuity Act, 1972 was enacted to introduce a scheme for payment of gratuity for certain employees employed in Industrial and commercial establishment as a measure of social security. By the amendment of 1984 by act 26 of 1984 sub section (3A) was inserted in section 1 to the Payment of Gratuity Act 1972 to ensure that once the act has become applicable to such shop or establishment it shall continue to be so notwithstanding the fact that the number of persons employed therein at any time after it has become so applicable falls below ten. To ensure that an unscrupulous employer may not fabricate the records to avoid application of the Act or reduce the number of employees just to avoid payment of gratuity, various provisions, as to notice of opening, notice of change or closure of the shop or establishment, and appointment of inspectors have been made under the Act. Any violation thereof have been made offences punishable with imprisonment or fine or with both.

THE EMPLOYEES STATE INSURANCE ACT, 1948

The object of the Employees State Insurance Act 1948 is to provide for certain benefits to employees in case of sickness, maternity and employment injury and to make provisions for certain other matters in relation thereto. Whenever any insured person falls ill, he/she not only get free medical aid but also receive sickness benefits. The woman employees also need no longer fear that they would be dismissed or removed from service in case they expect babies. Such female employees not only retain their jobs but they get maternity benefits for a period of twelve week before and after confinement. In case any insured person is injured in the course of his work and permanently or temporarily disabled, he will get what is called disablement benefit in the form of cash in installments. Even the dependents of an insured person are entitled to benefits in case of death of insured person. To qualify for all these benefits, the insurable employee has to pay very small amount @ 1.75% of the wages as his share of his contribution. Every factory or establishment to which this act applies is required to be registered alongwith the employees. For carrying into effect the provisions of the Act, the Central Government has also made the Employees State Insurance (General) Regulations, 1950 and they extend to the whole of the Union Territory of India. The employee's contribution will be 4.75% of the wages. The act and the Regulations made thereunder cast certain obligations on every employer to which they apply. Failure to fulfill those obligations exposes an employer to prosecution.

THE EMPLOYEES PROVIDENT FUND AND MISCELLANEOUS PROVISIONS ACT, 1952

The Act provides for the institution of Provident Funds, Pension Fund and Deposit-Linked insurance fund for employees in Factories and other Establishments. The act applies to (a) every establishment which is a factory engaged in any industry specified in Schedule of the Act and in which 20 or more persons are employed and (b) any other establishment which the Central Government by Notification specify giving not less than two months' notice of its intention to do so in the Official Gazette.

THE CONTRACT LABOUR (REGULATION AND ABOLITION) ACT, 1970

It applies to every establishment in which 20 or more workmen are employed or were employed on any day on the preceding 12 months as contract labour and to every contractor who employs or who employed on any day of the preceding 12 months 20 or more workmen. It does not apply to establishments where the work performed is of intermittent or casual nature. It aims to prevent any exploitation of the persons engaged as contract labour, who are generally neither borne on pay roll or muster roll nor is paid wages directly. It provides for registration requirements of the principal employer, who has the responsibility for inadequate wage payments by the contractor to the labour.

THE PAYMENT OF WAGES ACT, 1936

It regulates payment of wages to certain classes of employed persons. It makes every employer responsible for the payment of wages to person employed by him. No deductions can be made from the wages nor can any fine be levied on wages earned by a person employed except as provided under this Act.

THE MINIMUM WAGES ACT, 1948

It came into force with an objective to provide for the fixation of a minimum wage by the employer to the employee. Every employer is mandated to pay the minimum wages to all employees engaged to do any work skilled, unskilled, and manual or clerical (including out-workers) in any employment listed in the schedule to this Act, in respect of which minimum rates of wages have been fixed or revised under the Act

THE PAYMENT OF BONUS ACT, 1965

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

THE WORKMEN'S COMPENSATION ACT, 1923

It has been enacted with the objective to provide for the payment by certain classes of employers to their workmen or their survivors, compensation for industrial accidents and occupational diseases resulting in death or disablement. In case the employer fails to pay compensation due under the Act within one month from the date it falls due the Commissioner may direct the employer to pay the compensation amount along with interest and may also impose a penalty.



HISTORY AND CORPORATE STRUCTURE OF OUR COMPANY

HISTORY AND MAJOR EVENTS

Incorporated as 'Rosenberger Shilpi Cable Technologies Limited' at New Delhi on July 09, 2006 under the Companies Act, 1956 with the Registrar of Companies, National Capital Territory of Delhi and Haryana. On October 21, 2008 the name of the Company was changed to 'Shilpi cable Technologies Limited'.

1. Major Events

| Date/Period | Activities |
|------------------------|---|
| 09 July, 2006 | Incorporated as Public Limited Company under the Companies Act, 1956 |
| 13 July, 2006 | The Company obtained Certificate of Commencement of Business from the Registrar of Companies, Delhi and Haryana. |
| 21 July, 2006 | The Company become a 50:50 Joint Venture between Shilpi Communication Private Limited and Rosenberger Hochfrequenztechnik GmbH & Co. KG, Germany through Share Subscription cum Shareholders Agreement with Rosenberger Hochfrequenztechnik GmbH & Co. KG, Germany and Shilpi Communication Private Ltd dated July 21, 2006 for carrying the business of manufacturing RF corrugated feeder cables. |
| January, 2008 | Commencement of Production at Chopanki Plant |
| February – August 2008 | The commercial production in the plant was halted on account of a dispute between the Promoters. |
| May 10, 2008 | The Joint Venture between Shilpi Communication Private Limited and Rosenberger Hochfrequenztechnik GmbH & Co. KG, Germany ceases and all the shareholding of Rosenberger Hochfrequenztechnik GmbH & Co. KG in the Company transferred to Shilpi Communication Private Ltd |
| October 21, 2008 | Name of the Company was changed to 'Shilpi Cable Technologies Limited'. |
| September 2008 | The commercial production in the plant was restarted. |
| May 01, 2009 | M/s Shilpi Cabletronics Limited (then known as Shilpi Cabletronics Private Limited) became the subsidiary of our Company. |
| March 2009 | The Company defaulted in payment of an instalment of Rs. 241.53 Lacs for dues of term loans from IDBI Bank for a total period of one month at the end of the year (which was later regularized). |
| 09 August, 2010 | The Company has entered into an agreement with M/s Crossbow Telecom Projects Limited to undertake Turnkey Telecom Service Provider (TSP) business. |

Changes in Memorandum & Articles of Association of the Company

| SL.NO | Date of Alteration | Nature of Alteration |
|-------|--------------------|--|
| 1 | 17.08.2006 | Change in Clause V of the Memorandum of Association on increase of the Authorised Capital of the Company from Rs 5 lacs to Rs 2200 lacs. |
| 2 | 21.10.2008 | The name of the Company has been changed from Rosenberger Shilpi Cable Technologies Ltd to its present name vide a fresh certificate of incorporation issued by the Registrar of Companies, NCT of Delhi and Haryana |
| 3 | 30.09.2009 | Change in Clause V of the Memorandum of Association on increase of the Authorised Capital of the Company from Rs 2200 lacs to Rs 2250 lacs. |
| 4 | 20.03.2010 | Change in Clause V of the Memorandum of Association on increase of the Authorised Capital of the Company from Rs 2250 lacs to Rs 2420 lacs. |
| 5 | 24.07.2010 | Change in Clause V of the Memorandum of Association on increase of the Authorised Capital of the Company from Rs 2420 lacs to Rs 4000 lacs. |

2. Holding and Subsidiaries of the Company and their business

Our company is a subsidiary company of Shilpi Communication Pvt Ltd which is a subsidiary of MVM Impex Pvt Ltd.



Shilpi Communication Pvt Ltd

Shilpi Communication Private Limited was incorporated as Limited Company on the 14.01.2003 under the name and style of Shilpi Communication Limited, vide Certificate of Incorporation no. U64202DL2003PLC118482 issued by the Registrar of Companies, Delhi and Haryana. The company was converted into a Private Limited Company vide fresh certificate of Incorporation issued by the Registrar of Delhi and Haryana dated January 23, 2006.

| | |
|----------------------|--|
| Nature of activities | The Company is engaged in the trading of cables and wires. |
| Equity Capital | Authorised Share capital is Rs. 1000 Lacs, divided into 10000000 equity shares of Rs. 10/- each. Paid up share capital is Rs. 995.25 Lacs divided into 9952500 equity shares of Rs 10/- each. |

| Particulars | March 31, 2010 (Amount in Rs. Lacs) |
|---|--|
| Reserves (excluding revaluation reserve) | Nil |
| Sales | 3.15 |
| Profit after tax | (8.01) |
| Earnings per share | (0.08) |
| Diluted Earnings Per Share | (0.08) |
| Net Asset Value per share (in Rs.) | 9.76 |

Promoters of Shilpi Communication Private Limited

Mukesh Kumar Gupta and Mr. Manish Goel

Board of Directors

The Directors on the Board of Shilpi Communication Private Ltd are:

| S.no | Name | Status | Designation | DIN |
|------|-----------------------|---|-------------|----------|
| 1. | Mr Mukesh Kumar Gupta | Promoter Director | Director | 00163044 |
| 2. | Mr Manish Goel | Non- Executive and Non-Independent Director | Director | 00163105 |
| 3. | Mr Vishal Goel | Non- Executive and Non-Independent Director | Director | 02436372 |

Relationship of the Promoters/Directors of Shilpi Communication Private Limited with Shilpi Cable Technologies Limited

Mr. Mukesh Kumar Gupta and Mr. Manish Goel are also the Promoter Directors of Shilpi Cable Technologies Limited. Mr. Vishal Goel is a part of the Promoters group of Shilpi Cable Technologies Limited.

The company has not become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 and is not under winding up.

The company has made a loss in the immediately preceding year. The profit or loss figures for the immediately preceding three years are as follows:

| Year | Amount of PAT (In Rs. Lacs) |
|---------|--------------------------------|
| 2007-08 | (5.75) |
| 2008-09 | (3.54) |
| 2009-10 | (8.01) |

The shares of Shilpi Communication Private Limited are not listed.



The main objects of the Shilpi Communication Private Limited are as under:

1. To carry on the business of telephone cable and wireless company and to act as operators, designers, manufacturers, processors, assemblers, dealers, traders, distributors, importers, exporters, agents consultants systems designers and contractors for erection and commissioning on turnkey basis of telephone lines, beeper bells, telegraphs, intercoms, cables, wireless communications, radio communication and other systems of communication including fixed and mobile cellular services paging facilities, beeper bell facilities, Email, Voice Mail, Data Mail, Satellite Communication and to provide the latest transmission technology for telephone and video signals.
2. To carry on the Business in connection with all communication equipment like receiver transmitters, trans-receiver, walky- talkies, radio, relay equipment, point to point communication equipment, antennas and associated equipment, single channel, multi channel, fixed frequency, variable frequency, static, mobile, airborne, shipborn, equipment in HF, VHF, UHF and microwave spectrum TV systems, receivers transmitters, pattern generators and associated equipment amplifiers, escalators and synthesizers and related products.

MVM Impex Pvt Ltd.

The Company was incorporated as a Private limited Company on February 2, 2007. Its Company Identification No. is U51909DL2007PTC158700. The present registered office of the Company is situated at D-1112, New Friends Colony, New Delhi, 110 065.

| | |
|----------------------|--|
| Nature of activities | The principal business of MVM Impex Private Limited is to carry on the business relating to telephone cables and wires. |
| Equity Capital | Authorised Share capital is Rs. 350 Lacs divided into 35,00,000 equity shares of Rs. 10/- Paid up share capital is Rs. 252 Lacs divided into 10,000 equity shares of Rs 10/- and 33,58,650 equity shares of Rs 10 each, Partly paid up Rs 7.50 each |

| Particulars | March 31, 2010 (Amt. in Rs. Lacs) |
|------------------------------------|--|
| Sales | 2.96 |
| Profit after tax | (3.91) |
| Earnings per share | (0.12) |
| Diluted Earnings Per Share | (0.12) |
| Net Asset Value per share (In Rs.) | 74.69 |

Promoters of MVM Impex Private Limited

Mr. Manish Goel and Vishal Goel.

Board of Directors

The Directors on the Board of MVM Impex Private Ltd are:

| S.no | Name | Status | Designation | DIN |
|-------------|----------------|-------------------|--------------------|------------|
| 1. | Mr Manish Goel | Promoter Director | Director | 00163105 |
| 2. | Mr Vishal Goel | Promoter Director | Director | 02436372 |



Relationship of the Promoters/Directors of MVM Impex Private Limited with Shilpi Cable Technologies Limited

Mr. Manish Goel is also the Promoter Director of Shilpi Cable Technologies Limited. Mr. Vishal Goel is a part of the Promoters group of Shilpi Cable Technologies Limited.

The company has not become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 and is not under winding up.

The company has made a loss in the immediately preceding year. The profit or loss figures for the immediately preceding three years are as follows:

| Year | Amount of PAT (Rs. In Lacs) |
|---------|--------------------------------|
| 2007-08 | 0.01 |
| 2008-09 | (0.01) |
| 2009-10 | (3.91) |

The shares of MVM Impex Private Limited are not listed.

The main objects of the MVM Impex Private Limited are as under:

- 1) To carry on the business of telephone cable and wireless company and to act as operators, designers, manufacturers, processors, assemblers, dealers, traders, distributors, importers, exporters, agents consultants systems designers and contractors for erection and commissioning on turnkey basis of telephone lines, beeper bells, telegraphs, intercoms, cables, wireless communications, radio communication and other systems of communication including fixed and mobile cellular services paging facilities, beeper bell facilities, Email, Voice Mail, Data Mail, Satellite Communication and to provide the latest transmission technology for telephone and video signals.
- 2) To carry on the Business in connection with all communication equipment like receiver transmitters, trans-receiver, walky- talkies, radio, relay equipment, point to point communication equipment, antennas and associated equipment, single channel, multi channel, fixed frequency, variable frequency, static, mobile, airborne, shipborn, equipment in HF, VHF, UHF and microwave spectrum TV systems, receivers transmitters, pattern generators and associated equipment amplifiers, escalators and synthesizers and related products.

Our Company has one subsidiary company- M/s Shilpi Cabletronics Limited.

Shilpi Cabletronics Limited was incorporated as Private Limited Company on the September 10, 2007 under the name and style of Shilpi Cabletronics Private Limited vide Certificate of Incorporation no. U32109DL2007PTC167927 issued by the Registrar of Companies Delhi and Haryana.

The status of the company has been changed from Pvt Ltd to Public Ltd, vide fresh certificate of Incorporation issued by ROC, Delhi and Haryana dated 15th Jan 2010. Its Company Identification No. is U32109DL2007PLC167927

| | |
|--|--|
| Nature of activities | The Company is in the manufacturing of telephone cables and wires. |
| Equity Capital | Authorized share capital is Rs. 150 Lacs divided into 15, 00,000 equity shares of Rs. 10/- each. Paid up share capital is Rs. 148.55 Lacs divided into 14,85,500 equity shares of Rs 10 /- each |
| Capital structure | * |
| Shareholding of the Shilpi Cable Technologies Limited in Shilpi Cabletronics Limited | 7,57,600 equity shares |

| | |
|-------------|--|
| Particulars | March 31, 2010 (Amount in Rs. Lacs) |
|-------------|--|

| | |
|---|---------|
| Amount of accumulated profits or losses of Shilpi Cabletronics Limited not accounted for by Shilpi Cable Technologies Limited | 73.78 |
| Reserves (excluding revaluation reserve) | 833.88 |
| Sales | 9859.26 |
| Profit after tax | 102.53 |
| Earnings per share (in Rs.) | 6.90 |
| Diluted Earnings Per Share (in Rs.) | 6.90 |
| Net Asset Value (in Rs.) | 66.13 |

*** Capital structure**

| S. No | Name | No. of Shares |
|-------|-------------------------------|----------------|
| 1. | Shilpi Cable Technologies Ltd | 757600 |
| 2. | Mukesh Kumar Gupta | 7400 |
| 3. | Manish Goel | 42000 |
| 4. | Mukesh Gupta (HUF) | 18000 |
| 5. | Shilpi Goel | 75000 |
| 6. | Vishal Goel | 266000 |
| 7. | MVM Impex Pvt Ltd | 309500 |
| 8. | Sharda Rani | 10000 |
| | Total | 1485500 |

The company has not become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 and is not under winding up.

The company has not made a loss in the immediately preceding year.

The shares of Shilpi Cabletronics Limited are not listed.

The main objects of the Shilpi Cabletronics Limited are as under:

1. To carry on the business of telephone cable and wire less company and to act as operators, designers, manufacturers, processors, assemblers, dealers, traders, distributors, importers, exporters, agents consultants systems designers and contractors for erection and commissioning on turnkey basis of telephone lines, beeper bells, telegraphs, intercoms, cables, wireless communications, radio communication and other systems of communication including fixed and mobile cellular services paging facilities, beeper bell facilities, E mail, Voice Mail, Data Mail, Satellite Communication and to provide the latest transmission technology for telephone and video signals.
2. To carry on the Business in connection with all communication equipment like receiver transmitters, trans-receiver, walky- talkies, radio, relay equipment, point to point communication equipment, antennas and associated equipment, single channel, multi channel, fixed frequency, variable frequency, static, mobile, airborne, shipborn, equipment in HF, VHF, UHF and microwave spectrum TV systems, receivers transmitters, pattern generators and associated equipment amplifiers, escalators and synthesizers and related products.
3. Corporate profile of the Company

➔ Description of the activities of the Company

We manufacture RF Cables of various sizes, Low Voltage Power cables and trade in Cable Accessories for the Telecom Sector

Our Products are used in Telecom towers. In mobile towers, feeders are the cables used as a high-frequency transmission medium to carry high-frequency or broadband signals between antenna and its base station. These feeder cables are vital for site's optimal performance.

➔ Description of the services provided by the Company

At present we are not providing any services but plan to commence providing Turnkey Telecom Service Provider (TSP) services in the very near future. For this purpose we have entered into an agreement with M/s Crossbow Telecom Projects Limited, the details of which are mentioned further in this section.

→ **Description of the products of the Company**

- a. RF Cables of various sizes for the Telecom Sector
- b. Low Voltage Power cables
- c. Cable Accessories

→ **Description of the market of each segment**

Our main competitors are Andrew Telecommunications India Pvt. Ltd, Microqual Techno Pvt.Ltd. and LS Cable Limited. There are no official figures available for production/installed capacities for our industry.

Details of growth of the Company

From the last three years the Company had been showing a constant growth trend. In the year 2007-08, the turnover of the Company (excluding other income) was only Rs. 83.11 lacs, which increased to Rs. 4,838.44 lacs in the year 2008-2009 and to Rs. 16,990.90 Lacs in the year 2009-10. In 2007-08, there was a net loss of Rs. 192.03 Lacs which increased to Rs. 398.05 lacs in the year 2008-2009. However, in the year 2009-10 the Company has managed to stage a complete turnaround and has reported a net profit of Rs. 904.06 Lacs.

- Our main competitors are Andrew Telecommunications India Pvt. Ltd, Microqual Techno Pvt.Ltd. and LS Cable Limited

Comparison table vis-a-vis our competitors (As on 31.03.2010)

| | Shilpi Cable Technologies Limited | Andrew Telecommunications India Pvt. Ltd | Microqual Techno Pvt.Ltd. | LS Cable Limited |
|---------------------------------|--|---|----------------------------------|-------------------------|
| Revenues (Rs. Lacs) | 16990.90 | 79675.81 | 23128.52 | 4375.64 |
| Net Profit after Tax (Rs. Lacs) | 904.06 | (199.12) | 783.06 | (1601.66) |

Source: Audited Balance sheets as available on the website www.mca.gov.in

4. **Injunction or restraining orders:** Nil
5. **The technology, market, managerial competence and capacity built-up:** For details of the same kindly refer to pages 66, 83, 87 and 71 of this Red Herring Prospectus.
6. **Details regarding acquisition of business/undertakings, mergers, amalgamation, revaluation of assets etc:** Nil
7. **Our Company has 8 shareholders as on the date of filing the RHP with SEBI.**
8. **Main Objects of the Company**
 1. To carry on the business of telephone cable and wireless company and to act as operators, designers, manufacturers, processors, assemblers, dealers, traders, distributor, importers, exporters, agents consultants, systems designers and contractors for erection and commissioning on turnkey basis of telephone lines, beeper bells, telegraphs, intercoms, cable wireless communications, radio communication and all other systems of communication including fixed and mobile cellular services paging facilities, beeper bell facilities, E-Mail, Voice Mail, Data Mail Satellite Communication and to provide the latest transmission technology for telephones and video signals.
 2. To carry on the business in connection with all communication equipment like receiver transmitters, trans-receivers, wacky-talkies, radio, relay equipment, single channel, multi-channel, fixed frequency, variable frequency, static, mobile, airborne, shipworm, equipment in HF, VHF, UHF, and microwave spectrum TV systems, receivers, transmitters, pattern generators and associated equipment amplifiers, escalators and synthesizers.

3. To carry on the business of manufacturers, processors, assemblers, dealers, traders, distributors, importers, exporters, agent consultants, designers, operators, consultants, engineers, ware housemen, repairs, job workers, carriers, and forwarding agents in all kinds of; cable and wires including telecommunication cables, automobile cables, electric cables and wires, 3G Cables, Radio frequency cables, PVC Power cables, thermo plastic insulated cables and flexible for domestic industrial wiring, elastomer, insulated cables, winding wires and strips, rods, rubber insulated cables, optical fibre cables, cables for electronics uses, roadway signaling cable and all other kinds of cables in any form; cable connectors and accessories of all kinds used in telecommunications, automobiles and other industry.
4. To carry on the business of designers, manufacturers, producers, assemblers, repairers, reconditioners, importers, exporters, buyers of and dealers in fabricating, galvanizing and supplying of various telecommunication products in switching, transmission, terminal equipments, products and components that are required for communication, either fixed or mobile on any medium, such as radio, fibre and cable, telecommunication towers, telecommunication network, telecommunication systems and all kinds of services related to setting up of telecommunication network, telecommunication lines and cables of every form and description, transmission, emission, reception through various forms, treatment of cables and wires (including treatment through electronic beam).

SHAREHOLDERS AGREEMENT

There are no shareholder agreements as on date of Filing of the Red Herring Prospectus with SEBI.

Other Agreements

Except the 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.

Our Company was desirous of availing the services of a service provider who has knowledge and expertise to undertake the Turnkey Telecom Service Provider (TSP) business.

M/s Crossbow Telecom Projects approached our Company and expressed its desire to provide TSP services for us.

Mr Rajesh Suri, Director of the issuer and Mr Nihal Singh, a Key Managerial Person of the issuer are also Directors of Crossbow Telecom Ltd. Besides this there is no relationship of any promoters of Crossbow Telecom Projects Limited with any of the Promoters/Directors of the issuer.

Based on the above representation, our Company agreed to appoint CROSSBOW as its Project Management Service Provider to provide services and On August 09, 2010 our Company entered into an agreement with M/s Crossbow Telecom Projects Limited as per the following major terms and conditions:

TERM

The Agreement is for a period of 5 (Five) years unless terminated and may be extended by mutual agreement by the parties.

ESTABLISHMENT OF NEW DIVISION

Shilpi Cable Technologies Limited shall establish a separate Turnkey Service Provider division within it's the management control. This division shall be responsible to provide the services as per the terms of this Agreement for the business of TSP. This division will be managed by a team of members which will be headed by Mr. Rajesh Suri and Nihal Singh, Directors of Crossbow Telecom Projects Ltd.

CROSSBOW shall be responsible for provision of Project Management and Consultancy for all the locations where such TSP Projects are implemented and which will be taken for set up and development by this new division.

SCOPE OF WORK AND SERVICES PROVIDED BY CROSSBOW

CROSSBOW shall be responsible for identifying the clients, liaising and securing Projects and for negotiating terms on behalf of SHILPI after taking due written approvals from the Board of Shilpi Cable Technologies Limited.

It is agreed between the parties that the TSP business currently will not include supplies like towers, DGs, Shelters, Power plants, Battery Bank, etc. and Active and Passive Operation and Maintenance, In Building Wireless Solutions and Network Services. However, the parties may mutually agree upon including such supplies/ Services too within the scope of work in consultation and agreement with each other. A separate Project to Project based Addendum will be mutually agreed to and signed between the parties which shall stipulate the exact scope of work and shall detail all commercial/ profitability aspects of each Project, after the agreement of both parties. This Addendum shall form an integral part of this Agreement

Unless otherwise agreed CROSSBOW shall be responsible for providing all the necessary resources (other than providing finance to fund the Project) including indentifying suitable vendors required for the performance of the Services under this Agreement.

APPOINTMENT AS DIRECTOR AND PRESIDENT IN SHILPI

For the operational and decisional efficiency of the new division, Mr. Rajesh Suri shall be appointed as Director (Telecom Projects) on the Board of M/s Shilpi Cable Technologies Ltd. and Mr. Nihal Singh of Crossbow Telecom Projects Limited shall be appointed as President (Telecom Projects) of M/s Shilpi Cable Technologies Ltd. It is however, clarified that neither Mr. Rajesh Suri nor Mr. Nihal Singh shall be entitled to any remuneration.

CONSIDERATION AND PAYMENT TERMS

In consideration of the services to be provided by Crossbow Telecom Projects Limited, for undertaking civil and electrical works required for the set up and establishment of telecom towers Shilpi Cable Technologies Limited shall pay to Crossbow Telecom Projects Limited an amount @ 5% of the value of the Contract awarded by the Client to Shilpi Cable Technologies Limited as Project Management Fees (hereinafter called Consideration), after statutory Tax Deduction at Source/WCT. Service Tax as applicable shall also be payable by Shilpi Cable Technologies Limited to Crossbow Telecom Projects Limited.

All payments to the third party approved vendors engaged for the completion of the Projects shall be made directly by Shilpi Cable Technologies Limited after the said bills have been verified and approved by Crossbow Telecom Projects Limited.

Shilpi Cable Technologies Limited shall maintain separate and accurate accounts pertaining to each project which shall be open for inspection by Crossbow Telecom Projects Limited after prior written notice. All expenses pertaining to the said Projects shall be validated/endorsed by Crossbow before being booked by Shilpi Cable Technologies Limited in their books of account.

MARKETING FEE

It is agreed between the parties that in consideration of Crossbow Telecom Projects Limited generating the business for Shilpi Cable Technologies Limited, indentifying the clients, liaising and securing projects and for negotiating terms on behalf of Shilpi Cable Technologies Limited, Shilpi Cable Technologies Limited will pay to Crossbow Telecom Projects Limited 2 (two) percent of the value of the Contract awarded by the Client to Shilpi Cable Technologies Limited, as Marketing Fee.

FUNDING BY SHILPI

Shilpi Cable Technologies Limited has assured Crossbow Telecom Projects Limited that it shall at all times ensure availability of adequate working capital for the TSP business. Shilpi Cable Technologies Limited undertakes to provide for the new Division total rolling working capital line (including Financial Bills and Bank Guarantees). The working capital line will be mutually discussed and agreed upon. The working capital will be released after advance planning and based on actual requirements.

BOARD APPROVAL FOR CONTRACT WITH CLIENT

Crossbow Telecom Projects Limited will be responsible for identifying suitable clients for the project.



It is agreed between the parties that the Board of Shilpi Cable Technologies Limited will finally approve the client rates, terms and conditions and vendor rates. Further all contracts with the client will be procured based on the written approval of the Board of Shilpi Cable Technologies Limited and entered into by and in the name of Shilpi Cable Technologies Limited.

UNAVAILABILITY OF FUND/INSUFFICIENT FUNDING

In the event Shilpi Cable Technologies Limited fails to provide the required funds for a project after its written approval from the Board, which leads to non performance of Crossbow Telecom Projects Limited, or non ability to procure or service a contract, Crossbow Telecom Projects Limited will be nonetheless entitled to the agreed consideration of 5% of the value of such Board approved Contract as compensation. However, any such non performance of Crossbow Telecom Projects Limited due to non availability of funds from SHILPI will not be a ground of termination of this Agreement by Shilpi Cable Technologies Limited.

SHARING OF GROSS PROFIT GENERATED BY THE NEW TSP DIVISION

It is agreed between the parties that CROSSBOW will be entitled to 33.33% share of Gross Profit generated from all projects and SHILPI will be entitled to 66.67% share of Gross Profit generated from all projects.

Gross Profit in this context shall mean total sales revenue (net of taxes) minus all mutually agreed and predefined costs associated with the implementation of the Contract including the vendor costs, PMC Fees, Marketing Fees, Finance cost for deployment of funds (calculated @ 15% p.a. on pro rata basis), facilitation fees if any and after adjusting for any debit notes/ deductions made by the client.

Shilpi Cable Technologies Limited will settle the accounts with Crossbow Telecom Projects Limited on a quarterly basis for the sites covered in a Purchase Order (as completed in the previous quarter) on realisation of corresponding sales revenue from the Client. Any retention monies by the client for the corresponding P.O's in the quarter shall be settled only after receipt of the same from the clients

Crossbow Telecom Projects Limited

The Accounts of the Turnkey Service Provider division shall be audited on a quarterly basis by an external auditor to be mutually appointed by both parties.

TAXES, LEVIES, DUTIES

Shilpi Cable Technologies Limited shall be responsible for deducting Income Tax at Source/ WCT as required under the applicable laws or regulations.

CROSSBOW TELECOM PROJECTS LIMITED'S UNDERTAKINGS, REPRESENTATIONS AND WARRANTIES

Crossbow Telecom Projects Limited has confirmed that:

The direct cost of the project i.e. the vendor costs shall not exceed 80% of the Value of the Contract awarded by the client (net of taxes).

Sales revenue of Rs. 5000 Lacs in the first year of operations of the TSP business, subject to availability of adequate working capital line from Shilpi Cable Technologies Limited.

PERSONNEL

All persons deployed by Crossbow Telecom Projects Limited in connection with the Services are and shall be deemed employees of Crossbow Telecom Projects Limited and not of Shilpi Cable Technologies Limited.

Strategic Partners

There are no strategic partners of the Company.

Financial Partners

There are no financial partners of the Company.

OUR MANAGEMENT

BOARD OF DIRECTORS

Shilpi Cable Technologies Limited is a professionally managed organization. The Company functions under the control of a Board of Directors. The day to day matters are looked after by qualified key personnel, under the supervision of the Managing Director.

| Name, Fathers' name Designation, Status, Experience, Occupation, Address | Age (In Years) | Qualifications | DIN | Date of expiration of current term of office | Details of directorships in other companies |
|--|----------------------|--|----------|--|---|
| MUKESH KUMAR GUPTA, (S/o: Late Shri Hari Shankar) Designation: Managing director Status: Promoter Director Experience: 32 years Occupation: Business Address: B-8, Chirag Enclave, New Delhi, 110048, Delhi, India | 56 | B.Sc. (Zoology) | 00163044 | 30.09.2011 | → Shilpi Communication Private Limited → Shilpi Cabletronics Ltd → Gloster Metals and Alloys Private Limited |
| GHANSHYAM PANDEY, (S/o: Late Sh. Shyama Charan Pandey) Designation: Whole Time Director Status: Executive Director Experience: 27 Years Occupation: Service Address: 277, Pocket-J, Sarita Vihar, New Delhi, 110076, Delhi, India | 56 | B.Sc (Mathematics) & Diploma in Management | 00163072 | 30.09.2011 | → GGP Cabletronics Private Limited → Gloster Metals and Alloys Private Limited |
| MANISH GOEL, (S/o: Sh. Mukesh Kumar Gupta) Designation: Whole Time Director Status: Promoter Director Experience: 6 Years Occupation: Business | 28 | Bachelor in Business Management | 00163105 | 30.09.2011 | → Shilpi Communication Private Limited → Shilpi Cabletronics Ltd → MVM Impex Private Limited → Shilpi Cables Private Limited |

| | | | | | |
|--|----|---------------------------------|----------|-----------------------------|--|
| Address: B-8, Chirag Enclave, New Delhi, 110048, Delhi, India | | | | | → Fasten Cables and Accessories Private Limited |
| SUNIL KALA, (S/o: Sh Tarachand Jain) Designation: Director Status: Independent Director Experience: 31 years Occupation: Business Address: G-23, Jangpura Extn, New Delhi, 110014, Delhi, India | 61 | Bachelor of Engineering and MBA | 00511839 | Liabe retire to by rotation | → Kunthu Portfolio And Leasing Private Limited → Nistha Securities Ltd. → Perfact Management & Consultants Private Limited. → Status Portfolio Ltd. → Fox Software Ltd. → Fostiima Integrated Learning Resources Private Limited → Cardinal Drug Limited |
| SANDEEP GUPTA, (S/o: Sh. Satish Chand Gupta) Designation: Director Status: Independent Director Experience: 9 Years Occupation: Business Address: D-21, East Of Kailash, New Delhi, 110065, Delhi, India | 34 | B.Com | 00638932 | Liabe retire to by rotation | → Capital Ispat Ltd → Shilpi Cabletronis Ltd. |
| NEETA SOOD, (D/o: Sh Laxmi Kant Harilal Mehta) Designation: Nominee Director (of IDBI Bank) Status: Independent Director Experience: 26 Years Occupation: Service Address: # 1507-A, Sector 38-B, Chandigarh, 160036, Chandigarh, India | 47 | MA (Economics) & LLB | 00863500 | Liabe retire to by rotation | Nil |

| | | | | | |
|---|----|---|----------|-------------------------------|---|
| ANIRUDH GOEL, (S/o: Sh Shyam Sunder Goel) Designation: Director Status: Independent Director Experience: 7 years Occupation: Business Address: 406, Sector-37, Faridabad, 121003, Haryana, India | 29 | B.Com | 01055812 | Liabile retire rotation to by | → Shri Bankey Kunj Bihari Milk Foods Private Limited. → A Kumar Milk Food Private Limited → Shree Radhey Kunj Dairy and Milk Products Pvt Ltd |
| RAJESH SURI (S/o: Sh. Inderjeet Suri) Designation: Director Status: Non-Executive and Non-Independent Director Experience: 12 Years Occupation: Business Address: 503 Empire Apartments, 98, M.G. Road, New Delhi, 110030, Delhi | 42 | Bachelor of Engineering from BMS, College of Engineering, Bengaluru | 02027124 | Liabile retire rotation to by | → Crossbow Telecom Projects Limited |

Nature of any family relationship between any of the Directors:

Mr. Mukesh Kumar Gupta is the father of Mr. Manish Goel.

Details of arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which of the Directors was selected as a director or member of senior management.

- Ms. Neeta Sood has been appointed as a Nominee of M/s IDBI Bank Limited, one of the lenders of the Company.
- Mr. Rajesh Suri has been appointed as a representative of M/s Crossbow Telecom Projects Limited for the operational and decisional efficiency of the new division started by Shilpi Cable Technologies Limited, i.e. the TSP Division- which will provide turnkey services in relation to undertaking civil and electrical works required for the set up and establishment of telecom towers.

THERE ARE NO SERVICE CONTRACTS ENTERED INTO BY THE DIRECTORS WITH THE COMPANY PROVIDING FOR BENEFITS UPON TERMINATION OF EMPLOYMENT.

Details of Borrowing Powers

In terms of the Articles of Association, the Board may, from time to time, at its discretion raise or borrow any sum or sums of money for the purposes of the Company and subject to the provisions of the Companies Act may secure payment or repayment of the same in such manner and terms as prescribed by the Board of Directors, in particular by issue of bonds, debentures or debenture-stock of the Company either secured or unsecured by a mortgage or charge over all or any of the property of the Company including its uncalled capital for the time being, and debenture-stock bonds and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.

Vide a resolution passed at the Annual General Meeting of the Company held on September 30, 2009, consent of the members of the Company was accorded to the Board of Directors of the Company pursuant to Section 293(1)(a) of the Companies Act, 1956 for authorising and empowering them to mortgage, hypothecate, pledge, charge, create security or otherwise encumber, from time to time, all present and future, movable or immovable properties of the Company and whole of the undertakings of Company, wherever situated, in favour of financial institutions, Banks, body corporate or any other lender to secure fund based and non fund based facilities including term loan and working capital assistance together with interest, cost and other charges obtained/to be obtained by the Company.

Vide a resolution passed at the Annual General Meeting of the Company held on September 30, 2009, 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 sums of money which together with money already borrowed by the company shall not exceed in the aggregate at any time Rs. 50000 Lacs irrespective of the fact that such aggregate amount of borrowing outstanding at any one time may exceed the aggregate for the time being of paid up share capital of the company and its free reserves.

COMPENSATION OF MANAGING DIRECTORS/ Whole Time Director.

The remuneration of the following executive Directors is as per the terms of appointment contained below:

Mr. Mukesh Kumar Gupta

The remuneration payable to Mr. Mukesh Kumar Gupta under the terms of the Board resolution dated September 28, 2010 with effect from October 01, 2010 is as follows:

| | |
|--|---|
| Salary | Rs. 2 Lacs Per month |
| Perquisites | Gratuity: payable at a rate not exceeding half a month's salary for each completed year of service Leave Encashment: Encashment of leave at the end of tenure. |
| Amount of compensation paid during the last financial year | Nil |
| Benefits in kind granted on an individual basis during the last financial year | Nil |

Besides the above, Mr. Mukesh Kumar Gupta is not getting any other benefit in cash or kind from the issuer.

Mr. Ghanshyam Pandey

The remuneration payable to Mr. Ghanshyam Pandey under the terms of the Board resolution dated October 01, 2008 with immediate effect even date for a period of three years is as follows:

| | |
|--|---|
| Salary | Rs. 2.50 Lacs p.m. |
| Perquisites | Rent free accommodation Rent free accommodation upto a perquisite value of Rs. 0.75 Lacs. Provident Fund: Company's contribution to Provident fund will be as per the scheme of the Company. Gratuity: payable at a rate not exceeding half a month's salary for each completed year of service Leave Encashment: Encashment of leave at the end of tenure. |
| Amount of compensation paid during the last financial year | Rs. 21.74 Lacs |
| Benefits in kind granted on an individual basis during the last financial year | Rs. 9 Lacs |

Mr. Manish Goel

The remuneration payable to Mr. Manish Goel under the terms of the Board resolution dated September 28, 2010 with effect from October 01, 2010 is as follows:

| | |
|--|---|
| Salary | Rs. 2 Lac p.m. |
| Perquisites | <p>Provident Fund: Company's contribution to Provident fund will be as per the scheme of the Company.</p> <p>Gratuity: payable at a rate not exceeding half a month's salary for each completed year of service</p> <p>Leave Encashment: Encashment of leave at the end of tenure.</p> |
| Amount of compensation paid during the last financial year | Rs. 8.15 Lacs |
| Benefits in kind granted on an individual basis during the last financial year | Rs. 5.25 Lacs |

No portion of the compensation as mentioned above was paid pursuant to a bonus or profit-sharing plan.

For the purpose of calculating the ceiling perquisites shall be evaluated as per income tax rules wherever applicable and in absence of any such rule the same shall be evaluated at actual cost. The above said remuneration and perquisites shall be subject to the ceiling laid down in sections 198, 309 and other applicable provisions as may be amended from time to time.

Shareholding of the Directors

| S. No. | Name | No. of Shares Held |
|--------|--------------------|--------------------|
| 1. | Mukesh Kumar Gupta | 8000 |
| 2. | Ghanshyam Pandey | 7000 |
| 3. | Manish Goel | 7000 |
| 4. | Sunil Kala | Nil |
| 5. | Sandeep Gupta | Nil |
| 6. | Neeta Sood | Nil |
| 7. | Anirudh Goel | Nil |

Qualification Shares required to be held by Directors

Directors are not required to hold any qualification shares.

Interest of directors

Mr. Mukesh Kumar Gupta and Mr. Manish Goel are the promoters of Shilpi Cable Technologies Limited.

Mr. Mukesh Kumar Gupta and Mr. Manish Goel are also the Promoters of Shilpi Communication Private Limited, one of the Promoters of Shilpi Cable Technologies Limited.

There are no sums paid or agreed to be paid to either Mr. Mukesh Gupta or Mr. Manish Goel or Shilpi Communication Private Limited in cash or shares or otherwise by any person either to induce them to become, or to qualify them as, a director, or otherwise for services rendered by them or by Shilpi Communication Private Limited, in connection with the promotion or formation of the Shilpi Cable Technologies Limited.

Ms. Neeta Sood, being the nominee of one of the Lenders, M/s IDBI Bank Limited, may be deemed to interested in all matters relating to her employer.

Mr. Rajesh Suri being a representative of M/s Crossbow Telecom Projects Limited, may be deemed to interested in all matters relating to his employer.

All the Directors may be deemed to be interested to the extent of fees payable to them, if any, for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them, if any, under the Articles of Association, and to the extent of remuneration paid to them, if any for services rendered as an officer or employee of the Company.

The Directors may also be regarded as interested in the Equity Shares, if any, held by them or by the companies/firms/ventures promoted by them or that may be subscribed by or allotted to the companies, firms, trusts, in which they are interested as Directors, members, partners, trustees and Promoter, pursuant to this Issue. All of the Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

The Directors have no interest in any property acquired by the Company within two years of the date of this Red Herring Prospectus.

Except as stated in the section titled "Related Party Transactions" on page 156 of this Red Herring Prospectus, the Directors do not have any other interest in the business of the Company.

The Company has not entered into any contract, agreements or arrangements during the preceding two years from the date of the Red Herring 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, except for the agreement entered into with M/s Crossbow Telecom Projects Limited, the details of which are mentioned on page 84 of this Red Herring Prospectus.

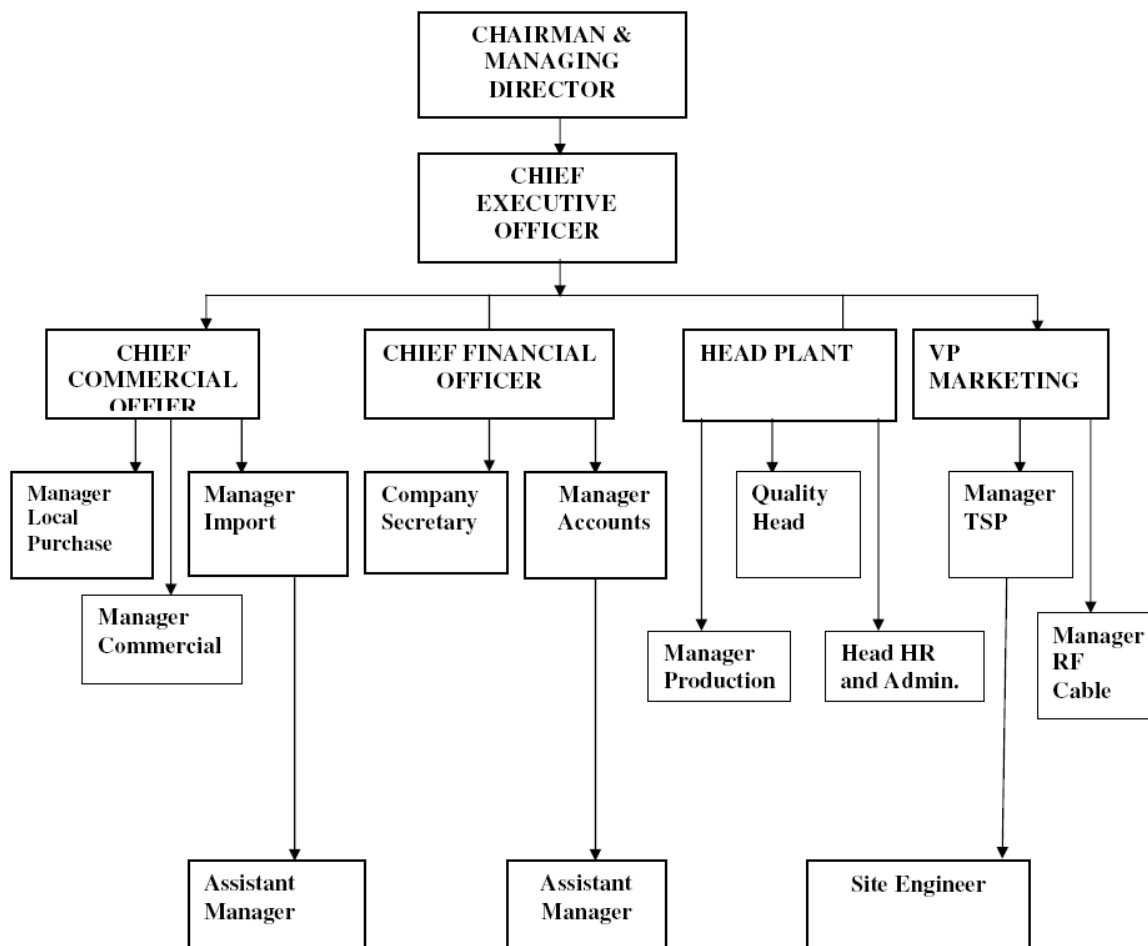
Changes in the Board of Directors in the last 3 years

The following are the changes in the Board of Directors in the last 3 years. To maintain brevity and to avoid any confusion, this table does not enumerate the instances where the Status or Designation of the Director has been changed or when the appointment of an Additional Director has been regularized.

| S. No | Name, Address & DIN | Date of Appointment | Date of Cessation | Reason |
|--------------|---|----------------------------|--------------------------|--|
| 1. | Mr Hans Rosenberger Address: Burg 9,Tittmoning DE, NA 83413 DIN: 01359100 | 13.07.2006 | 12.08.2008 | Resigned pursuant to the Settlement agreement between Rosenberger Hochfrequenztechnik Gmbh & Co. KG., Shilpi Communications Private Limited and Rosenberger Shilpi Cable Technologies Limited. |
| 2. | Mr Peter Micheal Rosenberger Address: Adalbert, stifter-str.1, Burghausen, DE, NA 85589 DIN: 00556994 | 13.07.2006 | 12.08.2008 | Resigned pursuant to the Settlement agreement between Rosenberger Hochfrequenztechnik Gmbh & Co. KG., Shilpi Communications Private Limited and Rosenberger Shilpi Cable Technologies Limited. |
| 3. | Mr Franz Praxenthaler Address: Gartenweg 3, Fridolfing, DE, NA- 83413 | 13.07.2006 | 12.08.2008 | Resigned pursuant to the Settlement agreement between Rosenberger Hochfrequenztechnik Gmbh & Co. KG., Shilpi |

| | | | | |
|----|--|------------|---|---|
| | DIN: 00557775 | | | Communications Private Limited and Rosenberger Shilpi Cable Technologies Limited. |
| 4. | Mr Sunil Kala G-23, Jangpura Extn., New Delhi 110014 DIN: 00511839 | 01.10.2008 | - | Appointed |
| 5. | Mr Anirudh Goel 406, Sector – 37 Faridabad Haryana 121003 DIN: 01055812 | 01.10.2008 | - | Appointed |
| 6. | Mr Sandeep Gupta D-21, East of Kailash, New Delhi 110065 DIN: 00638932 | 01.10.2008 | - | Appointed |
| 7. | Ms Neeta Sood 1507 A, Sector-38 B, Chandigarh, 160 036 DIN: 00863500 | 01.06.2009 | - | Appointed (As nominee of IDBI Bank Ltd) |
| 8. | Mr. Rajesh Suri 503 Empire Apartments, 98, M.G. Road, New Delhi, 110030, Delhi DIN: 02027124 | 30.06.2010 | - | Appointed (as representative of Crossbow Telecom Services Limited) |

Management Organisation Structure



COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has complied with the requirements of the applicable regulations, including the listing agreement to be entered in to with the Stock Exchanges and the SEBI Regulations, in respect of corporate governance including constitution of the Board and Committees thereof. The corporate governance framework is based on an effective independent Board, separation of the Board's supervisory role from the executive management team and constitution of the Board Committees, as required under law.

The Company has a Board constituted in compliance with the Companies Act and listing agreement to be entered in to with the Stock Exchanges and in accordance with best practices in corporate governance. The Board functions either as a full Board or through various committees constituted to oversee specific operational areas. The executive management of the Company provides the Board detailed reports on its performance periodically.

Currently, the Board of Directors has eight Directors and the Chairman of the Board of Directors is an Executive Director. In compliance with Clause 49 of the equity listing agreement, the Company has three executive Directors and five independent Directors, on its Board of Directors.

Composition of Board of Directors

The Board of Directors of the Company consists of 8 (eight) Directors and has an optimum combination of executive and non-executive Directors as envisaged in Clause 49 of the Listing Agreement. Accordingly not less than 50% of the Board of Directors comprises of non-executive and independent Directors. Five of the Directors on the Board are independent directors.

| S.NO | NAME OF DIRECTOR | DESIGNATION | STATUS* |
|------|-----------------------|---------------------|--------------------|
| 1. | Mr Mukesh Kumar Gupta | Managing Director | Promoter Director |
| 2. | Mr Ghanshyam Pandey | Whole Time Director | Executive Director |

| | | | |
|----|------------------|---------------------|--|
| 3. | Mr Manish Goel | Whole Time Director | Promoter Director |
| 4. | Mr Sunil Kala | Director | Independent Director |
| 5. | Mr Sandeep Gupta | Director | Independent Director |
| 6. | Ms Neeta Sood | Nominee Director | Independent Director |
| 7. | Mr Anirudh Goel | Director | Independent Director |
| 8. | Mr. Rajesh Suri | Director | Non-Executive and Non-Independent Director |

* As per Clause 49 of the Listing Agreement

Committees of the Board

Audit Committee

The Audit committee was constituted on November 08, 2006 and was reconstituted on October 01, 2008. The present members of the Audit Committee are:

| Sr. No | Name of the Director | Designation in Committee | Nature of Directorship |
|--------|----------------------|--------------------------|------------------------|
| 1. | Mr Sandeep Gupta | Chairman | Independent director |
| 2. | Mr Anirudh Goel | Member | Independent director |
| 3. | Mr Sunil Kala | Member | Independent director |

Ms. Sunita Gaur, Company Secretary, shall be the Secretary of the Committee.

The terms of reference of the Audit Committee are:

- Overseeing the company's financial reporting process and the disclosure of its financial information;
- Recommending to the Board, the appointment, re-appointment and replacement of the statutory auditor and the fixation of audit fees;
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
 - Changes, if any, in accounting policies and practices and reasons for the same
 - Major accounting entries involving estimates based on the exercise of judgment by Management
 - Significant adjustments made in the financial statements arising out of audit findings
 - Compliance with listing and other legal requirements relating to financial statements
 - Disclosure of any related party transactions
 - Qualifications in the draft audit report.
- Reviewing, with the management, the quarterly, half yearly and annual financial statements before submission to the board for approval;
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- Discussion with internal auditors any significant findings and follow up there on;
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors;
- Reviewing the functioning of the whistle blower mechanism, in case the same is existing;

13. Review of management discussion and analysis of financial condition and results of operations, statements of significant related party transactions submitted by management, management letters/letters of internal control weaknesses issued by the statutory auditors, internal audit reports relating to internal control weaknesses, and the appointment, removal and terms of remuneration of the chief internal auditor; and
14. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
15. Review of utilization of proceeds from the Initial Public Offer.

The powers of the Audit Committee shall include the power:

1. To investigate activity within its terms of reference;
2. To seek information from any employees;
3. To obtain outside legal or other professional advice; and
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

The Audit Committee shall mandatorily review the following information:

1. Management discussion and analysis of financial condition and results of operation;
2. statement of significant related party transactions;
3. internal audit reports relating to internal control weaknesses;
4. the appointment, removal and terms of remuneration of the chief internal auditor; and
5. review of the financial statements of the unlisted subsidiary companies, in particular, the investments made by them if any.

The scope and function of the Audit Committee are in accordance with Section 292A of the Companies Act and Clause 49 of the Listing Agreement.

Meetings of the audit committee in the last one year:

The audit committee met 6 times in the last one year. The dates of the meetings are as under:

1. March 31, 2010
2. May 18, 2010
3. August 23, 2010
4. September 28, 2010
5. October 01, 2010
6. February 16, 2011

Remuneration Committee

The Remuneration Committee was constituted by a meeting of the Board of Directors held on October 01, 2008. The members of the Remuneration Committee are:

| Sr. No | Name of the Director | Designation in Committee | Nature of Directorship |
|---------------|-----------------------------|---------------------------------|-------------------------------|
| 1. | Mr Sandeep Gupta | Chairman | Independent director |
| 2. | Mr Anirudh Goel | Member | Independent director |
| 3. | Mr Sunil Kala | Member | Independent director |

The terms of reference of the Remuneration Committee are as follows:

1. Framing suitable policies and systems to ensure that there is no violation, by an employee of any applicable laws in India or overseas, including:
 - i. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; or
 - ii. The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003.
2. Determine on behalf of the Board and the shareholders the Company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment.
3. Perform such functions as are required to be performed by the Compensation Committee under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("ESOP Guidelines"), in particular, those stated in Clause 5 of the ESOP Guidelines.

4. Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by such committee.

Meetings of the remuneration committee in the last one year:

The remuneration committee met 2 times in the last one year. The dates of the meetings are as under:

1. May 18, 2010
2. September 28, 2010

Share Transfer and Shareholder's Grievance Committee

The Share Transfer and Shareholder's grievance Committee was constituted on October 09, 2009. The members of the Share Transfer and Investor Grievance Committee are:

| Sr. No | Name of the Director | Designation in Committee | Nature of Directorship |
|---------------|-----------------------------|---------------------------------|-------------------------------|
| 1. | Mr. Anirudh Goel | Chairman | Independent director |
| 2. | Mr. Sandeep Gupta | Member | Independent director |
| 3. | Mr. Sunil Kala | Member | Independent director |

Ms. Sunita Gaur, Company Secretary, shall be the Secretary of the Committee.

The role of the above committee shall include the following:

1. Approval of the requests for share transfers and transmissions;
2. Approval of the requests pertaining to Remat of shares, requests received for issuance of renewed and duplicate share certificates, subdivision, consolidation; and
3. to specifically look into the redressal of shareholder and investors complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc.

Meetings of the Share Transfer and Shareholder's Grievance committee in the last one year:

The Share Transfer and Shareholder's Grievance committee met once in till date on October 10, 2009.

Compliance with Listing Agreement

The Company in terms of this Red Herring Prospectus intends to list its equity shares on BSE and NSE and comply with the requirements under the Listing Agreement to be entered into with BSE and NSE. Further, we are in compliance with clause 49 of the listing agreement to the extent applicable to a company seeking listing for the first time.

Key Management Personnel

Following are the key managerial employees of the Company.

| Name, Designation, Qualification | Date of Joining | Age (Years) | Term of office with date of expiration of term | Details of service contracts including termination/retirement benefits | Experience (yrs) | Previous Employment |
|--|------------------------|--------------------|---|---|-------------------------|----------------------------|
| Mr M. K. Sethi, Plant – Head B. E. (Mechanical) | 05.02.2007 | 54 | On Retirement 17.09.2019 | Company shall pay, gratuity, pension, PF, earn leave as per its policy. | 28 | Sudarshan Telecom |

| | | | | | | |
|---|------------|----|---|---|-------------|---|
| Mr Sushil Kumar, GM- Technical B. E.(Electronics and Telecommunication) | 15.03.2007 | 49 | On Retirement 05.10.2021 | Company shall pay, gratuity, pension, PF, earn leave as per its policy. | 21 | Vindhya Tele Links Ltd. |
| Mr Vinay Mittal, Chief Financial Officer Graduate | 01.01.2009 | 45 | On Retirement 13.10.2025 | Company shall pay, gratuity, pension, PF, earn leave as per its policy. | 24 | Uniword Telecom Ltd |
| Ms Sunita Gaur, Company Secretary ACS | 20.11.2009 | 26 | On Retirement 01.11.2044 | Company shall pay, gratuity, pension, PF, earn leave as per its policy. | Less than 1 | Nil |
| Rakesh Sheoran General Manager (Exports) MBA , Diploma in Export Marketing , B.E. (Electronics) | 09.08.2010 | 37 | On Retirement 08.08.2033 | Company shall pay, gratuity, pension, PF, earn leave as per its policy. | 13 | Aksh Optifibre Limited |
| Nihal Singh President (Telecom Projects) MBA | 09.08.2010 | 45 | Upon expiration of agreement with Crossbow Telecom Projects Limited | NIL | 21 | Sana Telenetworks , Crossbow Telecom Projects Limited |

Mr. M.K. Sethi, aged 54, is the head of operations at the Bhiwadi Plant. He joined SCTL on February 05, 2007. He holds a Bachelors of Engineering degree (Mechanical) from University of Jabalpur. Prior to joining the Company, he worked with M/s Sudarshan Telecom as Vice President (Works). He has worked in the areas of plant. During the Fiscal 2010, he was paid a gross compensation of Rs. 14.66 lacs by the Company.

Mr. Sushil Kumar, aged 49, is the General Manager, Technical. He joined SCTL on March, 15, 2007. He holds a Bachelors of Engineering degree (Electronics and Telecommunication) from Institution of Electronics and Telecommunication Engineers, New Delhi. Prior to joining the Company, he worked with M/s Vindhya Tele Links Limited as General Manager (M&S). He has worked in the areas of Electrical maintenance department. During the Fiscal 2010, he was paid a gross compensation of Rs. 8.17 Lacs by the Company.

Mr. Vinay Mittal, aged 45, is the Chief Financial Officer of the Company. He joined SCTL on January 01, 2009. He holds a Bachelors degree from Delhi University. Prior to joining the Company, he worked with M/s Uniword Telecom Limited as General Manager- Finance. He has worked in the areas of Accounts and Finance. During the Fiscal 2010, he was paid a gross compensation of Rs. 3.60 Lacs by the Company.

Ms. Sunita Gaur, aged 26, is the Secretary of the Company. She joined SCTL on November 20, 2009. She is an associate member of the Institute of Company Secretaries of India, New Delhi. This is her first employment. She has worked in the areas of secretarial and legal. During the Fiscal 2010, she was paid a gross compensation of Rs. 1.13 Lacs by the Company.

Mr. Rakesh Sheoran, aged 37, is an MBA from Management Development Institute, Gurgaon, has a Diploma in Export Marketing from Indian Institute of foreign trade and also hold a degree in B.E. (Electronics) from University of Pune. He joined Shilpi Cable Technologies Limited on August 09, 2010 as a General Manager (Exports). Prior to joining the Company, he worked with M/s Aksh Optifibre Limited Process Leader – Marketing. He is experienced in identifying new markets and new product concepts thereby achieving sales growth for the enhanced operations. He has skills in building product visibility, reviewing and interpreting market response to facilitate product improvement. During the Fiscal 2010, he was paid no compensation by the Company.

Mr. Nihal Singh aged 45 years has been appointed as a representative of M/s Crossbow Telecom Projects Limited. He is an MBA from Aligarh Muslim University. He joined Shilpi Cable Technologies Limited on August 09, 2010 as a President (Telecom Projects). He is the Promoter Director of Sana telenetworks and Crossbow Telecom Projects Limited. He is experienced at turnkey implementation and business development. He is not entitled to any remuneration from the Company. Mr. Nihal Singh has been appointed as a representative of M/s Crossbow Telecom Projects Limited in addition to another director Mr. Rajesh Suri who is also a representative of M/s Crossbow Telecom Projects Limited.

Nature of any family relationship between any of the Key Managerial Personnel:

None of the Key Managerial Personnel are related to each other except the relationship of father and son between Mr Mukesh Kumar Gupta and Mr. Manish Goel and mentioned in page 13 of this Red Herring Prospectus.

Details of any arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any of the key managerial personnel, was selected as a director or member of senior management

→ Mr. Nihal Singh has been appointed as a representative of M/s Crossbow Telecom Projects Limited for the operational and decisional efficiency of the new division started by Shilpi Cable Technologies Limited, i.e. the TSP Division- which will provide turnkey services in relation to undertaking civil and electrical works required for the set up and establishment of telecom towers. He is not entitled to any remuneration.

No compensation was paid to the Key Managerial Personnel in the last financial year pursuant to a bonus or profit-sharing plan

All the Key Managerial Personnel as stated above are Permanent employees of the Company except for Mr. Nihal Singh who has been appointed as a representative of M/s Crossbow Telecom Projects Limited.

Shareholding of Key Managerial Personnel

None of the Key Managerial Personnel have any shareholding in the Company except as mentioned in the shareholding of the Directors on page 91 of this Red Herring Prospectus.

Bonus or profit sharing plan of the Key Management Personnel

The Company does not have any bonus or profit sharing plan of the Key Management Personnel.

Interests of Key Management Personnel

The key management personnel of the Company do not have any interest in the Company other than to the extent of the remuneration, employee stock options held, if any, Equity Shares allotted under employee stock purchase scheme or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business.

None of the key management personnel have been paid any consideration of any nature from the Company, other than their remuneration.

Mr. Nihal Singh being a representative of M/s Crossbow Telecom Projects Limited may be deemed to interested in all matters relating to his employer.

Changes in the Key Management Personnel

The changes in the key management personnel in the last three years are as follows:

| Sl. No. | Name | Date of | | Reason |
|---------|---------------------------|------------|------------|-------------|
| | | Joining | Leaving | |
| 1. | Mr M. K. Sethi | 05.02.2007 | - | Appointed |
| 2. | Mr Sushil Kumar | 15.03.2007 | - | Appointed |
| 3. | Mr N. Bhanumurthi | 05.02.2007 | 31.01.2011 | Resignation |
| 4. | Mr Sanjay Kumar Chaudhary | 27.09.2006 | 13.05.2007 | Resigned |
| 5. | Col. D. S. Rathore | 05.01.2009 | 01.12.2010 | Resignation |
| 6. | Mr Mahesh Jain | 01.09.2007 | 12.08.2008 | Resignation |
| 7. | Mr Tej Singh Bisth | 10.03.2007 | 31.10.2008 | Resignation |
| 8. | Mr Vikas Paul | 09.09.2008 | 09.01.2010 | Resigned |
| 9. | Mr Vinay Mittal | 01.01.2009 | - | Appointed |
| 10. | Mr Naveen Singhal | 26.02.2007 | 15.09.2008 | Resignation |
| 11. | Ms Sunita Gaur | 20.11.2009 | - | Appointed |
| 12. | Rakesh Sheoran | 09.08.2010 | - | Appointed |
| 13. | Nihal Singh | 09.08.2010 | - | Appointed |

Employees

Employee Stock Option Scheme and Employee Stock Purchase Scheme

The Company does not have any Employee Stock Option Scheme and Employee Stock Purchase Scheme.

Other Benefits to the Officers of the Issuer Company

Except the payment of salaries and perquisites, no amount or benefit has been paid or given within the two preceding years or intended to be paid or given to any employee and there is no consideration for payment of giving of the benefit.

OUR PROMOTERS AND PROMOTER GROUP

Promoters

The following are the Promoters of the Company:

1. Mr. Mukesh Kumar Gupta;
2. Mr. Manish Goel; and
3. M/s Shilpi Communication Private Limited

Promoter Group

The following natural persons, HUFs, companies and partnerships constitute our promoter group under the ICDR Regulations (the "Promoter Group"):

The natural persons who are part of the Promoter Group, other than the Promoters named above, are as follows:

| Name | Shareholding in Shilpi Cable Technologies Limited |
|------------------|---|
| Mrs. Sharda Rani | 7000 |
| Mr. Vishal Goel | 7000 |
| Ms. Shilpi Goel | 7000 |
| Total | 21000 |

The HUF that is a part of the Promoter Group is the following:

| Name | Shareholding in Shilpi Cable Technologies Limited |
|--------------------------|---|
| Mukesh Kumar Gupta (HUF) | Nil |

The companies that are part of the Promoter Group are as follows:

| Name | Shareholding in Shilpi Cable Technologies Limited |
|---|---|
| M/s Shilpi Cabletronics Limited | Nil |
| M/s Shilpi Cables Private Limited | Nil |
| M/s MVM Impex Private Limited | Nil |
| M/s GGP Cabletronics Private Limited | Nil |
| M/s Fasten Cables and Accessories Private Limited | Nil |
| M/s Gloster Metals and Alloys Private Limited | Nil |

The details of the Promoters are as follows:

INDIVIDUALS

Mr. Mukesh Kumar Gupta



| | |
|-----|----------|
| Age | 56 years |
|-----|----------|

| | |
|--|---|
| Personal Address | B-8, Chirag Enclave, New Delhi, 110048, Delhi, India |
| Educational qualifications and professional Experience | See the section "Our Management" beginning on page 87 of this Red Herring Prospectus |
| Designation | Managing Director |
| Directorship held | See the section "Our Management" beginning on page 87 of this Red Herring Prospectus |
| Other ventures | M/s Shilpi Cables Private Limited M/s Gloster Metals and Alloys Private Limited M/s Shilpi Cabletronics Limited M/s Shilpi Communication Private Limited |
| Business | Industrialist |
| Voter ID No. | Mr. Mukesh Kumar Gupta does not own a voter ID card. |
| Driving License Number | Mr. Mukesh Kumar Gupta does not own a Driving Licence card. |
| Permanent Account Number | AEIPG5741G |
| Passport Number | G7394966 |
| Bank Account No. | 4105-155-6787 With Karur Vysya Bank, East of Kailash Branch |
| DIN | 00163044 |

Profile: Mr Mukesh Kumar Gupta, aged 56 years has 32 years of experience in cable manufacturing. He is a 1974 batch science graduate from Desh Bandhu Gupta College, Delhi University. He was one of the founder Promoter of the Company. He is in charge of overall supervision of the operations of the Company.

Mr. Mukesh Kumar Gupta owns 8000 Equity Shares, representing 0.03% of the pre-Issue share capital and [●] % of the post-Issue share capital of the Company.

There are no defaults in meeting any statutory/bank/institutional dues and no proceedings have been initiated for economic offences. There are no litigations, disputes towards tax liabilities or criminal / civil prosecution / complaint against Mr. Mukesh Kumar Gupta other than as mentioned in this Red Herring Prospectus in the section "Outstanding Litigations and Material Developments" beginning on page 228.

Declaration: It is confirmed that Permanent Account Number, Bank Account details and Passport Number of Mukesh Kumar Gupta is being submitted to the Stock Exchanges on which Equity Shares are proposed to be listed, at the time of filing of Red Herring Prospectus with them.

Mr. Manish Goel



| | |
|--|---|
| Age | 29 years |
| Personal Address | B-8, Chirag Enclave, New Delhi, 110048, Delhi, India |
| Educational qualifications and professional Experience | See the section "Our Management" beginning on page 87 of this Red Herring Prospectus |
| Designation | Whole Time Director |
| Directorship held | See the section "Our Management" beginning on page 87 of this Red Herring Prospectus |
| Other ventures | M/s Shilpi Cables Private Limited M/s Shilpi Cabletronics Limited M/s Shilpi Communication Private Limited M/s MVM Impex Private Limited |

| | |
|--------------------------|--|
| | M/s Fasten Cables and Accessories Private Limited |
| Business | Industrialist |
| Voter ID No. | Mr. Manish Goel does not own a voter ID card. |
| Driving License Number | Mr. Manish Goel does not own a Driving Licence card. |
| Permanent Account Number | AEDPG0138E |
| Passport Number | H3804019 |
| Bank Account No. | 4105-155-7695 With Karur Vysya Bank, East of Kailash Branch |
| DIN | 00163105 |

Profile: Mr Manish Goel aged 29 years is the son of Mr. Mukesh Kumar Gupta. He joined his father's business 6 years ago and during this period has got hands on experience in business management. He holds Bachelor's Degree in Business Management from Rai University, Institute of Learning and Management. He has been instrumental in visualization and implementation of the project and is on the board of the Company holding charge of Chief Commercial Officer. The details of the project handled by him are as under:

Originally the Project of the Company was put up as a financial joint venture with Rosenberger Hochfrequenztechnik, Germany (hereinafter referred to as 'Rosenberger'). The genesis of the partnership was the domain knowledge of Shilpi Group in Cable manufacturing and synergies with Rosenberger's established business of connectors and accessories that complement cables with added advantage of the financial strength of Rosenberger. Soon after the project was implemented, Rosenberger tried to wrest majority and full control of the Company by flexing its financial muscle and blocking debt raising avenues for the Company. It exercised the buyout option in the JV agreement by offering to buyout Shilpi, the Indian Partner. Shilpi however found the price offered too low and found a huge opportunity in the buyout exercise initiated by Rosenberger, to buyout Rosenberger who was bound to sell at the same price. Eventually Shilpi bought the German partner out in August 2008 and became the sole promoter of the Company.

Mr. Manish Goel owns 7000 Equity Shares, representing 0.03% of the pre-Issue share capital and [•] % of the post-Issue share capital of the Company.

There are no defaults in meeting any statutory/bank/institutional dues and no proceedings have been initiated for economic offences. There are no litigations, disputes towards tax liabilities or criminal / civil prosecution / complaint against Manish Goel other than as mentioned in this Red Herring Prospectus in the section "Outstanding Litigations and Material Developments" beginning on page 228.

Declaration: It is confirmed that Permanent Account Number, Bank Account details and Passport Number of Manish Goel is being submitted to the Stock Exchanges on which Equity Shares are proposed to be listed, at the time of filing of Red Herring Prospectus with them.

BODY CORPORATE

Shilpi Communication Private Limited:

Shilpi Communication Private Limited was incorporated as Public Limited Company on the 14th January 2003 under the name and style of Shilpi Communication Limited, vide Certificate of Incorporation no. U64202DL2003PLC118482 issued by the Registrar of Companies Delhi and Haryana. The Company was converted in to Private Limited vide Fresh certificate of Incorporation to this effect was issued by Registrar of Companies by the Registrar of Delhi and Haryana dated January 23, 2006.

Promoters of Shilpi Communication Private Limited

Mukesh Kumar Gupta and Mr. Manish Goel

Registered Office Of Shilpi Communication Private Limited

The present registered office of the Company is situated at 358/1, Aali Industrial Complex, P.O Sarita Vihar, Mathura Road, New Delhi-110076.

Principal Business of Shilpi Communication Private Limited

The Company is engaged in the trading of cables and wires.



| | |
|---|--|
| Listing Status | Not Listed |
| PAN | AAGCS9095N |
| Bank A/c No. | 4105127000000297 With Karur Vysya Bank, East of Kailash Branch |
| Company Registration No. | U64202DL2003PTC118482 |
| Address of ROC | Registrar of Companies, Delhi & Haryana, IFCI Tower, 4th Floor, 61, Nehru Place, New Delhi 110 019 |
| Details of change in Control or Management | Nil |

Board of Directors

The Directors on the Board of Shilpi Communication Private Ltd are:

| S.no | Name | Status | Designation | DIN |
|------|-----------------------|---|-------------|----------|
| 1. | Mr Mukesh Kumar Gupta | Promoter Director | Director | 00163044 |
| 2. | Mr Manish Goel | Non- Executive and Non-Independent Director | Director | 00163105 |
| 3. | Mr Vishal Goel | Non- Executive and Non-Independent Director | Director | 02436372 |

Change in Directors in the last 3 years- No Change

Shareholders Details:

| S. No | Name | No. of Shares |
|-------|----------------------------------|----------------|
| 1. | Mukesh Gupta (HUF) | 11249 |
| 2. | Sharda Rani | 6220 |
| 3. | Manish Goel | 5000 |
| 4. | Mukesh Gupta | 12500 |
| 5. | Vishal Goel | 10000 |
| 6. | Shilpi Goel | 5000 |
| 7. | Harpreet Singh | 1 |
| 8. | MVM Impex Private Limited | 8520000 |
| 9. | GGP Cabletronics Private Limited | 1382500 |
| 10. | Geeta Rani | 10 |
| 11. | Sarita Rani | 10 |
| 12. | Sarla Rani | 10 |
| | Total | 9952500 |

Share Price Information

The Shares of Shilpi Communication Private Limited are not listed and it has never come out with an IPO or a Rights Issue in the past.

Financial Performance

(Amount in Rs. Lacs)

| Particulars | 31.03.2010 | 31.03.2009 | 31.03.2008 |
|---|------------|------------|------------|
| Paid up Equity Capital | 995.25 | 955.25 | 5.00 |
| Reserves & Surplus (excluding revaluation reserves) | 0.00 | 0.00 | 0.00 |
| Sales/Total Income | 3.15 | 3.72 | 0.00 |
| Profit/(Loss) after Tax (PAT) | (8.01) | (3.54) | (5.75) |
| Earnings per Share (in Rs.) | (0.08) | (0.04) | (0.06) |
| NAV (in Rs.) | 9.76 | 10.23 | 10.25 |

Source: Audited Financial Statements

Declaration: It is confirmed that Permanent Account Number, Bank Account details, Company Registration no., Address of ROC with whom it is registered of the Shilpi Communication Private Limited is being submitted to the Stock Exchanges on which Equity Shares are proposed to be listed, at the time of filing of Red Herring Prospectus with them.

OTHER INFORMATION ABOUT THE PROMOTERS

The present promoters are the original promoters of Shilpi Cable Technologies Limited.

There has been change in control or management of Shilpi Cable Technologies Limited. The Company was incorporated as 'Rosenberger Shilpi Cable Technologies Limited'. It was a 50:50 Joint Venture between Shilpi Communication Private Limited and Rosenberger Hochfrequenztechnik GmbH & Co. KG, Germany. The management was divided between the two parties. Later when the Joint Venture broke down the management changed hands and was solely in the control of the present promoters.

Details of the disassociation of our promoters from companies during the last three years are as follows:

Manish Goel has resigned from M/s Petalite Industries Limited on December 07, 2010, due to his preoccupation.

Common Pursuits

Even though the Promoter group companies are engaged in same line of business i.e. manufacturing of Cables, still there is no apparent conflict of interest in real sense because of the fact that the product offerings of the two group companies are different. The Issuer Company is engaged in the business of cables, connectors and accessories used in mobile telecom towers, while Shilpi Cabletronics Ltd., a promoter group company and subsidiary company of the Issuer, is engaged in the business of cables used in automobile and other sectors. Together, the two Companies complement each other and enable the group to offer a wider spectrum of products giving both a competitive edge. At present there is no conflict of interest between the businesses of the issuer with other Promoter Group Companies. However, Our Promoters are also the Promoters of the following companies that may lead to conflict of interest with the business of the Company.

- ➔ M/s Shilpi Cables Private Limited
- ➔ M/s Shilpi Cabletronics Limited
- ➔ M/s Shilpi Communication Private Limited
- ➔ M/s Gloster Metals and Alloys Private Limited
- ➔ M/s MVM Impex Private Limited
- ➔ GGP Cabletronics Private Limited
- ➔ M/s Fasten Cables and Accessories Private Limited

To avoid such possible conflict in future, areas of business synergies are being identified.

The group companies will have manufacturing capabilities which will be complementary and not supplementary in nature. This arrangement will avoid any internal conflicts in future and offer a wider and more comprehensive product basket from the group.

The group companies will also have synergies in marketing efforts and save on marketing costs by combining resources for optimal exploitation and leveraging on common brand equity.

The group companies can have advantages of synergies by providing backward and forward linkages in integration reducing business risks arising out of dependence on external agencies in supply chain and optimizing capacity utilizations with forward integration.

Interest of the Promoters

The Promoters of the Company are interested to the extent of their shareholding in the Company.

Except as stated otherwise in this Red Herring Prospectus, the Company has not entered into any contract, agreements or arrangements during the preceding two years from the date of this Red Herring Prospectus in which the Promoter is directly or indirectly interested and no payments have been made to them in respect of the contracts, agreements or arrangements which are proposed to be made with them including the properties purchased by the Company other than in the normal course of business.

There are companies/firms that have been promoted by one or more of the promoters, and to that extent they may be considered interested in such company/firm.

For further details on the above, please refer to pages no. 106 to 109 of this RHP.

**Payment of benefits to the Promoter**

Except as stated in the section titled "Related Party Transactions" on page 156 of this Red Herring Prospectus, there has been no payment of benefits to the Promoter during the two years prior to the filing of this Red Herring Prospectus.

Related Party Transaction

For details of related party transactions please refer to page no. 156 of the RHP.

Confirmations

Further, the Promoters have not been declared as a wilful defaulter by the RBI or any other governmental authority and there are no violations of securities laws committed by the Promoter in the past or are pending against them except as disclosed in section titled "Outstanding Litigation and Material Developments" beginning on page 228 of this Red Herring Prospectus.

Information in respect of all the group companies including companies forming part of the Promoter Group**1) M/s Shilpi Cabletronics Limited****Type of Organisation:**

The Company was incorporated as a Private limited Company on the September 10, 2007. Its Company Identification No. is U32109DL2007PLC167927.

The Company is Public Limited Company in terms of section 3(1)(iv)(c) of the Companies Act, 1956, since May 1, 2009, the date when it become a subsidiary of the public limited company - Shilpi Cable Technologies Ltd.

Brief Description of Business:

The Company is in the manufacturing of telephone cables and wires. The factory of the Company is located at E-138, RIICO Industrial Area, Bhiwadi, Alwar, Rajasthan 301019.

Nature and extent of interest of the promoters

| Name | Number of Shares held in Shilpi Cabletronics Limited | Percentage |
|--------------------|--|------------|
| Mukesh Kumar Gupta | 7400 | 0.50 |
| Manish Goel | 42000 | 2.83 |

The Promoters of the Shilpi Cable Technologies Limited are interested to the extent of the shareholding in Shilpi Cabletronics Limited.

Financial Performance**(Amount in Rs. Lacs)**

| Particulars | 31.03.2010 | 31.03.2009 | 31.03.2008 |
|---|------------|------------|------------|
| Paid up Equity Capital | 148.55 | 148.55 | 1.00 |
| Reserves & Surplus (excluding revaluation reserves) | 833.88 | 730.12 | 0.00 |
| Sales/Total Income | 9859.26 | 7581.49 | 0.00 |
| Profit/(Loss) after Tax (PAT) | 102.53 | 47.07 | 0.00 |
| Earnings per Share (In Rs.) | 6.90 | 3.17 | Nil |
| NAV (In Rs.) | 66.13 | 59.15 | 10 |

Source: Audited Financial Statements

2) M/s Shilpi Cables Private Limited**Type of Organisation:**

The Company was incorporated as a Private limited Company on the December 4, 2006. Its Company Identification No. is U64204DL2006PTC156192.

Brief Description of Business:

The principal business of Shilpi Cables Private Limited to carry on the business relating to telephone cables and wires. However the Company has yet to commence its commercial activity.

Nature and extent of interest of the promoters

| Name | Number of Shares held in Shilpi Cables Private Limited | Percentage |
|-------------|--|------------|
| Manish Goel | 5000 | 50 |

The Promoters of the Shilpi Cable Technologies Limited are interested to the extent of the shareholding in Shilpi Cables Private Limited.

Financial Performance

(Amount in Rs. Lacs)

| Particulars | 31.03.2010 | 31.03.2009 | 31.03.2008 |
|---|------------|------------|------------|
| Paid up Equity Capital | 1.00 | 1.00 | 1.00 |
| Reserves & Surplus (excluding revaluation reserves) | 2.51 | Nil | Nil |
| Sales/Total Income | 6.00 | Nil | Nil |
| Profit/(Loss) after Tax (PAT) | 2.51 | Nil | Nil |
| Earnings per Share (in Rs.) | 25.12 | Nil | Nil |
| NAV (in Rs.) | 21.37 | (7.19) | 1.62 |

Source: Audited Financial Statements

3) M/s MVM Impex Private Limited

Type of Organisation:

The Company was incorporated as a Private limited Company on February 2, 2007. Its Company Identification No. is U51909DL2007PTC158700.

Brief Description of Business:

The Company is in the business of telephone cables and wires.

Nature and extent of interest of the promoters

| Name | Number of Shares held in MVM Impex Private Limited | Percentage |
|-------------|--|------------|
| Manish Goel | 5000 | 0.15% |

MVM Impex Private Limited holds 8520000 shares constituting 85.61% of the shareholding of Shilpi Communication Private Limited.

The Promoters of the Shilpi Cable Technologies Limited are interested to the extent of the shareholding in MVM Impex Private Limited and to the extent of the shareholding of MVM Impex Private Limited in the Promoter Company.

Financial Performance

(Amount in Rs. Lacs)

| Particulars | 31.03.2010 | 31.03.2009 | 31.03.2008 |
|---|------------|------------|------------|
| Paid up Equity Capital | 252.90 | 252.90 | 1.00 |
| Reserves & Surplus (excluding revaluation reserves) | 2263.19 | 2267.09 | 0.01 |
| Sales/Total Income | 2.96 | 4.12 | 3.96 |
| Profit/(Loss) after Tax (PAT) | (3.91) | (0.01) | 0.01 |
| Earnings per Share (in Rs.) | (0.12) | (0.0012) | 0.11 |
| NAV (in Rs.) | 74.69 | 74.80 | 7.28 |

Source: Audited Financial Statements

4) M/s GGP Cabletronics Private Limited

Type of Organisation:

The Company was incorporated as a Private limited Company on February 5, 2007. Its Company Identification No. is U31908 DL 2007 PTC 158763.

Brief Description of Business:

The Company is in the business of telephone cables and wires.

Nature and extent of interest of the promoters

GGP Cabletronics Private Limited holds 1502500 shares constituting 15.10 % of the shareholding of Shilpi Communication Private Limited.

The Promoters of the Shilpi Cable Technologies Limited are interested to the extent of the shareholding of GGP Cabletronics Private Limited in the Promoter Company.

Financial Performance

(Amount in Rs. Lacs)

| Particulars | 31.03.2010 | 31.03.2009 | 31.03.2008 |
|---|------------|------------|------------|
| Paid up Equity Capital | 1.00 | 1.00 | 1.00 |
| Reserves & Surplus (excluding revaluation reserves) | 0.00 | 0.00 | 0.01 |
| Sales/Total Income | 2.55 | 4.56 | 4.37 |
| Profit/(Loss) after Tax (PAT) | (0.04) | (0.02) | 0.01 |
| Earnings per Share (in Rs.) | (0.37) | (0.23) | 0.08 |
| NAV (in Rs.) | 7.78 | 7.60 | 7.78 |

Source: Audited Financial Statements

6) M/s Fasten Cables and Accessories Private Limited

Type of Organisation:

The Company was incorporated as a Private limited Company on March 16, 2010. Its Company Identification No. is U32204DL2010PTC200206.

Brief Description of Business:

The Company is in the business of manufacturing and trading of all kinds of copper and copper wires and cables.

Nature and extent of interest of the promoters

Mr Manish Goel is holding 9000 equity shares (90%) in Fasten Cables and Accessories Private Limited.

The Promoters of the Shilpi Cable Technologies Limited are interested to the extent of their shareholding in Fasten Cables and Accessories Private Limited.

Financial Performance

(Amount in Rs. Lacs)

| Particulars | 31.03.2010 | 31.03.2009 | 31.03.2008 |
|---|---------------|----------------|----------------|
| Paid up Equity Capital | 1.00 | Not Applicable | Not Applicable |
| Reserves & Surplus (excluding revaluation reserves) | Not available | Not Applicable | Not Applicable |
| Sales/Total Income | Not available | Not Applicable | Not Applicable |
| Profit/(Loss) after Tax (PAT) | Not available | Not Applicable | Not Applicable |
| Earnings per Share (in Rs.) | Not available | Not Applicable | Not Applicable |
| NAV (in Rs.) | 10 | Not Applicable | Not Applicable |

Since the company has been incorporated on 16th March 2010, no audited financials are available.

7) Gloster Metals and Alloys Private Limited

Type of Organisation:

The Company was incorporated as a Private limited Company on March 16, 2010. Its Company Identification No. is U27100 DL 2010 PTC 197959.

Brief Description of Business:

The Company is in the business of manufacturing and trading of all kinds of copper and copper wires and cables.

Nature and extent of interest of the promoters

Mr Mukesh Kumar Gupta is holding 7600 equity shares (76%) in Gloster Metals and Alloys Private Limited.

The Promoters of the Shilpi Cable Technologies Limited are interested to the extent of their shareholding in Gloster Metals and Alloys Private Limited.

Financial Performance

(Amount in Rs. Lacs)

| Particulars | 31.03.2010 | 31.03.2009 | 31.03.2008 |
|---|---------------|----------------|----------------|
| Paid up Equity Capital | 1.00 | Not Applicable | Not Applicable |
| Reserves & Surplus (excluding revaluation reserves) | Not available | Not Applicable | Not Applicable |
| Sales/Total Income | Not available | Not Applicable | Not Applicable |
| Profit/(Loss) after Tax (PAT) | Not available | Not Applicable | Not Applicable |
| Earnings per Share (in Rs.) | Not available | Not Applicable | Not Applicable |
| NAV (in Rs.) | 10 | Not Applicable | Not Applicable |

Since the company has been incorporated on 16th March 2010, no audited financials are available.

CURRENCY OF PRESENTATION

In the RHP, all references to "Rupees", "Rs." , "Rs", "rs" and "Indian Rupees" are to the legal currency of the Republic of India. Throughout the sections on 'Financial Information' and 'Summary of Financial Information' and 'Management's of Financial Condition and Results of Operations' in the RHP figures have been expressed in lacs. The term 'lacs' means 'One Hundred Thousand'.

Any percentage amounts, as set forth in "Risk Factors", "Our Business", "Management's Discussion and Analysis of Financial Conditions and Results of Operations" and "Basis for Issue Price" in the RHP, unless otherwise indicated, have been calculated on the basis of our financial statements prepared in accordance with Indian GAAP. In the RHP, any discrepancies in any table between total and the sum of the amounts listed are due to rounding-off.

DIVIDEND POLICY

Dividends, other than interim dividends, will be declared at the annual general meeting of the shareholders based on the recommendation of the Board of Directors. The Board may, at its discretion, recommend dividend to be paid to the members of the Company. The factors that may be considered by the Board before making any recommendations for the dividend, include but are not limited to profits earned during the financial year, liquidity of the Company, obligations towards repayment of debt including maintaining debt service reserves, future expansion plans and capital requirements, applicable taxes including tax on dividend, as well as exemptions under tax laws available to various categories of investors from time to time.

The Board may also, from time to time, pay to the members interim dividend, as appears to the Board to be justified by the profits of the Company.

Our Company has not paid any dividend so far.

SECTION V- FINANCIAL INFORMATION

FINANCIAL INFORMATION OF OUR COMPANY

AUDITORS REPORT

**The Board of Directors
Shilpi Cable Technologies Limited
(Formerly known as Rosenberger Shilpi Cable Technologies Limited)
A-19/ B-1 Extn. Mohan Co Operative Industrial Estate
Mathura Road, P O Badarpur, New Delhi -110044 (India)**

Subject: Stand alone Financial Information of Shilpi Cable Technologies Ltd.

Dear Sirs,

We have examined the financial information of **Shilpi Cable Technologies Limited** ("Company") annexed to this report, initialed by us for identification, which has been prepared in accordance with the requirements of:

- i) Paragraph B, of Part II of Schedule II of the Companies Act, 1956 (the "Act"), and the amendments thereof:
- ii) The Securities and Exchange Board of India (Issue of Capital & Disclosure Requirement Regulation) 2009 issued by the Securities and Exchange Board of India ("SEBI") and amendments made thereto from time to time in pursuance of section 11 of the Securities and Exchange Board of India Act, 1992; and
- iii) Our engagement with the Company requesting us to examine the financial information referred to above and proposed to be included in the offer document of the Company in connection with its public issue of Equity Shares (referred to as the "issue").

(A) Financial Information of the Company

We have examined:

1. The attached summary statement of Restated Assets & Liabilities of the Company as at 31st March 2007, 2008, 2009, 2010 & 30th September, 2010 as prepared by the company and approved by the Board of Directors. (Annexure -I).
2. The accompanying summary statement of Restated Profits & Losses of the Company for the period ended 31st March, 2007, Financial Year ended 31st March 2008, 2009, 2010 & Six months ended 30th September, 2010 as prepared by the Company and approved by the Board of Directors. (Annexure – II)
3. The accompanying summary statement of cash flow of the company for the period ended 31st March, 2007, Financial Year ended 31st March 2008, 2009, 2010 & Six months ended 30th September, 2010 as prepared by the company and approved by the Board of Directors. (Annexure- III)

These statements reflect the Assets and Liabilities and Profit and Losses for each of the relevant years as extracted from the balance sheet and profit and loss account for those years. For our examination, we have placed reliance on the financial statements audited by M/s. A K Chordia & Co for the period ended March 31, 2007 and Financial Year 2007-08, by Mahesh Kamlesh & Associates for the financial year 2008-09 and by our self for the financial year 2009-10 & period ended 30th September, 2010. These financial statements for all the years /period have been approved by the Board of Directors of the Company and adopted by the members of the Company for the respective years (except for the period ended 30th September, 2010 which are only approved by the Board of Directors & not approved by the members of the company). The Restated financial statements have been made after making such adjustments and regroupings and after incorporating material amounts and auditor's qualification requiring adjustments as in our opinion are appropriate and are described fully in the Notes appearing in Annexure V to this report.

Based on our examination of these summary statements we confirm that the restated financial information has been made in accordance with the provisions of sub-clause (B) of clause (IX) of Part A of Schedule VIII of the SEBI ICDR Regulations, and after incorporating:

- a. Adjustments suggested in paragraph 9 of sub-clause (B) of clause (IX) of Part A of Schedule VIII of the SEBI ICDR Regulations,
- b. There are no prior period items which are required to be adjusted,
- c. There are no extra-ordinary items that need to be disclosed separately in the accounts.
- d. The accounting policies applied for each of the years ended March 31, 2007, 2008, 2009, 2010 and Six months ended 30th September, 2010 are materially consistent with the existing Accounting Standards. (Annexure IV)
- e. The Restated profits have been arrived at after charging all expenses including depreciation and after making such adjustments and regrouping as in our opinion are appropriate in the year to which they are related as described in Restated Financial Statement.
- f. There was no qualification in the audit reports issued by the statutory auditors for the respective years which would require adjustment in these Restated Financial Statements (except for the financial year 2008-09 for which appropriate adjustment has already been incorporated).

(B) Other Financial Information

We have also examined the following financial information relating to the Company prepared by the management and approved by the Board of Directors for the purpose of inclusion in the Offer Document :-

1. Statement of Other Income as appearing in Annexure VI to this report.
2. Statement of Accounting & Other Ratios as appearing in Annexure VII to this report.
3. Statement of Capitalization of the company as appearing in Annexure VIII to this report.
4. Statement of Tax Shelters as appearing in Annexure IX to this report.
5. Statement of Secured Loans as appearing in Annexure X to this report.
6. Statement of Unsecured Loans as appearing in Annexure XI to this report.
7. Statement of Sundry Debtors as appearing in Annexure XII to this report.
8. Statement of Loans and Advances as appearing in Annexure XIII to this report.
9. Statement of Contingent Liabilities & Capital Commitments as appearing in Annexure XIV to this report.
10. Statement of Related Party Transaction as appearing in Annexure XV to this report.
11. Statement of Dividend paid as appearing in Annexure XVI to this report
12. Statement of Long Term Investment as appearing Annexure XVII to this report.
13. Statement of Expenditure incurred on the proposed Public Issue as appearing Annexure XVIII to this report.
14. Details of Qualification in Auditors Report as Appearing in Annexure XIX to this report
15. Details of Changes in significant Policies as Appearing in Annexure XX to this report

In our opinion, the above financial information of the Company read with Significant Accounting Policies & Notes to Accounts attached in Annexure IV & V to this report, after making adjustments and regrouping as considered appropriate has been prepared in accordance with Part II of the Schedule II of the Act and the SEBI (ICDR) Regulations issued by SEBI, as amended from time to time subject to and read with other notes.

This report should not be in any way construed as a re-issuance or re-dating of any of the previous audit reports issued by us or other statutory auditor, nor should this report be construed as a new opinion on any of the financial statements referred therein.

This report is intended solely for your information and for inclusion in the Offer document in connection with the issue of Equity shares of the Company and is not be used, referred to or distributed for any other purpose without our written consent.

Thanking you

For **M M Bhasin & Co**
Chartered Accountants
Firm Regn. No.: 014777N

Sd/-

(Mahesh Aggarwal)
Partner
Membership No. 086745
 Place: New Delhi
 Date: 17.02.2011

Statement of Assets and Liabilities (As Restated)

(Rs. in Lacs)

| | | | For the year ended | | | |
|----------|--|--|-----------------------------|-----------------------------|-----------------------------|--|
| | Particulars | Period from incorporation date till March 31, 2007 | 31 st March 2008 | 31 st March 2009 | 31 st March 2010 | For the 6 months ended 30 th September 2010 |
| A | FIXED ASSETS | | | | | |
| | Gross Block | 346.48 | 6,310.16 | 6,715.10 | 6,807.88 | 6,795.76 |
| | Less: Depreciation Reserve | 1.30 | 67.09 | 336.35 | 618.77 | 762.05 |
| | Net Block | 345.18 | 6,243.07 | 6,378.75 | 6,189.11 | 6,033.71 |
| | Less : Revaluation Reserve | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | Net Block after adjustment for Revaluation Reserve | 345.18 | 6,243.07 | 6,378.75 | 6,189.11 | 6,033.71 |
| | Capital work in Progress | 878.43 | 333.77 | 0.00 | 0.00 | 0.00 |
| | Pre operative expenses | 213.66 | 0.00 | 0.00 | 0.00 | 0.00 |
| | Total Fixed Assets (A) | 1,437.27 | 6,576.84 | 6,378.75 | 6,189.11 | 6,033.71 |
| B | INVESTMENTS (B) | 0.40 | 0.40 | 0.40 | 379.20 | 379.20 |
| C | CURRENT ASSETS, LOANS AND ADVANCES | | | | | |
| | Inventories | 0.00 | 2,279.66 | 2,291.38 | 2,694.86 | 2,987.25 |
| | Sundry Debtors | 0.00 | 6.30 | 2,160.14 | 6,018.82 | 7,608.44 |
| | Cash and bank Balance | 345.70 | 43.16 | 227.82 | 432.72 | 95.34 |
| | Loans and Advances | 2,431.23 | 697.72 | 312.26 | 743.56 | 1,553.05 |
| | Total (C) | 2,776.93 | 3,026.84 | 4,991.60 | 9,889.96 | 12,244.08 |
| D | LIABILITIES AND PROVISIONS | | | | | |
| | Secured Loans | 0.00 | 29.76 | 7,218.79 | 6,777.42 | 7,354.85 |
| | Unsecured Loans | 2,304.20 | 7,216.82 | 475.01 | 1,404.00 | 1,591.17 |
| | Current Liabilities & Provisions | 40.83 | 549.79 | 1,771.03 | 4,510.35 | 5,132.72 |
| | Deferred Tax Liabilities | 0.00 | 0.00 | 0.00 | 93.14 | 208.67 |
| | Total (D) | 2,345.03 | 7,796.37 | 9,464.83 | 12,784.91 | 14,287.41 |
| E | Deferred Tax Assets (E) | 0.00 | 99.83 | 303.57 | 0.00 | 0.00 |
| F | NET WORTH (A+B+C+E-D) | 1,869.57 | 1,907.54 | 2,209.49 | 3,673.36 | 4,369.58 |
| | | | | | | |

| | | | | | | |
|--|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| | REPRESENTED BY: | | | | | |
| | Share Capital | 1,555.00 | 2,000.00 | 2,000.00 | 2,420.00 | 2,420.00 |
| | Share Application Money | 215.00 | 0.00 | 700.00 | 0.00 | 0.00 |
| | Reserve and Surplus | 100.00 | 100.00 | 100.00 | 1,253.36 | 1,949.58 |
| | Less : Revaluation Reserve | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | Reserve and Surplus after adjustment for Revaluation Reserve | 100.00 | 100.00 | 100.00 | 1,253.36 | 1,949.58 |
| | Profit and Loss debit balances | (0.43) | (192.46) | (590.51) | 0.00 | 0.00 |
| | NET WORTH | 1,869.57 | 1,907.54 | 2,209.49 | 3,673.36 | 4,369.58 |

Annexure-II
Summary Statement of Profits and Losses, As Restated
(Rs. in Lacs)

| Particulars | Period from incorporation date till March 31, 2007 | For the year ended | | | For the 6 months ended 30 th September / 2010 |
|---|--|-----------------------------|-----------------------------|-----------------------------|--|
| | | 31 st March 2008 | 31 st March 2009 | 31 st March 2010 | |
| <u>INCOME</u> | | | | | |
| <u>SALES-</u> | | | | | |
| Of products manufactured by the issuer | 0.00 | 83.11 | 4,437.75 | 13,213.16 | 7,363.71 |
| Of products traded by the issuer | 0.00 | 0.00 | 400.69 | 3,777.74 | 3,470.81 |
| Total | 0.00 | 83.11 | 4,838.44 | 16,990.90 | 10,834.52 |
| Other Income/ Job Work | 0.00 | 4.00 | 24.48 | 201.80 | 144.09 |
| Increase/(Decrease) in Stock | 0.00 | 1,055.95 | (129.71) | 287.94 | 635.28 |
| Total | 0.00 | 1,143.06 | 4,733.21 | 17,480.64 | 11,613.89 |
| | | | | | |
| <u>EXPENDITURE-</u> | | | | | |
| Raw Material Consumed/Purchases | 0.00 | 927.00 | 3,072.05 | 13,352.05 | 9,150.50 |
| Staff Cost | 0.00 | 57.56 | 266.94 | 318.39 | 167.26 |
| Other Manufacturing Expenses (including Depreciation) | 0.00 | 177.51 | 578.60 | 827.85 | 386.71 |
| Administration Expenses | 0.00 | 50.04 | 95.95 | 149.61 | 170.60 |
| Selling & Distribution Expenses | 0.00 | 69.79 | 116.39 | 151.41 | 33.99 |
| Interest & Finance Charges | 0.00 | 151.95 | 1,203.04 | 1,183.10 | 708.31 |
| Preliminary Expenses | 0.43 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total | 0.43 | 1,433.85 | 5,332.97 | 15,982.41 | 10,617.37 |
| Net Profit/(Loss) before Tax & Extra ordinary items | (0.43) | (290.79) | (599.76) | 1,498.23 | 996.52 |
| Provision for Income Tax for Current Year | 0.00 | 0.00 | 0.00 | 197.47 | 184.77 |
| Provision for FBT for Current Year | 0.00 | 1.07 | 2.03 | 0.00 | 0.00 |
| Deferred Tax for Current Year | 0.00 | (99.83) | (203.74) | 396.70 | 115.54 |
| Net Profit/(Loss) after Tax & Extra ordinary items | (0.43) | (192.03) | (398.05) | 904.06 | 696.21 |
| Balance brought forward from the last year | 0.00 | (0.43) | (192.46) | (590.51) | 313.55 |
| Net Profit/(Loss) carried over to Balance Sheet | (0.43) | (192.46) | (590.51) | 313.55 | 1,009.76 |

Summary Statement of Cash Flow:

| | | | | | |
|---|-------------------|-----------------|---------------|-----------------|-----------------|
| CASH FLOW FROM OPERATIONS | | | | | |
| Profit before Taxation | (0.43) | (290.79) | (599.76) | 1,498.23 | 996.52 |
| Add:-Adjustment | | | | | |
| Deprecation | 0.00 | 65.80 | 270.61 | 282.42 | 143.28 |
| Miscellaneous expenses written off | 0.43 | 0.00 | 0.00 | 0.00 | 0.00 |
| Interest expenses | 0.00 | 151.95 | 1,203.04 | 1,183.10 | 708.30 |
| Provision for Gratuity/ Leave Encashment | 0.00 | 6.66 | 0.95 | 2.39 | 3.94 |
| Less : Interest income | 0.00 | 4.00 | 8.60 | 15.15 | 18.79 |
| Less :Profit on sale of assets | 0.00 | 0.00 | 1.36 | 0.00 | 0.00 |
| Operating Profit before Working Capital Change | 0.00 | (70.38) | 864.88 | 2,950.99 | 1,833.25 |
| Adjusted For-- | | | | | |
| (Increase)/ Decrease in Current Assets | | | | | |
| (Increase) / Decrease in Inventories | 0.00 | (2,279.66) | (11.72) | (403.48) | (292.39) |
| (Increase) / Decrease in Sundry Debtors | 0.00 | (6.30) | (2,153.84) | (3,858.68) | (761.78) |
| (Increase)/ Decrease in Loans & Advances | (2,431.23) | 1,733.51 | 385.46 | (428.27) | (760.97) |
| Increase / (Decrease) in Current Liabilities | | | | | |
| Increase/ (Decrease) in Sundry Creditors | 39.19 | 137.21 | 1,313.18 | 2,672.83 | 483.33 |
| Increase/ (Decrease) in Expenses Payable | 0.00 | 29.26 | 29.91 | (25.97) | (23.00) |
| Increase/ (Decrease) in Other Liabilities | 1.64 | 334.75 | (123.76) | (106.25) | (26.67) |
| Cash Generated from Operations | (2,390.40) | (121.61) | 304.11 | 801.17 | 451.77 |
| Income Tax paid | 0.00 | 0.00 | (1.06) | (4.36) | (243.66) |
| NET CASH FROM OPERATIONS (A) | (2,390.40) | (121.61) | 303.05 | 796.81 | 208.11 |
| INVESTING ACTIVITIES | | | | | |
| Additions to Fixed Assets | (1,224.91) | (5,419.02) | (187.58) | (92.78) | (16.69) |
| Pre-operative and Preliminary Exp. | (212.79) | 213.66 | 0.00 | 0.00 | 0.00 |
| Investment in subsidiary. Company | 0.00 | 0.00 | 0.00 | (378.80) | 0.00 |
| Other Investments | (0.40) | 0.00 | 0.00 | 0.00 | 0.00 |
| Sale of Fixed Assets | 0.00 | 0.00 | 116.41 | 0.00 | 28.80 |
| Income from Intt.& Dividend | 0.00 | 4.00 | 8.60 | 15.15 | 18.79 |

| | | | | | |
|---|-------------------|-------------------|----------------|-----------------|---------------|
| NET CASH FROM INVESTING ACTIVITIES (B) | (1,438.10) | (5,201.36) | (62.57) | (456.43) | 30.90 |
| FINANCING ACTIVITIES | | | | | |
| Increase in Share Capital | 1,555.00 | 230.00 | 0.00 | 420.00 | 0.00 |
| Increase in Share Application Money | 215.00 | 0.00 | 700.00 | (700.00) | 0.00 |
| Increase in Security Premium | 100.00 | 0.00 | 0.00 | 840.00 | 0.00 |
| Increase in Secured Loans | 0.00 | 29.76 | 7,189.03 | (441.37) | 577.43 |
| Increase in Unsecured Loans | 2,304.20 | 4,912.62 | (6,741.81) | 928.99 | 187.17 |
| Net Interest Paid | 0.00 | (151.95) | (1,203.04) | (1,183.10) | (708.30) |
| NET CASH FROM FINANCING ACTIVITIES (C) | 4,174.20 | 5,020.43 | (55.82) | (135.48) | 56.30 |
| Net Change in cash and cash equivalents (A+ B + C) | 345.70 | (302.54) | 184.66 | 204.90 | 295.31 |
| Cash and cash equivalents at the beginning of the period | 0.00 | 345.70 | 43.16 | 227.82 | 432.72 |
| Cash and cash equivalents at the end of the period | 345.70 | 43.16 | 227.82 | 432.72 | 728.03 |

- Notes: 1. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard -3 'Cash Flow Statement'.
2. Previous year's figures have been regrouped / rearranged /recasted wherever necessary to make them comparable with those of current year.

SIGNIFICANT ACCOUNTING POLICIES

1. General

The financial statements have been prepared as of a going concern on historical cost convention, in accordance with Generally Accepted Accounting Principles ('GAAP') comprising the mandatory accounting standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956 on the accrual basis, as adopted consistently by the company.

2. Fixed assets

Fixed assets are stated at cost less accumulated depreciation. Cost is inclusive of freight, duties, levies and any direct cost of bringing the assets to their working for intended use.

3. Depreciation

Depreciation is provided as per Straight Line Method at rates provided by schedule XIV of the Companies Act 1956. In case of purchase / sale of assets during the year, depreciation has been charged on pro rata basis from / up to date of commercial production / sale.

4. Inventory

Inventories are valued at cost or net realisable value whichever is less with cost established using the weighted average cost method. The cost of work in progress & finished goods include overheads on estimate basis.

5. Foreign Currency Transaction

Sales made to clients outside India and realizations deposit into Bank account are accounted for on the basis of exchange rate as on the date of the transaction. Adjustments are made for any variations in the sales proceeds on conversion into Indian currency up to actual receipts. Expenditure in foreign currency is accounted at the exchange rate prevalent when such expenditure is incurred. Current assets and current liabilities denominated in foreign currency are translated at the exchange rate prevalent at the date of the balance sheet. The exchange differences arising out of foreign currency transactions are recognised as Income or expenses in the year. The exchange differences arising out of foreign currency transactions pertaining to fixed assets are adjusted to carrying amount of related fixed assets.

6. Taxation

Current Tax calculations are based upon the assessable profits of the company computed in accordance with the Income Tax Act, 1961. The deferred tax charged or credit is recognised using current tax rates. Where there is unabsorbed depreciation or carry forward losses deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Other deferred tax assets are recognised only to the extent there is reasonable certainty of realisation in future deferred tax assets/Liabilities are reviewed as at each balance sheet date based on developments during the year, available case laws to reassess realisation /liabilities.

7. Revenue Recognition

(a) Sales of goods Indigenous and exports both are recognised at the time of dispatch / Constructive delivery. Sales are exclusive of Excise Duty, Sales Tax, and Trade Discount.

(b) Interest Income is recognised on time proportion basis.

(c) Dividend Income is recognised when the right to receive the dividend is established.

(d) Other Income is recognised on the basis of Accounting Standard – 9 (Revenue Recognition) notified by the Companies (Accounting Standards) Rules, 2006.

8. Borrowing Cost

Borrowing cost that is attributable to the acquisition / construction of qualifying assets is capitalized as part of the cost of the respective assets. Other borrowing costs are recognized as expenses in the year in which they are incurred.

9. Lease

Finance Lease: Assets taken on lease are capitalised at fair value/contracted price. Depreciation on the same is charged at the rate applicable to similar type of fixed assets as per accounting policy on 'Depreciation'. If the leased assets are returnable to the lessor on expiry of lease period, the same is depreciated over its' useful life or lease period, whichever is shorter. Lease payments made are apportioned between finance charges and reduction of outstanding liability in relation to assets taken on lease.

Operating Lease: Lease payments made for assets taken on operating lease are recognised as expense over the lease period.

- 10. (a)** Investments are either classified as current investments or long- term investments. The cost of investments includes acquisition charges such as brokerage, fees and duties. Current investments are carried at lower of cost and fair value.
- (b)** Long- term investments are carried at cost and provisions are recorded to recognize any decline, other than temporary, in the carrying value of each investment.
- 11. (a) Short Term Employee Benefits:**
Short term Employee benefits are recognized as an expense at the undiscounted amount in the profit and loss account for the year in which related services are rendered.
- (b) Defined Contribution Plans:**
Company's contributions and other amount, if any, payable during the year towards Provident Fund, Pension Fund and Employee State Insurance are recognized in the profit and loss account of the year.
- (c) Defined Benefit Plans:**
Company's liability towards gratuity in accordance with Payment of Gratuity Act, 1972 and other long term benefits are determined and accounted in accordance with AS-15 (Revised) based on the Actuarial Valuation as on the balance sheet date.
- 12.** Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.
- 13. Deferred Revenue Expenditure**
Preliminary expenditures are treated as deferred revenue expenditures and is amortised over such periods as determined by management from time to time.
- 14. Research & Development Expenditure**
Research & Development expenditure is accounted for in accordance with Accounting Standard-26 issued by ICAI.
- 15. Impairment Of Assets**
An asset as treated as impaired when the amount of an assets exceeds its recoverable value. An impairment loss is charged to Profit & Loss A/c in the year in which an asset is identified as impaired. Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the assets no longer exists.
- 16. Provisions, Contingent liabilities and Contingent Assets**
Provisions involving substantial degree of estimation in measurement are recognized where there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes.

Annexure-V

NOTES TO ACCOUNTS

A. Notes on adjustments for restated summary statements

The reconciliation of Profit / (Loss) after tax as per audited results and the Profit / (Loss) after tax as per Restated Accounts is presented below in Table-1. This summarizes the results of restatements made in the audited accounts for the respective years and its impact on the profit & losses of the company.

Table-1

(Rs. in Lacs)

| Particulars | Period from incorporation date till March 31, 2007 | For the year ended 31 st March | | | For the Six Months ended 30 th September, 2010 |
|--|--|---|----------|----------|---|
| | | 2008 | 2009 | 2010 | |
| Profit / (Loss) after tax as per Audited Accounts | 0.00 | (35.3) | 14.10 | 970.33 | 689.36 |
| Adjustments For: | | | | | |
| Staff Cost(Please refer note a below) | 0.00 | 0.00 | (77.74) | 0.00 | 0.00 |
| Administration Expenses(Please refer note b below) | 0.00 | 0.00 | (52.05) | 0.00 | 0.00 |
| Financial Expenses (Please refer note c below) | 0.00 | 0.00 | (404.86) | 0.00 | 0.00 |
| Preliminary Expenses (Please refer note d below) | (0.43) | 0.09 | 0.08 | 0.09 | 0.04 |
| Depreciation (Please refer note e below) | 0.00 | 0.00 | (91.93) | 25.39 | 12.65 |
| Income Tax (Please refer note f below) | 0.00 | 0.00 | 3.03 | 46.19 | (2.35) |
| Fringe Benefit Tax (Please refer note g below) | 0.00 | 0.00 | (0.70) | 0.00 | 0.00 |
| Deferred Tax (Please refer note h below) | 0.00 | (156.82) | 212.02 | (137.94) | (3.49) |
| Profit / (Loss) after tax as per Restated Accounts | (0.43) | (192.03) | (398.05) | 904.06 | 696.21 |

The Explanatory notes for these adjustments are discussed below:

a) Pre-Operative Capitalization

During the year ended March 31st 2009, the company had capitalized an amount of Rs. 534.66 Lacs under the head Plant and Machinery which consisted of staff costs of Rs. 77.74 Lacs.

On account of differences between JV partners the plant stopped production immediately after starting on January 2008 and could start the production in right earnest only in September 2008 after the completion of buyout process among JV partners. The sales could start on regular basis only from the month of December 2008. In view of this, operational expenses from 1st April 2008 to 31st August 2008, being the period during which the plant operation was suspended due to JV partner buyout, amounting to Rs 534.66 Lacs were considered as pre operative and were capitalized in Plant and Machinery. This transaction was qualified by the auditors in their Audit Report for the financial year ending 31.03.2009.

Rs 534.66 Lacs includes the following amounts:

- Staff Costs : Rs 77.74 Lacs
- Administrative Expenses : Rs.52.05 Lacs

- Financial Expenses : Rs 404.86 Lacs.
- Further, there is a difference of Rs. 1000 due to rounding off of the figure in Lacs.

Therefore, de-capitalization has been made in the Restated financial statements for the year ended March 31, 2009. Consequently, staff costs amounting Rs 77.74 Lacs have been treated as Revenue Expenditure.

- b)** During the year ended March 31st 2009, the company had capitalized an amount of Rs. 534.66 Lacs under the head Plant and Machinery which consisted of staff costs of Rs. 77.74 Lacs. This amount had been adjusted due to the same reason as explained in note a) above.

Therefore, de-capitalization has been made in the Restated financial statements for the year ended March 31, 2009. Consequently, Administrative Expenses amounting Rs 52.05 Lacs have been treated as Revenue Expenditure.

- c)** During the year ended March 31st 2009, the company had capitalized an amount of Rs. 534.66 Lacs under the head Plant and Machinery which consisted of staff costs of Rs. 77.74 Lacs. This amount had been adjusted due to the same reason as explained in note a) above.

Therefore, de-capitalization has been made in the Restated financial statements for the year ended March 31, 2009. Consequently, Financial Expenses amounting Rs 404.86 Lacs have been treated as Revenue Expenditure.

d) Preliminary Expenses written Off

During the period ended March 2007, Preliminary Expenses incurred in establishing a company has been treated as Deferred Revenue Expenditure till the period ended 30th September, 2010. For the purpose of this statement such preliminary expenses have been treated as revenue expenditure for the period of 2007. Accordingly, the amount of Rs 0.43 Lacs has been reversed in the Restated financial statements in the year 2007 and subsequently Rs. 0.09 Lacs in the year 2008, Rs. 0.08 Lacs in the year 2009 and Rs.0.09 Lacs in the year 2010 and Rs. 0.04 Lacs in the period ended 30th September, 2010 have been reversed.

e) Adjustment for Depreciation

During the year ended March 2009 Plant and Machinery has been decapitalized in the Restated Financial Statement (as explained in Note a) above). Consequently, depreciation of Rs. 91.93 Lacs has been adjusted in the year ended March 2009 and depreciation of Rs. 25.39 Lacs has been adjusted in the year ended March 2010. Similarly depreciation of Rs. 12.65 Lacs has been adjusted in the period ended 30th September, 2010.

f) Income Tax

During the year ended March 2009 Plant and Machinery has been decapitalized in the Restated Financial Statement (as explained in Notes a) to e) above). Consequently, income tax of Rs. 3.03 Lacs has been adjusted in the year ended March 2009 and income tax of Rs. 46.19 Lacs has been adjusted in the year ended March 2010. Similarly, income tax of Rs. 2.35 Lacs has been adjusted in the period ended 30th September, 2010.

g) Fringe Benefit Tax

During the year ended March 2009 Plant and Machinery has been decapitalized in the Restated Financial Statements (as explained in Note a) above). It included Staff Costs which included Fringe Benefit Tax. Consequently, Fringe Benefit Tax of Rs 0.70 Lacs has been adjusted in the year ended March 2009.

h) Deferred Tax

For the year ended March 2008

During the year ended March 2008, unabsorbed loss has not been considered in the Audited Financial Statement for the purpose of computation of Deferred Tax. For the purpose of Restated Financial Statement the unabsorbed loss has been considered for computation of Deferred Tax. Consequently an amount of Rs. 156.82 Lacs has been adjusted in the year ended March 2008.

For the year ended March 2009

During the year ended March 2009 Plant and Machinery has been decapitalized in the Restated Financial Statement(as explained in Notes a) to e) above). Consequently Deferred Tax of Rs 212.02 Lacs has been adjusted in the year ended March 2009.

For the year ended March 2010

During the year ended March 2009 Plant and Machinery has decapitalized in the Restated Financial Statement (as explained in Note No. a - e above). Consequently Deferred Tax of Rs 137.94 Lacs has been adjusted in the year ended March 2010.

For the period ended 30th September, 2010

During the period ended 30th September, 2010 Plant and Machinery has decapitalized in the Restated Financial Statement (as explained in Note No. a - e above). Consequently Deferred Tax of Rs 3.49 Lacs has been adjusted in the period ended 30th September, 2010.

i) Material Regrouping

Appropriate adjustments, wherever material, have been made in Restated Summary Statements of Assets & Liabilities, Profit & Loss, wherever required, by a reclassification of the corresponding items of income, expenses, assets and liabilities in order to bring them in line with the requirements of the guidelines issued by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended up-to-date."

B. NOTES TO ACCOUNTS

1. Restated Financial Statements have been prepared in respect of financial year ended 31st March 2007, 2008, 2009, 2010 and the period ended 30th September, 2010.
2. During the year 2008-09 the name of the company was changed from Rosenberger Shilpi Cable Technologies Limited to Shilpi Cable Technologies Limited. W.e.f. 21st October, 2008.
3. (a) During the year, 2009 - 10 the company has increased its authorized capital from Rs. 2200.00 lacs to Rs. 2250.00 lacs w.e.f 30th September,2009 and further to 2420.00 lacs w e f 20th March 2010.
(b) During the period ended 30th September, 2010 the company has increased its authorized capital from Rs. 2420.00 lacs to Rs. 4000.00 lacs w.e.f 24th July 2010.
4.
 - a) Cash Credit, LC, BG Limits from IDBI Bank of Rs. 14.00 crores, Rs. 38.00 crores and 1.025 crores respectively are secured by hypothecation of all current assets on 1st charge on pari passu basis with Punjab National Bank and State Bank of India and second charge on pari passu basis on entire Fixed Assets of the company.
 - b) Term Loan from IDBI Bank of Rs. 31.55 crores is secured by hypothecation of Factory Land & Building, Plant & Machinery and Other Moveable Fixed Assets of the company on 1st charge pari-passu basis with Punjab National Bank and second charge pari passu basis on entire Current Assets of the company.
 - c) Cash Credit / LC limit of Punjab National Bank of Rs.5.00 crores and Rs. 23.00 crores respectively are secured by hypothecation of all current assets on 1st charge pari-passu basis with IDBI Bank and State Bank of India and second charge pari-passu basis on entire Fixed Assets of the company.
 - d) Term Loan from Punjab National Bank of Rs. 6.75 crores is secured by hypothecation of Factory Land & Building, Plant & Machinery and Other Moveable Fixed Assets of the company on 1st charge pari-passu basis with IDBI Bank and 2nd Parri Passu Charge on all the current assets of the company.
 - e) Cash Credit / LC / BG limit of State Bank of India of Rs.16.00 crores, Rs. 24.00 Crores and Rs. 1.00 crores respectively are secured by hypothecation of Stocks & Book Debts on 1st charge pari-passu basis with IDBI Bank and Punjab National Bank and second pari-passu charge on entire fixed assets of the company.
5. During the year 2009-10 the company issued 25 Lacs Equity Shares on 1st October 2009 and 17 Lacs Equity Shares on 22nd March 2010 @ Rs. 10/- each fully paid up at a premium of Rs. 20/- per share in cash to its holding company on preferential basis.

6. (a) Based on the information available with the company in respect of MSME (as defined in the Micro Small & Medium Enterprises Development Act, 2006) there are outstanding due to Micro Small & Medium Enterprises amounting to Rs. 9.27 Lacs for the period ended 30th September, 2010 and there are no delays in payment of dues to such enterprises during the period ended 30th September, 2010.
- (b) The above information regarding Micro Small & Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the company. This has been relied upon by the auditors.
7. During the period, the company has settled some of its liabilities by assignment of debts.
8. Remuneration paid/payable to Auditors-

(Rs. in Lacs)

| Particulars | Period from incorporation date till March 31, 2007 | For the year ended | | | For the 6 months ended 30 th September, 2010 |
|----------------------|--|-----------------------------|-----------------------------|-----------------------------|---|
| | | 31 st March 2008 | 31 st March 2009 | 31 st March 2010 | |
| Statutory Audit Fees | 0.28 | 1.68 | 1.68 | 2.20 | 1.10 |
| Tax Audit Fee | 0.00 | 0.56 | 0.57 | 0.56 | 0.28 |
| Total | 0.28 | 2.24 | 2.25 | 2.76 | 1.38 |

9. In the opinion of the board the Current Assets, Loans & Advances are approximately of the value stated, if realized in the ordinary course of business.
10. Based on the guidelines of Accounting Standards on segment reporting(AS-17) issued by The Institute of Chartered Accountants of India, the Company is exclusively engaged in dealing in only one segment i.e manufacturing of cable and accessories, hence there is only one primary segment in context of accounting standards 17 on Segment Reporting issued by ICAI. The company is not operating in any of the geographical segment.

11. **Deferred Taxation**

(Rs. in Lacs)

| (RS. IN LACS) | | | | | |
|--|---|---------------------------------|---------------------------------|--------------------------------|---|
| | | For the year ended | | | |
| Particulars | Period from Incorporation date till March 31, 2007 | 31 st March, 2008 | 31 st March, 2009 | 31 st March 2010 | For the 6 months ended 30 th Septemb er, 2010 |
| Deferred Tax Liability | | | | | |
| Depreciation on Fixed Assets | 0.00 | 259.44 | 443.58 | 590.89 | 534.58 |
| Total | 0.00 | 259.44 | 443.58 | 590.89 | 534.58 |
| Deferred Tax Assets | | | | | |
| Provision for gratuity | 0.00 | 2.79 | 3.11 | 3.93 | 4.76 |
| Carried forward Unabsorbed dep. and business losses. | 0.00 | 356.48 | 562.79 | 441.89 | 321.14 |
| Total | 0.00 | 359.27 | 565.90 | 445.81 | 325.90 |

| | | | | | |
|---|------|---------|----------|--------|--------|
| Net Deferred Liabilities/ (Assets) | 0.00 | (99.83) | (122.32) | 145.08 | 208.68 |
| Net Deferred Restated Liabilities / (Assets) | 0.00 | (99.83) | (303.57) | 93.14 | 208.68 |

12. Capital Raised during the year

(Rs. in Lacs)

| | | For the year ended | | | |
|--------------------|---|------------------------------------|------------------------------------|-----------------------------------|---|
| Particulars | Period from Incorporation date till March 31, 2007 | 31st March, 2008 | 31st March, 2009 | 31st March 2010 | For the Six Months ended 30th September, 2010 |
| Public Issue | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Bonus Issue | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Right Issue | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Private Placement | 1555.00 | 445.00 | 0.00 | 420.00 | 0.00 |

13. The company provided Excise Duty on the finished goods lying in the premises on the Balance Sheet date as follows-

(Rs. in Lacs)

| Particulars | Period from Incorporation date till March 31, 2007 | For the year ended | | | For the 6 months ended 30th September, 2010 |
|--------------------|---|------------------------------------|------------------------------------|-----------------------------------|---|
| | | 31st March, 2008 | 31st March, 2009 | 31st March 2010 | |
| Excise Duty | 0.00 | 124.89 | 6.10 | 1.55 | 3.05 |

14. The disclosure required under Accounting Standard 15 on "Employees Benefit" notified is the Companies (Accounting Standards) Rules 2006, are as follows:-

Defined Contribution Plans

(Rs. in lacs)

| Particulars | Period from Incorporation date till March 31, 2007 | For the year ended | | | For the 6 months ended 30th September, 2010 |
|--------------------------------|---|------------------------------------|------------------------------------|------------------------------------|---|
| | | 31st March, 2008 | 31st March, 2009 | 31st March, 2010 | |
| Contribution to Provident Fund | 0.00 | 0.18 | 0.51 | 4.32 | 3.46 |

Defined Benefit Plans

Leave Encashment & Gratuity

Valuations in respect of Leave Encashment and Gratuity have been carried out by independent actuary, as at the Balance Sheet date, based on the following assumptions:

| Principal actuarial assumptions | Period from Incorporation date till March 31, 2007 | Financial Year 2008-09 | Financial Year 2009-10 | Six Months Ended 30th September, 2010 |
|--|---|-------------------------------|-------------------------------|---|
| Discount Rate (Per annum) | 8.00% | 7.00% | 7.50% | 7.50% |
| Rate of increase in Compensation levels | 5.50% | 4.50% | 5.00% | 5.00% |
| Rate of Return on Plan Assets | 0.00% | 0.00% | 0.00% | 0.00% |
| Expected Retirement Age of employees in no. of Years | 60 Years | 60 Years | 60 Years | 60 Years |
| EARN LEAVE ENCASHMENT | | | | |
| Changes in present Value of Obligation | | | | |
| Present value of Obligation as at beginning of the period | 0.72 | 2.41 | 2.36 | 3.85 |
| Interest Cost | 0.06 | 0.17 | 0.18 | 0.14 |
| Current Service Cost | 2.00 | 1.58 | 1.90 | 0.95 |
| Past Service Cost | 0.00 | 0.00 | 0.00 | 0.00 |
| Benefit Paid | 0.00 | (0.55) | (2.17) | (0.09) |
| Actuarial (Gains)/Loss on Obligation | 0.37 | (1.25) | 1.59 | (0.21) |
| Present value of Obligation as at the end of period | 2.41 | 2.36 | 3.85 | 4.65 |
| ii) Changes in Fair value of Plan Assets | | | | |
| Present value of Plan assets as at the beginning of the period | 0.00 | 0.00 | 0.00 | 0.00 |
| Expected Return on Plan Assets | 0.00 | 0.00 | 0.00 | 0.00 |
| Actuarial (Gain)/Loss | 0.00 | 0.00 | 0.00 | 0.00 |
| Employees' Contributions | 0.00 | 0.00 | 0.00 | 0.00 |
| Benefits Paid | 0.00 | 0.00 | 0.00 | 0.00 |
| Fair Value of Assets as at the end of period | 0.00 | 0.00 | 0.00 | 0.00 |
| Total Actuarial gain to be recognised | 2.41 | 2.36 | 3.85 | 4.65 |
| Reconciliation of the Present Value of Defined Present Obligations and the Fair value of Assets | | | | |
| Present value of Obligation as at the end of period | 2.41 | 2.36 | 3.85 | 4.65 |

| | | | | |
|--|------|--------|--------|--------|
| Fair value of Plan Assets as at the end of period | 0.00 | 0.00 | 0.00 | 0.00 |
| Funded (Asset)/Liability recognized in the Balance Sheet | 2.41 | 2.36 | 3.85 | 4.65 |
| Unrecognized Past Service Cost | 0.00 | 0.00 | 0.00 | 0.00 |
| Net Liability recognized in the Balance Sheet | 2.41 | 2.36 | 3.85 | 4.65 |
| Expenses recognized in the Profit and Loss Account | | | | |
| Current Service Cost | 2.00 | 1.58 | 1.90 | 0.95 |
| Past Service Cost | 0.00 | 0.00 | 0.00 | 0.00 |
| Interest Cost | 0.06 | 0.17 | 0.18 | 0.14 |
| Expected Return on Plan Assets | 0.00 | 0.00 | 0.00 | 0.00 |
| Net Actuarial (Gain)/Loss | 0.37 | (1.25) | 1.59 | (0.21) |
| Total Expenses recognized in the Profit and Loss Account | 1.68 | 0.50 | 3.66 | 0.88 |
| <u>SICK LEAVE</u> | | | | |
| Changes in present Value of Obligation | | | | |
| Present value of Obligation as at beginning of the period | 0.26 | 1.16 | 1.53 | 1.15 |
| Interest Cost | 0.02 | 0.08 | 0.11 | 0.43 |
| Current Service Cost | 1.00 | 1.01 | 0.61 | 0.29 |
| Past Service Cost | 0.00 | 0.00 | 0.00 | 0.00 |
| Benefit Paid | 0.00 | 0.00 | 0.00 | 0.00 |
| Actuarial (Gains)/Loss on Obligation | 0.11 | (0.73) | (1.10) | (0.30) |
| Present value of Obligation as at the end of period | 1.16 | 1.53 | 1.15 | 1.18 |
| ii) Changes in Fair value of Plan Assets | | | | |
| Present value of Plan assets as at the beginning of period | 0.00 | 0.00 | 0.00 | 0.00 |
| Expected Return on Plan Assets | 0.00 | 0.00 | 0.00 | 0.00 |
| Actuarial (Gain)/Loss | 0.00 | 0.00 | 0.00 | 0.00 |
| Employees' Contributions | 0.00 | 0.00 | 0.00 | 0.00 |
| Benefits Paid | 0.00 | 0.00 | 0.00 | 0.00 |
| Fair Value of Assets as at the end of period | 0.00 | 0.00 | 0.00 | 0.00 |
| Total Actuarial gain to be recognised | 1.16 | 1.53 | 1.15 | 1.18 |
| Reconciliation of the Present Value of Defined Present Obligations and the Fair value of Assets | | | | |

| | | | | |
|--|------|--------|--------|--------|
| Present value of Obligation as at the end of period | 0.00 | 0.00 | 0.00 | 0.00 |
| Fair value of Plan Assets as at the end of period | 0.00 | 0.00 | 0.00 | 0.00 |
| Funded (Asset)/Liability recognized in the Balance Sheet | 1.16 | 1.53 | 1.15 | 1.18 |
| Unrecognized Past Service Cost | 0.00 | 0.00 | 0.00 | 0.00 |
| Net Liability recognized in the Balance Sheet | 1.16 | 1.53 | 1.15 | 1.18 |
| Expenses recognized in the Profit and Loss Account | | | | |
| Current Service Cost | 1.00 | 1.01 | 0.61 | 0.29 |
| Past Service Cost | 0.00 | 0.00 | 0.00 | 0.00 |
| Interest Cost | 0.02 | 0.08 | 0.11 | 0.04 |
| Expected Return on Plan Assets | 0.00 | 0.00 | 0.00 | 0.00 |
| Net Actuarial (Gain)/Loss | 0.11 | (0.73) | (1.10) | (0.30) |
| Total Expenses recognized in the Profit and Loss Account | 0.90 | 0.37 | 0.38 | 0.03 |
| GRATUITY | | | | |
| Changes in present Value of Obligation | | | | |
| Present value of Obligation as at the beginning of period | 0.54 | 2.52 | 5.28 | 6.56 |
| Interest Cost | 0.04 | 0.18 | 0.40 | 0.25 |
| Current Service Cost | 2.15 | 2.80 | 3.20 | 2.01 |
| Past Service Cost | 0.00 | 0.00 | 0.00 | 0.00 |
| Benefit Paid | 0.00 | 0.00 | 0.00 | 0.00 |
| Actuarial (Gains)/Loss on Obligation | 0.21 | (0.22) | (2.31) | 0.77 |
| Present value of Obligation as at the end of period | 2.52 | 5.28 | 6.56 | 9.59 |
| ii) Changes in Fair value of Plan Assets | | | | |
| Present value of Plan assets as at the beginning of period | 0.00 | 0.00 | 0.00 | 0.00 |
| Expected Return on Plan Assets | 0.00 | 0.00 | 0.00 | 0.00 |
| Actuarial (Gain)/Loss | 0.00 | 0.00 | 0.00 | 0.00 |
| Employees' Contributions | 0.00 | 0.00 | 0.00 | 0.00 |
| Benefits Paid | 0.00 | 0.00 | 0.00 | 0.00 |
| Fair Value of Assets as at the end of period | 0.00 | 0.00 | 0.00 | 0.00 |
| Total Actuarial gain to be recognised | 2.52 | 5.28 | 6.56 | 9.59 |
| Reconciliation of the Present Value of Defined Present Obligations and the Fair value of Assets | | | | |

| | | | | |
|---|------|--------|--------|------|
| Present value of Obligation as at the end of period | 0.00 | 0.00 | 0.00 | 0.00 |
| Fair value of Plan Assets as at the end of period | 0.00 | 0.00 | 0.00 | 0.00 |
| Funded (Asset)/Liability recognized in the Balance Sheet | 2.52 | 5.28 | 6.56 | 9.59 |
| Unrecognized Past Service Cost | 0.00 | 0.00 | 0.00 | 0.00 |
| Net Liability recognized in the Balance Sheet | 2.52 | 5.28 | 6.56 | 9.59 |
| Expenses recognized in the Profit and Loss Account | | | | |
| Current Service Cost | 2.15 | 2.80 | 3.20 | 2.01 |
| Past Service Cost | 0.00 | 0.00 | 0.00 | 0.00 |
| Interest Cost | 0.04 | 0.18 | 0.40 | 0.25 |
| Expected Return on Plan Assets | 0.00 | 0.00 | 0.00 | 0.00 |
| Net Actuarial (Gain)/Loss | 0.21 | (0.22) | (2.31) | 0.77 |
| Total Expenses recognized in the Profit and Loss Account | 1.98 | 2.75 | 1.28 | 3.03 |

Notes: - Above Disclosure in respect of Revised Accounting Standard 15 "Employee Benefits" has been made from the year of its applicability to the company

15. Pre Operative capitalization

On account of differences between JV partners the plant stopped production immediately after starting of January 2008 and could start the production in right earnest only in September 2008 after the completion of buyout process among JV partners. The sales could start on regular basis only from the month of Dec 2008. In view of this, operational expenses from 1st April 2008 to 31st August 2008 being the period during which the plant operation was suspended due to JV partner buyout amounting to Rs 534.66 Lacs were considered as pre operative and were capitalized in Plant and Machinery. This transaction was qualified by the auditors in their Audit Report for the financial year ending 31.03.2009.

16. Contingent liability

The company has following Contingent liabilities which are not recognized in the financial statement.

| | | For the year ended | | | |
|--|--|------------------------------|------------------------------|-----------------------------|--|
| Particulars | Period from Incorporation date till March 31, 2007 | 31 st March, 2008 | 31 st March, 2009 | 31 st March 2010 | For the 6 months ended 30 th September , 2010 |
| Bank Guarantee (For EPCG and performance) | 0.00 | 102.50 | 118.37 | 118.33 | 113.61 |
| Corporate Guarantee (For WC Loans to subsidiary co. from Bank) | 0.00 | 0.00 | 0.00 | 2500.00 | 4500.00 |

17. During the year 2009-10, the Company has made an investment of Rs. 378.80 Lacs in Equity Shares of Shilpi Cabletronics Limited constituting 50.99% of the total paid up share capital to make investee company its subsidiary.
18. Details of Related Party Disclosures have been given in Annexure XV
19. Details of Earning Per Share given in Annexure VII
20. Disclosure regarding AS-29 (Provisions)

(Rs. in Lacs)

| Particulars | Period from Incorporation date till March 31, 2007 | Financial Year 2007-08 | Financial Year 2008-09 | Financial Year 2009-10 | For 6 months ended 30.09.2010 |
|--------------------------|--|------------------------|------------------------|------------------------|-------------------------------|
| Opening Balance | 0.00 | 1.53 | 37.46 | 68.33 | 44.75 |
| Utilized | 0.00 | 0.00 | 27.00 | 60.22 | 30.94 |
| Reversed | 0.00 | 0.00 | 0.06 | 0.38 | 0.00 |
| Provided During The Year | 1.53 | 35.93 | 57.93 | 37.02 | 36.78 |
| Closing Balance | 1.53 | 37.46 | 68.33 | 44.75 | 50.59 |

21. Additional Information where applicable pursuant to the provisions of Schedules VI of The Company Act 1956, is as under:-

A. Licensed Capacity: Not applicable

B. Installed Capacity (RF Cables) 18245 KMs

Note: Installed capacity is on the basis of a Techno & Economic Viability (TEV) Report prepared on behalf of lenders being a technical matter, has been relied upon by the auditor without verification.

C. Actual Production –
(Rs. in Lacs)

| Particulars | Period from Incorporation date till March 31, 2007 | For the Financial Year ended 31 st March, 2008 | For the Financial Year ended 31 st March, 2009 | For the Financial Year ended 31 st March, 2010 | For the 6 months ended 30 th September, 2010 |
|---|---|---|---|---|---|
| | Unit Qty Amt | Unit Qty Amt | Unit Qty Amt | Unit Qty Amt | Unit Qty Amt |
| Cable/ Wires | 0.00 | K Mtr. 580.67 881.57 | K Mtr 2510.11 2889.94 | K Mtr 9415.09 9965.58 | K Mtr 5152.44 5943.04 |
| Accessories & Components | 0.00 | 0.00 | Pcs. 145973 366.09 | Pcs. 1269231 3682.16 | Pcs. 1061350 3391.02 |
| Others | 0.00 | Kgs 38140 63.52 | Nos 12960 Kgs 76685 124.01 | Kgs 167419 249.74 | Kgs 21384 59.86 |

D. Opening Stock of Finished Goods

| | 01.04.2007 | | | 01.04.2008 | | | 01.04.2009 | | | 01.04. 2010 | | |
|---------------------------------------|-------------------|------|-------------|-------------------|--------|---------------|-------------------|--------|---------------|--------------------|--------|---------------|
| Particulars | Unit | Qty | Amt | Unit | Qty | Amt | Unit | Qty | Amt | Unit | Qty | Amt |
| Cables/ wires | | 0.00 | | K Mtr | 558.33 | 991.02 | K Mtr | 255.52 | 365.30 | K Mtr | 422.17 | 573.43 |
| Accessories and components | | 0.00 | | | 0.00 | | | 0.00 | | Pcs | 51815 | 106.61 |
| Others | | 0.00 | | | 0.00 | | | 0.00 | | | 0.00 | |
| Total | | | 0.00 | | | 991.02 | | | 365.30 | | | 680.04 |



E. Closing Stock of Finished Goods

| Particulars | 31.03.2007 | 31.03.2008 | 31.03.2009 | 31.03.2010 | 30.09.2010 |
|------------------------------|--------------|---------------------|---------------------|---------------------|----------------------|
| | Unit Qty Amt | Unit Qty Amt | Unit Qty Amt | Unit Qty Amt | Unit Qty Amt |
| Cables/ wires | 0.00 | K Mtr 558.33 991.02 | K Mtr 255.52 365.30 | K Mtr 422.17 573.43 | K Mtr 864.34 1116.94 |
| Acc. & components | 0.00 | 0.00 | 0.00 | Pcs 51815 106.61 | Pcs 106080 205.18 |
| Others | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total | 0.00 | 991.02 | 365.30 | 680.04 | 1322.12 |

F. SALES

(Rs. in Lacs)

| Particulars | 31 st March, 2007 | 31 st March, 2008 | 31 st March, 2009 | 31 st March, 2010 | 30 th September, 2010 |
|--------------------------|------------------------------|------------------------------|---------------------------------|------------------------------|----------------------------------|
| | Unit Qty Amt | Unit Qty Amt | unit Qty Amt | unit Qty Amt | unit Qty Amt |
| Cables/ wires | 0.00 | K Mtr 223.48 19.60 | K Mtr 2812.92 4313.74 | K Mtr 9248.44 12963.42 | K Mtr 4710.27 7303.85 |
| Cable Accessories | 0.00 | 0.00 | Pcs 145973 400.69 | Pcs 1217416 3777.74 | Pcs 1007085 3470.81 |
| Others | 0.00 | Kgs 38140 63.51 | Kgs. 76685 124.01 Nos. 12960 | Kgs 167.419 249.74 | Kgs 21.38 59.86 |
| Total | 0.00 | 83.11 | 4838.44 | 16990.90 | 10834.52 |

G. Raw Material Consumed / Purchases
(Rs. in Lacs)

| Particulars | 31 st March, 2007 | | | 31 st March, 2008 | | | 31 st March, 2009 | | | 31 st March, 2010 | | | 30 th September, 2010 | | |
|---------------------------------------|------------------------------|-----|------|------------------------------|----------|---------------|------------------------------|--------|----------------|------------------------------|---------|-----------------|----------------------------------|---------|----------------|
| | Unit | Qty | Amt | Unit | Qty | Amt | unit | Qty | Amt | Unit | Qty | Amt | unit | Qty | Amt |
| Copper(Tube/Tape/Rod/CCA) | | | 0.00 | Kgs | 203747 | 803.64 | Kgs. | 676911 | 1644.77 | Kgs | 1300586 | 238.52 | Kgs | 867.88 | 584.44 |
| Polythene/Adhesive Nuclear Agent etc. | | | 0.00 | Kgs | 123835.8 | 122.33 | Kgs. | 329617 | 244.61 | Kgs | 345403 | 239.36 | Kgs | 176.55 | 147.28 |
| S/F Cable | | | 0.00 | 0.00 | | | Kms | 736119 | 816.58 | Kgs | 5889451 | 5192.01 | Kgs | 1555.84 | 2027.76 |
| Accessories & Components | | | 0.00 | No | 115 | 1.03 | Nos. | 145973 | 366.09 | Kgs | 220210 | 3682.16 | Nos | 1061350 | 3391.02 |
| Total | | | | | | 927.00 | | | 3072.05 | | | 13352.05 | | | 9150.50 |

H. Value of Imported & Indigenous Raw Material Consumed / Purchases and percentage with total Consumption

| Particulars | 31 st March, , 2007 | | 31 st March, , 2008 | | 31 st March, 2009 | | 31 st March, 2010 | | 30 th September, 2010 | |
|--------------|--------------------------------|-------------|--------------------------------|-------------|------------------------------|-------------|------------------------------|-------------|----------------------------------|-------------|
| | % | Rs. In Lacs | % | Rs. In Lacs | % | Rs. In Lacs | % | Rs. In Lacs | % | Rs. In Lacs |
| Imported | N.A. | | 100% | 927.00 | 38.05 % | 1168.91 | 72.97 % | 9743.15 | 83.13 % | 7606.81 |
| Indigenous | N.A. | | | 0.00 | 61.95 % | 1903.14 | 27.03 % | 3608.90 | 16.87 % | 1543.69 |
| Total | N.A | | 100 % | 927.00 | 100 % | 3072.05 | 100 % | 13352.05 | 100 % | 9150.50 |

I. Value of imports on CIF basis

| Particulars | (Rs. in Lacs) | | | | |
|---------------|------------------------------|------------------------------|------------------------------|------------------------------|----------------------------------|
| | 31 st March, 2007 | 31 st March, 2008 | 31 st March, 2009 | 31 st March, 2010 | 30 th September, 2010 |
| Raw Material | NA. | 1871.24 | 1287.16 | 9827.46 | 7321.70 |
| Capital Goods | N.A. | 0.00 | 76.59 | 0.00 | 0.00 |
| Total | N.A | 1871.24 | 1363.75 | 9827.46 | 7321.70 |

J. Expenditure in Foreign Currency (on payment basis)

| Particulars | (Rs. in Lacs) | | | | |
|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|----------------------------------|
| | 31 st March, 2007 | 31 st March, 2008 | 31 st March, 2009 | 31 st March, 2010 | 30 th September, 2010 |
| On Capital Goods | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Raw Material and spare Parts | 0.00 | 0.00 | 685.03 | 9276.54 | 6685.02 |
| Others | 0.00 | 24.19 | 2.62 | 18.42 | 17.05 |

K. Earnings in Foreign Currency

| Particulars | (Rs. in Lacs) | | | | |
|----------------------|------------------------------|------------------------------|------------------------------|------------------------------|----------------------------------|
| | 31 st March, 2007 | 31 st March, 2008 | 31 st March, 2009 | 31 st March, 2010 | 30 th September, 2010 |
| F.O.B. Value of Sale | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

L. Amount remitted during the year in foreign currency on account of dividends and number of non - resident shareholders. NIL

22. Prior years/ Period Figures have been regrouped, rearranged & recast where considered necessary to conform to the current period's classification.

23. All the figures have been rounded off to the nearest lakh Rupees.

Statement of Other income

(Rs in Lacs)

| Particulars | Period from Incorporation date till March 31, 2007 | Financial year ended 31st March 2008 | Financial year ended 31st March 2009 | Financi al year ended 31st March 2010 | Six Months ended 30th September, 2010 | Related/ Not Related to Business Activity | Nature |
|---|---|--|--|---|--|--|------------------|
| Interest received | 0.00 | 4.00 | 8.60 | 15.15 | 18.79 | Related | Recurring |
| Rental Income | 0.00 | 0.00 | 14.41 | 0.68 | 0.00 | Related | Recurring |
| Miscellaneous Income | 0.00 | 0.00 | 1.47 | 7.64 | 2.77 | Related | Non Recurring |
| Exchange Rate Fluctuation Gain / Loss | 0.00 | 0.00 | 0.00 | 178.33 | 122.53 | Related | Recurring |
| Total | 0.00 | 4.00 | 24.48 | 201.80 | 144.09 | - | - |
| Net Profit before tax, as per Summary statement of Profits and Losses , as restated | 0.00 | (290.79) | (599.76) | 1,498.23 | 996.52 | - | - |
| Percentage of Other Income | 0.00 | (1.38) | (4.08) | 13.47 | 14.46 | - | - |

Note: - 1. In view of the management, all the other income mentioned above is mainly related to the business of the company.

2. The above amounts are as per the statement of profit & loss, as restated of the company.

Statement of Accounting & Other Ratios

| Particulars | Period from Incorporation date till March 31, 2007 | Financial year ended 31 st March 2008 | Financial year ended 31 st March 2009 | Financial year ended 31 st March 2010 | Six Months ended 30th September, 2010 |
|--|--|---|---|---|--|
| Net Worth (A) | 1,869.57 | 1,907.54 | 2,209.49 | 3,673.36 | 4,369.58 |
| Restated Profit after tax (B) | (0.43) | (192.03) | (398.05) | 904.06 | 696.21 |
| No of shares outstanding at the end of the year (C) | 1,55,50,000 | 2,00,00,000 | 2,00,00,000 | 2,42,00,000 | 2,42,00,000 |
| Weighted average no of shares at the time of end of the year (D) | 69,68,421 | 1,81,65,300 | 2,00,00,000 | 2,12,93,151 | 2,42,00,000 |
| Weighted average no of shares outstanding for Diluted EPS (E) | 69,68,421 | 1,81,65,300 | 2,00,00,000 | 2,12,93,151 | 2,42,00,000 |
| Current Assets (F) | 2776.93 | 3026.84 | 4991.60 | 9889.96 | 12244.08 |
| Current Liabilities (G) | 40.83 | 549.79 | 1771.03 | 4510.35 | 5132.72 |
| Earnings Per Share (Rs.) (B/D) | (0.01) | (1.06) | (1.99) | 4.24 | 2.88 |
| Diluted Earnings Per Share (Rs.) (B/E) | (0.01) | (1.06) | (1.99) | 4.24 | 2.88 |
| Return on Net worth (%) (B/A) | (0.02) | (10.07) | (18.02) | 24.61 | 15.93 |
| Net asset value per share (A/C) | 12.02 | 9.54 | 11.05 | 15.18 | 18.06 |
| Current Ratio (F/G) | 68.01 | 5.51 | 2.82 | 2.19 | 2.39 |

Note:-

- Earnings per share (Rs.) = Profit available to equity shareholders/ weighted no. of equity shares.
- Return on Net worth (%) = Profit after taxation/Net worth X 100
- Net asset value/Book value per share (Rs.) = Net worth /No. of equity shares
- The company does not have any revaluation reserves or extra-ordinary items.
- Weight average no. of equity shares outstanding during the period/ year means no. of equity shares outstanding at the beginning of the period, adjusted by the no. of equity shares issued during the period/ year multiplied by the time weighted factor.

Basic Earnings per Share (Rs.) = Restated net profit/ Loss after Tax divided by Weighted Average number of Equity Shares outstanding during the Period/year

Diluted Earnings Per Share(Rs.) = Restated Net Profit attributable to equity shareholders adjusted for interest, dividend and other changes in expenses or income due to dilutive potential equity shares divided by (Weighted average no. of shares outstanding during the period + weighted average no. of shares to be issued on conversion of dilutive potential equity shares)“

Annexure – VIII

Capitalization Statement:

| Particulars | Pre Issue As at 30th September, 2010 | Post Issue* |
|---|--|-------------|
| Total Debt: | | |
| Short Term Debt | 3,513.75 | [•] |
| Long Term Debt | 5,432.27 | [•] |
| Total Borrowing | 8,946.02 | [•] |
| Shareholders' Funds: | | |
| Share Capital | 2,420.00 | [•] |
| Reserves & surplus | 1,949.58 | [•] |
| Total Shareholders' Funds | 4,369.58 | [•] |
| Long Term Debt/ Shareholders funds | 1.24 | [•] |
| Total Debt / Equity | 2.05 | [•] |

* Post issue calculation can be done only on the conclusion of the book building process.

Annexure - IX
STATEMENT OF TAX SHELTER

| | | | For the Year ended | | | |
|---|---|--|-----------------------------|-----------------------------|-----------------------------|---------------------------------------|
| | Particulars | Period from Incorporation date till March 31, 2007 | 31 st March 2008 | 31 st March 2009 | 31 st March 2010 | Six Months ended 30th September, 2010 |
| | Rate of Tax (Normal) | 30.90% | 30.90% | 33.99% | 33.99% | 30.90% |
| | Rate of Tax (MAT) | 11.33% | 11.33% | 11.33% | 16.995% | 18.540% |
| | | | | | | |
| A | Profit Before Tax | | | | | |
| | Profit / (Loss) as per Profit & Loss Account before Tax(Restated) | (0.43) | (290.79) | (599.76) | 1498.23 | 996.53 |
| | Profit / (Loss) as per Profit & Loss Account before Tax(Audited) | 0.00 | (290.88) | 26.74 | 1472.75 | 983.83 |
| | Adjustments in Audited P&L : | | | | | |
| | Depreciation as per Companies Act | 0.00 | 65.80 | 178.68 | 307.81 | 155.93 |
| | Depreciation as per Income Tax Act | 0.00 | (830.38) | (812.34) | (715.81) | (311.38) |
| | Provision for gratuity | 0.00 | 0.00 | 1.63 | 4.56 | 3.94 |
| | Penalty | 0.00 | 0.00 | 0.32 | 2.17 | 2.72 |
| | Prior Period expense | 0.00 | 0.00 | 0.03 | 0.00 | 0.00 |
| | Profit on sale of Fixed Assets | 0.00 | 0.00 | (1.36) | 0.00 | 0.00 |
| | Payment of Gratuity/ Leaves allowable | 0.00 | 0.00 | (0.67) | 0.00 | 0.00 |
| | Late deposit of PF | 0.00 | 0.00 | 0.00 | 1.03 | 0.00 |
| | Net Taxable income | 0.00 | (1055.46) | (606.97) | 1072.51 | 835.04 |
| B | Taxable Income | | | | | |
| | Taxable Income as per Income Tax | 0.00 | (1055.46) | (606.97) | 1072.51 | 835.04 |
| | Tax Payable as per Income Tax (Normal) | 0.00 | 0.00 | 0.00 | 364.55 | 258.03 |
| | Tax Payable as per MAT | 0.00 | (32.96) | 3.03 | 243.66 | 182.42 |
| | Tax Payable as per Return* | 0.00 | 0.00 | 0.00 | 243.66 | 182.42 |
| | | | | | | |
| C | Tax on Restated P&L | 0.00 | 0.00 | 0.00 | 197.47 | 184.77 |
| | | | | | | |
| D | Permanent Difference | | | | | |
| | Penalty | 0.00 | 0.00 | 0.32 | 2.17 | 2.72 |
| | Profit on sale of Fixed Assets | 0.00 | 0.00 | (1.36) | 0.00 | 0.00 |
| | Late deposit of PF | 0.00 | 0.00 | 0.00 | 1.03 | 0.00 |
| | Total Permanent Difference (a) | 0.00 | 0.00 | (1.04) | 3.20 | 2.72 |
| | | | | | | |

| | | | | | | |
|---|--|------|-------|----------|-----------|----------|
| E | Timing Difference | | | | | |
| | Difference in Book Depreciation & Tax Depreciation | 0.00 | 0.00 | (633.66) | (408.00) | (155.44) |
| | Provision for gratuity | 0.00 | 0.00 | 0.96 | 4.56 | 3.94 |
| | Carry Forward Business Loss & Prior Period expense | 0.00 | 0.00 | 0.03 | (1654.22) | (696.32) |
| | Total Timing Difference (b) | 0.00 | 0.00 | (632.67) | (2057.66) | (847.82) |
| | Net Adjustment (a+b) | 0.00 | 0.00 | (633.71) | (2054.46) | (845.10) |
| F | Deferred Tax Assets/ (Liabilities) Restated | 0.00 | 99.83 | 303.57 | (93.14) | (208.67) |
| | | | | | | |

(*) Tax payable as per computation made for provision for tax.

Note: - The above adjustments are provided on the basis of Income Tax Return of the company for the respective Assessment Year & Tax Payable as per computation made for provision for tax in audited accounts except for the period ended 30th September, 2010.

Annexure – X
(Rs. in Lacs)

Statement of Secured Loans:

| | | For the Financial Year ended | | | |
|--------------------------------|--|------------------------------|-----------------------------|-----------------------------|---------------------------------------|
| Particulars | Period from Incorporation date till March 31, 2007 | 31 st March 2008 | 31 st March 2009 | 31 st March 2010 | Six Months ended 30th September, 2010 |
| RUPEE TERM LOAN : | | | | | |
| FROM BANKS: | | | | | |
| The Karur Vysya Bank | 0.00 | 0.00 | 965.42 | 753.14 | 0.00 |
| Punjab National Bank | 0.00 | 0.00 | 0.00 | 0.00 | 661.87 |
| IDBI Bank | 0.00 | 0.00 | 3751.42 | 3448.88 | 3142.24 |
| WORKING CAPITAL LOANS : | 0.00 | 0.00 | | | |
| The Karur Vysya Bank | 0.00 | 0.00 | 342.68 | 358.73 | 2.47 |
| Punjab National Bank | 0.00 | 0.00 | 0.00 | 0.00 | 489.43 |
| IDBI Bank | 0.00 | 0.00 | 2142.96 | 1278.58 | 1414.17 |
| SBI | 0.00 | 0.00 | 0.00 | 895.69 | 1607.68 |
| | | | | | |
| PC/FDB Loan : | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Vehicle Loan : | 0.00 | 29.76 | 16.31 | 42.40 | 36.99 |
| Total | 0.00 | 29.76 | 7218.79 | 6777.42 | 7354.85 |

| Principal Terms of Sanctioned Loans and Assets Charged as Security | | | | | | | |
|---|----------------------|------------------------------------|--------------------------------|---|------------------|----------------------------|---|
| Sr. No. | Lender | Type of Facility (Sanction Amount) | Sanction / letter no. and date | Terms of repayment | Rate of Interest | (Rs in Lacs) 30-09-2010 | Details of Security |
| 1 | Punjab National Bank | TERM LOAN (6.75 Cr)* | 27.09.2010 | 35 Equal Monthly Installments of Rs. 19.29 Lacs | 13.50% | 661.87 | Pari-passu charge on movable Property (save and except book debts) Factory Land & Building, Plant and Machinery, spare tools and accessories and movable both present |

| | | | | | | | |
|---|-------|-----------------------|------------|--|--------|---------|---|
| | | | | | | | and future installed or to be installed, store at premises in India or at any other place |
| | | | | | | | Second pari-passu charge on entire raw material, semi finished goods, finished goods, consumable stores and spares, and other movables including book debts, bills, outstanding money, receivables both present and future. |
| | | | | | | | ROC Charge ID 10243223 |
| 2 | IDBI* | TERM LOAN (31.55 Cr)* | 01.09.2010 | Total 37 Installments. 1 Install of Rs. 50 Lacs, 35 Install of Rs. 86 Lacs each & 1 Install of Rs. 95 Lacs | 14.00% | 3142.24 | First Pari-passu charge on movable Property (save and except book debts) Plant and Machinery, spare tools and accessories and movable both present and future installed or to be installed, |

| | | | | | | | |
|--|--|--|--|--|--|--|---|
| | | | | | | | store at premises in India or at any other place including those in transit. |
| | | | | | | | Second pari-passu charge on entire raw material, semi finished goods, finished goods, consumable stores and spares, and other movables including book debts, bills, outstanding money, receivables both present and future. |
| | | | | | | | Personal Guarantee: Mukesh Kumar Gupta and Manish Goel |
| | | | | | | | Corporate Guarantee: - Shilpi Cables Pvt. Ltd. Shilpi Communication Pvt. Ltd Shilpi Cabletronics Pvt. Ltd. |
| | | | | | | | ROC Charge ID 10118426 |

| | | | | | | | |
|---|----------------------|----------------------------|------------|-------------------|--------|--------|--|
| 3 | Punjab National Bank | WORKING CAPITAL (5.00 Cr)@ | 27.09.2010 | Tenability 1 Year | 13.50% | 489.43 | Primary: First Pari-passu charge over the entire current assets, present and future of the company along with IDBI Bank and SBI under MBA. For DP, paid stocks and book debts not older than 120 days only to be taken into account. |
| | | | | | | | Collateral : second pari-passu charge over fixed assets of the applicant company amounting to Rs 70.05 Cr. |
| | | | | | | | Pari-passu first charge over the industrial land and building property situated at plot no. E-138, Phase II, RIICO, Bhiwadi, Rajasthan. Standing in the name of M/s Shilpi Cables Pvt Ltd. |
| | | | | | | | ROC Charge ID 10243223 |

| | | | | | | | |
|---|----------------------|----------------------------------|------------|-------------------|---|---------|--|
| 4 | Punjab National Bank | NON FUND BASED LIMIT (23.00 Cr)@ | 27.09.2010 | Tenability 1 Year | - | 1796.97 | Primary: First Pari-passu charge over the entire current assets, present and future of the company along with IDBI Bank and SBI under MBA. For DP, paid stocks and book debts not older than 120 days only to be taken into account. |
| | | | | | | | Collateral : second pari-passu charge over fixed assets of the applicant company amounting to Rs 70.05 Cr. |
| | | | | | | | Pari-passu first charge over the industrial land and building property situated at plot no. E-138, Phase II, RIICO, Bhiwadi, Rajasthan. Standing in the name of M/s Shilpi Cables Pvt Ltd. |
| | | | | | | | ROC Charge ID10243223 |

| | | | | | | | |
|---|------------|------------------------------------|------------|-------------------|-----|---------|--|
| 5 | IDBI Bank* | WORKING CAPITAL (14.00 Cr) | 01.09.2010 | Tenability 1 Year | 14% | 1414.17 | Primary: First pari-passu charge on the entire current assets of the company both present and future. |
| | | | | | | | Collateral: Second pari-passu charge on the fixed assets of the company. |
| | | | | | | | Equitable Mortgage of property at Bhiwadi (belonging to Shilpi Cables Pvt Ltd) on pari passu basis with Punjab National Bank |
| | | | | | | | ROC Charge ID 10118425 |
| 6 | IDBI Bank* | NON FUND BASED LIMIT (38.00 Cr) | 01.09.2010 | Tenability 1 Year | - | 3777.57 | Primary: First pari-passu charge on the entire current assets of the company both present and future. |
| | | | | | | | Collateral: Second pari-passu charge on the fixed assets of the company. |

| | | | | | | | |
|---|------------|--------------------------------|------------|-------------------|-------|---------|---|
| | | | | | | | Equitable Mortgage of property at Bhiwadi (belonging to Shilpi Cables Pvt Ltd) on pari passu basis with Karur Vysya Bank. |
| | | | | | | | ROC Charge ID 10118425 |
| 7 | IDBI Bank* | NO FUND BASED LIMIT (1.025 Cr) | 01.09.2010 | Tenability 1 Year | - | 102.50 | Primary: First pari-passu charge on the entire current assets of the company both present and future. |
| | | | | | | | Collateral: Second pari-passu charge on the fixed assets of the company. |
| | | | | | | | Equitable Mortgage of property at Bhiwadi (belonging to Shilpi Cables Pvt Ltd) on pari passu basis with Karur Vysya Bank. |
| | | | | | | | ROC Charge ID 10118425 |
| 8 | SBI | WORKING CAPITAL (16.00 Cr)≠ | 06.05.2010 | Tenability 1 Year | 13.75 | 1607.68 | Primary: First pari passu charge by way of hypothecation on the |

| | | | | | | | |
|---|-----|----------------------------------|------------|-------------------|---|---------|--|
| | | | | | | | entire current assets. |
| | | | | | | | Collateral: 2 nd Pari-passu charge on entire fixed assets. |
| | | | | | | | First Pari-passu charge by way of EM of landed property at Bhiwadi owned by the associate company Shilpi Cables Pvt Ltd. |
| | | | | | | | Personal Guarantee: Mukesh Kumar Gupta and Manish Goel |
| | | | | | | | Corporate Guarantee: - |
| | | | | | | | Shilpi Cables Pvt. Ltd. |
| | | | | | | | Shilpi Communication Pvt. Ltd |
| | | | | | | | Shilpi Cabletronics Pvt. Ltd. |
| | | | | | | | ROC Charge ID 10173306 |
| 9 | SBI | NON FUND BASED LIMIT (24.00 Cr)≠ | 06.05.2010 | Tenability 1 Year | - | 2300.11 | Primary: First pari passu charge by way of hypothecation on the entire current assets. |

| | | | | | | | |
|----|-----|---------------------------|------------|-------------------|---|------|--|
| | | | | | | | Collateral: 2 nd Pari-passu charge on entire fixed assets. |
| | | | | | | | First Pari-passu charge by way of EM of landed property at Bhiwadi owned by the associate company Shilpi Cables Pvt Ltd. |
| | | | | | | | Personal Guarantee: Mukesh Kumar Gupta and Manish Goel |
| | | | | | | | Corporate Guarantee: |
| | | | | | | | - |
| | | | | | | | Shilpi Cables Pvt Ltd. |
| | | | | | | | Shilpi Communication Pvt Ltd Shilpi Cabletronics Pvt Ltd. |
| | | | | | | | ROC Charge ID 10173306 |
| 10 | SBI | NON FUND BASED (1.00 Cr)≠ | 06.05.2010 | Tenability 1 Year | - | 1.78 | Primary: First pari passu charge by way of hypothecation on the entire current assets. |
| | | | | | | | Collateral: 2 nd Pari-passu charge on entire fixed assets. |

| | | | | | | | |
|----|---------------------------------|------------------------|------------|--|----------------|-------|--|
| | | | | | | | First Pari-passu charge by way of EM of landed property at Bhiwadi owned by the associate company Shilpi Cables Pvt Ltd. |
| | | | | | | | Personal Guarantee: Mukesh Kumar Gupta and Manish Goel |
| | | | | | | | Corporate Guarantee: - |
| | | | | | | | Shilpi Cables Pvt Ltd. |
| | | | | | | | Shilpi Communication Pvt Ltd |
| | | | | | | | Shilpi Cabletronics Pvt Ltd. |
| | | | | | | | ROC Charge ID 10173306 |
| 11 | HDFC BANK. | VEHICLE LOAN (COROLLA) | 15.09.2009 | 36 Monthly Installments | 8.75% | 7.14 | Vehicle |
| | | | | | | | No Charge Filed |
| 12 | HDFC BANK. | VEHICLE LOAN | 22.04.2009 | 35 Monthly Installments | 9.50% | 8.67 | Vehicle |
| | | | | | | | No Charge Filed |
| 13 | ICICI BANK | VEHICLE LOAN | 05.07.2007 | 34 Monthly Installments | 10.82% | NIL | Vehicle |
| | | | | | | | No Charge Filed |
| 14 | HDFC Bank | VEHICLE LOAN | 09.03.2010 | 35 Monthly Installments of Rs 72,412/- | 14.5% (approx) | 17.94 | Vehicle |
| | | | | | | | No Charge Filed |
| 15 | SYAIL LEASING & FINANCE COMPANY | VEHICLE LOAN | 28.07.2010 | Monthly Installments of Rs 10380/- | - | 3.25 | Vehicle |
| | | | | | | | No Charge Filed |

*Principal terms of Term Loans are:

1. All Term Loans are secured by specific assets which are financed by bank
2. Rate of interest of term loans are given above

3. Repayment schedule of term loans are given above

@ 1. Prepayment charges 2%

2. Commitment charges 0.25% on the unveiled portion of the total limit where the disburse amount is less than 70% of the sanction.

3. Penal Interest: In case any of the terms and conditions are not complied or irregularities are noticed in the conduct of the accounts or default/delay in repayment of installment is noticed, the bank would charge Panel interest at 2% over and above the applicable interest rate.

≠ Penal Rate of Interest: Each of following events will attract penal interest at applicable rate as indicated, over and above the normal interest applicable in the account:

a. Irregularities in cash credit accounts: On the entire outstanding, if continuously irregular for a period beyond 60 days; in other cases, on the irregular portion (at 2% p.a.).

b. Non- submission of stock statements: Delay beyond 15 days of the succeeding month to be considered as non-submission (at 1% p.a.).

c. Non-submission of renewal data beyond three months from the due date of renewal (at 1% p.a.).

d. Non-compliance with covenants (at 1% p.a.).

However, the total panel interest charged due to various non- compliances will not exceed 3%p.a.

● **Penal Interest:**

i. The company to submit month end statement of book debts and stocks in the first week of the following month. Any delay in submission of the statements to attract penal interest 2% over and above the rate charged.

ii. The company to submit QIS within 45 days from the end of relevant quarter. Any delay in submission of the statements to attract penal interest 2% over and above the rate charged.

Annexure – XI

Statement of Unsecured Loans:

(Rs. in Lacs)

| Particulars | Period from Incorporation date till March 31, 2007 | Financial Year ended 31 st March 2008 | Financial Year ended 31 st March 2009 | Financial Year ended 31 st March 2010 | For the 6 months ended 30th September, 2010 | Interest Rate (for all loans) | Repayment schedule |
|---|--|--|--|--|---|-------------------------------|---|
| From Promoters/ Directors / Share holders | 0.00 | 0.00 | 0.00 | 378.80 | 378.80 | 0.00 | There is no fixed repayment schedule and all the loans are repayable on demand. |
| From group co./subsidiaries and material associate co | 0.00 | 0.00 | 289.00 | 537.70 | 677.20 | 0.00 | |
| Others (without Interest) | 2304.20 | 7216.82 | 186.01 | 487.50 | 343.50 | 0.00 | |
| Others (with Interest) | 0.00 | 0.00 | 0.00 | 0.00 | 191.67 | 7.85% | Monthly Repayment |
| Total | 2304.20 | 7216.82 | 475.01 | 1404.00 | 1591.17 | | |

Note: - All of the above Unsecured Loans can be recalled by the lenders at any time except interest bearing loan. There are no Unsecured Loans that have been taken by Shareholders of the Shilpi Cable Technologies Limited.

Break up of Loans taken from Promoters/ Directors or group/ Shareholders / Associate Companies:

For the period ended 30th September, 2010

| | |
|--|--|
| From Promoters / Directors/ Share holders | Mr. Mukesh Kumar Gupta (Rs. 378.80 Lacs) |
| From group co./subsidiaries and material associate companies | M/s MVM Impex Private Limited (Rs. 283.70 Lacs) |
| | M/s Shilpi Communication Private Limited (Rs. 393.50 Lacs) |

For the year ended March 2010

| | |
|--|--|
| From Promoters/ Directors/ Share holders | Mr. Mukesh Kumar Gupta (Rs. 378.80 Lacs) |
| From group co./subsidiaries and material associate companies | M/s MVM Impex Private Limited (Rs. 133.70 Lacs) |
| | M/s Shilpi Communication Private Limited (Rs. 404.00 Lacs) |

For the year ended March 2009

| | |
|--|--|
| From group co./subsidiaries and material associate companies | M/s MVM Impex Private Limited (Rs. 30.00 Lacs) |
| | M/s Shilpi Communication Private Limited (Rs. 259.00 Lacs) |

Annexure – XII

Statement of Sundry Debtors:

(Rs. in Lacs)

| <u>Age-Wise Breakup</u> | Period from Incorporation date till March 31, 2007 | Financial Year ended 31st March 2008 | Financial Year ended 31st March 2009 | Financial Year ended 31st March 2010 | For the 6 months ended 30th September, 2010 |
|--------------------------------|---|--|--|--|--|
| a) More than Six Months | 0.00 | 0.28 | 0.00 | 44.45 | 47.95 |
| b) Less than Six Months | 0.00 | 6.02 | 2160.14 | 5974.37 | 7560.49 |
| Total | 0.00 | 6.30 | 2160.14 | 6018.82 | 7608.44 |

Note:- There are no debtors related to the directors or promoters of Shilpi Cable Technologies Limited.

Annexure – XIII

Statement of Loans & Advances:

(Rs. In Lacs)

| Particulars | Period from Incorporation date till March 2007 | Financial Year ended 31st March 2008 | Financial Year ended 31st March 2009 | Financial Year ended 31st March 2010 | For the 6 months ended 30th September, 2010 |
|--|---|--|--|--|--|
| Security Deposit | 7.80 | 0.00 | 39.99 | 39.85 | 31.20 |
| Advance recoverable in cash or in kind or for value to be received | 2358.96 | 93.84 | 5.83 | 10.00 | 10.00 |
| Advances to staff | 0.00 | 0.00 | 16.34 | 10.97 | 6.86 |
| Advances to Others | 64.47 | 603.88 | 250.10 | 682.74 | 1456.47 |
| Total | 2431.23 | 697.72 | 312.26 | 743.56 | 1504.53 |

Note: - There are no loans & advances related to the directors or promoters of Shilpi Cable Technologies Limited. .

Annexure – XIV

Statement of Contingent Liabilities

The details of the contingent liability of the company are as follows:

(Rs. In Lacs)

| Particulars | Period from Incorporation date till March 31, 2007 | Financial Year ended 31 st March 2008 | Financial Year ended 31 st March 2009 | Financial Year ended 31 st March 2010 | For the 6 months ended 30th September, 2010 |
|--|---|---|---|---|--|
| Bank Guarantee (For EPCG and performance) | 0.00 | 102.50 | 118.37 | 118.33 | 113.61 |
| Corporate Guarantee (For WC Loans to subsidiary co. from Bank) | 0.00 | 0.00 | 0.00 | 2500.00 | 4500.00 |
| Estimated amount of Contracts remaining to be executed on capital account and not provided for-net of advances | 553.40 | 0.00 | 0.00 | 0.00 | 0.00 |
| Unexpired Letter of Credits | 258.50 | 0.00 | 0.00 | 0.00 | 0.00 |
| Capital Commitments | 553.40 | 52.26 | 0.00 | 0.00 | 0.00 |

Annexure – XV

RELATED PARTY DISCLOSURE FOR THE YEAR ENDED 30th SEPTEMBER 2010 IN ACCORDANCE WITH AS-18

List of Related Parties & Relationships, where control exists.

| Sr. No. | Nature of Relationship | Name of Parties |
|---------|---|---|
| 1 | Holding Company | Shilpi Communication Pvt. Limited |
| 2 | Subsidiary Company | Shilpi Cabletronics Ltd |
| 3 | Associate Companies | Shilpi Cables Pvt. Limited MVM Impex Pvt. Ltd GGP Cabletronics Pvt. Limited |
| 4 | Key Management Personnel | Mr Mukesh Kumar Gupta Mr Ghanshyam Pandey Mr Manish Goel |
| 5 | Relatives of Key Management personnel | Mrs Laxmi Pandey w/o Mr. Ghanshyam Pandey Mrs Anukriti Goel Daughter in law of Mr. Mukesh Kumar Gupta Mr. Vishal goel Son of Mr. Mukesh Kr. Gupta Mrs. Sharda Rani w/o Mr. Mukesh Kr. Gupta. Ms. Shilpi Goel Daughter of Mr. Mukesh Kr. Gupta |
| 6 | Enterprises where significant Influence exist by Key Management Personnel | Nil |

Details of transaction with the related parties

(Rs in Lacs)

| Sl.No. | Particulars | Nature of Transactions | Transaction Value |
|--------|--------------------------|------------------------|-------------------|
| 1 | Key Management Personnel | Salaries | 16.41 |
| | | Others | 1.09 |
| | | Unsecured Loan | 0.00 |

| | | | |
|---|---------------------------------------|---|---------|
| | | Unsecured Loan outstanding as on 30th September, 2010 at the rate of 0% | 378.80 |
| 2 | Relatives of Key Management personnel | Others | 4.50 |
| 3 | Associate Companies | Sale | 0.00 |
| | | Purchase | 0.00 |
| | | Share application money (Received) | 0.00 |
| | | Unsecured Loan (Received) | 625.50 |
| | | Unsecured Loan (Payment) | 226.00 |
| | | USL Outstanding as on 30.09.2010 interest rate 0% | 677.20 |
| 4 | Subsidiary Company | Purchase (Goods) | 0.00 |
| | | Purchase (P&M) | 0.00 |
| | | Sales | 452.51 |
| | | Job work Income | 2.76 |
| | | Balance outstanding on 30.09.2010 | 17.02 |
| | | Corporate Guarantee | 4500.00 |

RELATED PARTY DISCLOSURE FOR THE YEAR ENDED 31ST MARCH 2010 IN ACCORDANCE WITH AS-18

List of Related Parties & Relationships, where control exists.

| Sr. No. | Nature of Relationship | Name of Parties |
|---------|---------------------------------------|---|
| 1 | Holding Company | Shilpi Communication Pvt. Limited |
| 2 | Subsidiary Company | Shilpi Cabletronics Ltd |
| 3 | Associate Companies | MVM Impex Pvt. Ltd GGP Cabletronics Pvt. Limited Shilpi Cables Pvt. Limited |
| 4 | Key Management Personnel | Mr Mukesh Kumar Gupta Mr Ghanshyam Pandey Mr Manish Goel |
| 5 | Relatives of Key Management personnel | Mrs Laxmi Pandey w/o Mr. Ghanshyam Pandey Mrs Anukriti Goel Daughter in law of |

| | | |
|---|---|---|
| | | Mr. Mukesh Kumar Gupta Mr. Vishal goel Son of Mr. Mukesh Kr. Gupta Mrs. Sharda Rani w/o Mr. Mukesh Kr. Gupta. Ms. Shilpi Goel Daughter of Mr. Mukesh Kr. Gupta |
| 6 | Enterprises where significant Influence exist by Key Management Personnel | Nil |

Details of transaction with the related parties
(Rs in Lacs)

| Sl.No. | Particulars | Nature of Transactions | Transaction Value |
|--------|---------------------------------------|--|-------------------|
| 1 | Key Management Personnel | Salaries | 29.00 |
| | | Others | 1.09 |
| | | Unsecured Loan | 378.80 |
| | | Unsecured Loan outstanding as on 31 st March 2010 at the rate of 0% | 378.80 |
| 2 | Relatives of Key Management personnel | Others | 14.25 |
| 3 | Associate Companies | Sale | 1251.18 |
| | | Purchase | 1251.18 |
| | | Share application money (Received) | 560.00 |
| | | Unsecured Loan (Received) | 711.70 |
| | | Unsecured Loan (Payment) | 463.00 |
| | | USL Outstanding as on 31.03.2010 interest rate 0% | 537.70 |
| 4 | Subsidiary Company | Purchase (Goods) | 76.01 |
| | | Purchase (P&M) | 4.60 |
| | | Sales | 1251.18 |
| | | Debit balance outstanding on 31.03.2010 | 410.19 |
| | | Corporate Guarantee | 2500.00 |

RELATED PARTY DISCLOSURE FOR THE YEAR ENDED 31st MARCH, 2009 IN ACCORDANCE WITH AS-18

List of Related Parties & Relationships, where control exists.

| Sr.No. | Nature of Relationship | Name of Parties |
|--------|------------------------|-----------------------------------|
| 1 | Holding Company | Shilpi Communication Pvt. Limited |

| | | |
|---|---|---|
| 2 | Subsidiary Company | Nil |
| 3 | Associate Companies | GGP Cabletronics Pvt. Limited MVM Impex Pvt Ltd Shilpi Cabletronics Pvt Ltd |
| 4 | Key Management Personnel | Mr Mukesh Kumar Gupta Mr Ghanshyam Pandey Mr Manish Goel |
| 5 | Relatives of Key Management personnel | Mr Vishal Goel S/o of Mr. Mukesh Kumar Gupta Mrs Laxmi Pandey W/o Mr. Ghanshyam Pandey Mrs Anukriti Goel Daughter in law of Mr. Mukesh Kumar Gupta Mrs. Sharda Rani w/o Mr. Mukesh Kr. Gupta. Ms. Shilpi Goel Daughter of Mr. Mukesh Kr. Gupta |
| 6 | Enterprises where significant Influence exist by Key Management Personnel | Nil |

Details of transaction with the related parties

(Rs in lacs)

| Sl.No. | Particulars | Nature of Transactions | Transaction Value |
|--------|---------------------------------------|---|-------------------|
| 1 | Key Management Personnel | Remuneration | 29.00 |
| 2 | Relatives of Key Management personnel | Other Expenses | 20.50 |
| 3 | Associates companies | Purchase | 61.40 |
| | | Share application money (Received) | 700.00 |
| | | Unsecured Loan (Received) | 467.50 |
| | | Unsecured Loan (Payment) | 178.50 |
| | | USL outstanding as on 31 st March 2009 (Payable) interest rate 0%. | 289.00 |

RELATED PARTY DISCLOSURE FOR THE YEAR ENDED 31st MARCH, 2008 IN ACCORDANCE WITH AS-18

List of Related Parties & Relationships, where control exists.

| Sr.No. | Nature of Relationship | Name of Parties |
|--------|------------------------|-----------------|
|--------|------------------------|-----------------|

| | | |
|---|---|---|
| 1 | Holding Company | Shilpi Communication Pvt. Limited |
| 2 | Subsidiary Company | Nil |
| 3 | Associate Companies/Enterprises | Shilpi Manufacturing Co. Shilpi Cables Pvt Ltd MVM Impex Pvt Ltd GGP Cabletronics Pvt Ltd <input type="checkbox"/> Rosenberger Electronic Co (I) Pvt Ltd. Rosenberger Hochfrequenztechnik GMBH & Co KG |
| 4 | Key Management Personnel | Mr Mukesh Kumar Gupta Mr Ghanshyam Pandey Mr Manish Goel |
| 5 | Relatives of Key Management personnel | Mr Vishal Goel S/o of Mr. Mukesh Kumar Gupta Mrs Laxmi Pandey W/o Mr. Ghanshyam Pandey Mrs Anukriti Goel Daughter in law of Mr. Mukesh Kumar Gupta Mrs. Sharda Rani w/o Mr. Mukesh Kr. Gupta. Ms. Shilpi Goel Daughter of Mr. Mukesh Kr. Gupta |
| 6 | Enterprises where significant Influence exist by Key Management Personnel | Nil |

Details of transaction with the related parties

| | | | (Rs in Lacs) |
|--------|---------------------------------------|------------------------|-------------------|
| Sl.No. | Particulars | Nature of Transactions | Transaction Value |
| 1 | Key Management Personnel | Remuneration | 32.00 |
| | | Receivables | 4.45 |
| 2 | Relatives of Key Management personnel | Rent Gross | 35.25 |
| | | | |
| 3 | Associates | Sales | 21.51 |
| | | Receivable | 6.30 |

RELATED PARTY DISCLOSURE FOR THE YEAR ENDED 31st MARCH, 2007 IN ACCORDANCE WITH AS-18

List of Related Parties & Relationships, where control exists.

| Sr.No. | Nature of Relationship | Name of Parties |
|--------|---|---|
| 1 | Holding Company | Shilpi Communication Pvt Ltd |
| 2 | Subsidiary Company | Nil |
| 3 | Associate Companies/Enterprises | Shilpi Manufacturing Co. Shilpi Cables Pvt Ltd MVM Impex Pvt Ltd GGP Cabletronics Pvt Ltd |
| 4 | Key Management Personnel | Mr Mukesh Kumar Gupta Mr Ghanshyam Pandey Mr Manish Goel |
| 5 | Relatives of Key Management personnel | Mr Vishal Goel S/o of Mr. Mukesh Kumar Gupta Mrs Laxmi Pandey W/o Mr. Ghanshyam Pandey Mrs. Sharda Rani w/o Mr. Mukesh Kr. Gupta. Ms. Shilpi Goel Daughter of Mr. Mukesh Kr. Gupta |
| 6 | Enterprises where significant Influence exist by Key Management Personnel | Nil |

Details of transaction with the related parties

(Rs in Lacs)

| Sl.No. | Particulars | Nature of Transactions | Transaction Value |
|--------|---------------------------------------|----------------------------------|-------------------|
| 1 | Key Management Personnel | Remuneration | 16.06 |
| 2 | Relatives of Key Management personnel | Rent & Electricity Receivable | 33.23 15.00 |
| 3 | Associates | Purchase of Wires | 0.56 |

Annexure –XVI

Statement of Dividend paid:

| Particulars | Period from Incorporation date till March 31, 2007 | Financial Year ended 31 st March 2008 | Financial Year ended 31 st March 2009 | Financial Year ended 31 st March 2010 | For the 6 months ended 30th September, 2010 |
|------------------------|--|---|---|---|--|
| Equity shares (In nos) | 15,550,000 | 20,000,000 | 20,000,000 | 24,200,000 | 24,200,000 |
| Face value (Rs.) | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| Rate of Dividend % | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Amount of Dividend | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

Schedule of Investments

Annexure- XVII

| | | For the Financial Year ended | | | | | | | | For the Six Months ended 30th September, 2010 | |
|---|---|--|-----------------------------|----------------|-----------------------------|----------------|-----------------------------|----------------|-------------------------|--|-------------------------|
| | | Period from Incorporation date till March 31, 2007 | | March 31, 2008 | | March 31, 2009 | | March 31, 2010 | | | |
| | | Number | Aggregat e Book Value | Number | Aggregat e Book Value | Number | Aggregat e Book Value | Number | Aggregate Book Value | Number | Aggregate Book Value |
| | | | | | | | | | | | |
| 1 | SHARES - QUOTED | | | | | | | | | | |
| | | | | | | | | | | | |
| | Long Term | | | | | | | | | | |
| | | | | | | | | | | | |
| | Nil | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | | | | | | | | | | |
| | Sub-Total (1) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | | | | | | | | | | |
| 2 | SHARES - UNQUOTED | | | | | | | | | | |
| | | | | | | | | | | | |
| | Long Term | | | | | | | | | | |
| | Equity Shares of Rs. 10 each of Shilpi Cabletronics, fully paid up | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 757600.00 | 37880000.00 | 757600.00 | 37880000.00 |
| | | | | | | | | | | | |
| | Sub-Total (2) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 757600.00 | 37880000.00 | 757600.00 | 37880000.00 |
| | | | | | | | | | | | |

| | | | | | | | | | | | |
|----------|--|----|-----------------|----|-----------------|----|-----------------|----|--------------------|----|--------------------|
| 3 | National Savings Certificate-Unquoted | 40 | 40000.00 | 40 | 40000.00 | 40 | 40000.00 | 40 | 40000.00 | 40 | 40000.00 |
| | | | | | | | | | | | |
| | Sub-Total (3) | | 40000.00 | | 40000.00 | | 40000.00 | | 40000.00 | | 40000.00 |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | Total (1+2+3) | | 40000.00 | | 40000.00 | | 40000.00 | | 37920000.00 | | 37920000.00 |
| | | | | | | | | | | | |



Annexure – XVIII

The Company has not incurred any expenditure up to 30-09-2010 on the Proposed Scheme for which public issue has been intended.

Annexure – XIX

There were no qualifications in the Auditors' report for the year ending on March 31, 2007, 2008, 2009, 2010 and period ended 30th September, 2010 except for the financial year 2008-09 as mentioned in the point no 15 of notes to accounts. The Financial effect of it has been incorporated in restated financial statements.

Annexure - XX

Changes in the Significant Accounting Policies

There were no changes in the Significant Accounting Policies for the past 3.5 years and for the period ending 30th September, 2010.

AUDITORS REPORT

The Board of Directors
Shilpi Cable Technologies Ltd
(Formerly known as Rosenberger Shilpi Cable Technologies Ltd)
A-19, B-1 / Extn, Mohan Coop Industrial Estate,
Mathura Road, P.O. Badarpur, New Delhi-110044 (India)

Dear Sir,

Sub.: Consolidated Restated Financial Information of Shilpi Cable Technologies Ltd

1. We have examined the attached Consolidated Restated financial information of Shilpi Cable Technologies Ltd (formerly known as Rosenberger Shilpi Technologies Limited) "the company" and its subsidiary, Shilpi Cabletronics Ltd "the subsidiary" for the year ending 31st March 2010 and period ended 30th September, 2010, as approved by the board of Directors of the Company which has been prepared in accordance with the requirements of paragraph B of Para-II of Schedule II of the Companies Act, 1956, of India ("the Act") and amendments thereof; Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009 and related clarification and the amendments made thereto from time to time ('the SEBI Guidelines') and in terms of our engagement agreed upon with you in accordance with our Engagement letter dated May 19th 2010. The consolidated financial information is proposed to be included in the offer document of the company in connection with the proposed Initial Public offer of Equity Shares of the Company.
2. The consolidated restated financial information has been prepared by the Company's Management from the audited financial statements for the financial year ended on March 31st 2010 and period ended 30th September, 2010. Audit for both, the company and the subsidiary was conducted by us.
3. Based on our examination of these consolidated Restated financial statements, we confirm that these were prepared after incorporating:
 - (1) Adjustment for the change in respect of qualification made in the audit report for the financial year ending 31st March 2009 of "the company".
 - (2) Adjustment for the material amounts in the respective financial years to which they relate for both "the company" and "the subsidiary".
4. In accordance with the requirements of paragraph B part II of Schedule II of the Act, The SEBI Guidelines and the engagement letter, we further report that:
 - a) The Consolidated Restated Financial Statement of Assets & Liabilities of the company and the subsidiary as at 31st March 2010 and 30th September, 2010 examined by us as set out in Annexure 1 to this report are after making such adjustment and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies in Annexure IV & Notes set out in Annexure V.
 - b) The Consolidated Restated Financial Statement of Profit and Loss of the Company and the subsidiary for the year ended 31st March 2010 and period ended 30th September, 2010 examined by us set out in Annexure II to this report are after making such adjustments and regrouping as in our opinion are appropriate and more fully described in Statement of Impact on Profit & Loss due to restatements and other material adjustments made to Audited Financial Statements set out in Annexure V.
 - c) The Consolidated Restated Financial Statement of Cash Flow of the company & the subsidiary for the year ended 31st March 2010 and period ended 30th September, 2010 examined by us set out in Annexure III to this report are after making such adjustment & regrouping as in our opinion are appropriate.
 - d) The Consolidated Restated Financial Statement of the company for the year ended 31st March 2009 & in earlier years could not be prepared because there were no subsidiaries of the company for the financial year ending 31.03.2009 and in earlier years.

- e) Based on the above, we are of the opinion that the Consolidated Financial Information have been made after incorporating adjustments for material amounts and auditors qualification requiring adjustments.
 - f) There are no extraordinary items which need to be disclosed separately in the Consolidated Restated Financial Information.
- 5.** In accordance with the terms of engagement letter, we have also examined other consolidated following financial information relating to the Company and the Subsidiary prepared by the management and approved by the Board of Directors for the purpose of inclusion in the Offer Document :-
- 1. Consolidated Summary Statement of Other Income as appearing in Annexure VI to this report.
 - 2. Consolidated Summary Statement of Accounting & Other Ratios as appearing in Annexure VII to this report.
 - 3. Consolidated Summary Statement of Capitalization as appearing in Annexure VIII to this report.
 - 4. Consolidated Summary Statement of Tax Shelters as appearing in Annexure IX to this report.
 - 5. Consolidated Summary Statement of Secured Loans as appearing in Annexure X to this report.
 - 6. Consolidated Summary Statement of Unsecured Loans as appearing in Annexure XI to this report.
 - 7. Consolidated Summary Statement of Sundry Debtors as appearing in Annexure XII to this report.
 - 8. Consolidated Summary Statement of Loans and Advances as appearing in Annexure XIII to this report.
 - 9. Consolidated Summary Statement of Contingent Liabilities & Capital Commitments as appearing in Annexure XIV to this report.
 - 10. Consolidated Summary Statement of Related Party, Relationship and Transactions and Significant Transaction with related parties as appearing in Annexure XV to this report.
 - 11. Consolidated Summary Statement of Dividend paid during the year as appearing in Annexure XVI to this report.
- 6.** In our opinion the above consolidated financial information contained in Annexure I to XVI of this report has been prepared in accordance with Part II of Schedule II of the act and the ICDR Regulations 2009. The consolidated financial information has been prepared after making such regroupings and adjustments as were, in our opinion, considered appropriate. As result of these regroupings and adjustments, the amount reported in the consolidated financial information may not necessary be same as those appearing in the audited financial statement for the relevant period.
- 7.** This report is intended solely for use of the management and for inclusion in the offer document in connection with the Proposed Initial Public Offer of the Company. Our report should not be used for any other purpose except with our consent in writing.
- 8.** This report should neither in anyway be construed as a re-issuance or re-drafting of any of the previous Audit Reports issued by us or by other firms of Chartered Accountants nor to be constructed as new opinion on any financial statements referred to herein.

Place: New Delhi
For M. M. Bhasin & Company
Chartered Accountants
Firm Reg. No. – 014777N

Sd/-
(Mahesh Aggarwal)
Partner
M. No. 086745
Date: 17.02.2011

Consolidated Summary Statement of Assets and Liabilities (As Restated)

| | | (Rs. In Lacs) | |
|----------|--|---|---|
| | Particulars | Consolidated 30th September, 2010 | Consolidated 31 st March 2010 |
| A | FIXED ASSETS | | |
| | Gross Block | 7004.00 | 7008.11 |
| | Less: Depreciation Reserve | 793.31 | 643.33 |
| | Net Block | 6210.69 | 6364.78 |
| | Less : Revaluation Reserve | 0.00 | 0.00 |
| | Net Block after adjustment for Revaluation Reserve | 6,210.69 | 6,364.78 |
| | Capital work in Progress | 0.00 | 0.00 |
| | Total Fixed Assets (A) | 6210.69 | 6364.78 |
| B | INVESTMENTS (B) | 0.40 | 0.40 |
| C | CURRENT ASSETS, LOANS AND ADVANCES | | |
| | Inventories | 4641.26 | 4131.45 |
| | Sundry Debtors | 11361.25 | 8799.40 |
| | Cash and bank Balance | 1432.59 | 766.74 |
| | Loans and Advances | 1074.25 | 939.59 |
| | Total (C) | 18509.35 | 14637.18 |
| D | LIABILITIES AND PROVISIONS | | |
| | Secured Loans | 8109.16 | 7373.77 |
| | Unsecured Loans | 2609.24 | 2318.13 |
| | Current Liabilities | 8600.61 | 6779.71 |
| | Provisions | 221.52 | 294.97 |
| | Minority Interest | 524.59 | 481.58 |
| | Deferred Tax Liabilities | 266.40 | 151.74 |
| | Total (D) | 20331.52 | 17399.90 |
| E | Deferred Tax Assets (E) | 0.00 | 0.00 |
| F | NET WORTH (A+B+C+E-D) | 4388.92 | 3602.46 |
| | REPRESENTED BY: | | |
| | Share Capital | 2420.00 | 2420.00 |

| | | | |
|--|--|----------------|----------------|
| | Reserve and Surplus | 1968.92 | 1182.46 |
| | Less : Revaluation Reserve | 0.00 | 0.00 |
| | Reserve and Surplus after adjustment for Revaluation Reserve | 1,968.92 | 1,182.46 |
| | Profit and Loss debit balances | 0.00 | 0.00 |
| | NET WORTH | 4388.92 | 3602.46 |

Consolidated Summary Statement of Profits and Losses, As Restated

| Particulars | (Rs. in Lacs) | |
|---|--|--|
| | Consolidated 30th September, 2010 | Consolidated 31 st March 2010 |
| <u>INCOME</u> | | |
| SALES | | |
| Of products manufactured by the issuer | 11514.66 | 18899.12 |
| Of products traded in by the issuer | 4614.36 | 6235.34 |
| Total | 16129.02 | 25134.46 |
| Other Income/ Job Work | 178.19 | 238.83 |
| Increase/(Decrease) in Stock | 836.60 | 564.08 |
| Total | 17143.81 | 25937.37 |
| <u>EXPENDITURE</u> | | |
| Raw Material Consumed/Purchases | 14037.56 | 20920.70 |
| Staff Cost | 264.28 | 442.43 |
| Other Manufacturing Expenses (including Depreciation) | 582.40 | 1232.43 |
| Administration Expenses | 219.31 | 191.73 |
| Selling & Distribution Expenses | 88.47 | 210.94 |
| Preliminary Expenses written off | 0.00 | 0.00 |
| Interest & Finance Charges | 831.63 | 1377.74 |
| Total | 16023.65 | 24375.97 |
| Restated Net Profit before Tax & Extra ordinary items | 1120.16 | 1561.40 |
| Restated Taxation | 336.19 | 563.84 |
| Extraordinary items (Net of Tax) | 0.00 | 0.00 |
| Add : Adjustment for Tax | | 1.03 |
| Restated Net Profit after Tax, Extra ordinary items & before Minority Interest | 783.97 | 998.59 |
| Minority Interest | 43.01 | 50.95 |
| Restated Net Profit after Minority Interest attributable to shareholders | 740.96 | 947.64 |
| Balance brought forward from the last year | 403.86 | (543.78) |
| Net Profit/(Loss) carried over to Balance Sheet | 1144.82 | 403.86 |

Annexure – III

Consolidated Summary Statement of Cash Flow:

| Particulars | (Rs. In Lacs) | |
|---|---|---|
| | Consolidated 30th September, 2010 | Consolidated 31 st March 2010 |
| <u>CASH FLOW FROM OPERATIONS</u> | | |
| Profit before Taxation | 1120.16 | 1655.28 |
| Add:-Adjustment | | |
| Deprecation | 149.98 | 297.06 |
| Miscellaneous expenses written off | 0.00 | 0.00 |
| Interest expenses | 831.63 | 1377.74 |
| Provision for Gratuity / Leave Encashment | 4.34 | 9.00 |
| Interest income | (29.64) | (40.07) |
| Loss/(Profit) on sale of assets | 0.00 | (0.07) |
| Operating Profit before Working Capital Change | 2076.47 | 3298.94 |
| Adjusted For-- | | |
| (Increase)/ Decrease in Current Assets | | |
| (Increase) / Decrease in Inventories | (509.81) | (879.46) |
| (Increase) / Decrease in Sundry Debtors | (2561.85) | (4095.53) |
| (Increase)/ Decrease in Loans & Advances | (134.66) | (457.50) |
| Increase / (Decrease) in Current Liabilities | | |
| Increase/ (Decrease) in Sundry Creditors | 1921.52 | 2535.79 |
| Increase/ (Decrease) in Expenses Payable | 10.73 | (30.22) |
| Increase/ (Decrease) in Other Liabilities | (116.79) | (87.85) |
| Cash Generated from Operations | 686.71 | 284.17 |
| Income Tax paid | (248.78) | (27.57) |
| NET CASH FROM OPERATIONS (A) | 437.23 | 256.60 |
| | | |
| INVESTING ACTIVITIES | | |
| Additions to Fixed Assets | 4.11 | (135.71) |
| Pre-operative and Preliminary Exp. | 0.00 | 0.00 |

| | | |
|---|----------------|-----------------|
| Investment in subsidiary Company | 0.00 | (378.80) |
| Other Investments | 0.00 | 0.00 |
| Sale of Fixed Assets | 0.00 | 1.93 |
| Income from Interest & Dividend | 29.64 | 40.07 |
| NET CASH FROM INVESTING ACTIVITIES (B) | 33.75 | (472.51) |
| | | |
| FINANCING ACTIVITIES | | |
| Increase in Share Capital | 0.00 | 420.00 |
| Increase in Share Application Money | 0.00 | (700.00) |
| Increase in Security Premium | 0.00 | 840.00 |
| Increase in Secured Loans | 735.39 | (355.53) |
| Increase in Unsecured Loans | 291.11 | 1611.60 |
| Net Interest Paid | (831.63) | (1377.74) |
| NET CASH FROM FINANCING ACTIVITIES (C) | 194.87 | 438.33 |
| Net Change in cash and cash equivalents (A+ B + C) | 665.85 | 222.42 |
| Cash and cash equivalents at the beginning of the period | 766.74 | 544.32 |
| Cash and cash equivalents at the end of the period | 1432.59 | 766.74 |

Notes: 1. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard -3 'Cash Flow Statement'.

2. Previous year's figures have been regrouped / rearranged /recasted wherever necessary to make them comparable with those of current year.

SIGNIFICANT ACCOUNTING POLICIES

1. General

The financial statements have been prepared as of a going concern on historical cost convention, in accordance with Generally Accepted Accounting Principles ('GAAP') comprising the mandatory accounting standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956 on the accrual basis, as adopted consistently by the company.

2. Principles of Consolidation

- a) The Consolidated Financial Statement has been prepared in accordance with the Accounting Standard 21 (AS-21) "Consolidated Financial Statement" issued by the Institute of Chartered Accountants Of India.
- b) The financial statements of the parent Company and its subsidiary have been prepared on a line-by-line consolidation by adding together the book value of like items of assets and liabilities, income and expenses as per the respective financial statements. Intra group balances; intra group transactions and the unrealized profits on stocks arising out of intra group transaction have been eliminated.
- c) The consolidated financial statement has been prepared using uniform accounting policies for similar material transactions and other events in similar circumstances.
- d) The excess of the net assets at the time of acquisition of shares in the subsidiary over the costs of investment in the subsidiary is recognized in the financial statement as Capital reserve. The parent company has acquired more than one half of the equity shares in the paid up capital of the subsidiary company on 01.05.2009. Since it was impracticable for the subsidiary to draw the financial statement as on 01.05.2009, i.e. the date of investment, the parent's portion of equity has been calculated from the financial statement immediately preceding the period i.e. 01.04.2009. There were no material & significant transactions needing adjustments which have occurred between the date of such financial statements and the date of investment in the subsidiary.
- e) Minority Interest's share of net profit of the subsidiary for the year is identified and adjusted against the consolidated profit & loss in order to arrive at the net income attributable to the shareholders of the Company.
- f) Minority Interest's share of net assets of the subsidiary is identified and presented in the consolidated Balance Sheet separated from liabilities and the equity of the Company's shareholders.

3. Fixed assets

Fixed assets are stated at cost less accumulated depreciation. Cost is inclusive of freight, duties, levies and any direct cost of bringing the assets to their working for intended use.

4. Depreciation

- Depreciation is provided as per Straight Line Method at rates provided by schedule XIV of the Companies Act 1956. In case of purchase / sale of assets during the year, depreciation has been charged on pro rata basis from / up to date of commercial production / sale
- License and process know-how fee having future economic benefits is amortized on straight line method over a period of 10 years from the date when the asset is available for use in accordance with Accounting Standard-26 issued by ICAI.

5. Inventory

Inventories are valued at cost or net realisable value whichever is less with cost established using the weighted average cost method. The cost of work in progress & finished goods include overheads on estimate basis.

6. Foreign Currency Transaction

Sales made to clients outside India and realizations deposit into Bank account are accounted for on the basis of exchange rate as on the date of the transaction. Adjustments are made for any variations in the sales proceeds on conversion into Indian currency up to actual receipts. Expenditure in foreign currency is accounted at the exchange rate prevalent when such expenditure is incurred. Current assets and current liabilities denominated in foreign currency are translated at the exchange rate prevalent at the date of the balance sheet. The exchange differences arising out of foreign currency transactions are recognized as Income or expenses in the year. The exchange differences arising out of foreign currency transactions pertaining to fixed assets are adjusted to carrying amount of related fixed assets.

7. Taxation

Current Tax calculations are based upon the assessable profits of the company computed in accordance with the Income Tax Act, 1961. The deferred tax charged or credit is recognized using current tax rates. Where there is unabsorbed depreciation or carry forward losses deferred tax assets are recognized only if there is virtual certainty of realization of such assets. Other deferred tax assets are recognized only to the extent there is reasonable certainty of realization in future. Deferred Tax assets/Liabilities are reviewed as at each balance sheet date based on developments during the year, available case laws to reassess realization / liabilities.

8. Revenue Recognition

- (a) Sales of goods Indigenous and exports both are recognised at the time of dispatch / Constructive delivery. Sales are exclusive of Excise Duty, Sales Tax and Trade Discount.
- (b) Interest Income is recognised on time proportion basis.
- (c) Dividend Income is recognised when the right to receive the dividend is established.
- (d) Other Income is recognised on the basis of Accounting Standard – 9 (Revenue Recognition) notified by the Companies (Accounting Standards) Rules, 2006.

9. Borrowing Cost

Borrowing cost that is attributable to the acquisition / construction of qualifying assets is capitalized as part of the cost of the respective assets. Other borrowing costs are recognized as expenses in the year in which they are incurred.

10. Lease

Finance Lease: Assets taken on lease are capitalized at fair value/contracted price. Depreciation on the same is charged at the rate applicable to similar type of fixed assets as per accounting policy on 'Depreciation'. If the leased assets are returnable to the lesser on expiry of lease period, the same is depreciated over its' useful life or lease period, whichever is shorter. Lease payments made are apportioned between finance charges and reduction of outstanding liability in relation to assets taken on lease.

Operating Lease: Lease payments made for assets taken on operating lease are recognized as expense over the lease period.

- 11. (a) Investments are either classified as current investments or long- term investments. The cost of investments includes acquisition charges such as brokerage, fees and duties. Current investments are carried at lower of cost and fair value.
- (b) Long- term investments are carried at cost and provisions are recorded to recognize any decline, other than temporary, in the carrying value of each investment.
- 11. (a) Short Term Employee Benefits:
Short term Employee benefits are recognized as an expense at the undiscounted amount in the profit and loss account for the year in which related services are rendered.
- (b) Defined Contribution Plans:

Company's contributions and other amount, if any, payable during the year towards Provident Fund, Pension Fund and Employee State Insurance are recognized in the profit and loss account of the year.

(d) Defined Benefit Plans:

Company's liability towards gratuity in accordance with Payment of Gratuity Act, 1972 and other long term benefits are determined and accounted in accordance with AS-15 (Revised) based on the Actuarial Valuation as on the balance sheet date.

- 12.** Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

13. Deferred Revenue Expenditure

Pre operative expenditures are treated as deferred revenue expenditures and are amortized over such periods as determined by management from time to time.

14. Research & Development Expenditure

Research & Development expenditure is accounted for in accordance with Accounting Standard-26 issued by ICAI.

15. Impairment Of Assets

An asset is treated as impaired when the amount of an asset exceeds its recoverable value. An impairment loss is charged to Profit & Loss A/c in the year in which an asset is identified as impaired. Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the assets no longer exists.

16. Provisions, Contingent liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized where there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes.

NOTES TO ACCOUNTS
F. Notes on adjustments for restated summary statements

The reconciliation of Profit / (Loss) after tax as per audited results and the Profit / (Loss) after tax as per Restated Accounts is presented below in Table-1. This summarizes the results of restatements made in the audited accounts for the respective years and its impact on the profit & losses of the company.

Table-1
(Rs. in Lacs)

| Particulars | Consolidated 30.09.2010 | Consolidated 31.03.2010 |
|--|------------------------------------|------------------------------------|
| Net Profit/(Loss) after tax as per audited profit and loss accounts of Holding and Subsidiary Company | 777.07 | 1073.88 |
| Profit included in stock of subsidiary company transferred by parent company. | 0.00 | (93.87) |
| Loss occurred to subsidiary on account of sale of machinery to parent company written back | 0.00 | 1.65 |
| Difference in depreciation arised due to impact of qualification in the Auditor's Report in earlier year | 12.65 | 25.39 |
| Adjustment of Deferred Tax arised due to correction in deferred Tax Assets in earlier year | (5.83) | (8.63) |
| Preliminary Expenses | 0.08 | 0.17 |
| Net Profit/(Loss) after tax as per Restated Profit and Loss account | 783.97 | 998.59 |

The Explanatory notes for these adjustments are discussed below:

a) Preliminary Expenses written off

In the case of holding & subsidiary company, preliminary expenses incurred in establishing a company has been treated as Deferred Revenue Expenditure till the period ended 30th September 2010. For the purpose of this statement such preliminary expenses have been treated as revenue expenditure in year of incorporation of the companies. Accordingly, this amount has been reversed in the Restated financial statements.

b) Pre-operative Capitalization

In the case of Holding Company, plant and machinery includes Rs. 534.66 lacs considered as pre-operative by the management in the year ending March 31, 2009. The statutory auditors have qualified their opinion in the financial statements. Therefore, adjustment has been made in the Restated financial statements for the year ended March 31, 2009 and period ended 30th September 2010. Consequently, the adjustments have been made in the respective financial year in the respective account head i.e. expenses, depreciation, provision for tax, provision for FBT and deferred tax.

c) Material Regrouping

Appropriate adjustments, wherever material, have been made in Restated Summary Statements of Assets & Liabilities, Profit & Loss, wherever required, by a reclassification of the corresponding items of income, expenses, assets and liabilities in order to bring them in line with the requirements of the guidelines issued by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended up-to-date.

G. NOTES TO ACCOUNTS

1. The details of the subsidiary Shilpi Cabletronics Limited is as follows:

| | |
|---------------------------------------|---|
| Country of Incorporation | India |
| % Ownership Interest as at 31.03.2009 | NIL |
| % Ownership Interest as at 31.03.2010 | 50.99 |
| % Ownership Interest as at 30.09.2010 | 50.99 |
| Date of becoming subsidiary | 01.05.2009 |
| Period of consolidation | from 01.04.2009 & 01.04.2010 |
| Business carried on by the subsidiary | Manufacturing and trading of cables & accessories |

2. The consolidated financial statement are presented from the year ended 31st March 2010 as there were no subsidiary companies in the earlier years.
3. (a) During the year 2009 - 10 the company has increased its authorized capital from Rs. 2200.00 Lacs to Rs. 2250.00 Lacs w.e.f. 30th September'2009 and further to 2420.00 Lacs w.e.f. 20th March'2010.
- (b) During the period ended 30th September, 2010 the company has increased its authorized capital from Rs. 2420.00 lacs to Rs. 4000.00 lacs w.e.f. 24th July 2010.
4. During the year 2009-10 the company issued 25 Lacs Equity Shares on 1st October 2009 and 17 Lacs Equity Shares on 22nd March 2010 @ Rs. 10/- each fully paid up at a premium of Rs. 20/- per share in cash to its holding company on preferential basis.
5. (a) Based on the information available with the company in respect of MSME (as defined in the Micro Small & Medium Enterprises Development Act, 2006) there are outstanding due to Micro Small & Medium Enterprises amounting to Rs. 10.27 Lacs for the period ended 30th September, 2010 and there are no delays in payment of dues to such enterprises during the period ended 30th September, 2010.
- (b) The above information regarding Micro Small & Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the company. This has been relied upon by the auditors.
6. During the period, the company has settled some of its liabilities by assignment of debts.
7. Based on the guidelines of Accounting Standards on Segment Reporting (AS-17) issued by The Institute of Chartered Accountants of India, the Company is exclusively engaged in dealing in only one segment i.e. manufacturing of cable and accessories, hence there is only one primary segment in context of Accounting Standards - 17 on Segment Reporting issued by ICAI. The company is not operating in any of the geographical segment.
8. During the financial year 2009-10, the company has made investment of Rs. 378.80 Lacs in equity shares of Shilpi Cabletronics Ltd constituting 50.99% of the total paid up share capital to make investee company subsidiary.
9. The Company has not incurred any expenditure up to 30-09-2010 on the Proposed Scheme for which public issue has been intended.
10. On account of differences between JV partners the plant stopped production immediately after starting of Jan 2008 and could start the production in right earnest only in September 2008 after the completion of buyout process among JV partners. The sales could start on regular basis only from the month of Dec 2008. In view of this, operational expenses from 1st April 2008 to 31st August 2008 being the period during which the plant operation was suspended due to JV partner buyout amounting to Rs. 534.66 Lacs were considered as pre operative and were capitalized in Plant and Machinery. This transaction was qualified by the auditors in their Audit Report for the financial year ending 31.03.2009. The Consolidated Financial information has been prepared after incorporating adjustments for material amounts related to auditors qualification.

11. Changes in the Significant Accounting Policies

There are no changes in the Significant Accounting Policies for the period ending 30.09.2010.

12. In conformity with the Accounting Standard AS 22 issued by the ICAI, the breakup of Net Deferred Tax Liability/Assets on account of timing differences are as under:

Consolidated

| Particulars | As at | (Rs. In Lacs) As At |
|---|-----------------------------|----------------------------------|
| | 31 st March 2010 | 30 th September, 2010 |
| Deferred Tax Liability | | |
| Depreciation on Fixed Assets(Holding) | 590.89 | 534.58 |
| Depreciation on Fixed Assets(Subsidiary) | 8.90 | 9.86 |
| Total | 599.79 | 544.44 |
| Deferred Tax Assets | | |
| Provision for gratuity(Holding) | 3.93 | 4.78 |
| Provision for gratuity(Subsidiary) | 2.25 | 4.09 |
| Carried forward Unabsorbed dep. And business losses. | 441.89 | 321.14 |
| Total | 448.07 | 356.99 |
| Net Deferred Liabilities/ (Assets) | 151.72 | 187.45 |

13. The disclosure required for consolidated financial statement under Accounting Standard - 15 on "Employees Benefit" notified the Companies (Accounting Standard) Rules 2006 , are as follows :

Leave Encashment, Sick Leave & Gratuity

Valuations in respect of Leave Encashment, Sick Leave and Gratuity have been carried out by independent actuary, as at the Balance Sheet date, based on the following assumptions:

| Principal actuarial assumptions | 31/03/2010 | 30/09/2010 |
|--|------------|------------|
| Discount Rate (Per annum) | 7.50% | 7.50% |
| Rate of increase in Compensation levels | 5.00% | 5.00% |
| Rate of Return on Plan Assets | 0.00% | 0.00% |
| Expected Retirement Age of employees in no. of Years | 60 Years | 60 Years |

LEAVE ENCASHMENT

1. Change in present value of obligation

| | | 31/03/2010 | 30/09/2010 |
|----|---|------------|------------|
| a) | Present value of obligation as at the beginning of the period | 2.36 | 4.19 |
| b) | Acquisition adjustment | 0.00 | 0.00 |
| c) | Interest cost | 0.18 | 0.16 |
| d) | Past service cost | 0.00 | 0.00 |

| | | | |
|----|---|--------|--------|
| e) | Current service cost | 2.24 | 1.18 |
| f) | Curtailment cost/(Credit) | 0.00 | 0.00 |
| g) | Settlement cost/(Credit) | 0.00 | 0.00 |
| h) | Benefits paid | (2.17) | (0.08) |
| i) | Actuarial (gain)/loss on obligation | 1.59 | (0.14) |
| j) | Present value of obligation as at the end of period | 4.19 | 5.31 |

2. Changes in the fair value of plan assets

| | | 31/03/2010 | 30/09/2010 |
|----|--|------------|------------|
| a) | Fair value of plan assets at the beginning of the period | 0.00 | 0.00 |
| b) | Acquisition adjustment | 0.00 | 0.00 |
| c) | Expected return on plan assets | 0.00 | 0.00 |
| d) | Contributions | 0.00 | 0.00 |
| e) | Benefits paid | 0.00 | 0.00 |
| f) | Actuarial gain/(loss) on plan assets | 0.00 | 0.00 |
| g) | Fair value of plan assets at the end of the period | 0.00 | 0.00 |

3. Fair value of plan assets

| | | 31/03/2010 | 30/09/2010 |
|----|--|------------|------------|
| a) | Fair value of plan assets at the beginning of the period | 0.00 | 0.00 |
| b) | Acquisition adjustment | 0.00 | 0.00 |
| c) | Actual return on plan assets | 0.00 | 0.00 |
| d) | Contributions | 0.00 | 0.00 |
| e) | Benefits paid | 0.00 | 0.00 |
| f) | Fair value of plan assets at the end of the period | 0.00 | 0.00 |
| g) | Funded status | (4.19) | (5.31) |
| h) | Excess of actual over estimated return on plan assets | 0.00 | 0.00 |

4. Actuarial gain/ loss recognized

| | | 31/03/2010 | 30/09/2010 |
|----|--|------------|------------|
| a) | Actuarial gain/(loss) for the period-obligation | (1.59) | 0.14 |
| b) | Actuarial (gain)/loss for the period - plan assets | 0.00 | 0.00 |
| c) | Total (gain)/loss for the period | 1.59 | (0.14) |
| d) | Actuarial (gain) / loss recognized in the period | 1.59 | (0.14) |
| e) | Unrecognized actuarial (gains) losses at the end of period | 0.00 | 0.00 |

5. The amounts to be recognized in balance sheet and related analysis

| | | 31/03/2010 | 30/09/2010 |
|----|---|------------|------------|
| a) | Present value of obligation as at the end of the period | 4.19 | 5.31 |
| b) | Fair value of plan assets as at the end of the period | 0.00 | 0.00 |
| c) | Funded status / Difference | (4.19) | (5.31) |
| d) | Excess of actual over estimated | 0.00 | 0.00 |

| | | | |
|----|--|--------|--------|
| e) | Unrecognized actuarial (gains)/losses | 0.00 | 0.00 |
| f) | Net asset/(liability)recognized in balance sheet | (4.19) | (5.31) |

6. Expense recognized in the statement of profit and loss

| | | 31/03/2010 | 30/09/2010 |
|----|---|------------|------------|
| a) | Current service cost | 2.24 | 1.18 |
| b) | Past service cost | 0.00 | 0.00 |
| c) | Interest cost | 0.18 | 0.16 |
| d) | Expected return on plan assets | 0.00 | 0.00 |
| e) | Curtailment cost / (Credit) | 0.00 | 0.00 |
| f) | Settlement cost / (credit) | 0.00 | 0.00 |
| g) | Net actuarial (gain)/ loss recognized in the period | 1.59 | (0.14) |
| h) | Expenses recognized in the statement of profit & losses | 4.01 | 1.20 |

7. Reconciliation statement of expense in the statement of profit and loss

| | | 31/03/2010 | 30/09/2010 |
|----|---|------------|------------|
| a) | Present value of obligation as at the end of period | 4.19 | 5.31 |
| b) | Present value of obligation as at the beginning of the period | 2.36 | 4.19 |
| c) | Benefits paid | 2.17 | 0.08 |
| d) | Actual return on plan assets | 0.00 | 0.00 |
| e) | Acquisition adjustment | 0.00 | 0.00 |
| f) | Expenses recognized in the statement of profit & losses | 4.01 | 1.20 |

8. Amount for the current period

| | | 31/03/2010 | 30/09/2010 |
|----|---|------------|------------|
| a) | Present value of obligation as at the end of period | 4.19 | 5.31 |
| b) | Fair value of plan assets at the end of the period | 0.00 | 0.00 |
| c) | Surplus / (Deficit) | (4.19) | (5.31) |
| d) | Experience adjustment on plan Liabilities (loss) / gain | (1.59) | 0.14 |
| e) | Experience adjustment on plan Assets (loss) / gain | 0.00 | 0.00 |

9. Movement in the liability recognized in the balance sheet

| | | 31/03/2010 | 30/09/2010 |
|----|------------------------------|------------|------------|
| a) | Opening net liability | 2.36 | 4.19 |
| b) | Expenses as above | 4.01 | 1.20 |
| c) | Benefits paid | (2.17) | (0.08) |
| d) | Actual return on plan assets | 0.00 | 0.00 |
| e) | Acquisition adjustment | 0.00 | 0.00 |
| f) | Closing net Liability | 4.19 | 5.31 |

SICK LEAVE

1. Change in present value of obligation

| | | 31/03/2010 | 30/09/2010 |
|----|---|------------|------------|
| a) | Present value of obligation as at the beginning of the period | 1.53 | 1.26 |
| b) | Acquisition adjustment | 0.00 | 0.00 |
| c) | Interest cost | 0.11 | 0.05 |
| d) | Past service cost | 0.00 | 0.00 |
| e) | Current service cost | 0.72 | 0.31 |
| f) | Curtailement cost/(Credit) | 0.00 | 0.00 |
| g) | Settlement cost/(Credit) | 0.00 | 0.00 |
| h) | Benefits paid | 0.00 | 0.00 |
| i) | Actuarial (gain)/loss on obligation | (1.10) | (0.33) |
| j) | Present value of obligation as at the end of period | 1.26 | 1.29 |

2. Changes in the fair value of plan assets

| | | 31/03/2010 | 30/09/2010 |
|----|--|------------|------------|
| a) | Fair value of plan assets at the beginning of the period | 0.00 | 0.00 |
| b) | Acquisition adjustment | 0.00 | 0.00 |
| c) | Expected return on plan assets | 0.00 | 0.00 |
| d) | Contributions | 0.00 | 0.00 |
| e) | Benefits paid | 0.00 | 0.00 |
| f) | Actuarial gain/(loss) on plan assets | 0.00 | 0.00 |
| g) | Fair value of plan assets at the end of the period | 0.00 | 0.00 |

3. Fair value of plan assets

| | | 31/03/2010 | 30/09/2010 |
|----|--|------------|------------|
| a) | Fair value of plan assets at the beginning of the period | 0.00 | 0.00 |
| b) | Acquisition adjustment | 0.00 | 0.00 |
| c) | Actual return on plan assets | 0.00 | 0.00 |
| d) | Contributions | 0.00 | 0.00 |
| e) | Benefits paid | 0.00 | 0.00 |
| f) | Fair value of plan assets at the end of the period | 0.00 | 0.00 |
| g) | Funded status | (1.26) | (1.29) |
| h) | Excess of actual over estimated return on plan assets | 0.00 | 0.00 |

4. Actuarial gain / loss recognized

| | | 31/03/2010 | 30/09/2010 |
|----|--|------------|------------|
| a) | Actuarial gain/(loss) for the period-obligation | 1.10 | 0.33 |
| b) | Actuarial (gain)/loss for the period - plan assets | 0.00 | 0.00 |
| c) | Total (gain)/loss for the period | (1.10) | (0.33) |
| d) | Actuarial (gain) / loss recognized in the period | (1.10) | (0.33) |
| e) | Unrecognized actuarial (gains) losses at the end of period | 0.00 | 0.00 |

5. The amounts to be recognized in balance sheet and related analysis

| | | 31/03/2010 | 30/09/2010 |
|----|---|------------|------------|
| a) | Present value of obligation as at the end of the period | 1.26 | 1.29 |
| b) | Fair value of plan assets as at the end of the period | 0.00 | 0.00 |
| c) | Funded status / Difference | (1.26) | (1.29) |
| d) | Excess of actual over estimated | 0.00 | 0.00 |
| e) | Unrecognized actuarial (gains)/losses | 0.00 | 0.00 |
| f) | Net asset/(liability) recognized in balance sheet | (1.26) | (1.29) |

6. Expense recognized in the statement of profit and loss

| | | 31/03/2010 | 30/09/2010 |
|----|---|------------|------------|
| a) | Current service cost | 0.72 | 0.31 |
| b) | Past service cost | 0.00 | 0.00 |
| c) | Interest cost | 0.11 | 0.05 |
| d) | Expected return on plan assets | 0.00 | 0.00 |
| e) | Curtailment cost / (Credit) | 0.00 | 0.00 |
| f) | Settlement cost / (credit) | 0.00 | 0.00 |
| g) | Net actuarial (gain)/ loss recognized in the period | (1.10) | (0.33) |
| h) | Expenses recognized in the statement of profit & losses | (0.27) | 0.03 |

7. Reconciliation statement of expense in the statement of profit and loss

| | | 31/03/2010 | 30/09/2010 |
|----|---|------------|------------|
| a) | Present value of obligation as at the end of period | 1.26 | 1.29 |
| b) | Present value of obligation as at the beginning of the period | 1.53 | 1.26 |
| c) | Benefits paid | 0.00 | 0.00 |
| d) | Actual return on plan assets | 0.00 | 0.00 |
| e) | Acquisition adjustment | 0.00 | 0.00 |
| f) | Expenses recognized in the statement of profit & losses | (0.27) | 0.03 |

8. Amount for the current period

| | | 31/03/2010 | 30/09/2010 |
|----|---|------------|------------|
| a) | Present value of obligation as at the end of period | 1.26 | 1.29 |
| b) | Fair value of plan assets at the end of the period | 0.00 | 0.00 |
| c) | Surplus / (Deficit) | (1.26) | (1.29) |
| d) | Experience adjustment on plan Liabilities (loss) / gain | 1.09 | 0.33 |
| e) | Experience adjustment on plan Assets (loss) / gain | 0.00 | 0.00 |

9. Movement in the liability recognized in the balance sheet

| | | 31/03/2010 | 30/09/2010 |
|----|-----------------------|------------|------------|
| a) | Opening net liability | 1.53 | 1.26 |
| b) | Expenses as above | (0.27) | 0.03 |

| | | | |
|----|------------------------------|------|------|
| c) | Benefits paid | 0.00 | 0.00 |
| d) | Actual return on plan assets | 0.00 | 0.00 |
| e) | Acquisition adjustment | 0.00 | 0.00 |
| f) | Closing net Liability | 1.26 | 1.29 |

GRATUITY

1. Change in present value of obligation

(Rs. in Lacs)

| | | 31/03/2010 | 30/09/2010 |
|----|---|------------|------------|
| a) | Present value of obligation as at the beginning of the period | 10.33 | 12.71 |
| b) | Acquisition adjustment | 0.00 | 0.00 |
| c) | Interest cost | 0.77 | 0.48 |
| d) | Past service cost | 0.00 | 0.00 |
| e) | Current service cost | 4.13 | 2.78 |
| f) | Curtailement cost/(Credit) | 0.00 | 0.00 |
| g) | Settlement cost/(Credit) | 0.00 | 0.00 |
| h) | Benefits paid | 0.00 | 0.00 |
| i) | Actuarial (gain)/loss on obligation | (2.52) | (0.06) |
| j) | Present value of obligation as at the end of period | 12.71 | 15.90 |

2. Changes in the fair value of plan assets

(Rs. in Lacs)

| | | 31/03/2010 | 30/09/2010 |
|----|--|------------|------------|
| a) | Fair value of plan assets at the beginning of the period | 0.00 | 0.00 |
| b) | Acquisition adjustment | 0.00 | 0.00 |
| c) | Expected return on plan assets | 0.00 | 0.00 |
| d) | Contributions | 0.00 | 0.00 |
| e) | Benefits paid | 0.00 | 0.00 |
| f) | Actuarial gain/(loss) on plan assets | 0.00 | 0.00 |
| g) | Fair value of plan assets at the end of the period | 0.00 | 0.00 |

3. Fair value of plan assets

(Rs. in Lacs)

| | | 31/03/2010 | 30/09/2010 |
|----|--|------------|------------|
| a) | Fair value of plan assets at the beginning of the period | 0.00 | 0.00 |
| b) | Acquisition adjustment | 0.00 | 0.00 |
| c) | Actual return on plan assets | 0.00 | 0.00 |
| d) | Contributions | 0.00 | 0.00 |
| e) | Benefits paid | 0.00 | 0.00 |
| f) | Fair value of plan assets at the end of the period | 0.00 | 0.00 |
| g) | Funded status | (12.71) | (15.90) |
| h) | Excess of actual over estimated return on plan assets | 0.00 | 0.00 |

4. Actuarial gain/loss recognized

(Rs. in Lacs)

| | | 31/03/2010 | 30/09/2010 |
|----|---|------------|------------|
| a) | Actuarial gain/(loss) for the period-obligation | 2.52 | 0.06 |
| b) | Actuarial (gain)/loss for the period - plan | 0.00 | 0.00 |

| | | | |
|----|--|--------|--------|
| | assets | | |
| c) | Total (gain)/loss for the period | (2.52) | (0.06) |
| d) | Actuarial (gain) / loss recognized in the period | (2.52) | (0.06) |
| e) | Unrecognized actuarial (gains) losses at the end of period | 0.00 | 0.00 |

5. The amounts to be recognized in balance sheet and related analysis

(Rs. in Lacs)

| | | 31/03/2010 | 30/09/2010 |
|----|---|-------------------|-------------------|
| a) | Present value of obligation as at the end of the period | 12.71 | 15.90 |
| b) | Fair value of plan assets as at the end of the period | 0.00 | 0.00 |
| c) | Funded status / Difference | (12.71) | (15.90) |
| d) | Excess of actual over estimated | 0.00 | 0.00 |
| e) | Unrecognized actuarial (gains)/losses | 0.00 | 0.00 |
| f) | Net asset/(liability)recognized in balance sheet | (12.71) | (15.90) |

6. Expense recognized in the statement of profit and loss

(Rs. in Lacs)

| | | 31/03/2010 | 30/09/2010 |
|----|---|-------------------|-------------------|
| a) | Current service cost | 4.13 | 2.78 |
| b) | Past service cost | 0.00 | 0.00 |
| c) | Interest cost | 0.77 | 0.48 |
| d) | Expected return on plan assets | 0.00 | 0.00 |
| e) | Curtailment cost / (Credit) | 0.00 | 0.00 |
| f) | Settlement cost / (credit) | 0.00 | 0.00 |
| g) | Net actuarial (gain)/ loss recognized in the period | (2.52) | (0.06) |
| h) | Expenses recognized in the statement of profit & losses | 2.38 | 3.19 |

7. Reconciliation statement of expense in the statement of profit and loss

(Rs. in Lacs)

| | | 31/03/2010 | 30/09/2010 |
|----|---|-------------------|-------------------|
| a) | Present value of obligation as at the end of period | 12.71 | 15.90 |
| b) | Present value of obligation as at the beginning of the period | 10.33 | 12.71 |
| c) | Benefits paid | 0.00 | 0.00 |
| d) | Actual return on plan assets | 0.00 | 0.00 |
| e) | Acquisition adjustment | 0.00 | 0.00 |
| f) | Expenses recognized in the statement of profit & losses | 2.38 | 3.19 |

8. Amount for the current period

(Rs. in Lacs)

| | | 31/03/2010 | 30/09/2010 |
|----|---|-------------------|-------------------|
| a) | Present value of obligation as at the end of period | 12.71 | 15.90 |
| b) | Fair value of plan assets at the end of the period | 0.00 | 0.00 |
| c) | Surplus / (Deficit) | (12.71) | (15.90) |
| d) | Experience adjustment on plan Liabilities (loss) / gain | 2.50 | 0.06 |
| e) | Experience adjustment on plan Assets (loss) / gain | 0.00 | 0.00 |

9. **Movement in the liability recognized in the balance sheet**

(Rs. in Lacs)

| | | 31/03/2010 | 30/09/2010 |
|----|------------------------------|-------------------|-------------------|
| a) | Opening net liability | 10.33 | 12.71 |
| b) | Expenses as above | 2.38 | 3.19 |
| c) | Benefits paid | 0.00 | 0.00 |
| d) | Actual return on plan assets | 0.00 | 0.00 |
| e) | Acquisition adjustment | 0.00 | 0.00 |
| f) | Closing net Liability | 12.71 | 15.90 |

14. **Contingent Liabilities**

The company has following Contingent liabilities which are not recognized in the financial statement

For Shilpi Cable Technologies Ltd. (Holding Company)

(Rs. in Lacs)

| Particulars | As at | As at |
|---|-----------------------------------|--|
| | 31st March 2010 | 30th September, 2010 |
| Bank Guarantee (For EPCG and performance) | 118.33 | 113.61 |
| Corporate Guarantee (For WC Loans to subsidiary co. from Bank) | 2500.00 | 4500.00 |

For Shilpi Cabletronics Ltd. (Subsidiary Company)

(Rs. in Lacs)

| Particulars | As at | As at |
|--|-----------------------------------|--|
| | 31st March 2010 | 30th September, 2010 |
| Bank Guarantee (For performance) | 48.97 | 57.64 |
| Corporate Guarantee (For WC Loans to holding co. from Bank) | 9857.50 | 16032.50 |

15. Details of Related Party Disclosures have been given in Annexure XV

16. Details of Earning Per Share given in Annexure VII

17. Disclosure regarding AS-29 (Provisions)

For Shilpi Cable Technologies Ltd. (Holding Company)

(Rs. in Lacs)

| Particulars | F.Y 2009-10 | Up to 30th September, 2010 |
|--------------------------|--------------------|--|
| Opening Balance | 68.33 | 44.75 |
| Utilised | 60.22 | 30.94 |
| Reversed | 0.38 | 0.00 |
| Provided During The Year | 37.02 | 36.78 |
| Closing Balance | 44.75 | 50.59 |

For Shilpi Cabletronics Ltd. (Subsidiary Company)

(Rs. in Lacs)

| Particulars | F.Y 2009-10 | Up to 30th September, 2010 |
|--------------------|--------------------|--|
| Opening Balance | 2 0.68 | 23.04 |
| Utilised | 2 0.31 | 9.65 |

| | | |
|--------------------------|--------------|--------------|
| Reversed | 0.00 | 0.00 |
| Provided During The Year | 2 2.67 | 18.87 |
| Closing Balance | 23.04 | 32.26 |

18. Additional information required under part-II of Schedule 'VI' of the Companies Act, 1956
For Shilpi Cable Technologies Ltd. (Holding Company)

(a) Installed Capacity

(As certified by the management and on the basis of TEV Report)

| | 2010-11 | 2009-10 |
|--|----------------|----------------|
| Cables (on a presumed product mix) KMs | 18,245 | 18,245 |

(b) Quantitative statement of finished goods

(Rs. In Lacs)

| S. No. | ITEM | Stock As On 31.3.2010 | Purchase/ production | Sales | Stock As On 30.9.2010 |
|---------------|--------------------------|----------------------------------|---------------------------------|--------------|----------------------------------|
| 1. | Cables / Wires | | | | |
| | Qty. (In KMs) | 422.170 | 5,152.447 | 4,710.270 | 864.347 |
| | Rs (In lacs) | 573.43 | 5,943.04 | 7,303.85 | 1,116.94 |
| 2. | Accessories & Components | | | | |
| | Qty. (In pcs.) | 51,815 | 1,061,350 | 1,007,085 | 106,080 |
| | Rs (In lacs) | 106.61 | | 3,470.81 | 205.18 |
| 3. | Others | | | | |
| | Qty. (In Kgs'000) | 0.00 | 21.384 | 21.384 | 0.00 |
| | Qty. (In Nos.) | 0.00 | 0.00 | 0.00 | 0.00 |
| | Rs (In lacs) | 0.00 | 0.00 | 59.86 | 0.00 |

(c) Consumption of Raw Materials

(Rs. In Lacs)

| S. No. | ITEM | Period ended 30.09.2010 | Year ended 31.03.2010 |
|---------------|----------------------------------|------------------------------------|----------------------------------|
| 1 | Copper (Tape / Tube / Rod / CCA) | | |
| | Qty.(In Kgs'000) | 867.881 | 1300.586 |
| | Rs (In lacs) | 3584.44 | 4238.52 |
| 2 | Polyethylene / Adhesive / etc. | | |
| | Qty.(In Kgs'000) | 176.555 | 345.403 |
| | Rs (In lacs) | 147.28 | 239.36 |
| 3 | S/F Cable | | |
| | Qty.(In KMs) | 1555.849 | 5889.451 |
| | Rs (In lacs) | 2027.76 | 5192.01 |
| 4 | Accessories & Component | | |
| | Qty.(In Nos.) | 1061350 | 1220210 |
| | Rs (In lacs) | 3391.02 | 3682.16 |

(d) Value of imports on CIF Basis :

(Rs. In Lacs)

| S.no | Item | 30th Sep.'2010 | 2009-10 |
|------|-------------------------------|----------------|---------|
| i) | Capital Goods | 0.00 | 0.00 |
| ii) | Raw Materials and Spare Parts | 7321.70 | 9827.46 |

(e) Expenditure in Foreign Currency :

(Rs. In Lacs)

| S. No. | ITEM | 30th Sep.'2010 | 2009-10 |
|--------|-------------------------------|----------------|---------|
| i) | On Capital Goods | 0.00 | 0.00 |
| ii) | Raw Materials and Spare Parts | 6685.02 | 9276.54 |
| iii) | Others | 17.05 | 18.42 |

(f) Earning in Foreign Currency :

(Rs. In Lacs)

| S. No. | ITEM | 30th Sep.'2010 | 2009-10 |
|--------|----------------|----------------|---------|
| i) | Sales (Export) | 0.00 | 0.00 |
| ii) | Others | 0.00 | 0.00 |

(g) Auditors' Remuneration :

(Rs. In Lacs)

| S. No. | ITEM | 30th Sep.'2010 | 2009-10 |
|--------|---------------------|----------------|---------|
| i) | Statutory Audit Fee | 1.00 | 2.00 |
| ii) | Tax Audit Fee | 0.25 | 0.50 |
| iii) | Service Tax | 0.13 | 0.26 |

(h) Directors' Remuneration:

(Rs. In Lacs)

| ITEM | 30th Sep.'2010 | 2009-10 |
|-------------------------|----------------|---------|
| Directors' Remuneration | 16.41 | 29.00 |

For Shilpi Cabletronics Ltd. (Subsidiary Company)

(a) Installed Capacity

The Installed capacity of the Company is variable and not ascertainable in view of the fact that the Capacities depend on the type of the cable or cable assembly produced. As per rough estimates of the Management, presently the Operations of the Company use about 60% of its Machinery infrastructure and about 60% of its Space Infrastructure.

(b) Quantitative statement of finished goods

(Rs. In Lacs)

| S. No. | ITEM | Stock As On 31.3.2010 | Purchase/ production | Sales | Stock As On 30.9.2010 |
|--------|-----------------|-----------------------|----------------------|------------|-----------------------|
| 1. | Cables / Wires | | | | |
| | Qty.(In K Mtrs) | 75,410.00 | 147,827.82 | 171,981.19 | 51,256.63 |

| | | | | | |
|----|--------------------------|--------|---------|----------|--------|
| | Rs (In lacs) | 380.78 | | 4,603.46 | 495.14 |
| 2. | Accessories / Assemblies | | | | |
| | Qty.(In pcs.) | 2,374 | 404,455 | 398,836 | 7,993 |
| | Rs (In lacs) | 8.17 | | 1,143.55 | 22.82 |

- (c) Consumption of Raw Materials
Quantitative detail of raw material consumption could not be ascertained

- (d) Value of imports on CIF Basis :

(Rs. In Lacs)

| S. No. | ITEM | 30 th Sep.'2010 | 2009-10 |
|--------|-------------------------------|----------------------------|---------|
| i) | Capital Goods | 0.00 | 0.00 |
| ii) | Raw Materials and Spare Parts | 419.91 | 181.24 |

- (e) Expenditure in Foreign Currency :

(Rs. In Lacs)

| S. No. | ITEM | 30th Sep.'2010 | 2009-10 |
|--------|-------------------------------|----------------|---------|
| i) | On Capital Goods | 0.00 | 0.00 |
| ii) | Raw Materials and Spare Parts | 65.93 | 127.21 |
| iii) | Others | 0.00 | 0.00 |

- (f) Earning in Foreign Currency :

(Rs. In Lacs)

| S. No. | ITEM | 30th Sep.'2010 | 2009-10 |
|--------|----------------|----------------|---------|
| i) | Sales (Export) | 0.00 | 0.00 |
| ii) | Others | 0.00 | 0.00 |

- (g) Auditors' Remuneration :

(Rs. In Lacs)

| S. No. | ITEM | 30th Sep.'2010 | 2009-10 |
|--------|---------------------|----------------|---------|
| i) | Statutory Audit Fee | 0.20 | 0.40 |
| ii) | Tax Audit Fee | 0.05 | 0.10 |
| iii) | Service Tax | 0.03 | 0.05 |

- (h) Directors' Remuneration

(Rs. In Lacs)

| | 30th Sep.'2010 | 2009-10 |
|-------------------------|----------------|---------|
| Directors' Remuneration | 2.40 | 2.40 |

19. Prior year Figures have been regrouped, rearranged & recast where considered necessary to confirm with the current periods classification.
20. All the figures have been rounded off to the nearest Lacs Rupees (except stated otherwise).

Annexure – VI

Consolidated Summary Statement of Other Income

(Rs. in Lacs)

| <u>Particulars</u> | Consolidated 30.09.2010 | Consolidated 31.03.2010 | Related/ Not Related to Business Activity | Nature |
|---|------------------------------------|------------------------------------|--|---------------|
| Interest received | 18.79 | 40.07 | Related | Recurring |
| Rental Income | 0.00 | 0.68 | Related | Recurring |
| Miscellaneous Income | 2.77 | 7.64 | Related | Non Recurring |
| Exchange Rate Fluctuation Gain/Loss | 122.53 | 190.44 | Related | Recurring |
| Total | 144.09 | 238.83 | - | - |
| Net Profit before tax, as per consolidated Summary statement of Profits and Losses , as restated | 1120.16 | 1561.40 | - | - |
| % of Other Income | 0.13 | 0.15 | - | - |

Notes: 1.The figures disclosed above are based on the restated consolidated financial statement of the company and it's Subsidiary.

2. In view of the management, all the other income mentioned above are mainly related to the business of the company.

3. The above amounts are as per the statement of profit & loss, as restated of the company.

Annexure – VII

Consolidated Summary Statement of Accounting & Other Ratios

(Rs. in Lacs)

| Particulars | Consolidated 30.09.2010 | Consolidated 31.03.2010 |
|--|----------------------------|----------------------------|
| Net Worth as per Balance Sheet (A) | 4,388.92 | 3,602.46 |
| Profit after tax (B) | 740.96 | 947.64 |
| No of shares outstanding at the end of the year (C) | 2,42,00,000 | 2,42,00,000 |
| Weighted average no of shares at the time of end of the year (D) | 24,200,000 | 2,12,96,575 |
| Weighted average no of shares outstanding for Diluted EPS (E) | 24,200,000 | 2,12,96,575 |
| Basic Earnings Per Share (Rs.) (B/D) | 3.06 | 4.45 |
| Diluted Earnings Per Share (Rs.) (B/E) | 3.06 | 4.45 |
| Current Assets (F) | 18,509.35 | 14,637.18 |
| Current Liabilities (G) | 8,822.13 | 7,074.68 |
| Return on Net worth (%) (B/A) | 16.88 | 26.31 |
| Net asset value per share (A/C) | 18.14 | 14.89 |
| Current Ratio (F/G) | 2.10 | 2.07 |

Notes:

1. The figures disclosed above are based on the Restated consolidated financial statement of the company and its Subsidiary.
2. Net Profit, as restated, as appearing in the consolidated statement of Profit and Loss for the financial year ending 31.03.2010 has been considered for the purpose of computing the above ratios.
3. Earnings per share (Rs.) = Profit available to equity shareholders/Weighted No. of equity shares
4. Return on Net worth (%) = Profit after taxation/Net worth X 100
5. Net asset value/Book value per share (Rs.) = Net worth /No. of equity shares
6. The company does not have any revaluation reserves or extra-ordinary items.

7. Basic Earnings Per Share (Rs.) = Restated Net Profit/ Loss after Tax divided by Weighted Average number of Equity shares outstanding during the period/ year.

8. Diluted Earnings Per Share(Rs.) = Restated Net Profit attributable to equity shareholders adjusted for interest, dividend and other charges in expenses or income due to dilutive potential equity shares divided by (Weighted average no. of shares outstanding during the period + weighted average no. of shares to be issued on conversion of dilutive potential equity shares)

Annexure – VIII

Consolidated Summary Statement of Capitalization:

| Particulars | (Rs. in Lacs) | |
|---|--|-------------|
| | Pre Issue As At 30th September, 2010 | Post Issue* |
| Total Debt: | | |
| Short Term Debt | 4261.93 | [•] |
| Long Term Debt | 6456.47 | [•] |
| Total Borrowing | 10718.40 | [•] |
| Shareholders' Funds: | | |
| Share Capital | 2420.00 | [•] |
| Reserves & surplus | 2493.51 | [•] |
| Total Shareholders' Funds | 4913.51 | [•] |
| Long Term Debt/ Shareholders funds | 1.31 | [•] |
| Total Debt / Equity | 2.18 | [•] |

* Post issue calculation can be done only on the conclusion of the book building process.

Annexure – IX

| Consolidated Statement of Tax Shelter | | (Rs in Lacs) | |
|---------------------------------------|---|----------------------------|----------------------------|
| | Particulars | Consolidated 30.09.2010 | Consolidated 31.03.2010 |
| | Rate of Tax (Normal) | 30.90% | 33.99% |
| | Rate of Tax (MAT) | 18.540% | 16.995% |
| A | Profit Before Tax | | |
| | Profit / (Loss) as per Profit & Loss Account before Tax(Restated) | 1120.16 | 1561.40 |
| | Profit / (Loss) as per Profit & Loss Account before Tax(Audited) | 1107.43 | 1628.07 |
| | Adjustments in Audited P&L : | | |
| | Difference between book depreciation & tax depreciation | (160.61) | (420.55) |
| | Penalty | 2.72 | 2.17 |
| | Provision for gratuity | 4.42 | 11.17 |
| | Loss on sale of Fixed Assets | 0.00 | 1.58 |
| | Late deposit of PF | 0.00 | 1.03 |
| | Sundry Balance W/Off | 0.00 | 0.00 |
| | Net Taxable income | 953.96 | 1223.47 |
| B | Taxable Income | | |
| | Taxable Income as per Income Tax | 953.96 | 1223.47 |
| | Tax Payable as per Income Tax (Normal) | 294.78 | 415.86 |
| | Tax Payable as per MAT | 205.34 | 270.06 |
| | Tax Payable as per Return | 219.17 | 294.97 |
| C | Tax on Restated P&L | 221.52 | 563.84 |
| D | Permanent differences | | |
| | Penalty | 2.72 | 2.17 |
| | Profit/ (Loss) on sale of Fixed Assets | 0.00 | 1.58 |
| | Late deposit of PF | 0.00 | 1.03 |
| | Total Permanent Difference (a) | 2.72 | 4.78 |
| E | Timing differences | | |
| | Difference in Book Depreciation & Tax Depreciation | (160.61) | (420.55) |
| | Provision for gratuity | 4.42 | 11.17 |
| | Carry Forward Business Loss & Prior Period expense | (696.32) | (1654.22) |
| | Sundry Balance W/Off | 0.00 | 0.00 |
| | Total Timing Difference (b) | (852.51) | (2063.60) |
| | Net Adjustment (a+b) | (849.79) | (2058.82) |
| F | Deferred Tax Liabilities Restated | 266.40 | 151.74 |

Note:-

(a) The Consolidated Statement of Tax Shelter has been prepared by adding together on a line to line basis like items as per audited accounts of the company for the period ended as on 30th September, 2010 under the Income Tax Act 1961, and is not based on the profit as per Consolidated statement of Profit & Loss as Restated.

(b) The above adjustments for subsidiary company are provided on the basis of Income Tax Return of the company for the respective Assessment Year except 30th September, 2010 & Tax Payable as per Computation made for provision for tax in audited accounts.

Annexure – X

Consolidated Statement of Secured Loans:

| (Rs. in Lacs) | | |
|--------------------------------|------------------------------------|------------------------------------|
| Particulars | Consolidated 30.09.2010 | Consolidated 31.03.2010 |
| RUPEE TERM LOAN : | | |
| FROM BANKS: | | |
| The Karur Vysya Bank | 0.00 | 753.14 |
| Punjab National Bank | 661.87 | 0.00 |
| IDBI | 3142.24 | 3448.88 |
| WORKING CAPITAL LOANS : | | |
| The Karur Vysya Bank | 2.47 | 358.73 |
| IDBI BANK | 1614.19 | 1278.58 |
| STATE BANK OF INDIA | 1607.68 | 895.69 |
| PUNJAB NATIONAL BANK | 1037.59 | 585.61 |
| PC/FDB Loan : | 0.00 | 0.00 |
| Vehicle Loan : | 43.12 | 53.14 |
| Total | 8109.16 | 7373.77 |

Note: The figures disclosed above are based on the restated consolidated financial statement of the company and it's Subsidiary.

Principal Terms of Sanctioned Loans and Assets Charged as security

| (Rs in Lacs) | | | | | | | |
|--------------|----------------------|------------------------------------|--------------------------------|--|------------------|------------|--|
| S. No. | Lender | Type of Facility (Sanction Amount) | Sanction / letter no. and date | Terms of repayment | Rate of Interest | 30-09-2010 | Details of Security |
| 1 | Punjab National Bank | TERM LOAN (6.75 Cr)* | 27.09.2010 | 35 Equal Monthly Installments of Rs. 19.29 Lacs | 13.50% | 661.87 | <p>Pari-passu charge on movable Property (save and except book debts) Factory Land & Building, Plant and Machinery, spare tools and accessories and movable both present and future installed or to be installed, store at premises in India or at any other place</p> <p>Second pari-passu charge on entire raw material, semi finished goods, finished goods, consumable stores and spares, and other movables including book debts, bills, outstanding money, receivables both present and future.</p> <p>ROC Charge ID 10243223</p> |
| 2 | IDBI● | TERM LOAN (31.55 Cr)* | 01.09.2010 | Total 37 Installments. 1 Install of Rs. 50 Lacs, 35 Install of Rs. 86 Lacs each & 1 Install of Rs. 95 Lacs | 14.00% | 3142.24 | <p>First Pari-passu charge on movable Property (save and except book debts) Plant and Machinery , spare tools and accessories and movable both present and future installed or to be installed , store at premises in India or at any other place including those i</p> |

| | | | | | | | |
|---|----------------------|----------------------------|------------|-------------------|--------|--------|---|
| | | | | | | | <p>Second pari-passu charge on entire raw material, semi finished goods, finished goods, consumable stores and spares, and other movables including book debts, bills, outstanding money, receivables both present and future.</p> <p>Personal Guarantee: Mukesh Kumar Gupta and Manish Goel</p> <p>Corporate Guarantee:- Shilpi Cables Pvt. Ltd. Shilpi Communication Pvt. Ltd Shilpi Cabletronics Pvt. Ltd.</p> <p>ROC Charge ID 10118426</p> |
| 3 | Punjab National Bank | WORKING CAPITAL (5.00 Cr)@ | 27.09.2010 | Tenability 1 Year | 13.50% | 489.43 | <p>Primary: First Pari-passu charge over the entire current assets, present and future of the company along with IDBI Bank and SBI under MBA. For DP, paid stocks and book debts not older than 120 days only to be taken into account.</p> <p>Collateral : second pari-passu charge over fixed assets of the applicant company amounting to Rs 70.05 Cr.</p> <p>Pari-passu first charge over the industrial land and building property situated at plot no. E-138, Phase II, RIICO, Bhiwadi, Rajasthan. Standing in the name of M/s Shilpi Cables Pvt Ltd.</p> <p>ROC Charge ID 10243223</p> |

| | | | | | | | |
|---|----------------------|----------------------------------|------------|-------------------|-----|---------|---|
| 4 | Punjab National Bank | NON FUND BASED LIMIT (23.00 Cr)@ | 27.09.2010 | Tenability 1 Year | - | 1796.97 | <p>Primary: First Pari-passu charge over the entire current assets, present and future of the company along with IDBI Bank and SBI under MBA. For DP, paid stocks and book debts not older than 120 days only to be taken into account.</p> <p>Collateral : second pari-passu charge over fixed assets of the applicant company amounting to Rs 70.05 Cr.</p> <p>Pari-passu first charge over the industrial land and building property situated at plot no. E-138, Phase II, RIICO, Bhiwadi, Rajasthan. Standing in the name of M/s Shilpi Cables Pvt Ltd.</p> <p>ROC Charge ID10243223</p> |
| 5 | IDBI Bank● | WORKING CAPITAL (14.00 Cr) | 01.09.2010 | Tenability 1 Year | 14% | 1414.17 | <p>Primary: First pari-passu charge on the entire current assets of the company both present and future.</p> <p>Collateral: Second pari-passu charge on the fixed assets of the company.</p> <p>Equitable Mortgage of property at Bhiwadi (belonging to Shilpi Cables Pvt Ltd) on pari passu basis with Punjab National Bank</p> <p>ROC Charge ID 10118425</p> |
| 6 | IDBI Bank● | NON FUND BASED LIMIT (38.00 Cr) | 01.09.2010 | Tenability 1 Year | - | 3777.57 | <p>Primary: First pari-passu charge on the entire current assets of the company both present and future.</p> |

| | | | | | | | |
|---|------------|--------------------------------|------------|-------------------|-------|---------|---|
| | | | | | | | <p>Collateral: Second pari-passu charge on the fixed assets of the company.</p> <p>Equitable Mortgage of property at Bhiwadi (belonging to Shilpi Cables Pvt Ltd) on pari passu basis with Karur Vysya Bank.</p> <p>ROC Charge ID 10118425</p> |
| 7 | IDBI Bank● | NO FUND BASED LIMIT (1.025 Cr) | 01.09.2010 | Tenability 1 Year | - | 102.50 | <p>Primary: First pari-passu charge on the entire current assets of the company both present and future.</p> <p>Collateral: Second pari-passu charge on the fixed assets of the company.</p> <p>Equitable Mortgage of property at Bhiwadi (belonging to Shilpi Cables Pvt Ltd) on pari passu basis with Karur Vysya Bank.</p> <p>ROC Charge ID 10118425</p> |
| 8 | SBI | WORKING CAPITAL (16.00 Cr)≠ | 06.05.2010 | Tenability 1 Year | 13.75 | 1607.68 | <p>Primary: First pari passu charge by way of hypothecation on the entire current assets.</p> <p>Collateral: 2nd Pari-passu charge on entire fixed assets.</p> <p>First Pari-passu charge by way of EM of landed property at Bhiwadi owned by the associate company Shilpi Cables Pvt Ltd.</p> <p>Personal Guarantee: Mukesh Kumar Gupta and Manish Goel</p> <p>Corporate Guarantee:- Shilpi Cables Pvt. Ltd.</p> <p>Shilpi Communication Pvt. Ltd</p> <p>Shilpi Cabletronics Pvt. Ltd.</p> <p>ROC Charge ID 10173306</p> |

| | | | | | | | |
|----|------------|---|------------|-------------------------------|-------|---------|--|
| 9 | SBI | NON FUND BASED LIMIT (24.00 Cr)≠ | 06.05.2010 | Tenability 1 Year | - | 2300.11 | <p>Primary: First pari passu charge by way of hypothecation on the entire current assets.</p> <p>Collateral: 2nd Pari-passu charge on entire fixed assets.</p> <p>First Pari-passu charge by way of EM of landed property at Bhiwadi owned by the associate company Shilpi Cables Pvt Ltd.</p> <p>Personal Guarantee: Mukesh Kumar Gupta and Manish Goel</p> <p>Corporate Guarantee:- Shilpi Cables Pvt Ltd. Shilpi Communication Pvt Ltd Shilpi Cabletronics Pvt Ltd.</p> <p>ROC Charge ID 10173306</p> |
| 10 | SBI | NON FUND BASED (1.00 Cr)≠ | 06.05.2010 | Tenability 1 Year | - | 1.78 | <p>Primary: First pari passu charge by way of hypothecation on the entire current assets.</p> <p>Collateral: 2nd Pari-passu charge on entire fixed assets.</p> <p>First Pari-passu charge by way of EM of landed property at Bhiwadi owned by the associate company Shilpi Cables Pvt Ltd.</p> <p>Personal Guarantee: Mukesh Kumar Gupta and Manish Goel</p> <p>Corporate Guarantee:- Shilpi Cables Pvt Ltd. Shilpi Communication Pvt Ltd Shilpi Cabletronics Pvt Ltd.</p> <p>ROC Charge ID 10173306</p> |
| 11 | HDFC BANK. | VEHICLE LOAN(COROLLA) | 15.09.2009 | 36 Monthly Installments | 8.75% | 7.14 | Vehicle No Charge Filed |
| 12 | HDFC BANK. | VEHICLE LOAN | 22.04.2009 | 35 Monthly | 9.50% | 8.67 | Vehicle No Charge Filed |

| | | | | Installments | | | |
|----|-----------------------------------|--------------|------------|--|----------------|-------|-------------------------|
| 13 | HDFC Bank | VEHICLE LOAN | 09.03.2010 | 35 Monthly Installments of Rs 72,412/- | 14.5% (approx) | 17.94 | Vehicle No Charge Filed |
| 14 | SYAIL LEASING & FINANCIAL COMPANY | VEHICLE LOAN | 28.07.2010 | Monthly Installments of Rs 10380/- | - | 3.25 | Vehicle No Charge Filed |

*Principal terms of Term Loans are:

1. All Term Loans are secured by specific assets which are financed by bank
2. Rate of interest of term loans are given above
3. Repayment schedule of term loans are given above

@ 1. Prepayment charges 2%

2. Commitment charges 0.25% on the unveiled portion of the total limit where the disburse amount is less than 70% of the sanction.

3. Penal Interest: In case any of the terms and conditions are not complied or irregularities are noticed in the conduct of the accounts or default/delay in repayment of installment is noticed, the bank would charge Panel interest at 2% over and above the applicable interest rate.

≠ **Penal Rate of Interest:** Each of following events will attract penal interest at applicable rate as indicated, over and above the normal interest applicable in the account:

- a. Irregularities in cash credit accounts: On the entire out standings, if continuously irregular for a period beyond 60 days; in other cases, on the irregular portion (at 2% p.a.).
- b. Non- submission of stock statements: Delay beyond 15 days of the succeeding month to be considered as non-submission (at 1% p.a.).
- c. Non-submission of renewal data beyond three months from the due date of renewal (at 1% p.a.).
- d. Non-compliance with covenants (at 1% p.a.).

However, the total panel interest charged due to various non- compliances will not exceed 3%p.a.

● **Penal Interest:**

- i. The company to submit month end statement of book debts and stocks in the first week of the following month. Any delay in submission of the statements to attract penal interest 2% over and above the rate charged.
- ii. The company to submit QIS within 45 days from the end of relevant quarter. Any delay in submission of the statements to attract penal interest 2% over and above the rate charged.

Principal Terms of Sanctioned Loans and Assets Charged as Security (Subsidiary Company)

| (Rs in Lacs) | | | | | | | |
|--------------|----------------------|--|--------------------------------|-----------------------|------------------|------------|--|
| Sl. No. | Lender | Type of Facility | Sanction / letter no. and date | Terms of repayment | Rate of Interest | 30-09-2010 | Details of Security |
| 1 | Punjab National Bank | WORKING CAPITAL (Rs 600.00)* | 12.06.2009 | Tenability 1 Year | BPLR+2% | 548.16 | Hypothecation of stock of raw material work in process, finished goods, goods in transit, whether lying in the party's godown / warehouses of the company or otherwise and receivables / book debts. ROC Charge ID 10170861 |
| 2 | Punjab National Bank | NON FUND BASED LIMIT (Rs 2900.00)* | 18.08.2010 | Tenability 1 Year | - | 2837.19 | FLC: Shipping documents (DAY/DP) including bills of landing / covering imported raw material / stores / spares along with insurance and other usual documents. ILC: Bill of accompanied by PRs / MTRs of approved transport companies covering purchases of raw materials / stores / spares as pre receipted challans. ROC Charge ID 10170862 |
| 3 | Reliance Capita | VEHICLE LOAN (Innova) | 27.05.2008 | 35 EMIs of Rs 25200/- | 7.03% | 0.99 | Vehicle No Charge Filed |
| 4 | HDFC BANK. | VEHICLE LOAN (Honda) | 08.07.2009 | 34 EMIs of Rs 29420/- | 12.50% | 5.13 | Vehicle No Charge Filed |
| 5 | IDBI | WORKING CAPITAL- OCC (Rs. 200.00) | 09.06.2010 | Tenability 1 year | 13.00% | 200.02 | Pari passu charge on the fixed assets of the company excluding Vehicles. Pari passu charge on the property situated at 358, Aali Indl. Estate, Mathura Road, New Delhi. |

| | | | | | | | |
|---|------|--|------------|-------------------|---|--------|---|
| | | | | | | | Pari passu charge on the property situated at D 1112, New Friends Colony, New Delhi |
| | | | | | | | ROC Charge ID 10224712 |
| 6 | IDBI | NON FUND BASED LIMIT ILC/ FLC/ BG (Rs 800.00)* | 09.06.2010 | Tenability 1 year | - | 796.57 | <p>FLC: Shipping documents (DA/DP) including bills of landing / covering imported raw material / stores / spares along with insurance and other usual documents.</p> <p>ILC: Bill of accompanied by PRs / MTRs of approved transport companies covering purchases of raw materials / stores / spares as pre receipted challans.</p> <p>ROC Charge ID 10224712</p> |

* Penal Interest @ 2% over and above the normal rate shall be charged in case of any irregularity for any reason whatsoever

Consolidated Statement of Unsecured Loans:
(Rs. in Lacs)

| Particulars | Consolidated 30.09.2010 | Consolidated 31.03.2010 | Interest Rate(for all loans) | Repayment schedule |
|---|------------------------------------|------------------------------------|---|---|
| From Promoters/ Directors / Share holders | 378.80 | 378.80 | 0.00 | There is no fixed repayment schedule and all the loans are repayable on demand. |
| From group co./subsidiaries and material associate co | 1457.16 | 1803.85 | 0.00 | |
| Others (without Interest) | 386.51 | 135.48 | 0.00 | |
| Others (with Interest) | 386.77 | 0.00 | Avg 19.45% | Monthly Repayment |
| Total | 2609.24 | 2318.13 | | |

Note: - All of the above Unsecured Loans can be recalled by the lenders at any time except interest bearing loan. There are no Unsecured Loans that has been taken by Shareholders of the Shilpi Cable Technologies Limited and Shilpi Cabletronics Limited respectively. All the above unsecured Loans have been taken on 0% interest rate except interest bearing loan.

Break up of Loans taken from Promoters/ Directors or group/ Shareholders / Associate Companies:

For the period ended 30th September, 2010

| | |
|--|--|
| From Promoters / Directors/ Share holders | Mr. Mukesh Kumar Gupta (Rs. 378.80 Lacs) |
| From group co./subsidiaries and material associate companies | M/s MVM Impex Private Limited (Rs. 283.70 Lacs) |
| | M/s Shilpi Communication Private Limited (Rs. 393.50 Lacs) |

For the year ended March 2010

| | |
|--|--|
| From Promoters/ Directors/ Share holders | Mr. Mukesh Kumar Gupta (Rs. 378.80 Lacs) |
| From group co./subsidiaries and material associate companies | M/s MVM Impex Private Limited (Rs. 133.70 Lacs) |
| | M/s Shilpi Communication Private Limited (Rs. 404.00 Lacs) |

For the year ended March 2009

| | |
|--|--|
| From group co./subsidiaries and material associate companies | M/s MVM Impex Private Limited (Rs. 30.00 Lacs) |
| | M/s Shilpi Communication Private Limited (Rs. 259.00 Lacs) |

Annexure – XII

Consolidated Statement of Sundry Debtors:

| (Rs. in Lacs) | | |
|-------------------------|------------------------------------|------------------------------------|
| <u>Particulars</u> | Consolidated 30.09.2010 | Consolidated 31.03.2010 |
| a) More than Six Months | 216.35 | 259.31 |
| b) Less than Six Months | 11144.90 | 8540.09 |
| Total | 11361.25 | 8799.40 |

Note: - There are no debtors related to the directors or promoters of Shilpi Cable Technologies Limited and Shilpi Cabletronics Limited respectively.

Annexure – XIII

Consolidated Statement of Loans & Advances:

| (Rs. In Lacs) | | |
|---------------------|------------------------------------|------------------------------------|
| Particulars | Consolidated 30.09.2010 | Consolidated 31.03.2010 |
| Security Deposit | 54.40 | 62.64 |
| Advance to Supplier | 22.07 | 22.03 |
| Advances to staff | 7.30 | 10.97 |
| Advances to Others | 1577.69 | 843.95 |
| Total | 1,661.46 | 939.59 |

Note: - There are no loans & advances related to the directors or promoters of Shilpi Cable Technologies Limited and Shilpi Cabletronics Limited respectively.

Annexure – XIV

Consolidated Statement of Contingent liabilities

| (Rs. in Lacs) | | |
|--|------------------------------------|------------------------------------|
| Particulars | Consolidated 30.09.2010 | Consolidated 31.03.2010 |
| Bank Guarantee (For EPCG and performance) | 171.25 | 167.30 |
| Corporate Guarantee * | 0.00 | 0.00 |

* Holding Company has given corporate guarantee to the subsidiary and subsidiary has also given corporate guarantee to the holding due to that in consolidation, we have nullified the effects.

Annexure – XV
RELATED PARTY DISCLOSURE FOR THE YEAR ENDED 30th SEPTEMBER 2010 (HOLDING) IN ACCORDANCE WITH AS-18

List of Related Parties & Relationships, where control exists.

| Sr. No. | Nature of Relationship | Name of Parties |
|---------|---|---|
| 1 | Holding Company | Shilpi Communication Pvt. Limited |
| 2 | Subsidiary Company | Shilpi Cabletronics Ltd |
| 3 | Associate Companies | Shilpi Cables Pvt. Limited MVM Impex Pvt. Ltd GGP Cabletronics Pvt. Limited |
| 4 | Key Management Personnel | Mr Mukesh Kumar Gupta Mr Ghanshyam Pandey Mr Manish Goel |
| 5 | Relatives of Key Management personnel | Mrs. Laxmi Pandey w/o Mr. Ghanshyam Pandey Mrs. Anukriti Goel Daughter in law of Mr. Mukesh Kumar Gupta Mr. Vishal goel Son of Mr. Mukesh Kr. Gupta Mrs. Sharda Rani w/o Mr. Mukesh Kr. Gupta. Ms. Shilpi Goel Daughter of Mr. Mukesh Kr. Gupta |
| 6 | Enterprises where significant Influence exist by Key Management Personnel | Nil |

Details of transaction with the related parties
(Rs in Lacs)

| Sr. No. | Particulars | Nature of Transactions | Transaction Value |
|---------|---------------------------------------|---|-------------------|
| 1 | Key Management Personnel | Salaries | 16.41 |
| | | Others | 1.09 |
| | | Unsecured Loan | 0.00 |
| | | Unsecured Loan outstanding as on 30th September, 2010 at the rate of 0% | 378.80 |
| 2 | Relatives of Key Management personnel | Others | 4.50 |
| | | Sale | 0.00 |

| | | | |
|---|---------------------|--|---------|
| 3 | Associate Companies | Purchase | 0.00 |
| | | Share application money (Received) | 0.00 |
| | | Unsecured Loan (Received) | 625.50 |
| | | Unsecured Loan (Payment) | 226.00 |
| | | USL Outstanding as on 30.09.2010 interest rate 0% | 677.20 |
| 4 | Subsidiary Company | Purchase (Goods) | 0.00 |
| | | Purchase (P&M) | 0.00 |
| | | Sales | 452.51 |
| | | Job work Income | 2.76 |
| | | Balance outstanding on 30.09.2010 | 17.02 |
| | | Corporate Guarantee | 4500.00 |

RELATED PARTY DISCLOSURE FOR THE YEAR ENDED 31ST MARCH 2010 (HOLDING) IN ACCORDANCE WITH AS-18

List of Related Parties & Relationships, where control exists.

| Sr. No. | Nature of Relationship | Name of Parties |
|---------|---|---|
| 1 | Holding Company | Shilpi Communication Pvt. Limited |
| 2 | Subsidiary Company | Shilpi Cabletronics Ltd |
| 3 | Associate Companies | MVM Impex Pvt. Ltd GGP Cabletronics Pvt. Limited Shilpi Cables Pvt. Limited |
| 4 | Key Management Personnel | Mr Mukesh Kumar Gupta Mr Ghanshyam Pandey Mr Manish Goel |
| 5 | Relatives of Key Management personnel | Mrs. Laxmi Pandey w/o Mr. Ghanshyam Pandey Mrs. Anukriti Goel Daughter in law of Mr. Mukesh Kumar Gupta Mr. Vishal goel Son of Mr. Mukesh Kr. Gupta Mrs. Sharda Rani w/o Mr. Mukesh Kr. Gupta. Ms. Shilpi Goel Daughter of Mr. Mukesh Kr. Gupta |
| 6 | Enterprises where significant Influence exist by Key Management Personnel | Nil |

| Details of transaction with the related parties | | | (Rs in Lacs) |
|---|---------------------------------------|--|-------------------|
| Sl.No. | Particulars | Nature of Transactions | Transaction Value |
| 1 | Key Management Personnel | Salaries | 29.00 |
| | | Others | 1.09 |
| | | Unsecured Loan | 378.80 |
| | | Unsecured Loan outstanding as on 31 st March 2010 at the rate of 0% | 378.80 |
| 2 | Relatives of Key Management personnel | Others | 14.25 |
| 3 | Associate Companies | Sale | 1251.18 |
| | | Purchase | 1251.18 |
| | | Share application money (Received) | 560.00 |
| | | Unsecured Loan (Received) | 711.70 |
| | | Unsecured Loan (Payment) | 463.00 |
| | | USL Outstanding as on 31.03.2010 interest rate 0% | 537.70 |
| 4 | Subsidiary Company | Purchase (Goods) | 76.01 |
| | | Purchase (P&M) | 4.60 |
| | | Sales | 1251.18 |
| | | Balance outstanding on 31.03.2010 | 410.19 |
| | | Corporate Guarantee | 2500.00 |

RELATED PARTY DISCLOSURE OF SHILPI CABLETRONICS LTD. FOR THE YEAR ENDED 30TH SEPTEMBER, 2010 IN ACCORDANCE WITH AS-18

List of Related Parties & Relationships, where control exists.

| Sr. No. | Nature of Relationship | Name of Parties |
|---------|---|--|
| 1 | Holding Company | <ul style="list-style-type: none"> Shilpi Cable Technologies Ltd |
| 2 | Subsidiary Company | NIL |
| 3 | Associate Companies | <ul style="list-style-type: none"> Shilpi Communications Pvt. Ltd MVM Impex Pvt Ltd Shilpi Cables Pvt Ltd |
| 4 | Key Management Personnel | <ul style="list-style-type: none"> Mr Mukesh Kumar Gupta Mr. Manish Goel |
| 5 | Relatives of Key Management personnel | <ul style="list-style-type: none"> Shilpi Goel D/o Mr. Mukesh Kr Gupta Vishal Goel S/o Mr. Mukesh Kr Gupta Sharda Rani W/o Mr. Mukesh Kumar Gupta |
| 6 | Enterprises where significant Influence exist by Key Management Personnel | NIL |

Details of transaction with the related parties

| (Rs in Lacs) | | | |
|--------------|---------------------------------------|---|-------------------|
| S. No. | Particulars | Nature of Transactions | Transaction Value |
| 1 | Key Management Personnel | Salaries | 2.40 |
| | | Share Capital (inclusive of premium) | 0.00 |
| | | Others | 0.00 |
| | | Unsecured Loan | 0.00 |
| | | Unsecured Loan outstanding as on 30 th September, 2010 0% interest rate. | 0.00 |
| 2 | Relatives of Key Management personnel | Salaries | 4.20 |
| | | Rent | 0.60 |
| | | Unsecured loans payment | 0.00 |
| 3 | Associate Companies | Rent Payment | 3.00 |
| | | Sales | 0.00 |
| | | Payment of Loans & Advances | 0.00 |
| | | Share Capital (inclusive of premium) | 0.00 |
| | | Unsecured Loan (Received) | 170.80 |
| | | Unsecured Loan (Payment) | 150.00 |
| | | Unsecured Loan Outstanding as on 30 th September, 2010 | 779.96 |
| 4 | Holding Company | Purchase (Goods) | 452.51 |
| | | Job Work | 2.76 |
| | | Balance outstanding as on 30.09.2010 | 17.02 |
| | | Corporate Guarantee | 16032.50 |

RELATED PARTY DISCLOSURE OF SHILPI CABLETRONICS LTD. FOR THE YEAR ENDED 31ST MARCH 2010 IN ACCORDANCE WITH AS-18

List of Related Parties & Relationships, where control exists.

| Sr. No. | Nature of Relationship | Name of Parties |
|---------|---|--|
| 1 | Holding Company | <ul style="list-style-type: none"> Shilpi Cable Technologies Ltd |
| 2 | Subsidiary Company | NIL |
| 3 | Associate Companies | <ul style="list-style-type: none"> Shilpi Communications Pvt. Ltd MVM Impex Pvt Ltd Shilpi Cables Pvt Ltd |
| 4 | Key Management Personnel | <ul style="list-style-type: none"> Mr Mukesh Kumar Gupta Mr. Manish Goel |
| 5 | Relatives of Key Management personnel | <ul style="list-style-type: none"> Shilpi Goel D/o Mr. Mukesh Kr Gupta Vishal Goel S/o Mr. Mukesh Kr Gupta Anukriti Goel Daughter in law of Mr. Mukesh Kr Gupta Sharda Rani W/o Mr. Mukesh Kumar Gupta |
| 6 | Enterprises where significant Influence exist by Key Management Personnel | NIL |

Details of transaction with the related parties

(Rs in Lacs)

| S. No. | Particulars | Nature of Transactions | Transaction Value |
|--------|---------------------------------------|---|-------------------|
| 1 | Key Management Personnel | Salaries | 2.40 |
| | | Share Capital (inclusive of premium) | 0.00 |
| | | Others | 0.00 |
| | | Unsecured Loan | 0.00 |
| | | Unsecured Loan outstanding as on 31 st March 0% interest rate 2009 | 0.00 |
| 2 | Relatives of Key Management personnel | Salaries | 5.40 |
| | | Rent | 1.20 |
| | | Unsecured loans payment | 13.13 |
| 3 | Associate Companies | Rent Payment | 6.00 |
| | | Sales | 0.00 |
| | | Payment of Loans & Advances | 0.00 |
| | | Share Capital (inclusive of premium) | 0.00 |
| | | Unsecured Loan (Received) | 785.91 |
| | | Unsecured Loan (Payment) | 245.15 |
| | | Unsecured Loan Outstanding as on 31 st March 2009 | 759.16 |
| 4 | Holding Company | Purchase (goods) | 1251.18 |
| | | Sales (P&M) | 4.50 |
| | | Sales (other) | 76.11 |
| | | Balance outstanding on 31.03.2010 | 410.19 |
| | | Corporate Guarantee | 9857.50 |

Annexure –XVI

Consolidated Statement of dividend paid:

| <u>Particulars</u> | (Rs. in Lacs) | |
|---------------------------|------------------------------------|------------------------------------|
| | Consolidated 30.09.2010 | Consolidated 31.03.2010 |
| Equity shares (In nos) | 24,200,000 | 24,200,000 |
| Face value (Rs.) | 10.00 | 10.00 |
| Rate of Dividend % | 0.00 | 0.00 |
| Amount of Dividend | 0.00 | 0.00 |

FINANCIAL STATEMENTS OF GROUP COMPANIES

The information for the last 3 years based on the audited statements in respect of our group companies, irrespective of whether these are covered under section 370(1)(B) of the Companies Act, 1956 or not are given hereunder:

1) M/s Shilpi Communication Private Limited

Shilpi Communication Private Limited was incorporated as Public Limited Company on the 14th January 2003 under the name and style of Shilpi Communication Limited, vide Certificate of Incorporation no. U64202DL2003PLC118482 issued by the Registrar of Companies Delhi and Haryana. The Company was converted in to Private Limited vide Fresh certificate of Incorporation to this effect was issued by Registrar of Companies by the Registrar of Delhi and Haryana dated January 23, 2006.

Brief Description of Business:

The Company is engaged in the trading of cables and wires. The registered of the company is located at 358/1, Aali Industrial Complex, P O Sarita Vihar, Mathura Road, New Delhi 110 076.

Financial Performance

| Particulars | (Amount in Rs. Lacs) | | |
|---|----------------------|------------|------------|
| | 31.03.2010 | 31.03.2009 | 31.03.2008 |
| Authorised Equity Capital | 1000.00 | 1000.00 | 1000.00 |
| Paid up Equity Capital | 995.25 | 955.25 | 955.25 |
| Reserves & Surplus (excluding revaluation reserves) | Nil | Nil | Nil |
| Sales/Total Income | 3.15 | 3.72 | Nil |
| Profit/(Loss) after Tax (PAT) | (8.01) | (3.54) | (5.75) |
| Earnings per Share | (0.08) | (0.04) | (0.06) |
| Diluted Earnings per Share (In Rs.) | (0.08) | (0.04) | (0.06) |
| NAV per share (In Rs.) | 9.76 | 10.23 | 10.25 |

Source: Audited Financial Statements

The highest and lowest market price of shares during the preceding six months

The shares of Shilpi Communication Private Limited are not listed and it has never come out with an IPO or a Rights Issue in the past.

Information regarding significant adverse factors:

The company has not become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 and is not under winding up;

Common Pursuits: For details of Common pursuits kindly refer to page 105 of this Red Herring Prospectus.

For details of related business transactions within the group kindly refer to page 156 of the Red Herring Prospectus.

Shilpi Communication Private Limited does not have business interests in the Shilpi Cable Technologies Limited except for as provided in the section "Related Party Transactions" on page 156 of this Red Herring Prospectus.

2) M/s Shilpi Cabletronics Limited

Shilpi Cabletronics Limited was incorporated as a Private limited Company on the September 10, 2007. Its Company Identification No. is U32109DL2007PLC167927. The Company is Public Limited Company in terms of section 3(1)(iv)(c) of the Companies Act, 1956, since May 1, 2009, the date when it become a subsidiary of the public limited company - Shilpi Cable Technologies Ltd.

Brief Description of Business:

The Company is in the manufacturing of telephone cables and wires. The factory of the Company is located at E-138, RIICO Industrial Area, Bhiwadi, Alwar, Rajasthan 301019.

Financial Performance

| (Amount in Rs. Lacs) | | | |
|--|-------------------|-------------------|-------------------|
| Particulars | 31.03.2010 | 31.03.2009 | 31.03.2008 |
| Authorised Equity Capital | 150.00 | 150.00 | 1.00 |
| Paid up Equity Capital | 148.55 | 148.55 | 1.00 |
| Reserves & Surplus (excluding revaluation reserves) | 833.88 | 730.12 | 0.00 |
| Sales/Total Income | 9859.26 | 7581.49 | 0.00 |
| Profit/(Loss) after Tax (PAT) | 102.53 | 47.07 | 0.00 |
| Earnings per Share (Rs.) | 6.90 | 3.17 | Nil |
| Diluted Earnings per Share (Rs.) | 6.90 | 3.17 | Nil |
| NAV per share (Rs.) | 66.13 | 59.15 | 10 |

Source: Audited Financial Statements

The highest and lowest market price of shares during the preceding six months

The shares of Shilpi Cabletronics Limited are not listed and it has never come out with an IPO or a Rights Issue in the past.

Information regarding significant adverse factors:

The company has not become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 and is not under winding up; Shilpi Cabletronics Limited has not made a loss in the immediately preceding year.

Common Pursuits: For details of Common pursuits kindly refer to page 105 of this Red Herring Prospectus.

For details of related business transactions within the group kindly refer to page 156 of the Red Herring Prospectus.

Shilpi Cabletronics Limited does not have business interests in the Shilpi Cable Technologies Limited except for as provided in the section "Related Party Transactions" on page 156 of this Red Herring Prospectus.

3) M/s Shilpi Cables Private Limited

Shilpi Cables Private Limited was incorporated as a Private limited Company on the December 4, 2006. Its Company Identification No. is U64204DL2006PTC156192.

Brief Description of Business:

The principal business of Shilpi Cables Private Limited is to carry on the business relating to telephone cables and wires. However the Company has yet to commence its commercial activity.

Financial Performance

| (Amount in Rs. Lacs) | | | |
|----------------------------------|-------------------|-------------------|-------------------|
| Particulars | 31.03.2010 | 31.03.2009 | 31.03.2008 |
| Authorised Equity Capital | 1.00 | 1.00 | 1.00 |

| | | | |
|--|-------|--------|------|
| Paid up Equity Capital | 1.00 | 1.00 | 1.00 |
| Reserves & Surplus (excluding revaluation reserves) | 2.51 | Nil | Nil |
| Sales/Total Income | 6.00 | Nil | Nil |
| Profit/(Loss) after Tax (PAT) | 2.51 | Nil | Nil |
| Earnings per Share (In Rs.) | 25.12 | Nil | Nil |
| Diluted Earnings per Share (In Rs.) | 25.12 | Nil | Nil |
| NAV per share (In Rs.) | 21.37 | (7.19) | 1.62 |

Source: Audited Financial Statements

The highest and lowest market price of shares during the preceding six months

The shares of Shilpi Cables Private Limited are not listed and it has never come out with an IPO or a Rights Issue in the past.

Information regarding significant adverse factors:

The company has not become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 and is not under winding up;

Common Pursuits: For details of Common pursuits kindly refer to page 105 of this Red Herring Prospectus.

For details of related business transactions within the group kindly refer to page 156 of the Red Herring Prospectus.

Shilpi Cables Private Limited does not have business interests in the Shilpi Cable Technologies Limited.

4) M/s MVM Impex Private Limited

MVM Impex Private Limited was incorporated as a Private limited Company on February 2, 2007. Its Company Identification No. is U51909DL2007PTC158700.

Brief Description of Business:

The principal business of MVM Impex Private Limited is to carry on the business relating to telephone cables and wires.

Financial Performance

| (Amount in Rs. Lacs) | | | |
|--|-------------------|-------------------|-------------------|
| Particulars | 31.03.2010 | 31.03.2009 | 31.03.2008 |
| Authorised Equity Capital | 350.00 | 350.00 | 1.00 |
| Paid up Equity Capital | 252.90 | 252.90 | 1.00 |
| Reserves & Surplus (excluding revaluation reserves) | 2263.19 | 2267.09 | 0.01 |
| Sales/Total Income | 2.96 | 4.12 | 3.96 |
| Profit/(Loss) after Tax (PAT) | (3.91) | (0.01) | 0.01 |
| Earnings per Share (In Rs.) | (0.12) | (0.0012) | 0.11 |
| Diluted Earnings per Share (In Rs.) | (0.12) | (0.0012) | 0.11 |
| NAV per share (In Rs.) | 74.69 | 74.80 | 7.28 |

Source: Audited Financial Statements

The highest and lowest market price of shares during the preceding six months

The shares of MVM Impex Private Limited are not listed and it has never come out with an IPO or a Rights Issue in the past.

Information regarding significant adverse factors:

The company has not become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 and is not under winding up;

Common Pursuits: For details of Common pursuits kindly refer to page 105 of this Red Herring Prospectus.

For details of related business transactions within the group kindly refer to page 156 of the Red Herring Prospectus.

MVM Impex Private Limited does not have business interests in the Shilpi Cable Technologies Limited except for as provided in the section "Related Party Transactions" on page 156 of this Red Herring Prospectus.

5) M/s GGP Cabletronics Private Limited

GGP Cabletronics Private Limited was incorporated as a Private limited Company on February 5, 2007. Its Company Identification No. is U31908DL2007PTC158763.

Brief Description of Business:

The principal business of GGP Cabletronics Private Limited is to carry on the business relating to telephone cables and wires.

Financial Performance

| Particulars | (Amount in Rs. Lacs) | | |
|--|----------------------|------------|------------|
| | 31.03.2010 | 31.03.2009 | 31.03.2008 |
| Authorised Equity Capital | 1.00 | 1.00 | 1.00 |
| Paid up Equity Capital | 1.00 | 1.00 | 1.00 |
| Reserves & Surplus (excluding revaluation reserves) | 0 | 0 | 0.01 |
| Sales/Total Income | 2.55 | 4.56 | 4.37 |
| Profit/(Loss) after Tax (PAT) | (0.04) | (0.02) | 0.01 |
| Earnings per Share (In Rs.) | (0.37) | (0.23) | 0.08 |
| Diluted Earnings per Share (In Rs.) | (0.37) | (0.23) | 0.08 |
| NAV per share (In Rs.) | 7.78 | 7.60 | 7.78 |

Source: Audited Financial Statements

The highest and lowest market price of shares during the preceding six months

The shares of GGP Cabletronics Private Limited are not listed and it has never come out with an IPO or a Rights Issue in the past.

Information regarding significant adverse factors:

The company has not become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 and is not under winding up;

Common Pursuits: For details of Common pursuits kindly refer to page 105 of this Red Herring Prospectus.

For details of related business transactions within the group kindly refer to page 156 of the Red Herring Prospectus.

GGP Cabletronics Private Limited does not have business interests in the Shilpi Cable Technologies Limited except for as provided in the section "Related Party Transactions" on page 156 of this Red Herring Prospectus.

CHANGES IN ACCOUNTING POLICIES IN THE LAST 3 YEARS

There were no changes in the Accounting Policies for the past 3 years and for the year ending 2009-10.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is the discussion of the financial condition and results of operations together with the Company's audited restated financial statements for the fiscal years ended March 31, 2007, 2008, 2009 and 2010 and for the six months ended September 30, 2010 including the significant accounting policies and notes thereto and reports thereon which appear in this Red Herring Prospectus. These financial statements have been prepared in accordance with Indian GAAP, the Companies Act and as required under the SEBI Regulations.

Unless indicated otherwise, the financial data in this section is derived from the Company's restated financial statements prepared in accordance with Indian GAAP and Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and included in this Red Herring Prospectus. The Company's fiscal year ends on March 31 of each year, so all references to a particular fiscal year are to the 12 month period ended March 31 of that year. This discussion contains forward-looking statements that involve risks and uncertainties. The actual results may differ from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed below and under the section "Risk Factors" beginning on page no. xii of this Red Herring Prospectus.

i. OVERVIEW OF THE BUSINESS OF THE COMPANY

M/s Shilpi Cable Technologies is a closely held public limited company incorporated in July 2006 and was formerly known as M/s Rosenberger Shilpi Cable Technologies Ltd. which was a 50:50 joint venture between M/s Shilpi Communications Pvt. Ltd. (SCPL) and M/s Rosenberger Hochfrequenztechnik GmbH & Co. KG, Germany, to take up the project of Radio Frequency (RF) Cables. The joint venture partners signed Share Subscription Cum Shareholders Agreement in July 2006. However in view of dispute between them, the shares of Rosenberger were acquired by the Indian promoter in 2008 who are the present Promoters of the Company.

The registered office of the company is situated at A-19/B-1, Mohan Cooperative Industrial Estate, Mathura Road, New Delhi and manufacturing unit at SP 1037, RIICO Industrial Area, Chopanki, Bhiwadi, Tehsil-Tijara, District-Alwar, Rajasthan.

The project started commercial production in January 2008 involving funded with Equity of Rs. 2100 Lacs and unsecured Loans from Deutsche Bank to the tune of Rs. 7217 Lacs. Later, the Deutsche Bank unsecured loan was liquidated out of Rs. 4900 Lacs term loans from M/s Karur Vysya Bank Ltd. On account of differences between JV partners the plant stopped production immediately after starting of January 2008 and could start the production in right earnest only in September 2008 after the completion of buyout process among JV partners. The sales could start on regular basis only from the month of Dec 2008.

During the FY 2009-10, the company reported net sales of Rs. 17,480.64 Lacs with profit after tax of Rs. 904.06 Lacs as compared to Rs. 4,733.21 Lacs and loss of Rs. 398.05 Lacs respectively during the corresponding period.

The Company sells through multiple channels. We are approved vendors for Telecom Service Provider Companies like Tata, Vodafone etc selling directly to them either through tender participation or otherwise. We also sell to Companies Ericsson, Huber+Suhner etc who are involved in the business of supplying complete tower equipment Telecom Service Providers. The Sales are also made to Infrastructure Companies creating tower infrastructure/ In Building Solutions for telecom service providers. We also sell through traders and other intermediaries who may have approvals with other end users/ service providers. Multiple selling channels ensure greater penetration and larger market share for the Company.

ii **SIGNIFICANT DEVELOPMENTS SUBSEQUENT TO THE LAST FINANCIAL YEAR**

Save as mentioned on page 233 of this Letter of Offer, in the opinion of the Board of Directors of the Company, there have not arisen any circumstances since September 30, 2010 which materially and adversely affect, or are likely to materially and adversely affect, the Company's business or the profitability of the Company, or the value of the assets, or the Company's ability to pay its liabilities within the next 12 months besides the following:

iii. **FACTORS AFFECTING THE COMPANY'S RESULTS OF OPERATIONS**

The financial condition of the Company and its results of operations are affected by numerous factors including the following:

General economic and business conditions:

The demand for the Company's products and its business is dependent on general economic conditions in India and, may be affected if there are changes in business conditions in the country. In the era of globalization and cutthroat competition, the Indian Industry is facing hurdles, which depend upon the following factors:

a. Demand:

The demand for development of the Telecom infrastructure is influenced by various other factors like national economic growth, industrial production, promotional expenditure, population growth, Government's allocation for the infrastructure sector and government support to the EPC industry for meeting the growing domestic demand.

b. Competition:

Selling prices of 7/8" feeder cables being produced by the Company may be affected if the competition intensifies. The competition level presently is low in view of supply side deficit in India and resultant imports. Imports are also not very aggressively priced presently in view of good global demand. Going forward Indian producers will have to have strong control on their costs to be able to compete with foreign suppliers.

c. Raw Material:

Fluctuations in cost of Raw Materials may alter the cost structure and affect profitability.

d. Other Factors:

The Company's results of operations are dependent upon its success in managing its manpower. The Company has to schedule out manufacturing process and procurements according to delivery schedule of its customers. Any change in schedule may affect its operation in the short run.

e. Cost of funds:

Another important problem that is hampering the India's competitiveness is the cost of funds available for promoting new projects. The higher cost of funds increases the required rate of return of projects, which consequently impedes further investment in any projects. Lending rates in India continue to be still higher in comparison to the international markets. Interest rate is mainly a function of two factors namely underlying liquidity and policies of the RBI, which in turn is influenced by trends in international rates, external sector scenario and inflation rate.

Key factors influencing results of operations

Several factors influence the Company's results of operations, financial condition and cash flow significantly. The key factors affecting its operations include:

1. Fluctuation and increase in raw material prices.
2. New competitive businesses.
3. Government Regulations and Policies.
4. Any slow down in the economic growth.

For more information on these and other factors/developments, which have or may affect the Company, please refer to the section titled "Risk Factors" beginning on page no. xii, and the section titled "Business Overview" on page no. 64 of this Red Herring Prospectus.

Critical Accounting Policies

1. General

The financial statements have been prepared as of a going concern on historical cost convention, in accordance with Generally Accepted Accounting Principles('GAAP') comprising the mandatory accounting standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956 on the accrual basis, as adopted consistently by the company.

2. Fixed assets

Fixed assets are stated at cost less accumulated depreciation. Cost is inclusive of freight, duties, levies and any direct cost of bringing the assets to their working for intended use.

3. Depreciation

Depreciation is provided as per Straight Line Method at rates provided by schedule XIV of the Companies Act 1956. In case of purchase / sale of assets during the year, depreciation has been charged on pro rata basis from / up to date of commercial production / sale.

4. Inventory

Inventories are valued at cost or net realisable value whichever is less with cost established using the weighted average cost method. The cost of work in progress & finished goods include overheads on estimate basis.

5. Foreign Currency Transaction

Sales made to clients outside India and realisations deposit into Bank account are accounted for on the basis of exchange rate as on the date of the transaction. Adjustments are made for any variations in the sales proceeds on conversion into Indian currency up to actual receipts. Expenditure in foreign currency is accounted at the exchange rate prevalent when such expenditure is incurred. Current assets and current liabilities denominated in foreign currency are translated at the exchange rate prevalent at the date of the balance sheet. The exchange differences arising out of foreign currency transactions are recognised as Income or expenses in the year. The exchange differences arising out of foreign currency transactions pertaining to fixed assets are adjusted to carrying amount of related fixed assets.

6. Taxation

Current Tax calculations are based upon the assessable profits of the company computed in accordance with the Income Tax Act, 1961. The deferred tax charged or credit is recognised using current tax rates. Where there is unabsorbed depreciation or carry forward losses deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Other deferred tax assets are recognised only to the extent there is reasonable certainty of realisation in future deferred tax assets/Liabilities are reviewed as at each balance sheet date based on developments during the year, available case laws to reassess realisation /liabilities.

7. Revenue Recognition

(a) Sales of goods Indigenous and exports both are recognised at the time of dispatch / Constructive delivery. Sales are exclusive of Excise Duty, Sales Tax, Trade Discount and Returns.

(b) Interest Income is recognised on time proportion basis.

(c) Dividend Income is recognised when the right to receive the dividend is established.

(d) Other Income is recognised on the basis of Accounting Standard – 9 (Revenue Recognition) notified by the Companies (Accounting Standards) Rules, 2006.

8. Borrowing Cost

Borrowing cost that is attributable to the acquisition / construction of qualifying assets is capitalized as part of the cost of the respective assets. Other borrowing costs are recognized as expenses in the year in which they are incurred.

9. Lease

Finance Lease: Assets taken on lease are capitalised at fair value/contracted price. Depreciation on the same is charged at the rate applicable to similar type of fixed assets as per accounting policy on 'Depreciation'. If the leased assets are returnable to the lessor on expiry of lease period, the same is depreciated over its' useful life or lease period, whichever is shorter. Lease payments made are apportioned between finance charges and reduction of outstanding liability in relation to assets taken on lease.

Operating Lease: Lease payments made for assets taken on operating lease are recognised as expense over the lease period.

- 10. (a)** Investments are either classified as current investments or long- term investments. The cost of investments includes acquisition charges such as brokerage, fees and duties. Current investments are carried at lower of cost and fair value.
- (b)** Long- term investments are carried at cost and provisions are recorded to recognize any decline, other than temporary, in the carrying value of each investment.
- 11. (a)** Short Term Employee Benefits:
Short term Employee benefits are recognized as an expense at the undiscounted amount in the profit and loss account for the year in which related services are rendered.
- (b)** Defined Contribution Plans:
Company's contributions and other amount, if any, payable during the year towards Provident Fund, Pension Fund and Employee State Insurance are recognized in the profit and loss account of the year.
- (c)** Defined Benefit Plans:
Company's liability towards gratuity in accordance with Payment of Gratuity Act, 1972 and other long term benefits are determined and accounted in accordance with AS-15 (Revised) based on the Actuarial Valuation as on the balance sheet date.
- 12.** Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.
- 13. Deferred Revenue Expenditure**
Preliminary expenditures are treated as deferred revenue expenditures and is amortised over such periods as determined by management from time to time.
- 14. Research & Development Expenditure**
Research & Development expenditure is accounted for in accordance with Accounting Standard-26 issued by ICAI.
- 15. Impairment Of Assets**
An asset as treated as impaired when the amount of an assets exceeds its recoverable value. An impairment loss is charged to Profit & Loss A/c in the year in which an asset is identified as impaired. Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the assets no longer exists.
- 16. Provisions, Contingent liabilities and Contingent Assets**
Provisions involving substantial degree of estimation in measurement are recognized where there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes.

SUMMARY AND COMPARISON OF SIGNIFICANT ITEMS OF INCOME AND EXPENDITURE OF THE COMPANY

| Particulars | Year Ended 31.03.2008 | Year Ended 31.03.2009 | Year Ended 31.03.2010 | For the six months ended September 30, 2010 |
|--|--------------------------|--------------------------|--------------------------|---|
| A. Income | | | | |
| Sales (Net) | 83.11 | 4838.44 | 16990.90 | 10834.52 |
| Inc/Dec (y-o-y) (%) | | 5721.73 | 251.16 | |
| %age of Total Income | 7.27 | 102.22 | 97.20 | 93.29% |
| | | | | |
| Other Income | 4.00 | 24.48 | 201.80 | 144.09 |
| Inc/Dec (y-o-y) (%) | | 512.00 | 724.35 | |
| %age of Total Income | 0.35 | 0.52 | 1.15 | 1.24% |
| | | | | |
| Increase/(Decrease) in Stock | 1055.95 | -129.71 | 287.94 | 635.28 |
| Inc/Dec (y-o-y) (%) | | -112.28 | 321.99 | |
| %age of Total Income | 92.38 | -2.74 | 1.65 | 5.47% |
| | | | | |
| Total Income | 1143.06 | 4733.21 | 17480.64 | 11613.89 |
| Inc/Dec (y-o-y) (%) | | 314.08 | 269.32 | |
| | | | | |
| B. Expenditure | | | | |
| Raw Material Consumed/Purchases | 927.00 | 3072.05 | 13352.05 | 9150.50 |
| Inc/Dec (y-o-y) (%) | | 231.40 | 334.63 | |
| %age of Total Income | 81.10 | 64.90 | 76.38 | 78.79% |
| | | | | |
| Staff Cost | 57.56 | 266.94 | 318.39 | 167.26 |
| Inc/Dec (y-o-y) (%) | | 363.76 | 19.27 | |
| %age of Total Income | 5.04 | 5.64 | 1.82 | 1.44% |
| | | | | |
| Other Manufacturing Expenses (including Depreciation) | 177.51 | 578.60 | 827.85 | 386.71 |
| Inc/Dec (y-o-y) (%) | | 225.95 | 43.08 | |
| %age of Total Income | 15.53 | 12.22 | 4.74 | 3.33% |
| | | | | |
| Administration Expenses | 50.04 | 95.95 | 149.61 | 170.60 |
| Inc/Dec (y-o-y) (%) | | 91.75 | 55.92 | |
| %age of Total Income | 4.38 | 2.03 | 0.86 | 1.47% |
| | | | | |
| Selling & Distribution Expenses | 69.79 | 116.39 | 151.41 | 33.99 |
| Inc/Dec (y-o-y) (%) | | 66.77 | 30.09 | |
| %age of Total Income | 6.11 | 2.46 | 0.87 | 0.29% |
| | | | | |
| Interest & Finance Charges | 151.95 | 1203.04 | 1183.10 | 708.31 |
| Inc/Dec (y-o-y) (%) | | 691.73 | -1.66 | |
| %age of Total Income | 13.29 | 25.42 | 6.77 | 6.10% |

| | | | | |
|---------------------------|----------------|----------------|-----------------|-----------------|
| | | | | |
| Total Expenditure | 1433.85 | 5332.97 | 15982.41 | 10617.37 |
| Inc/Dec (y-o-y) (%) | | 271.93 | 199.69 | |
| %age of Total Income | 125.44 | 112.67 | 91.43 | 91.42% |
| | | | | |
| Profits Before Tax | -290.79 | -599.76 | 1498.23 | 996.52 |
| Inc/Dec (y-o-y) (%) | | -106.25 | 349.80 | |
| %age of Total Income | -25.44 | -12.67 | 8.57 | 8.58% |
| | | | | |
| Profits After Tax | -192.03 | -398.05 | 904.06 | 696.21 |
| Inc/Dec (y-o-y) (%) | | -107.29 | 327.12 | |
| %age of Total Income | -16.80 | -8.41 | 5.17 | 5.99% |

The company has no foreign customers.

Shilpi Cable Technologies Limited has not followed any unorthodox procedure for recording sales and revenues.

Details of the nature of other income.

The other income of the company constitutes interest income and rental income.

(Rs in lacs)

| Particulars | Period from Incorporation date till March 31, 2007 | Financial year ended 31st March 2008 | Financial year ended 31st March 2009 | Financial year ended 31st March 2010 | Six Months ended 30th September, 2010 | Related/ Not Related to Business Activity | Nature |
|---|---|--|--|--|--|--|------------------|
| Interest received | 0.00 | 4.00 | 8.60 | 15.15 | 18.79 | Related | Recurring |
| Rental Income | 0.00 | 0.00 | 14.41 | 0.68 | 0.00 | Related | Recurring |
| Miscellaneous Income | 0.00 | 0.00 | 1.47 | 7.64 | 2.77 | Related | Non Recurring |
| Exchange Rate Fluctuation Gain / Loss | 0.00 | 0.00 | 0.00 | 178.33 | 122.53 | Related | Recurring |
| Total | 0.00 | 4.00 | 24.48 | 201.80 | 144.09 | - | - |
| Net Profit before tax, as per Summary statement of Profits and Losses , as restated | 0.00 | (290.79) | (599.76) | 1,498.23 | 996.52 | - | - |
| Percentage of Other Income | 0.00 | (1.38) | (4.08) | 13.47 | 14.46 | - | - |

COMPARISON OF FIGURES OF THE MAJOR HEADS OF THE PROFIT AND LOSS STATEMENT, INCLUDING AN ANALYSIS OF REASONS FOR THE CHANGES IN SIGNIFICANT ITEMS OF INCOME AND EXPENDITURE

Important note: It may be noted that the reason for the changes in the following 2 sets of discussion are the follows:

➔ In the fiscal 2008, there was production only for 1 month (on account of dispute between the JV partners).

- ➔ In the fiscal 2009, there was production for only 6 months and sales for only 4 months (on account of dispute between the JV partners).
- ➔ Fiscal 2010 is the first year in which there was production for the entire year.

Six months Ended September 30, 2010

1) Total Income

Total Income was Rs. 11613.89 Lacs.

2) Total Expenditure

Total Expenses was Rs. 10617.37 Lacs. Total expenses stood at 91.42% of the total income.

3) Sales

The Net Sales stood at Rs. 10834.52 Lacs. It amounts to 93.29% of the total income.

4) Other income

The other income stood at Rs. 144.09 Lacs. It amounts to 1.24% of the total income.

5) Raw Material Consumed/Purchases

The Raw Material consumed/purchases stood at Rs. 9150.50 Lacs. It amounts to 78.79% of the total income.

6) Staff Cost

The Staff Cost stood at Rs. 167.26 Lacs. It amounts to 1.44% of the total income.

7) Other Manufacturing Expenses

The other manufacturing expenses stood at Rs. 386.71 Lacs. It amounts to 3.33% of the total income.

8) Administration Expenses

The Administration expenses stood at Rs. 170.60 Lacs. It amounts to 1.47% of the total income.

9) Selling and Distribution Expenses

The selling and distribution expenses stood at Rs. 33.99 Lacs. It amounts to 0.29% of the total income.

10) Interest and Finance Charges

The Interest and finance charges stood at Rs. 708.31 Lacs. It amounts to 6.10% of the total income.

11) Profits Before Tax

The Profit before tax stood at Rs. 996.52 Lacs. It amounts to 8.58% of the total income.

12) Profits After Tax

The profits after tax stood at Rs. 696.21 Lacs. It amounts to 5.99% of the total income.

Comparison of Fiscal 2010 to Fiscal 2009

1) Total Income

Total Income increased by 269.32% in fiscal 2010 to Rs.17480.64 Lacs from Rs.4733.21 Lacs over the same period in the previous year.

2) Total Expenditure

Total Expenses during fiscal 2010 increased by 199.69% over fiscal 2009 i.e. grown from Rs.5332.97 Lacs in fiscal 2009 to Rs.15982.41 Lacs in fiscal 2010. Total expenses in fiscal 2010 stood at 91.43% of the total income as compared to 112.67% in fiscal 2009.

3) Sales

Sales as a percentage of total income, has decreased from 102.22% in fiscal 2009 to 97.20% in fiscal 2010. In absolute terms it has increased by 251.16% from Rs.4838.44 Lacs in fiscal 2009 to Rs.16990.90 Lacs in fiscal 2010.

4) Other income

Other income as a percentage of total income, has increased from 0.52% in fiscal 2009 to 1.15% in fiscal 2010. In absolute terms it has increased by 724.35% from Rs.24.48 Lacs in fiscal 2009 to Rs.201.80 Lacs in fiscal 2010.

5) Raw Material Consumed/Purchases

Raw Material Consumed/Purchases as a percentage of total income, have increased from 64.90% in fiscal 2009 to 76.38% in fiscal 2010. In absolute terms it has increased by 334.63% from Rs.3072.05 Lacs in fiscal 2009 to Rs.13352.05 Lacs in fiscal 2010.

6) Staff Cost

Staff Cost as a percentage of total income, has decreased from 5.64% in fiscal 2009 to 1.82% in fiscal 2010. In absolute terms it has increased by 19.27% from Rs.266.94 Lacs in fiscal 2009 to Rs.318.39 Lacs in fiscal 2010.

7) Other Manufacturing Expenses

Other manufacturing expenses as a percentage of total income, have decreased from 12.22% in fiscal 2009 to 4.74% in fiscal 2010. In absolute terms it has increased by 43.08% from Rs.578.60 Lacs in fiscal 2009 to Rs.827.85 Lacs in fiscal 2010.

8) Administration Expenses

Administration expenses as a percentage of total income, have decreased from 2.03% in fiscal 2009 to 0.86% in fiscal 2010. In absolute terms it has increased by 55.92% from Rs.95.95 Lacs in fiscal 2009 to Rs.149.61 Lacs in fiscal 2010.

9) Selling and Distribution Expenses

Selling and Distribution expenses as a percentage of total income, have decreased from 2.46% in fiscal 2009 to 0.87% in fiscal 2010. In absolute terms it has increased by 30.09% from Rs.116.39 Lacs in fiscal 2009 to Rs.151.41 Lacs in fiscal 2010.

10) Interest and Finance Charges

Interest and finance charges as a percentage of total income, have decreased from 25.42% in fiscal 2009 to 6.77% in fiscal 2010. In absolute terms it has decreased by 1.66% from Rs.1203.04 Lacs in fiscal 2009 to Rs.1183.10 Lacs in fiscal 2010.

11) Profits Before Tax

Profits before tax as a percentage of total income, have increased from (12.67)% in fiscal 2009 to 8.57% in fiscal 2010. In absolute terms it has increased by 349.80% from Rs.(599.76) Lacs in fiscal 2009 to Rs.1498.23 Lacs in fiscal 2010.

12) Profits After Tax

Profits after tax as a percentage of total income, have increased from (8.41)% in fiscal 2009 to 5.17% in fiscal 2010. In absolute terms it has increased by 327.12% from Rs.(398.05) Lacs in fiscal 2009 to Rs.904.06 Lacs in fiscal 2010.

Comparison of Fiscal 2009 to Fiscal 2008

1) Total Income

Total Income increased by 314.08% in fiscal 2009 to Rs. 4733.21 Lacs from Rs.1143.06 Lacs over the same period in the previous year.

2) Total Expenditure

Total Expenses during fiscal 2009 increased by 112.67% over fiscal 2008 i.e. grown from Rs.1433.85 Lacs in fiscal 2008 to Rs.5332.97 Lacs in fiscal 2009. Total expenses in fiscal 2009 stood at 112.67% of the total income as compared to 125.44% in fiscal 2008.

3) Sales

Sales as a percentage of total income, has increased from 7.27% in fiscal 2008 to 102.22% in fiscal 2009. In absolute terms it has increased by 5721.73% from Rs.83.11 Lacs in fiscal 2008 to Rs.4838.44 Lacs in fiscal 2009.

4) Other income

Other income as a percentage of total income, has increased from 0.35% in fiscal 2008 to 0.52% in fiscal 2009. In absolute terms it has increased by 512.00% from Rs.4.00 Lacs in fiscal 2008 to Rs.24.48 Lacs in fiscal 2009.

5) Raw Material Consumed/Purchases

Raw Material Consumed/Purchases as a percentage of total income, have decreased from 81.10% in fiscal 2008 to 64.90% in fiscal 2009. In absolute terms it has increased by 231.40% from Rs.927.00 Lacs in fiscal 2008 to Rs.3072.05 Lacs in fiscal 2009.

6) Staff Cost

Staff Cost as a percentage of total income, has increased from 5.04% in fiscal 2008 to 5.64% in fiscal 2009. In absolute terms it has increased by 363.76% from Rs.57.56 Lacs in fiscal 2008 to Rs.266.94 Lacs in fiscal 2009.

7) Other Manufacturing Expenses

Other manufacturing expenses as a percentage of total income, have decreased from 15.53% in fiscal 2008 to 12.22% in fiscal 2009. In absolute terms it has increased by 225.95% from Rs.177.51 Lacs in fiscal 2008 to Rs.578.60 Lacs in fiscal 2009.

8) Administration Expenses

Administration expenses as a percentage of total income, have decreased from 4.38% in fiscal 2008 to 2.03% in fiscal 2009. In absolute terms it has increased by 91.75% from Rs.50.04 Lacs in fiscal 2008 to Rs.95.95 Lacs in fiscal 2009.

9) Selling and Distribution Expenses

Selling and Distribution expenses as a percentage of total income, have decreased from 6.11% in fiscal 2008 to 2.46% in fiscal 2009. In absolute terms it has increased by 66.77% from Rs.69.79 Lacs in fiscal 2008 to Rs.116.39 Lacs in fiscal 2009.

10) Interest and Finance Charges

Interest and finance charges as a percentage of total income, have increased from 13.29% in fiscal 2008 to 25.42% in fiscal 2009. In absolute terms it has increased by 691.73% from Rs. 151.95 Lacs in fiscal 2008 to Rs.1203.04 Lacs in fiscal 2009.

11) Profits Before Tax

Profits before tax as a percentage of total income, have increased from (25.44)% in fiscal 2008 to (12.67)% in fiscal 2009. In absolute terms it has decreased by 106.25% from Rs.(290.79) Lacs in fiscal 2008 to Rs.(599.76) Lacs in fiscal 2009.

12) Profits After Tax

Profits after tax as a percentage of total income, have increased from (16.80)% in fiscal 2008 to (8.41)% in fiscal 2009. In absolute terms it has decreased by 107.29% from Rs.(192.03) Lacs in fiscal 2008 to Rs.(398.05) Lacs in fiscal 2009.

Discussion of other aspects as mandated by SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.

- (a) **Unusual or infrequent events or transactions including unusual trends on account of business activity, unusual items of income, change of accounting policies and discretionary reduction of expenses etc.**
Nil
- (b) **Significant economic changes that materially affected or are likely to affect income from continuing operations;**
Nil
- (c) **Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations;**
Nil

- (d) **Future changes in relationship between costs and revenues, in case of events such as future increase in labour or material costs or prices that will cause a material change are known;**

The input costs of the products of the Company may increase due to various reasons. In case the Company is not able to pass on such increase to its customers because of competition or otherwise, it may affect the profitability of the Company. The inputs cost accounts for more than 76 percent of the total income of our Company. Prices of inputs may tend to remain very volatile. The prices of inputs we purchase from our suppliers may fluctuate due to changes in demand and supply conditions for these inputs in the markets. In the event of any significant increase in the prices of these inputs and if we are unable to pass on fully such increase in the prices to our customers, our profitability will be adversely affected. If we are unable to ensure adequate and timely supply of inputs our Project Execution plans would be adversely affected impacting our profitability adversely.

- (e) **Details of 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;**

This has been covered in the Comparison of figures of the major heads as mentioned on page 222 above.

- (f) **Details of the total turnover of each major industry segment in which the issuer operated;**

Presently Shilpi Cable Technologies Limited operates in only one industry segment. For details of the turnover, kindly refer to page 116.

- (g) **Details of status of any publicly announced new products or business segment;**

The Company has recently ventures in providing Turnkey Telecom Service Provider business and has entered into an agreement with M/s Crossbow Telecom Projects Limited.

- (h) **Details of the extent to which business is seasonal;**

Nil

- (i) **Details of significant dependence on a single or few suppliers or customers;**

Nil

- (j) **Competitive conditions.**

The Company faces competition from companies who may operate on a larger scale than us and so may be able to achieve better economies of scale than us. As a result, the Company's financial results and business prospects may be adversely affected.

We face competition from domestic Companies and if we are unable to compete vigorously and effectively in the our business, or if we are unwilling or unable to commit additional resources in order to compete effectively, business and its results of operations could be adversely affected.

Significant additional competition in the markets where we sell products may see market share eroded and further reduction in prices will negatively affect our revenues and profitability.

SECTION VI- LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

The list of Outstanding Litigations involving the issuer, its promoter group, its Directors and Group Companies is as under

(1) Outstanding litigations involving the issuer:

- (A) Litigations against the issuer or against any other company whose outcome could have a materially adverse effect of the position of the issuer.

Nil

- (B) Litigations against the Directors involving violation of statutory regulations.

Nil

- (C) Litigations against the Directors alleging criminal offence.

Nil

- (D) Any criminal prosecution against the Directors for any litigation towards tax liabilities.

Nil

- (E) Any civil prosecution against the Directors for any litigation towards tax liabilities.

Nil

- (F) Pending proceedings initiated for economic offences against the issuer.

Nil

- (G) Pending proceedings initiated for economic offences against the Directors.

Nil

- (H) Adverse findings, if any, in respect of the issuer as regards compliance with the securities laws.

Nil

- (I) The details of the past cases in which penalties were imposed by the authorities concerned on the issuer.

Nil

- (J) The details of the past cases in which penalties were imposed by the authorities concerned on the Directors.

ROC , NCT, Delhi and Haryana had lodged a case against Shilpi Communication Pvt Ltd and its directors Mr Mukesh Kumar Gupta, Mr Manish Goel, and Mr Vishal Goel for non compliance of section 159 and 220 of the Companies Act, 1956 as M/s Shilpi Communication Private Limited did not file Balance Sheet and Annual Return for the financial year 31.03.2008 within due date. Against this, Shilpi Communication Private Limited and its Directors moved a compounding application u/s 621A of the Companies Act, 1956 with the Northern Regional Bench of the Company Law Board at New Delhi on February 09, 2010. On July 01, 2010, the Company Law Board passed an order compounding an offence by imposing a condonation fees of Rs. 16000 on each of the defaulting parties. The same was paid to CLB on July 21, 2010 vide draft nos. 646326, 646327, 646328 and 646329 dated July 19, 2010 drawn on the Karur Vysya Bank Limited.

- (K) Outstanding litigations, defaults, etc. pertaining to matters likely to affect operations and finances of the issuer, including disputed tax liabilities, prosecution under any enactment in respect of Schedule XIII to the Companies Act, 1956 (1 of 1956) etc.

| Case No. | Name of Parties | Nature of alleged violation | Act/Regulation/ Code allegedly violated | Name of Court | Amount Involved (In Rs. Lacs) | Latest Status of the case |
|----------|-----------------|-----------------------------|---|---------------|-------------------------------|---------------------------|
| | | | | | | |

| | | | | | | |
|---|--|--|--------------------------------|---|-------|--|
| C/18/2010 | Shilpi Cable Technologies Ltd vs. Commissioner of Customs, Inland Container Depot, Tughlakabad, New Delhi. | The learned Commissioner ordered classification of goods in question as 'coaxial cable' under customs tariff Heading 85442010 and denied the benefit under the Notification no. 21/2002. He reasoned that the impugned goods did not qualify to be called as part of Base Trans Receiver Station. We filed an appeal dated September 08, 2009 against this order. The same was rejected by the Commissioner of Customs (Appeal) New Custom House, New Delhi vide order no. CC(A) Cus/ICD/354/2009. After rejection by the Commissioner of Customs (Appeal) we filed the appeal to the Appellate Tribunal under section 129 A (1) of the Customs Act, 1962. | Customs Act 1962 | Customs Excise and, Service Tax Appellate Tribunal | 2.51 | The matter is pending with the Customs Excise and, Service Tax Appellate Tribunal. |
| Show cause notice No. V(H)Adj-I/CE-85/212/2010 dated 27.12.2010 | N.A | Excise Department has alleged in the Show Cause Notice that the Company has availed undue Cenvat Credit of Rs. 12.13 lacs during the period December 2009 to March 2010. | Central Excise Tariff Act 1985 | Forum Office of the Commissioner Central Excise, Jaipur – I | 12.13 | We are yet to reply to the show cause notice. |

The aforementioned litigation is not likely to have an adverse effect on the financial performance of Shilpi Cable Technologies Limited.

- (L) The information regarding pending litigations, defaults, non payment of statutory dues, proceedings initiated for economic offences or civil offences (including the past cases, if found guilty), any disciplinary action taken by the Board or stock exchanges against the issuer.
Nil

- (M) The information regarding pending litigations, defaults, non payment of statutory dues, proceedings initiated for economic offences or civil offences (including the past cases, if found guilty), any disciplinary action taken by the Board or stock exchanges against the Directors.
Nil

(N) Other litigations against the issuer.

| Case No. | Name of Parties | Nature of alleged violation | Act/Regulation/Code allegedly violated | Name of Court | Amount Involved (In Rs. Lacs) | Latest Status of the case |
|--|--|--|--|---------------------------------|-------------------------------|--|
| Case No: CS-1404/09 dated 23.10.09 (old No) 304/10 dated 21/10/2010 (New No) | Mr Ram Krishna Sen Vs M/s Rosenberger Shilpi Cable Technologies Ltd | Mr Ram Krishna Sen had worked with the company since 01.02.2008 as a Manager (Accounts). He resigned from the company on August 14, 2008 and was finally relieved of his duties on August 26, 2008. He then filed a civil suit for recovery of his pending dues and interest thereon before the Hon'ble Civil Judge (Senior Division) Patiala House, New Delhi. He alleged that he was made to resign from the company without any reason and prior notice and the defendant paid the salary up to July 2008 only. | Code of Civil Procedure 1908. | Patiala House Court, New Delhi. | 0.42 | The matter has been settled by the Hon'ble court vide its order dated 11/12/2010. A sum of Rs. 30,000/- has been paid to the plaintiff as full and final settlement. |

The aforementioned litigation is not likely to have an adverse effect on the financial performance of Shilpi Cable Technologies Limited.

(O) The name(s) of the small scale undertaking(s) or any other creditors to whom the issuer owes a sum exceeding Rs. one lakh which is outstanding more than thirty days.

| Name of Creditors | Amount (Rs. In Lacs) |
|-------------------------------------|----------------------|
| Dubai Cable Company Pvt Ltd, Dubai | 1,366.60 |
| Daewoo International Corporation | 721.25 |
| Hanwa Corporation | 301.86 |
| Jiangsu Huansheng Copper Ind Co Ltd | 289.74 |
| Zhuhai Hansen Technology Co. Ltd. | 183.64 |
| Luvata Altop (Zhongshan) Ltd | 91.94 |
| Shanghai Metal Corporation (HK) Ltd | 53.88 |
| Shree Sidhi Vinayak Industries | 23.83 |
| Price Waterhouse | 6.70 |
| Tripurari Singh (Contractor) | 5.42 |
| AFL Dachser Pvt.Ltd | 5.36 |
| Piyush Kumar & Associates | 3.25 |
| Zion Express Cargo Pvt. Ltd. | 3.02 |
| Ahuja Freight Carriers | 2.87 |

| | |
|-------------------------|-----------------|
| Machine & Controls | 2.57 |
| Prasheetan Aircon | 2.51 |
| All India Carrier | 2.14 |
| Brij Mohan & Associates | 1.27 |
| Woodbay Exports | 1.26 |
| Shanti Lal & Bros. | 1.10 |
| Total | 3,070.21 |

- (P) Outstanding litigations, defaults, etc. pertaining to matters likely to affect operations and finances of the subsidiaries of the issuer, including disputed tax liabilities, prosecution under any enactment in respect of Schedule XIII to the Companies Act, 1956 (1 of 1956) etc.

Nil

(2) Outstanding litigations involving the promoter and group companies:

- (A) All pending litigations in which the promoters are involved

Nil

- (B) List of all defaults to the financial institutions or banks by Promoters

Nil

- (C) List of all defaults to the financial institutions or banks by Group Companies

Nil

- (D) List of all non-payment of statutory dues by Promoters

Nil

- (E) List of all non-payment of statutory dues by Group Companies

Nil

- (F) List of all dues towards instrument holders such as debt instrument holders, fixed deposits and arrears on cumulative preference shares by Promoters

Nil

- (G) List of all dues towards instrument holders such as debt instrument holders, fixed deposits and arrears on cumulative preference shares by Group Companies

Nil

- (H) List of proceedings initiated for economic offences or civil offences (including the past cases, if found guilty) by Promoters

Nil

- (I) List of proceedings initiated for economic offences or civil offences (including the past cases, if found guilty) by Group Companies

Nil

- (J) List of all disciplinary action taken by the Board or recognised stock exchanges against the promoters and group companies

Nil

- (K) List of cases of pending litigations, defaults, etc. in respect of group companies with which the promoters were associated in the past but are no longer associated, in case their name(s) continue to be associated with the particular litigation(s).

Nil

- (L) List of past and present litigations/ defaults/ over dues or labour problems/ closure etc., faced by the group companies.

| Case No. | Name of Parties | Nature of alleged violation | Act/Regulation/ Code allegedly violated | Name of Court | Amount Involved (In Rs. Lacs) | Latest Status of the case |
|----------|-----------------|-----------------------------|---|---------------|-------------------------------|---------------------------|
| | | | | | | |

| | | | | | | |
|--|---|---|-------------------------------------|-----------------------------|---------------------------|--|
| No. F. 24 (273)/Lab./SD/ 09/1051 dt. 21.01.2010 | Devendra Kumar S/o Sh Om Prakash Vs Shilpi Cabletronics Ltd | Eleven ex- employees of our subsidiary company, M/s Shilpi Cabletronics Limited moved the office of the Deputy Labour Commissioner (South District), Government of National Capital Territory of Delhi, Labour Department | Industrial Disputes Act, 1947 | Karkardooma Court, Delhi | Cannot be ascertained. | Next hearing will be on 4 th March 2011 |
| No. F. 24 (271)/Lab./SD/ 09/1032 dt. 21.01.2010 | Guddu Paswan S/o Lt Sh Kameshwer Paswan Vs Shilpi Cabletronics Ltd | | | | | The case has been settled by order dated 29.11.2010 |
| No. F. 24 (274)/Lab./SD/ 09/1055 dt. 21.01.2010 | Phool Singh S/o Sh Kalu Ram Vs Shilpi Cabletronics Ltd | with the grievance that their services had been illegally and/or unjustifiably | | | | The case has been settled by order dated 29.11.2010 |
| No. F. 24 (279)/Lab./SD/ 09/1083 dt. 21.01.2010 | Jogender S/o Sh Chinkut Rajjak Vs Shilpi Cabletronics Ltd | terminated by the management. Based upon the representation, the Under Secretary (Labour), Government of National Capital Territory of Delhi referred the case to labour court no. V for adjudication vide his order dated January 21, 2010. | | | | Not yet executed any prosecution. |
| No. F. 24 (311)/Lab./SD/ 09/1193 dt. 22.01.2010 | Ramu S/o Ruttan Lal Vs Shilpi Cabletronics Ltd | | | | | Not yet executed any prosecution |
| No. F. 24 (276)/Lab./SD/ 09/1197 dt. 22.01.2010 | Vinod Kumar s/o Sh Ramji Lal Vs Shilpi Cabletronics Ltd | | | | | Not yet executed any prosecution |
| No. F. 24 (278)/Lab./SD/ 09/1101 dt. 22.01.2010 | Mahandra Saini S/o Laxman Saini Vs Shilpi Cabletronics Ltd | | | | | Not yet executed any prosecution |
| No. F. 24 (277)/Lab./SD/ 09/1106 dt. 25.01.2010 | Dharmendra Rai S/o Sh Sukhnandan Rai Vs Shilpi Cabletronics Ltd | | | | | Not yet executed any prosecution |
| No. F. 24 (302)/Lab./SD/ 09/1187 dt. 22.01.2010 | Anil Kumar S/o Sh Captan Singh Vs Shilpi Cabletronics Ltd | | | | | Not yet executed any prosecution |

| | | | | | | |
|--|---|--|--|--|--|--|
| No. F. 24 (272)/Lab./SD/ 09/1039 dt. 21.01.2010 | Prakash K C S/o Sh Yamalal Vs Shilpi Cabletronics Ltd | | | | | Next hearing will be on 4 th March 2011 |
| No. F. 24 (280)/Lab./SD/ 09/1088 dt. 21.01.2010 | Mahendra Nagar S/o Raghuvar Dayal Vs Shilpi Cabletronics Ltd | | | | | Next hearing will be on 4 th March 2011 |

- (M) All the litigations against the Promoter involving violation of statutory regulations.
Nil
- (N) All the litigations against the promoter alleging criminal offence.
Nil
- (O) List of Pending proceedings initiated for economic offences against the promoters.
Nil
- (P) List of Pending proceedings initiated for economic offences against the group companies.
Nil
- (Q) List of adverse findings, if any, in respect of the persons/entities connected with the issuer/promoter/ group companies as regards compliance with the securities laws.
Nil
- (R) Details of the past cases in which penalties were imposed by the concerned authorities.
ROC , NCT, Delhi and Haryana had lodged a case against Shilpi Communication Pvt Ltd and its directors Mr Mukesh Kumar Gupta, Mr Manish Goel, and Mr Vishal Goel for non compliance of section 159 and 220 of the Companies Act, 1956 as M/s Shilpi Communication Private Limited did not file Balance Sheet and Annual Return for the financial year 31.03.2008 within due date. Against this, Shilpi Communication Private Limited and its Directors moved a compounding application u/s 621A of the Companies Act, 1956 with the Northern Regional Bench of the Company Law Board at New Delhi on February 09, 2010. On July 01, 2010, the Company Law Board passed an order compounding an offence by imposing a condonation fees of Rs. 16000 on each of the defaulting parties. The same was paid to CLB on July 21, 2010 vide draft nos. 646326, 646327, 646328 and 646329 dated July 19, 2010 drawn on the Karur Vysya Bank Limited.

(3) Material developments since the last balance sheet date.

Save as mentioned herein-below in this Letter of Offer, in the opinion of the Board of Directors of the Company, there have not arisen any circumstances since September 30, 2010 which materially and adversely affect, or are likely to materially and adversely affect, the Company's business or the profitability of the Company, or the value of the assets, or the Company's ability to pay its liabilities within the next 12 months besides the following:

| Case No. | Name of Parties | Nature of alleged violation | Act/Regulation/ Code allegedly violated | Name of Court | Amount Involved (In Rs. Lacs) | Latest Status of the case |
|--------------------------------------|---|--|---|--|-------------------------------|---|
| Order under the Income Tax Act, 1961 | Income Tax Department, Government of India Vs M/s Shilpi Cable Technologies Limited, M/s Shilpi | No specific violation has been established till now. | Income Tax Act, 1961 | Income Tax Department, Government of India | Not Ascertainable | The Income Tax Department under the provisions of the Income Tax Act, 1961 have conducted a Survey/Search Operation against the |

| | | | | | | |
|---|--|--|-----------|----------------------------|--|--|
| | <p>Cabletronics Limited, M/s Shilpi Communication Private Limited, M/s Shilpi Cables Private Limited, M/s MVM Impex Private Limited, M/s GGP Cabletronics Private Limited, Mr Mukesh Kumar Gupta, Mr Manish Goel, Mr Vishal Goel and Mr Ghanshyam Pandey</p> | | | | | <p>Company, its Promoters and other related parties on September 21, 2010. The proceedings, investigation/ verification by the Income Tax Department is still under process and as on the date no adverse Order has been passed in the matter.</p> <p>However pending the completion of the proceedings by the Mr Mukesh Kumar Gupta, Mr Manish Goel and Mr Vishal Goel have surrendered an income of Rs. 1550.00 Lacs to the Income Tax Department.</p> |
| <p>Caveat Petition No. 5795 dated November 20, 2010</p> | <p>Zhuhai Hansen Technologies Co. Ltd vs. Shilpi Cable Technologies Ltd</p> | <p>Violation of the terms of the alleged MOU and Purchase Order in connection with the supplies of 7/8" Superflex Cables</p> | <p>NA</p> | <p>High Court of Delhi</p> | <p>US Dollars 1501327.40 (Rs.675.60 Lacs considering 1 USD = 45 Indian Rupees) plus 18% interest</p> | <p>One of the Supplier of the Company M/s Zhuhai Hansen Technologies Co. Ltd., has sent a notice to the Company alleging violation of the terms of the alleged MOU and Purchase Order in connection with the supplies of 7/8" Superflex Cables. On account of the alleged loss suffered by M/s Zhuhai Hansen Technologies Co. Ltd., it has raised a</p> |

| | | | | | | |
|-------------------------------|--|--|----|----|-----------------|--|
| | | | | | | <p>demand of USD 1501327.40 plus 18% interest. The Company has categorically denied all the allegations made by M/s Zhuhai Hansen Technologies Co. Ltd.</p> <p>Correspondences are going on between the Company and M/s Zhuhai Hansen Technologies Co. Ltd. in the matter and as on the date there is no litigation pending at any court in connection with this matter. The Company has filed a Caveat in the High Court of Delhi, as a precautionary measure to avoid any ex-parte order against the Company in the said matter.</p> |
| Legal Notice dated 28.12.2010 | Brushman Indian Ltd Vs MVM Impex Private Limited | Non repayment of Inter Corporate Deposit | NA | NA | Rs 1752.50 lacs | <p>One of the Group Companies M/s MVM Impex Pvt Ltd has received a recovery notice from M/s Brushman India Ltd demanding a sum of Rs 1752.50 lacs towards alleged Inter Corporate Deposits including interest etc.</p> <p>M/s MVM Impex Pvt Ltd has categorically denied all the demands and allegations made by M/s Brushman India Ltd. As on the date, there is no litigation pending at any court in connection with this matter.</p> |

GOVERNMENT AND OTHER APPROVALS

The Company has received the necessary consents, licenses, permissions and approvals from the Government and various governmental agencies required for its present business and except as mentioned below, no further approvals are required for carrying on the Company's present business.

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 governmental or regulatory authority or any other entity are required to undertake the Issue or continue its business activities. Unless otherwise stated, these approvals are all valid as of the date of this Red Herring Prospectus.

Approvals for the Issue

1. The Board of Directors have, pursuant to resolutions passed at its meeting held on June 30, 2010 authorised the Issue, subject to the approval by the shareholders of the Company under Section 81(1A) of the Companies Act.
2. The shareholders have, pursuant to a resolution dated July 24, 2010 under Section 81(1A) of the Companies Act, authorised the Issue.
3. In - principle approval from the BSE dated September 30, 2010.
4. In - principle approval from the NSE dated December 24, 2010.
5. All approvals required from the lenders in relation to the Issue have been obtained.

Incorporation Details

1. Certificate of Incorporation dated July 09, 2006 issued by the Registrar of Companies, National Capital Territory of Delhi and Haryana to Rosenberger Shilpi Cable Technologies Limited.
2. Certificate of Commencement of Business dated July 13, 2006 issued by the Registrar of Companies, National Capital Territory of Delhi and Haryana to Rosenberger Shilpi Cable Technologies Limited.
3. Fresh Certificate of Incorporation dated October 21, 2008 issued by the Registrar of Companies, National Capital Territory of Delhi and Haryana pursuant to change of name of the Company to Shilpi Cable Technologies Limited.

Government and other approvals:

General approvals:

| Sl. No. | Name of Registration | Name of Issuing Authority/Department | Licence/Registration No. | Validity |
|---------|---|--|--|------------|
| 1. | Permanent Account Number (PAN) | Income Tax Department, Government of India | AADCR3380E | Permanent |
| 2. | TDS Account Number (TAN) | National Securities Depository Limited, Mumbai | DELR13149D | Permanent |
| 3. | Certificate of Importer-Exporter code (IEC) | Joint Director General of Foreign Trade, Ministry of Commerce, Government of India | 0506034356 | Permanent |
| 4. | Registration with Federation of Indian Export Organisations | Federation of Indian Export Organisations | RCMC No. 500/2006-07 Dated 14.03.2007 | 31.03.2011 |

| | | | | |
|----|--|---|-----------------------|---|
| | | | Renewed on 08.01.2010 | |
| 5. | SIA Registration | Secretariat for Industrial Assistance, Ministry of Commerce & Industry | 5574/SIA/IMO/2006 | Permanent |
| 6. | Registration under Delhi VAT Tax, 2004 | Department of Value Added Tax, Government of NCT of Delhi | 07070349876 | Permanent |
| 7. | EPCG License | Government of India, Ministry of Commerce and Industry, Office of the Joint Director General of Foreign Trade | 0530143360/3/11/00 | For a period of 8 years from 23.03.2007 |

Approvals relating to Chopanki Unit

| Sl. No. | Name of Registration | Name of Issuing Authority/Department | Licence/Registration No. | Validity |
|---------|---|--|--|---|
| 1. | Registration under Factories Act | Chief Inspector of Factory, Rajasthan, Jaipur | RJ/28213 Dated: 29.01.2008 Renewed on 11.05.2010 | 31.03.2013 |
| 2. | Central Excise Registration Certificate | Assistant Commissioner of Central Excise, Bhiwadi, Rajasthan | AADCR3380EXM001 | Till the registrant carries on the activity for which it has been issued. |
| 3. | TIN (Registration under Rajasthan VAT Act 2003) | Assistant Commissioner, Commercial Tax, Bhiwadi | No. 08960854158 | Permanent |
| 4. | Central Sales Tax Registration | Assistant Commissioner, Commercial Tax, Bhiwadi | No. 08960854158 (Central) | Permanent |
| 5. | Registration under Contract Labour Act 1970. | Registration office, Contract Labour Act 1970, Alwar, Rajasthan | ALW/17/2009/16 | 31.12.2011 |
| 6. | Provident Fund Registration | Regional PF Commissioner | RJ/16688 | Permanent |
| 7. | Registration under ESI Act | Dy. Director, Employees' State Insurance Corporation | 15/23288/24 | Permanent |
| 8. | Service Tax Registration for transport of goods by road | Office of the Superintendent, Central Excise Range-VI, Alwar | AADCR3380EST002 | Permanent |
| 9. | Agreement for releasing power connection of 800 KVA | Jaipur Vidut Vitaran Nigam Ltd. | JPD/SE(O&M)/AWR/Tech. I/ F.HT/D.755 | Till the Electricity connection is disconnected |
| 10. | Certification u/s 11 of Rajasthan Tax on entry of goods into local Areas. | Assistant Commissioner, Commercial Tax Bhiwadi. | No. 0206/N/0557 | Permanent |
| 11. | Permission for DG set installation | Office of the Electrical Inspector, Jaipur Government of Rajasthan | No. EI/JPR/F.P./08-09/650 Dated 31.03.2009 | Valid till the permission is cancelled |

Other approvals & Recognitions

| Sl. No. | Name of Registration | Name of Issuing Authority/Department | Licence/Registration No. | Validity |
|---------|----------------------|--------------------------------------|--------------------------|------------|
| 1. | ISO 9001:2000 | AFAQ-EAQA Ltd. | A21 8542 | 07.03.2011 |
| | ISO 9001:2008 | AFAQ-EAQA Ltd. | A21 8542 | 07.03.2011 |
| 2. | DIN EN ISO 9001:2000 | DQS-GmbH | 382385 QM | 07.03.2011 |

TECHNICAL APPROVALS

| Sl. No. | Name of Registration | Name of Issuing Authority/Department | Licence/Registration No. | Validity |
|---------|--|---|---|--|
| 1. | Consent to establish STP under Water Act, 1974 and under Air Act, 1981 | Rajasthan State Pollution Control Board | RPCB/RO/BWD/OR-799/2464) Dated 18.12.2009 | 31.12.2010 Applied for renewal on 25.09.2010 |
| 2. | Licence under Petroleum and Explosives Safety Organisation (PESO) | Ministry of Commerce and Industry, Jt. Chief Controller of Explosives | P/NC/RJ/15/1043(P1978 80) | 31.12.2012 |
| 3. | Technical Specification Evaluation Certificate | Bharat Sanchar Nigam Limited. | 1. No. TSEC/ND/FDR-13/02/136; Specification No. GR/FDR-13/02 Dated 18.06.2008 2. No. TSEC/ND/FDR-13/02/319 DEC 2009; Specification No. GR/FDR-13/02. SEP 2006; Date: 29.12.2009 3. No. TSEC/ND/FDR-13/02/317 DEC 2009; Specification No. GR/FDR-13/02. SEP 2006; Date: 29.12.2009 4. No. TSEC/ND/FDR-12/02/316 DEC 2009; Specification No. GR/FDR-12/02. JAN 2006; Date: 29.12.2009 5. No. TSEC/ND/FDR-12/02/318 DEC 2009; Specification No. GR/FDR-13/02. JAN 2006; Date: 29.12.2009 | 30.06.2011 31.12.2011 30.06.2011 30.06.2011 31.12.2011 |

Besides the above there are no pending approvals to be applied for by the Company as far as the present business is concerned.

IT MUST, HOWEVER BE, DISTINCTLY UNDERSTOOD THAT IN GRANTING THE ABOVE-MENTIONED APPROVALS, THE CENTRAL GOVERNMENT, STATE GOVERNMENT, RBI AND OTHER AUTHORITIES DO NOT TAKE ANY RESPONSIBILITY FOR THE FINANCIAL SOUNDNESS OF THE COMPANY OR FOR THE CORRECTNESS OF ANY OF THE STATEMENTS.

SECTION VII- OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority For The Present Issue

The issue has been authorized by a resolution of the Board passed at their meeting held on June 30, 2010, subject to the approval of shareholders through a special resolution to be passed pursuant to section 81 (1A) of the Companies Act.

The shareholders have authorised the Issue by a special resolution in accordance with Section 81(1A) of the Companies Act, passed at the Extra-Ordinary General Meeting of the Company held on July 24, 2010, at New Delhi.

Prohibition by SEBI

The Company, Promoters, Directors, Promoter Group entities and group companies and natural persons behind the Promoters which are body corporates, have not been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI.

The companies, with which Promoters, Directors or persons in control of the Company are associated as promoters, directors or persons in control have been have not been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI.

None of the Directors are associated with any entities, which are engaged in securities market related business and are registered with SEBI for the same.

Eligibility For The Issue:

The Company is eligible for the Issue in accordance with Regulation 26(2) (a) (i) and (b) (i) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, which states as follows:

"26(2) An unlisted issuer not satisfying any of the conditions stipulated in sub-regulation (1) may make an initial public offer if:

(a) (i) the issue is made through the book building process and the issuer undertakes to allot at least fifty per cent of the net offer to public to qualified institutional buyers and to refund full subscription monies if it fails to make allotment to the qualified institutional buyers;

OR

(ii) at least fifteen percent of the cost of the project is contributed by scheduled commercial banks or public financial institutions, of which not less than ten percent shall come from the appraisers and the issuer undertakes to allot at least ten percent of the net offer to public to qualified institutional buyers and to refund full subscription monies if it fails to make the allotment to the qualified institutional buyers;

AND

(b) (i) the minimum post-issue face value capital of the issuer is ten crore rupees;

OR

(ii) the issuer undertakes to provide market-making for at least two years from the date of listing of the Equity Shares, subject to the following:

(A) the market makers offer buy and sell quotes for a minimum depth of three hundred Equity Shares and ensure that the bid-ask spread for their quotes does not, at any time, exceed ten per cent.;

(B) the inventory of the market makers, as on the date of allotment of the Equity Shares, shall be at least five per cent. of the proposed issue.

The Company is an unlisted company not complying with the conditions specified in Regulation 26(1) of the SEBI Regulation and are therefore required to meet both the conditions detailed in Regulation 26(2)(a) and Regulation 26(2)(b) of the SEBI Regulations.

The Company is complying with Regulation 26(2)(a)(i) of the SEBI Regulations and at least 50% of the Issue is proposed to be allotted to QIBs and in the event the Company fails to do so, the full subscription monies shall be refunded to the Bidders.

The Company is also complying with Regulation 26(2)(b)(i) of the SEBI Regulations and the post-issue face value capital of the Company shall be Rs. [●] lacs which is more than the minimum requirement of Rs. 10 crore (Rs. 1000 Lacs).

Hence, the Company is eligible for the Issue under Regulation 26(2) of the SEBI Regulations.

Further, in accordance with Regulation 26(4) of the SEBI Regulations, the Company shall ensure that the number of prospective allottees to whom the Equity Shares will be allotted shall be not less than 1,000 otherwise the entire application money will be refunded forthwith. In case of delay, if any, in refund the Company shall pay interest on the application money at the rate of 15% per annum for the period of delay.

Prohibition by RBI

The Company, Promoters and group companies have not been identified as wilful defaulters by the RBI or any other governmental authority. There are no violations of securities laws committed by them in the past or are pending against them.

Disclaimer Clause

AS REQUIRED, A COPY OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI.

"IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF OFFER DOCUMENT TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE BOOK RUNNING LEAD MANAGERS HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS HAVE FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED AUGUST 21, 2010 WHICH READS AS FOLLOWS:

WE, THE LEAD MERCHANT BANKER(S) TO THE ABOVE MENTIONED FORTHCOMING ISSUE, STATE AND CONFIRM AS FOLLOWS:

1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE;

2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE ISSUER, WE CONFIRM THAT:

(A) THE DRAFT RED HERRING PROSPECTUS FILED WITH THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;

(B) ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY THE BOARD, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITIES IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND

(C) THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.

3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID. COMPLIED WITH AND NOTED FOR COMPLIANCE

4. WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS. NOTED FOR COMPLIANCE

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

6. WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS.

7. WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE. NOT APPLICABLE.

8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.

9. WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 73 OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION. NOTED FOR COMPLIANCE.

10. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE. NOT APPLICABLE.

AS THE OFFER SIZE IS MORE THAN RS. 10 CRORES, HENCE UNDER SECTION 68B OF THE COMPANIES ACT, 1956, THE EQUITY SHARES ARE TO BE ISSUED IN DEMAT ONLY.

11. WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.

12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:

(A) AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER AND

(B) AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.

13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.

14. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OR THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE, ETC.

15. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY."

The filing of this Red Herring Prospectus does not, however, absolve the Company from any liabilities under Section 63 or Section 68 of the Companies Act or from the requirement of obtaining such statutory and/or other clearances as may be required for the purpose of the proposed Issue. SEBI further reserves the right to take up at any point of time, with the Book Running Lead Managers, any irregularities or lapses in this Red Herring Prospectus.

All legal requirements pertaining to the Issue will be complied with at the time of filing of the Red Herring Prospectus with the Registrar of Companies, Delhi & Haryana in terms of Section 60B of the Companies Act.

All legal requirements pertaining to the Issue will be complied with at the time of registration of the Prospectus with the Registrar of Companies, Delhi & Haryana in terms of Sections 56, 60 and 60B of the Companies Act.

Caution - Disclaimer from the Company and the BRLMs

The Company, the Directors and the BRLMs accept no responsibility for statements made otherwise than in this Red Herring Prospectus or in the advertisements or any other material issued by or at the Company's instance and anyone placing reliance on any other source of information, including the Company's web site www.shilpicables.com, would be doing so at his or her own risk.

The BRLMs accept no responsibility, save to the limited extent as provided in the MoU entered into between the BRLMs and the Company and the Underwriting Agreement to be entered into between the Underwriter and the Company.

All information shall be made available by the Company and the BRLMs to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports, at bidding centres or elsewhere.

Neither the Company nor the Syndicate is liable for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

Investors that bid in the Issue will be required to confirm and will be deemed to have represented to the Company, the Underwriter and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of the Company and will not Issue, sell, pledge, or transfer the Equity Shares of the Company to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of the Company. The Company, the Underwriter and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of the Company.

DISCLAIMER IN RESPECT OF JURISDICTION

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are not minors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian Mutual Funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under applicable trust law and who are authorised under their constitution to hold and invest in shares, permitted insurance companies and pension funds) and to FIIs, eligible NRIs and other eligible foreign investors (viz. FVCIs, multilateral and bilateral development financial institutions). This Red Herring Prospectus does not, however, constitute an invitation to purchase shares offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in New Delhi, India only.

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

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The Equity Shares have not been and will not be registered under the US Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold within the United States (as defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Equity Shares are being offered and sold only outside the United States in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdictions where those offers and sales occur.

DISCLAIMER CLAUSE OF BOMBAY STOCK EXCHANGE LIMITED (BSE) (Designated Stock Exchange)

Bombay Stock Exchange Limited ("The Exchange") has given, vide its letter dated September 30th 2010, permission to this Company to use the Exchange's name in this offer document as one of the stock exchanges on which this company's securities are proposed to be listed. The Exchange has scrutinized this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:-

- i. Warrant ,certify or endorse the correctness or completeness of any of the contents of this offer document ; or
- ii. Warrant that this company's securities will be listed or will continue to be listed on the Exchange;or
- iii. Take any responsibility for the financial or other soundness of this Company,its promoters,its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that this offer document has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

DISCLAIMER CLAUSE OF NATIONAL STOCK EXCHANGE OF INDIA LIMITED (NSE)

As required, a copy of this Offer Document has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter ref.: NSE/LIST/154548-J dated December 24, 2010 permission to the Issuer to use the Exchange's name in this Offer Document as one of the stock exchanges on which this Issuer's securities are proposed to be listed. The Exchange has scrutinized this draft offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the offer document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to 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 this Red Herring Prospectus has been filed with SEBI at Corporation Finance Department, Plot No.C4-A,'G' Block, Bandra Kurla Complex, Bandra (East), Mumbai 400051, with the BSE Listing Department at Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400001 and with the NSE at Listing Department at Exchange Plaza, Plot no. C/1, G Block, Bandra-Kurla Complex, Bandra (East) Mumbai - 400 051. A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, would be delivered for registration to the ROC and a copy of the Prospectus to be filed under Section 60 of the Companies Act would be delivered for registration with ROC at the Office of the Registrar of Companies, Delhi & Haryana, IFCI Tower, 4th Floor, 61, Nehru Place, New Delhi 110019.

Listing

Applications have been made to the BSE and NSE for permission to deal in and for an official quotation of the Equity Shares. BSE will be the Designated Stock Exchange with which the Basis of Allotment will be finalised.

In case the permission for listing of the Equity Shares is not granted by the above mentioned Stock Exchanges, our Company shall forthwith repay, without interest, all moneys received from the applicants in pursuance of the Red Herring Prospectus. If such money is not repaid within 8 days after the day from which the Issuer becomes liable to repay it, our Company and every director of our 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, at 15% per annum on the application monies as prescribed under Section 73 of the Companies Act.

Our Company with the assistance of the Book Running Lead Manager shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges mentioned above are taken within twelve Working Days of Bid/Issue Closing Date.

Consents

Consents in writing of: (a) the Directors, the Company Secretary and Compliance Officer, the auditors, the legal advisors, the Bankers to the Company; and (b) the Book Running Lead Manager, the Syndicate Members, the Escrow Collection Banks and the Registrar to the Issue to act in their respective capacities, have been obtained and would be filed along with a copy of the Red Herring Prospectus with the ROC as required under Sections 60 and 60B of the Companies Act and such consents have not been withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the ROC.

In accordance with the Companies Act, 1956 and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulation, 2009, M/s. M.M. Bhasin & Co., Chartered Accountants, have given their written consent to the inclusion of their financial report in the form and context in which it appears in the Red Herring Prospectus and such consent and report has not been withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the ROC.

CARE, the IPO grading agency engaged by the Company for the purpose of obtaining IPO grading in respect of this Issue, have given their written consent as experts to the inclusion of their report in the form and context in which they will appear in the Red Herring Prospectus and such consents and reports will not be withdrawn up to the time of delivery of the Red Herring Prospectus and the Prospectus to the Registrar of Companies.

Expert Opinion

Except the report of CARE in respect of the IPO grading of this Issue annexed herewith, the reports of the Statutory Auditor M.M. Bhasin & Co. regarding Statement of Tax Benefits and Auditors' Report in the chapter of financial information as stated on pages 50 and 112 in this Red Herring Prospectus, the Company has not obtained any expert opinions.

Issue Related Expenses

The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. The estimated expenses of the Issue are as follows:

| Activity | Expense (in Rs. Lacs) | Percentage of Issue Expenses | Percentage of the Issue size |
|--|-----------------------|------------------------------|------------------------------|
| Lead Management, Underwriting and Selling Commission | [•] | [•] | [•] |
| SCSB Commission | [•] | [•] | [•] |
| Advertisement and Marketing expenses | [•] | [•] | [•] |
| Printing and Stationery (including courier and transportation charges) | [•] | [•] | [•] |
| Registrar to the Issue | [•] | [•] | [•] |
| Advisors to the Issue | [•] | [•] | [•] |
| Fees paid to rating agency | [•] | [•] | [•] |
| Others (Processing fees, listing fee, Corporate Action charges etc) | [•] | [•] | [•] |
| Total Estimated Issue expenses | 300 | | 5.37% |

* Will be incorporated after finalisation of the Issue Price.

The listing fee and all expenses with respect to the Issue will be borne by the Company.

Fees Payable to the Book Running Lead Manager, and Syndicate Members

The total fees payable to the BRLM and the Syndicate Member (including underwriting commission and selling commission) will be as stated in the Engagement Letter with the BRLMs, 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 for processing of application, data entry, printing of CAN/refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the Memorandum of Understanding signed with the Company, a copy of which is available for inspection at the registered office of the Company.

The Registrar to the Issue will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable it to send refund orders or allotment advice by registered post/speed post/under certificate of posting.

Particulars regarding Public or Rights Issues during the Last Five Years

The Company has not made any public or rights issues during the last five years.

Previous issues of Equity Shares otherwise than for cash

Except as stated in the section entitled "Capital Structure" on page 21 of this Red Herring Prospectus and "History and Corporate Structure of our Company" on page 78 of this Red Herring Prospectus, the Company has not issued any Equity Shares for consideration otherwise than for cash.

Commission and Brokerage paid on Previous Issues of the Equity Shares

Since this is the initial public issue of Equity Shares, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since the Company's inception.

Previous capital issue during the previous three years by listed group companies, subsidiaries and associates of the Company

None of the group companies, associates and subsidiaries of the Company is listed on any stock exchange.

Promise vis-a-vis objects – Public/ Rights Issue of the Company and/ or listed group companies, subsidiaries and associates of the Company

The Company has not undertaken any previous public or rights issue.

None of the group companies, associates and subsidiaries of the Company is listed on any stock exchange.

Outstanding Debentures or Bonds

The Company does not have any outstanding debentures or bonds as of the date of filing this Red Herring Prospectus.

Outstanding Preference Shares

The Company does not have any outstanding preference shares other than those mentioned in the section entitled "Capital Structure" beginning on page 21 in this Red Herring Prospectus.

Stock Market Data of the Equity Shares

This being an initial public issue of the Company, the Equity Shares are not listed on any stock exchange.

Mechanism for Redressal of Investor Grievances

The Memorandum of Understanding between the Registrar to the Issue, and the Company will provide for retention of records with the Registrar to the Issue for a period of at least six months from the last date of dispatch of letters of allotment, demat credit, refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, application number, number of Equity Shares applied for, amount paid on application, Depository Participant, and the bank branch or collection centre where the application was submitted.

All grievances relating to the ASBA process may be addressed to the SCSB, giving full details such as name, address of the applicant, application number, number of Equity Shares applied for, amount paid on application and the Designated Branch or the collection centre of the SCSB where the ASBA Bid cum Application Form was submitted by the ASBA Bidders.

Disposal of Investor Grievances by the Company

All grievances relating to the ASBA process may be addressed to the Registrar to the issue with a copy to the SCSB. The Company estimates that the average time required by the Company or the Registrar to the Issue or the SCSB in case of ASBA Bidders for the redressal of routine investor grievances shall be ten working days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, the Company will seek to redress these complaints as expeditiously as possible.

The Company has appointed Ms. Sunita Gaur as the Compliance Officer for this Issue and she may be contacted in case of any pre-Issue or post-Issue-related problems. She can be contacted at the following address:

Sunita Gaur

Shilpi Cable Technologies Limited

A-19 / B-1 Extension, Mohan Cooperative Industrial Estate, P.O. Badarpur, Mathura Road, New Delhi, 110044

Tel.: +91-11- 43117900, 43117901 Fax: +91-11- 43117922

Email: ipo@shilpicabletech.com

Website: www.shilpicables.com

Changes in Auditors

The following are the changes in the auditors in the last 3 years:

| Name of the Auditor | Date of appointment | Date of resignation | Reason |
|------------------------------|---|----------------------------|---------------|
| A.K. Chordia & Co | 10.07.2006 | February 24, 2009 | Resigned |
| Mahesh Kamlesh & Associates* | Appointed in the EGM held on March 30, 2009 and re-appointed in the AGM held on September 30, 2009. | - | Appointed |

**This firm has been merged into another firm known as M.M. Bhasin & Co. which is the present statutory auditor of the Company. This does not amount to a change in the auditor of the Company.*

Capitalisation of Reserves or Profits

Except as disclosed in this Red Herring Prospectus, the Company has not capitalised its reserves or profits at any time during the last five years.

Revaluation of Assets

The Company has not revalued its assets in the last five years.

SECTION VIII- ISSUE RELATED INFORMATION

TERMS OF THE ISSUE

The Equity Shares being issued are subject to the provisions of the Companies Act, the Memorandum and Articles, the terms of this Red Herring Prospectus, the Red Herring Prospectus and the Prospectus, Bid cum Application Form, the Revision Form, the Confirmation of Allocation Note (“**CAN**”) and other terms and conditions as may be incorporated in the Allotment advices and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws, guidelines, notifications and regulations relating to the issue of capital and listing of securities issued from time to time by SEBI, the Government of India, Stock Exchanges, RoC, RBI and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Ranking of Equity Shares

The Equity Shares being issued shall be subject to the provisions of the Memorandum and Articles of Association and shall rank pari-passu with the existing Equity Shares of the Company including rights in respect of dividend. The Allottees in receipt of Allotment of Equity Shares under this Issue will be entitled to dividends and other corporate benefits, if any, declared by the Company after the date of Allotment. For further details, please see “Main Provisions of the Articles of Association” on page 285 of this Red Herring Prospectus.

Mode of Payment of Dividend

The Company shall pay dividends to its shareholders in accordance with the provisions of the Companies Act.

Face Value and Issue Price

The face value of the Equity Shares is Rs. 10 each. The Floor Price of Equity Shares is Rs. 64 per Equity Share and the Cap Price is Rs. 69 per Equity Share. The Anchor Investor Issue Price is Rs. [●] per Equity Share. At any given point of time there shall be only one denomination for the Equity Shares.

Compliance with SEBI Regulations

The Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholder

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

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

For a detailed description of the main provisions of the Articles relating to voting rights, dividend, forfeiture and lien and/or consolidation/splitting, please refer to the section titled “Main Provisions of the Articles of Association” on page 285 of this Red Herring Prospectus.

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialised form. As per the SEBI Regulations, the trading of the Equity Shares shall only be in dematerialised form for all investors.

Since trading of the Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allotment in this Issue will be only in electronic form in multiples of one (1) Equity Share subject to a minimum Allotment of 1 Equity Share.

Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with the competent courts/authorities in New Delhi.

Nomination Facility to Investor

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office/ Corporate Office of the Company or to the Registrar and Transfer Agents of the Company.

In accordance with Section 109B of the Companies Act, any Person who becomes a nominee by virtue of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- ➔ To register himself or herself as the holder of the Equity Shares; or
- ➔ To make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Issue will be made only in dematerialised form, there is no need to make a separate nomination with the Company. Nominations registered with respective depository participant of the applicant would prevail. If the investors require changing their nomination, they are requested to inform their respective depository participant.

Bid/ Issue Programme

| | |
|----------------------------|-------------------------|
| BID/ISSUE OPENS ON | MARCH 22, 2011* |
| BID/ISSUE CLOSES ON | MARCH 25, 2011** |

**The Company may consider participation by Anchor Investors. The Anchor Investor Bid/Issue period shall be one day prior to the Bid/Issue Opening date.*

***The Company may consider closing the Bidding by QIB Bidders one Working Day prior to the Bid/Issue Closing Date subject to the Bid/Issue Period being for a minimum of three Working Days.*

Minimum Subscription

If we do not receive the minimum subscription of ninety (90) percent of the offer through the present Red Herring Prospectus including devolvement of Underwriters within sixty days from the date of closure of the issue, we shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after the issuer becomes liable to pay the amount, the issuer shall pay interest prescribed under section 73 of the Companies Act, 1956.

Further, in accordance with Clause 26(4) of the SEBI ICDR Regulations, our Company shall ensure that the number of prospective allottees to whom the Equity Shares will be Allotted will be not less than 1,000.

Arrangement for disposal of Odd Lots

The Equity Shares will be traded in dematerialized form only and therefore the marketable lot is one (1) Equity Share. Hence, there is no possibility of any odd lots.

Application by Eligible NRIs, FIIs and Foreign Venture Capital Funds registered with SEBI

As per the extant policy of the Government of India, OCBs cannot participate in this Issue.

The current provisions of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, there exists a general permission for the NRIs, FIIs and foreign venture capital investors registered with SEBI to invest in shares of Indian companies by way of subscription in an IPO. However, such investments would be subject to other investment restrictions under the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, RBI and/or SEBI regulations as may be applicable to such investors. It is to be distinctly understood that there is no reservation for NRIs, FIIs or FCVIs registered with SEBI, applicants will be treated on the same basis with other categories for the purpose of allocation.

The allotment of the Equity Shares to Non-Residents shall be subject to the conditions, if any, as may be prescribed by the Government of India/RBI while granting such approvals.

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, (the "Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act). The Equity Shares shall be sold only outside the United States in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales occur.

The above information is given for the benefit of the Bidders. The Bidders are advised to make their own enquiries about the limits applicable to them. The Company and the BRLM do not accept any responsibility for the completeness and accuracy of the information stated hereinabove. The Company and the BRLM are not liable to inform the investors of any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

Restriction on transfer of shares

Except for lock-in of the pre-Issue Equity Shares and Promoters' minimum contribution in the Issue as detailed in the section entitled "Capital Structure" on page 21 of this Red Herring Prospectus, and except as provided in the Articles, there are no restrictions on transfers of Equity Shares. There are no restrictions on transfers of debentures except as provided in the Articles. There are no restrictions on transmission of shares/ debentures and on their consolidation/ splitting except as provided in the Articles.

Please see the section entitled "Main Provisions of the Articles of Association" on page 285 of this Red Herring Prospectus.

OPTION TO RECEIVE EQUITY SHARES IN DEMATERIALISED FORM

As per the provisions of Section 68B of the Companies Act, the Allotment of Equity Shares in this Issue shall be only in a de-materialised form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

ISSUE STRUCTURE

Public Issue of [●] Equity Shares of Rs. 10/- each of Shilpi Cable Technologies Limited ("SCTL" or the "Issuer") for cash at a price of Rs. [●] per fully paid up Equity Share (including a share premium of Rs. [●] per Equity Share) aggregating Rs. 5587.72 lacs ("The Issue"). The issue will constitute [●]% of the post issue paid up capital of the company.

The Issue is being made through the 100% Book Building Process.

| | QIBs# | Non-Institutional Bidders | Retail Individual Bidders |
|--|---|---|---|
| Number of Equity Shares* | At least [●] Equity Shares | Not less than [●] Equity Shares available for allocation or Issue less allocation to QIB Bidders and Retail Individual Bidders. | Not less than [●] Equity Shares available for allocation or Issue less allocation to QIB Bidders and Non-Institutional Bidders. |
| Percentage of Issue Size available for Allotment/allocation | At least 50% of the Issue Size being allocated. However, 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation proportionately to Mutual Funds only. Upto 30% of the QIB Portion may be available for allocation to Anchor Investors and one-third of the Anchor Investor Portion shall be available for allocation to domestic Mutual Funds. | Not less than 15% of the Issue shall be available for allocation. | Not less than 35% of the Issue shall be available for allocation. |
| Basis of Allotment/Allocation if respective category is oversubscribed | Proportionate as follows: (a) [●] Equity Shares, constituting 5% of the QIB portion, shall be available for allocation on a proportionate basis to Mutual Funds; and (b) [●] Equity Shares shall be allotted on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above. | Proportionate | Proportionate |
| Minimum Bid | Such number of Equity Shares that the Bid Amount exceeds Rs. 200,000 and in multiples of 79 Equity Shares thereafter. | Such number of Equity Shares that the Bid Amount exceeds Rs. 200,000 and in multiples of 79 Equity Shares thereafter. | 79 Equity Shares and in multiples of 79 Equity Shares thereafter. |

| | | | |
|-------------------|--|--|---|
| Maximum Bid | Such number of Equity Shares not exceeding the size of the Issue, subject to regulations as applicable to the bidder. | Such number of Equity Shares not exceeding the size of the Issue subject to applicable limits. | Such number of Equity Shares so as to ensure that the Bid amount does not exceed Rs. 2,00,000. |
| Mode of Allotment | Compulsorily in dematerialized form. | Compulsorily in dematerialized form. | Compulsorily in dematerialized form. |
| Bid Lot | 79 Equity Shares and in multiples of 79 Equity Shares thereafter. | 79 Equity Shares and in multiples of 79 Equity Shares thereafter. | 79 Equity Shares and in multiples of 79 Equity Shares thereafter. |
| Allotment Lot | 79 Equity Shares and in multiples of one Equity Shares thereafter. | 79 Equity Shares and in multiples of one Equity Shares thereafter. | 79 Equity Shares and in multiples of one Equity Shares thereafter. |
| Trading Lot | One Equity Share | One Equity Share | One Equity Share |
| Who can Apply** | Public financial institutions as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual fund registered with SEBI, FIIs and sub-account registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual, VCFs, state industrial development corporation, insurance company registered with IRDA, provident fund (subject to applicable law) with minimum corpus of Rs. 2500 Lacs, pension fund with minimum corpus of Rs. 2500 Lacs, in accordance with applicable law and National Investment Fund set up by Government of India, insurance funds set up and managed by army, navy or air force of the Union of India, insurance funds set up by the Department of Posts. | Resident Indian individuals, Eligible NRIs, HUF (in the name of Karta), companies, corporate bodies, scientific institutions societies and trusts, sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals. | Resident Indian individuals, Eligible NRIs, HUF (applying through the Karta), applying for Equity Shares such that the Bid Amount does not exceed Rs. 200,000 in value. |
| Terms of Payment | Full amount shall be payable at the time of submission of Bid cum Application Form. | Full amount shall be payable at the time of submission of Bid cum Application Form. | Full amount shall be payable at the time of submission of Bid cum Application Form. ## |
| Margin Amount | Full Bid Amount on bidding. | Full Bid Amount on bidding. | Full Bid Amount on bidding. |

The Company may allocate up to 30% of the QIB Portion to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to Anchor Investors. For further details, please see the section entitled "Issue Procedure" on page 255 of this Red Herring Prospectus.

In case of ASBA Bidders, the SCSB shall be authorised to block such funds in the bank account that are specified in the ASBA Bid cum Application Form.

* Subject to valid Bids being received at or above the Issue Price. The Issue is being made through the 100% Book Building Process wherein at least 50% of the Issue will be allocated on a proportionate basis to QIBs, out of the QIB Portion (excluding the Anchor Investor Portion), 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIBs and Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. If at least 50% of the Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith. However, if the aggregate demand from Mutual Funds is less than [●] Equity Shares, the balance Equity Shares available for Allotment in the Mutual Fund Portion will be added to the QIB Portion and allocated proportionately to the QIB Bidders in proportion to their Bids. Further, not less than 15% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

Under-subscription, if any, in any category except in the QIB category would be met with spill-over from other categories at sole discretion of the Company, in consultation with the BRLMs.

If at least 50% of the Issue is not allocated to the QIBs, the entire subscription monies shall be refunded.

** In case the Bid cum Application Form is submitted in joint names, the Bidders should ensure that the demat account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.

Withdrawal of the Issue

Our Company, in consultation with the Book Running Lead Manager, reserves the right not to proceed with the Issue at any time after the Bid Opening Date but before the Board meeting for Allotment, without assigning any reason thereof. In such an event our Company would issue a public notice in the newspapers, in which the pre-issue advertisements were published, within two days of the closure of the Issue, providing reasons for not proceeding with the Issue. The BRLM, through the Registrar to the Issue, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one day of receipt of such notification. Our Company shall also promptly inform the Stock Exchanges on which the Equity Shares were proposed to be listed.

If our Company withdraws the Issue after the Bid Closing Date, our Company shall state the reasons thereof in a public notice within two days of the closure of the Issue. The public notice shall be issued in the same newspapers where the pre-issue advertisement had appeared. The Stock Exchanges shall also be informed of such withdrawal.

Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment, and (ii) the final RoC approval of the Prospectus after it is filed with the Stock Exchanges.

Any further issue of Equity Shares by the Company shall be in compliance with applicable laws.

Bid/ Issue Programme

| | |
|----------------------------|-------------------------|
| BID/ISSUE OPENS ON | MARCH 22, 2011* |
| BID/ISSUE CLOSES ON | MARCH 25, 2011** |

**The Company may consider participation by Anchor Investors. The Anchor Investor Bid/Issue period shall be one day prior to the Bid/Issue Opening date.*

***The Company may consider closing the Bidding by QIB Bidders one Working Day prior to the Bid/Issue Closing Date subject to the Bid/Issue Period being for a minimum of three Working Days.*

Bids and any revision in Bids shall be accepted **only between 10.00 a.m. and 3.00 p.m.** (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centers mentioned in the Bid cum Application Form or, in case of Bids submitted through ASBA, the Designated Branches of the SCSBs. **On the Bid/Issue Closing Date, Bids (excluding ASBA Bidders) shall be uploaded until** (i) 4.00 p.m. in case of Bids by QIB Bidders and Non-Institutional Bidders; and (ii) until 5.00 p.m. or until such time as permitted by the BSE and NSE in case of Bids by Retail Individual Bidders. It is clarified that Bids not uploaded in the book, would be rejected. Bids by ASBA Bidders shall be uploaded by the SCSB in the electronic system to be provided by the BSE and NSE.

In case of discrepancy of data between the Stock Exchanges and the Designated Branches of the SCSBs, the decision of the Registrar to the Issue, in consultation with the BRLM, our Company and the Designated Stock Exchange, based on the physical / electronic records, as the case may be, of the ASBA Bid cum Application Forms shall be final and binding on all concerned. Further, the Registrar to the Issue may ask for rectified data from the SCSB.

Due to limitation of time available for uploading the Bids on the Bid/ Issue Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid Closing Date and, in any case, no later than 1.00 p.m (Indian Standard Time) on the Bid Closing Date. Bidders are cautioned that in the event a large number of Bids are received on the Bid Closing Date, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded will not be considered for allocation in the Issue. If such Bids are not uploaded, our Company, the BRLM and the Syndicate Members shall not be responsible. Bids will be accepted only on working days, i.e. Monday to Friday (excluding any public holiday).

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

Our Company, in consultation with the BRLM, reserves the right to revise the Price Band during the Bidding Period in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. The Cap Price shall be less than or equal to 120% of the Floor Price. Subject to compliance with the immediately preceding sentence, the Floor Price can be revised up or down to a maximum of 20% of the Floor Price as originally disclosed at least two working days prior to the Bid /Issue Opening Date and the Cap Price will be revised accordingly.

In case of revision in the Price Band, the Bidding Period will be extended for three additional Working Days after revision of the Price Band subject to the Bidding Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bidding Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a press release, and also by indicating the change on the website of the BRLM and at the terminals of the members of the Syndicate. In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain 79 Equity Shares subject to the Bid Amount payable on such minimum application being in the range of Rs. 5,000 to Rs. 7,000.

ISSUE PROCEDURE

This section applies to all Bidders. Please note that all Bidders can participate in the Issue through the ASBA process. ASBA Bidders should note that the ASBA process involves application procedures that are different from the procedure applicable to Bidders other than the ASBA Bidders. Bidders applying through the ASBA process should carefully read the provisions applicable to such applications before making their application through the ASBA process. Please note that all Bidders are required to make the full Bid Amount or instruct the relevant SCSB to block the full Bid Amount along with the application.

Book Building Procedure

The Issue is being made through the 100% Book Building Process wherein at least 50% of the Issue shall be allocated to Qualified Institutional Buyers on a proportionate basis out of the QIB Portion (excluding Anchor Investor Portion), 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. If at least 50% of the Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith.

Further, not less than 15% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price. Allocation to Anchor Investors shall be on a discretionary basis and not on a proportionate basis.

Bidders are required to submit their Bids through the Syndicate. Further, QIB Bids can be procured and submitted only through the BRLMs or their affiliate syndicate members. In case of QIB Bidders, the Company, in consultation with the BRLMs, may reject Bids at the time of acceptance of Bid cum Application Form provided that the reasons for such rejection shall be provided to such QIB Bidder in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, the Company would have a right to reject the Bids only on technical grounds.

Investors should note that the Equity Shares will be allotted to all successful Bidders only in dematerialised form. The Bid cum Application Forms which do not have the details of the Bidders' depository account, including the DP ID Numbers and the beneficiary account number, shall be treated as incomplete and rejected. Bid cum Application Forms which do not have the details of the Bidders' PAN, shall be treated as incomplete and are liable to be rejected. Bidders will not have the option of being Allotted Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialised segment of the Stock Exchanges. Single bid from any investor shall not exceed the investment limit/minimum number of Equity Shares that can be held by him/her/it under the relevant regulations/statutory guidelines.

Bid cum Application Form

Bidders (other than the ASBA Bidders) are required to submit their Bids through the members of the Syndicate. Bids by QIBs will only have to be submitted through the BRLM or its affiliates or the Syndicate Members. Such Bidders shall only use the Bid cum Application Form bearing the stamp of a BRLM or Syndicate Member for making a Bid in terms of this Red Herring Prospectus.

ASBA Bidders shall submit an ASBA Bid cum Application Form either in physical or electronic form to the SCSB authorising blocking of funds that are available in the bank account specified in the ASBA Bid cum Application Form used by the ASBA Bidders. The QIBs who bid through the ASBA process shall submit their Bids to the designated branch of the SCSBs and should intimate the BRLM.

The Bidder shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered as multiple Bids. Upon the allocation of Equity Shares, dispatch of the CAN and filing of the Prospectus with the RoC, the Bid cum Application Form shall be considered as the Application Form. Upon completion and submission the Bid cum Application Form to the Syndicate (and in the case of an ASBA Bid cum Application form, to the SCSB) the Bidder is deemed to have authorized us to make the necessary changes in the Red Herring Prospectus and the Bid-cum-Application Form as would be required for filing the Prospectus with the RoC and as would be required by SEBI and / or the RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid cum Application Form for various categories is as follows:

| Category | Colour of Bid cum Application Form |
|---|------------------------------------|
| Resident Indians and Eligible NRIs applying on a non-repatriation basis | White |
| Eligible NRIs, FIIs or Foreign Venture Capital Funds, registered Multilateral and Bilateral Development Financial Institutions applying on a repatriation basis | Blue |
| ASBA Bidders | |
| Resident ASBA Bidders | White |
| Non- Resident ASBA Bidders | Blue |
| Anchor Investors* | |
| Anchor Investors* | White |

**Bid cum Application forms for Anchor Investors have been made available for Anchor Investors at the Registered Office of the Company and the BRLM.*

- ➔ All Investors can participate by way of ASBA process.
- ➔ Only QIBs can participate in the Anchor Investor Portion.

Who can Bid?

1. Indian nationals resident in India who are majors, in single or joint names (not more than three);
2. HUFs, in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: Name of Sole or First Bidder: "XYZ Hindu Undivided Family applying through the Karta XYZ", where XYZ is the name of the Karta. Bids by HUFs would be considered at par with those from individuals;
3. Companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in equity shares;
4. Mutual Funds registered with SEBI;
5. Indian financial institutions, scheduled commercial banks (other than foreign banks), regional rural banks, co-operative banks (subject to RBI regulations and SEBI regulations, as applicable);
6. Multilateral and bilateral development financial institution;
7. Venture capital funds registered with SEBI;
8. Foreign venture capital investors registered with SEBI subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Issue;
9. FIIs and sub-accounts registered with SEBI other than a sub-account which is a foreign corporate or foreign individual subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Issue;
10. Sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals only under the Non-Institutional Bidders category;
11. State Industrial Development Corporations;
12. Insurance companies registered with the Insurance Regulatory and Development Authority;
13. Provident funds with a minimum corpus of Rs. 2500 Lacs and who are authorized under their constitution to hold and invest in equity shares;
14. Pension funds a with minimum corpus of Rs. 2500 Lacs and who are authorized under their constitution to hold and invest in equity shares;
15. National Investment Fund set up by resolution F. No. 2/3/2005-DDII dated November 23, 2005 of Government of India published in the Gazette of India;
16. Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts/societies and who are authorized under their respective constitutions to hold and invest in equity shares;
17. Eligible NRIs on a repatriation basis or on a non-repatriation basis subject to applicable local laws. NRIs other than Eligible NRIs are not eligible to participate in this Issue;
18. Scientific and/or industrial research organizations authorized under their constitution to invest in equity shares;
19. Insurance funds set up and managed by army, navy or air force of the Union of India;
20. Insurance fund set up and managed by the Department of Posts, India; and
21. Any other QIBs permitted to invest, subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Issue.

As per the existing regulations, OCBs cannot participate in this Issue.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law.

Participation by Associates of BRLMs and Syndicate Members

The BRLMs and Syndicate Members shall not be allowed to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the BRLM and Syndicate Members may subscribe to or purchase Equity Shares in the Issue, either in the QIB Portion or in Non-Institutional Portion as may be applicable to such investors, where the allocation is on a proportionate basis.

The BRLMs and any persons related to the BRLMs, the Promoters and the Promoter Group cannot apply in the Issue under the Anchor Investor Portion.

Bids by Mutual Funds

As per the current regulations, the following restrictions are applicable for investments by Mutual Funds:

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Fund Portion. In the event that the demand is greater than [•] Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by the Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Fund Portion.

One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to Anchor Investors.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

Applications made by Asset Management Companies or Custodians of a Mutual Fund shall clearly indicate the name of the concerned scheme for which application is being made.

No mutual fund scheme shall invest more than 10% of its net asset value in the equity shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

Bids by Eligible NRIs

Bid cum Application forms (blue in colour) have been made available for Eligible NRIs at the Registered Office of our Company, Corporate Office of our Company, BRLM with Syndicate Members and with select Members of the Syndicate. .

Eligible NRIs may please note that only such applications as are accompanied by payment in free foreign exchange or by debit to their Non Resident External (NRE) / Foreign Currency Non Resident (FCNR) accounts shall be considered for Allotment under the Eligible NRI category on repatriable basis. The NRIs who intend to make payment through Non- Resident Ordinary (NRO) i.e. on non repatriation basis accounts shall use the Bid cum Application Form meant for Resident Indians (white in colour) and shall not use the forms meant for Eligible NRIs (blue in colour).

Bids by FIIs

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 paid-up capital of our Company. In respect of a FII investing in Equity Shares of our Company on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued capital of our Company or 5% of our total issued capital in case such sub-account is a foreign corporate or foreign individual.

As of now, in accordance with the foreign investment limits applicable to us and pursuant to the resolution passed by our Shareholders in the Extraordinary General Meeting held on July 24, 2010, the total foreign investment including FII investment cannot exceed the sectoral cap applicable to us (being 100% of our total post Issue paid-up capital).

A sub account of a FII which is a foreign corporate or foreign individual shall not be considered to be a Qualified Institutional Buyer, as defined under the SEBI Regulations, for this Issue.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended (the "SEBI FII Regulations"), an FII or its sub-account may issue, deal or hold, offshore derivative instruments (defined under the SEBI FII Regulations as any instrument, by whatever name called, which is issued overseas by an FII against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with 'know your client' norms. The FII or sub-account is also required to ensure that no further issue or transfer of any offshore derivative instrument is made by or on behalf of it to any persons that are not regulated by an appropriate foreign regulatory authority as defined under the SEBI FII Regulations. Associates and affiliates of the underwriters including the BRLM and the Syndicate Member that are FIIs may issue offshore derivative instruments against Equity Shares Allotted to them in the Issue. Any such offshore derivative instrument does not constitute any obligation of, claim on or an interest in our Company.

Bids by SEBI registered Venture Capital Funds and Foreign Venture Capital Investors

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 inter alia prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI.

Accordingly, the holding by any individual venture capital fund registered with SEBI should not exceed 25% of its corpus. However, venture capital funds or foreign venture capital investors may invest not more than 33.33% of their respective investible funds in various prescribed instruments, including in initial public offers.

Bids under the Anchor Investor Portion

Our Company may, in consultation with the BRLM, consider participation by Anchor Investors in the Issue for upto [•] Equity Shares in accordance with the applicable Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. The QIB Portion shall be reduced in proportion to the allocation under the Anchor Investor category. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. The key terms for participation in the Anchor Investor Portion are as follows:

- a. Anchor Investors shall be QIBs;
- b. A Bid by an Anchor Investor must be for a minimum of such number of Equity Shares that the Bid Amount exceeds Rs. 1000 Lacs and in multiples of 79 Equity Shares thereafter. Anchor Investors cannot submit a Bid for more than 30% of the QIB Portion.
- c. One-third of the Anchor Investor Portion (i.e., [•] Equity Shares) shall be reserved for allocation to domestic Mutual Funds.
- d. The minimum number of allottees in the Anchor Investor Portion shall not be less than:
 - ➔ two, where the allocation under Anchor Investor Portion is upto Rs. 2,5000 Lacs; and
 - ➔ five, where the allocation under Anchor Investor Portion is more than Rs. 2,5000 Lacs.
- e. Anchor Investors shall be allowed to Bid under the Anchor Investor only on the Anchor Investor Bidding Date (i.e., one day prior to the Bid / Issue Opening Date).
- f. Our Company shall, in consultation with the BRLM, finalise allocation to the Anchor Investors on a discretionary basis, subject to compliance with requirements regarding minimum number of Allottees under the Anchor Investor Portion.

- g. Allocation to Anchor Investors shall be completed on the day of bidding by Anchor Investors
- h. The number of Equity Shares allocated to successful Anchor Investors and the price at which the allocation is made, shall be made available in public domain by the BRLM before opening of Bidding on the Bid/Issue Opening Date.
- i. Anchor Investors shall pay the entire Bid Amount at the time of submission of their Bid. In case the Issue Price is greater than the Anchor Investor Price, any additional amount being the difference between the Issue Price and Anchor Investor Price shall be payable by the Anchor Investors. In the event the Issue Price is lower than the Anchor Investor Price, the allotment to Anchor Investors shall be at Anchor Investor Price.
- j. The Equity Shares allotted in the Anchor Investor Portion shall be locked-in for a period of 30 days from the date of Allotment in the Issue.
- k. Neither the BRLM, nor any person related to the BRLM, our Promoters, members of our Promoter Group or Group Companies, shall participate in the Anchor Investor Portion.
- l. Bids made by QIBs under both the Anchor Investor Portion and the Net QIB Portion shall not be considered as multiple Bids.
- m. The instruments for payment into the Escrow Account should be drawn in favour of:
 - In case of Resident Anchor Investors: **"SCTL Public Issue – Escrow Account – Anchor Investor – R"**;
 - In case of Non-Resident Anchor Investor: **"SCTL Public Issue – Escrow Account – Anchor Investor – NR"**

Additional details, if any, regarding participation in the Issue under the Anchor Investor Portion shall be disclosed in the advertisement for the Price Band published by our Company, in one English national daily newspaper, one Hindi national daily newspaper and one regional daily newspaper with wide circulation, where the Registered Office of our Company is situated, at least two Working Days prior to the Bid / Issue Opening Date.

The above information is given for the benefit of the Bidders. The Company and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

Maximum and Minimum Bid Size

(a) **For Retail Individual Bidders:** The Bid must be for a minimum of 79 Equity Shares and in multiples of 79 Equity Share thereafter, so as to ensure that the Bid Price payable by the Bidder does not exceed Rs. 200000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Price does not exceed Rs. 200000. In case the Bid Price is over Rs. 200000 due to revision of the Bid or revision of the Price Band or on exercise of Cut-off option, the Bid would be considered for allocation under the Non-Institutional Bidders portion. The Cut-off option is an option given only to the Retail Individual Bidders indicating their agreement to Bid and purchase at the final Issue Price as determined at the end of the Book Building Process.

(b) **For Other Bidders (Non-Institutional Bidders and QIBs):** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 200000 and in multiples of 79 Equity Shares thereafter. A Bid cannot be submitted for more than the Issue Size. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. **A QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date and is required to pay QIB Margin upon submission of Bid.**

In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs. 200000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to Rs. 200000 or less due to a revision in Bids or revision of the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion. Non-Institutional Bidders and QIBs are not allowed to Bid at 'Cut-off'.

(c) **For Bidders in the Anchor Investor Portion:** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 1000 Lacs and in multiples of 79 Equity Shares thereafter. Bids by Anchor Investors under the Anchor Investor Portion and the QIB Portion shall not be considered as multiple Bids. A Bid cannot be submitted for more than 30% of the QIB Portion. **Anchor Investors cannot withdraw their Bids after the Anchor Investor Bid/Issue Period.**

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Red Herring Prospectus.

Information for the Bidders:

1. Our Company and the BRLM shall declare the Bid/Issue Opening Date and the Bid/Issue Closing Date in the Red Herring Prospectus to be registered with the RoC and also publish the same in two national daily newspapers (one each in English and Hindi). This advertisement shall be in the prescribed format.
2. Our Company will file the Red Herring Prospectus with the ROC at least three days prior to the Bid/ Issue Opening Date.
3. The Syndicate and the SCSBs, as applicable, will circulate copies of the Bid cum Application Form to potential investors and at the request of potential investors, copies of the Red Herring Prospectus. The SCSB shall ensure that the abridged prospectus is made available on its website.
4. Any Bidder (who is eligible to invest in our Equity Shares) who would like to obtain the Red Herring Prospectus and / or the Bid cum Application Form can obtain the same from our Registered Office or Corporate Office or from the members of the Syndicate or the SCSBs.
5. Eligible Bidders who are interested in subscribing the Equity Shares should approach the members of the Syndicate or the SCSBs (as applicable) to register their Bid. Bidders can also approach the Designated Branch of the SCSBs to register their Bids under the ASBA process.
6. The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms (other than the ASBA Bid cum Application Form) should bear the stamp of the BRLM or Syndicate Member otherwise they will be rejected. Bids by ASBA Bidders shall be accepted by the Designated Branches of SCSBs in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and any circulars issued by SEBI in this regard.

Method and Process of Bidding

1. Our Company in consultation with the BRLM shall decide the Price Band and the minimum Bid lot size for the Issue and the same shall be advertised in one English national daily newspaper, one Hindi national daily newspaper and one regional daily newspaper with wide circulation, where the Registered Office of our Company is situated, at least two Working Days prior to the Bid/ Issue Opening Date. This advertisement, subject to the provisions of Section 66 of the Companies Act, shall be in the format prescribed in Schedule XIII of the SEBI ICDR Regulations. The Price Band and the minimum Bid Lot for the Issue will be decided by our Company in consultation with the BRLM including the relevant financial ratios computed for both the Cap Price and Floor Price. The Syndicate and the SCSBs shall accept Bids from the Bidders during the Bid/Issue Period.
2. The Bid/Issue Period shall be a minimum of three Working Days and not exceeding ten Working Days (including the days for which the Issue is open in case of revision in Price Band). In case the Price Band is revised, the revised Price Band and Bidding Period will be published in one English national daily, one Hindi national daily and one regional daily newspaper with wide circulation, where the Registered Office of our Company is situated and the Bid/Issue Period may be extended, if required, by an additional three Working Days, subject to the total Bid/Issue Period not exceeding ten Working Days. Any revision in the Price Band and the revised Bid/ Issue Period, if applicable, will be published in two national newspapers (one each in English and Hindi) and one regional daily newspaper with wide circulation, where the Registered Office of our Company is situated, and also by indicating the change on the website of the BRLM and at the terminals of the members of the Syndicate.

3. Each Bid cum Application Form will give the Bidder the choice to bid for upto three optional prices (for details refer to the paragraph entitled "Bids at Different Price Levels" below) and specify the demand (i.e. the number of Equity Shares bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares bid for by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid(s), irrespective of the Bid Price, will become automatically invalid.
4. The Bidder cannot Bid on another Bid cum Application Form after his or her Bids on one Bid cum Application Form have been submitted to any member of the Syndicate or the SCSBs. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate or SCSBs will be treated as multiple Bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or Allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph titled "Build up of the Book and Revision of Bids". Provided that Bids submitted by a QIB in the Anchor Investor Portion and in the Net QIB Portion will not be considered as Multiple Bids.
5. Except in relation to Bids received from the Anchor Investors, the members of the Syndicate/SCSBs will enter each Bid option into the electronic bidding system as a separate Bid and generate a Transaction registration Slip, (TRS), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive upto three TRSs for each Bid cum Application Form.
6. The BRLM shall accept Bids from the Anchor Investors during the Anchor Investor Bid/Issue Period i.e. one Working Day prior to the Bid/ Issue Opening Date. Bids by QIBs under the Anchor Investor Portion and in the Net QIB Portion shall not be considered as multiple Bids.
7. During the Bid/Issue Period, Bidders (other than QIBs) may approach any of the member of the Syndicate to submit their Bid. The member of the Syndicate shall accept Bids from all the Bidders and shall have the right to vet the Bids in accordance with the terms of the Syndicate Agreement and the Red Herring Prospectus. Bidders who wish to use the ASBA process should approach the Designated Branches of the SCSBs to register their Bids.
8. Along with the Bid cum Application Form, all Bidders (other than ASBA Bidders) will make payment in the manner described under the paragraph titled 'Payment Instructions' beginning on page 271 of the Red Herring Prospectus.
9. Upon receipt of the ASBA Bid cum Application Form, submitted whether in physical or electronic mode, the Designated Branch of the SCSB shall verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the ASBA Bid cum Application Form, prior to uploading such Bids with the Stock Exchanges.
10. If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB shall reject such Bids and shall not upload such Bids with the Stock Exchanges.
11. If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the ASBA Bid cum Application Form and will enter each Bid option into the electronic bidding system as a separate Bid and generate a TRS for each price and demand option. The TRS shall be furnished to the ASBA Bidder on request.

Bids at Different Price Levels and Revision of Bids

The Bidders can Bid at any price within the Price Band, in multiples of Re. 1. The Price Band and the minimum Bid Lot Size for the Issue shall be decided by our Company, in consultation with the BRLM, and advertised in two daily newspapers (one in English and one in Hindi) with wide circulation, at least two Working Days prior to the Bid/Issue Opening Date.

1. In accordance with Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, our Company, in consultation with the BRLM, reserves the right to revise the Price Band during the Bid/Issue Period, provided the Cap Price shall be less than or equal to 120% of the Floor Price and the Floor Price shall not be less than the face value of the Equity Shares. The revision in Price Band shall not exceed 20% on the either side i.e. the Floor Price can move up or down to the extent of 20% of the Floor Price disclosed at least two Working Days prior to the Bid/ Issue Opening Date and the Cap Price will be revised accordingly.
2. Our Company in consultation with the BRLM can finalise the Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation, to the Bidders.
3. Our Company, in consultation with the BRLM, can finalise the Anchor Investor Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation, to the Anchor Investors.
4. Bidders can bid at any price within the Price Band. Bidders have to Bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders applying for a maximum Bid in any of the bidding options not exceeding Rs. 100,000 may bid at Cut-off Price. However, bidding at Cut-off Price is prohibited for QIBs and Non-Institutional Bidders and such Bids from QIBs and Non-Institutional Bidders shall be rejected.
5. Retail Individual Bidders who Bid at the Cut-off Price agree that they shall acquire the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding at Cut-off Price shall deposit the Bid Amount based on the Cap Price. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders who Bid at Cut-off Price (i.e. the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), the Retail Individual Bidders, who Bid at Cut-off Price, shall receive the refund of the excess amounts from the Refund Account(s). In case of ASBA Bidder bidding at Cut-off Price, the ASBA Bidders shall instruct the SCSBs to block amount based on the Cap Price.
6. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders who had bid at Cut- Off Price could either (i) revise their Bid or (ii) make additional payment based on the cap of the revised Price Band, with the members of the Syndicate or the SCSBs to whom the original Bid was submitted. In case the total amount (i.e. original Bid Amount plus additional payment) exceeds Rs. 100,000, the Bid will be considered for allocation under the Non Institutional Bidders category in terms of the Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted for the purpose of allocation, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off.
7. In case of a downward revision in the Price Band, Retail Individual Bidders who have bid at Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Refund Account(s) or unblocked by the SCSBs, as applicable.
8. Our Company, in consultation with the BRLM, shall decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of Rs. 5,000 to Rs. 7,000.

IN ACCORDANCE WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, EQUITY SHARES WILL BE ISSUED, TRANSFERRED AND ALLOTMENT SHALL BE MADE ONLY IN THE DEMATERIALIZED FORM TO THE ALLOTTEES. ALLOTTEES WILL HAVE THE OPTION TO RE-MATERIALISE THE EQUITY SHARES, IF THEY SO DESIRE, AS PER THE PROVISIONS OF THE COMPANIES ACT AND THE DEPOSITORIES ACT. IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALIZED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

The trading of the Equity Shares of our Company would be in dematerialised form only for all investors in the Demat segment of the respective Stock Exchanges. Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under the relevant laws, rules, regulations, guidelines and approvals.

Escrow mechanism, terms of payment and payment into the Escrow Accounts

For details of the escrow mechanism and payment instructions, please refer to the section titled "Issue Procedure-Payment Instructions" on page 271 of this Red Herring Prospectus.

Electronic Registration of Bids

1. The members of the Syndicate and the SCSBs will register the Bids using the on-line facilities of the Stock Exchanges. There will be at least one on-line connectivity to each city where a stock exchange is located in India and where the Bids are being accepted. However, the respective member of the Syndicate and / or the SCSBs shall be responsible for any errors in the Bid details uploaded by them. It shall be presumed that for the Bids uploaded by the SCSBs, the Bid Amount has been blocked in the relevant ASBA Account.
2. The Stock Exchanges will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the members of the Syndicate, their authorized agents and the SCSBs during the Bid/Issue Period. The Syndicate Member and the Designated Branches can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently download the off-line data file into the on-line facilities for book building on a regular basis. On the Bid/Issue Closing Date, the members of the Syndicate and the Designated Branches of the SCSBs shall upload the Bids till such time as may be permitted by the Stock Exchanges. This information will be available with the BRLMs on a regular basis. Bidders are cautioned that a high inflow of bids typically experienced on the last day of the bidding may lead to some Bids received on the last day not being uploaded due to lack of sufficient uploading time, and such bids that could not be uploaded will not be considered for allocation. Bids will only be accepted on working days, i.e., Monday to Friday (excluding any public holiday).
3. The aggregate demand and price for Bids registered on the electronic facilities of BSE and NSE will be downloaded on a regular basis, consolidated and displayed on-line at all bidding centers. A graphical representation of the consolidated demand and price would be made available at the bidding centers and the websites of the Stock Exchanges during the Bid/Issue Period along with category wise details.
4. At the time of registering each Bid (other than ASBA Bidder), the member of the Syndicate shall enter the following details of the Bidder in the on-line system:
 - Investor Category – Individual, Corporate, FII, NRI, Mutual Fund, Eligible Employee etc.
 - Numbers of Equity Shares Bid for.
 - Bid Amount.
 - Cheque Details.
 - Bid cum Application Form number.
 - DP ID and client identification number of the beneficiary account of the Bidder.
 - PAN.

With respect to Bids by ASBA Bidders, at the time of registering such Bids, the SCSBs shall enter the following information pertaining to the ASBA Bidders into the online system:

- Application Number;
 - PAN
 - Investor Category and Sub-Category- Individual, Corporate, FII, NRI, Mutual Funds, etc.;
 - DP ID and client identification number of the beneficiary account of the Bidders;
 - Numbers of Equity Shares Bid for;
 - Bid Amount; and
 - Bank account number;
5. A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate. The registration of the Bid by the member of the Syndicate does not guarantee that the Equity Shares shall be allocated/Allotment either by the members of the Syndicate or the Company.

6. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
7. In case of QIB Bidders, bidding in the Net QIB Portion, the BRLM or Syndicate Members can reject the Bids at the time of accepting the Bid provided that the reason for such rejection is provided in writing. Bids under the Non- Institutional Portion and Bids under the Retail Individual Portion would not be rejected except on the technical grounds listed in the Red Herring Prospectus. The members of the Syndicate may also reject Bids if all the information required is not provided and the Bid cum Application Form is incomplete in any respect. The SCSB shall have no right to reject Bids except on technical grounds. SCSB can reject the bid only if the amount in the bank account is insufficient for the application money.
8. It is to be distinctly understood that the permission given by the Stock Exchanges to use their network and software of the Online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company and the BRLM are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, our Promoters, our management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.
9. Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation/Allotment. The members of the Syndicate will be given upto one day after the Bid/Issue Closing Date to verify DP ID and Client ID uploaded in the online IPO system during the Bid/Issue Period after which the data will be sent to the Registrar to the Issue for reconciliation and Allotment of Equity Shares. In case of discrepancy of data between BSE, NSE and the members of the Syndicate or the Designated Branches of the SCSBs, the decision of our Company, in consultation with the BRLM and the Registrar to the Issue, shall be final and binding on all concerned.
10. Details of Bids in the Anchor Investor Portion will not be registered on the on-line facilities of electronic facilities of BSE and NSE. In the event such Bid Amount has not been blocked, the Anchor Investor's Bid shall be rejected. Further, no ASBA bids are allowed for anchor investors.

Build up of the book and revision of bids

1. Bids registered by various Bidders through the members of the Syndicate and SCSBs shall be electronically transmitted to the BSE and NSE mainframe on a regular basis.
2. The book gets built up at various price levels. This information will be available with the BRLM on a regular basis at the end of the Bid/Issue Period.
3. During the Bidding Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the price band using the printed Revision Form, which is a part of the Bid cum Application Form.
4. Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form. Apart from mentioning the revised options in the Revision Form, the Bidder must also mention the details of all the options in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder has bid for three options in the Bid cum Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being changed, in the Revision Form. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate and the Designated Branches of the SCSBs.
5. The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) of the Bid, the Bidders will have to use the services of the same members of the Syndicate or the SCSB through whom the Bidder had placed the original Bid. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.

6. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders who had Bid at Cut-off Price could either (i) revise their Bid or (ii) shall make additional payment based on the cap of the revised Price Band (such that the total amount i.e., original Bid Amount plus additional payment does not exceed Rs. 2,00,000 if the Bidder wants to continue to Bid at Cut-off Price), with the members of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e., original Bid Amount plus additional payment) exceeds Rs. 2,00,000, the Bid will be considered for allocation under the Non-Institutional Portion in terms of the Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of allocation, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off Price.
7. In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders, who have bid at Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Refund Account.
8. Our Company in consultation with the BRLM, shall decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of Rs. 5,000 to Rs. 7,000.
9. Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of the Red Herring Prospectus. With respect to the ASBA Bids, if revision of the Bids results in an incremental amount, the relevant SCSB shall block the additional Bid amount. In case of Bids, other than ASBA Bids, the members of the Syndicate shall collect the payment in the form of cheque or demand draft if any, to be paid on account of upward revision of the Bid at the time of one or more revisions. In such cases, the members of the Syndicate will revise the earlier Bid details with the revised Bid and provide the cheque or demand draft number of the new payment instrument in the electronic book. The Registrar to the Issue will reconcile the Bid data and consider the revised Bid data for preparing the Basis of Allotment.
- 10. When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the member of the Syndicate or SCSBs, as applicable. It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.**
11. Qualified institutional buyers shall not be allowed to withdraw their bids after the closure of the issue.
12. The Syndicate Members may modify selected fields (viz. DP ID and Client ID) in the Bid details already uploaded upto one day post the Bid/Issue Closing Period.

Price Discovery and Allocation

After the Bid/Issue Closing Date, the BRLM will analyze the demand generated at various price levels and discuss pricing strategy with our Company. Our Company, in consultation with BRLM, shall finalise the Issue Price, the number of Equity Shares to be allotted and the allocation to successful Bidders.

1. Not more than 50% of the Issue (including 5% of Net QIB Portion specifically reserved for Mutual Funds) would be available for allocation on a proportionate basis to QIBs after consultation with Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price. Upto 30% of the QIB Portion shall be available for allocation to Anchor Investors and one-third of the Anchor Investor Portion shall be available for allocation to domestic Mutual Funds.
2. Not less than 15% and not less than 35% of the Issue, would be available for allocation on a proportionate basis to Non-Institutional Bidders and Retail Individual Bidders, respectively, in consultation with Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.

3. Undersubscription, if any, in any category would be allowed to be met with spill over from any of the other categories at the discretion of our Company in consultation with the BRLM. However, if the aggregate demand by Mutual Funds is less than [●] Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the Net QIB Portion and be allocated proportionately to the QIB Bidders.
4. Allocation to Anchor Investors shall be at the discretion of our Company in consultation with the BRLM, subject to compliance with the SEBI ICDR Regulations. In the event of undersubscription in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion.
5. Allocation to Eligible NRIs or FIIs or Foreign Venture Capital Investor registered with SEBI, Multilateral and Bilateral Development Financial Institutions applying on repatriation basis will be subject to applicable laws, rules, regulations, guidelines and approvals.
6. Our Company reserves the right to cancel the Issue any time after the Bid/Issue Closing Date but before Allotment and the reasons thereof shall be given as a public notice within two days of the cancellation of the Bid/Issue Closing Date. The public notice will be issued in the same newspapers where the statutory pre-Issue advertisements had appeared. Further the Stock Exchanges will also be informed promptly.
7. In terms of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, QIB Bidders bidding in the Net QIB Portion shall not be allowed to withdraw their Bid after the Bid/ Issue Closing Date.
8. If the Issue Price is higher than the Anchor Investor Allocation Price, the additional amount shall be paid by the Anchor Investors. However, if the Issue Price is lower than the Anchor Investor Allocation Price, the difference shall not be payable to the Anchor Investors.
9. The Basis of Allotment details shall be put up on the website of the Registrar to the Issue.

Signing of Underwriting Agreement and RoC Filing

- (a) The Company, the BRLMs and the Syndicate Members shall enter into an Underwriting Agreement on finalisation of the Issue Price.
- (b) After signing the Underwriting Agreement, the Company would update and file the updated Red Herring Prospectus with ROC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Issue size, underwriting arrangements and would be complete in all material respects.

Filing of the Prospectus with the RoC

The Company will file a copy of the Prospectus with the RoC in terms of Section 56, Section 60 and Section 60B of the Companies Act.

Pre-Issue Advertisement

Subject to Section 66 of the Companies Act, the Company shall, after registering the Red Herring Prospectus with the ROC, publish a pre-Issue advertisement, in the form prescribed by the SEBI Regulations, in one widely circulated English language national daily newspaper and one widely circulated Hindi language national daily newspaper.

Advertisement regarding Issue Price and Prospectus

The Company will issue a statutory advertisement after the filing of the Prospectus with the RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price and the Anchor Investor Issue Price. Any material updates between the date of the Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

Issuance of Confirmation of Allocation Note ("CAN")

- (a) Upon approval of the basis of Allotment by the Designated Stock Exchange, the BRLMs or the Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated/allotted Equity Shares in the Issue. The approval of the basis of Allotment by the Designated Stock Exchange for QIB Bidders may be done simultaneously with or prior to the approval of the basis of allocation for the Retail and Non-Institutional Bidders. However, investors should note that the Company shall ensure that the date of Allotment of the Equity Shares to all investors in this Issue shall be done on the same date.

- (b) The Registrar to the Issue will then dispatch a CAN to their Bidders who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid the entire Bid Amount into the Escrow Account at the time of bidding shall pay in full the amount payable into the Escrow Account by the Pay-in Date specified in the CAN.
- (c) The Issuance of CAN shall be deemed a valid, binding and irrevocable contract for the Allotment of Equity Shares to such Bidder.
- (d) Bidders who have been allocated/allotted Equity Shares and who have already paid the Bid Amount into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realisation of his or her cheque or demand draft paid into the Escrow Account. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for the Allotment to such Bidder.
- (e) The Issuance of CAN is subject to "Notice to Anchor Investors - Allotment Reconciliation and Revised CANs" and "Notice to QIBs - Allotment Reconciliation and Revised CANs" as set forth below.

Notice to Anchor Investors: Allotment Reconciliation and Revised CANs

A physical book will be prepared by the Registrar to the Issue on the basis of the Bid cum Application Forms received from Anchor Investors. Based on the physical book and at the discretion of our Company and the BRLM, select Anchor Investors may be sent a CAN, within two Working Days of the Anchor Investor Bid/ Issue Period, indicating the number of Equity Shares that may be allocated to them. This provisional CAN and the final allocation is subject to the physical application being valid in all respect along with receipt of stipulated documents, the Issue Price being finalised at a price not higher than the Anchor Investor Issue Price and Allotment by the Board of Directors. In the event that the Issue Price is higher than the Anchor Investor Issue Price, a revised CAN will be sent to Anchor Investors. The price of Equity Shares in such revised CAN may be different from that specified in the earlier CAN. Anchor Investors should note that they shall be required to pay additional amounts, being the difference between the Issue Price and the Anchor Investor Issue Price, as indicated in the revised CAN within two Working Days after the Bid/ Issue Closing Date. Any revised CAN, if issued, will supersede in entirety the earlier CAN.

Notice to QIBs bidding in the Net QIB Portion: Allotment Reconciliation and Revised CANs

QIBs bidding in the Net QIB Portion will be sent a CAN, indicating the number of Equity Shares that may be allocated to them after the final Basis of Allotment, as approved by the Designated Stock Exchange and reflected in the reconciled physical book prepared by the Registrar to the Issue. The CAN will constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN, if any) for the QIB to pay the entire Issue Price for all the Equity Shares allocated to such QIB. Any revised CAN, if issued, will supersede in its entirety the earlier CAN.

Designated Date and Allotment of Equity Shares

1. Our Company will ensure that (i) Allotment of Equity Shares; and (ii) credit to the successful Bidder's depository account will be completed within ten Working Days of the Bid/Issue Closing Date.
2. As per SEBI ICDR Regulations, Equity Shares will be issued and Allotment shall be made only in the dematerialised form to the Allottees. Allottees will have the option to re-materialise the Equity Shares, if they so desire, in the manner stated in the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated/ allotted to them pursuant to this Issue.

GENERAL INSTRUCTIONS

Do's:

- a. Check if you are eligible to apply;
- b. Read all the instructions carefully and complete the Bid cum Application Form;
- c. Ensure that the details about Depository Participant and Beneficiary Account are correct as Allotment of Equity Shares will be in the dematerialized form only;

- d. Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of a the BRLM or Syndicate Member or with respect to ASBA Bidders ensure that your Bid is submitted at a Designated Branch of the SCSB where the ASBA Bidders or the person whose bank account will be utilised by the ASBA Bidder for bidding has a bank account;
- e. With respect to ASBA Bids ensure that the ASBA Bid cum Application Form is signed by the account holder in case the applicant is not the account holder. Ensure that you have mentioned the correct bank account number in the ASBA Bid cum Application Form;
- f. Ensure that you have requested for and receive a TRS for all your Bid options;
- g. Ensure that you have funds equal to the Bid Amount in your bank account maintained with the SCSB before submitting the ASBA Bid cum Application Form to the respective Designated Branch of the SCSB;
- h. Instruct your respective banks to not release the funds blocked in the bank account under the ASBA process;
- i. Ensure that the full Bid Amount is paid for the Bids submitted to the members of the Syndicate and funds equivalent to the Bid Amount are blocked in case of any Bids submitted through the SCSBs;
- j. Submit revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;
- k. Ensure that the Bid is within the Price Band;
- l. Ensure that you mention your PAN allotted under the I.T. Act with the Bid cum Application Form.
- m. Ensure that the Demographic Details (as defined hereinbelow) are updated, true and correct in all respects.
- n. Ensure that the name(s) given in the Bid cum Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form.

Don'ts:

- a. Do not Bid for lower than the minimum Bid size;
- b. Do not Bid/ revise Bid price to less than the Floor Price or higher than the Cap Price;
- c. Do not Bid on another Bid cum Application Form after you have submitted a Bid to the member of the Syndicate or the SCSB, as applicable;
- d. Do not pay the Bid amount in cash, by money order or by postal order;
- e. Do not provide your GIR number instead of your PAN number.
- f. Do not send Bid cum Application Forms by post; instead submit the same to members of the Syndicate or the SCSBs, as applicable;
- g. Do not Bid at Cut-off price (for QIBs and Non-Institutional Bidders);
- h. Do not Bid for a Bid Amount exceeding Rs. 2,00,000 (for Bids by Retail Individual Bidders);
- i. Do not fill up the Bid cum Application Form such that the Equity Shares bid for exceeds the Issue size and/ or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations; and
- j. Do not make an application in the net offer to public category for that number of Equity Shares which exceeds the number of Equity Shares offered to public.
- k. Do not submit Bid accompanied with Stock invest.

Instructions for completing the Bid cum Application Form

Bidders can obtain Bid cum Application Forms and / or Revision Forms from the any of the member of the Syndicate or from our Registered Office or our Corporate Office. **ASBA Bid cum Application Forms can be obtained from the Designated Branches of the SCSBs. ASBA Bid cum Application Forms shall also be available at the website of the respective stock exchanges at www.bseindia.com and www.nseindia.com.**

Bids and Revisions of Bids

Bids and revisions of Bids must be:

- a. Made only in the prescribed Bid cum Application Form or Revision Form, as applicable.

- b. Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid cum Application Form or in the Revision Form. Incomplete Bid cum Application Forms or Revision Forms are liable to be rejected. Bidders should note that the members of the Syndicate and / or the SCSBs (as appropriate) will not be liable for errors in data entry due to incomplete or illegible Bid cum Application Forms or Revision Forms.
- c. Information provided by the Bidders will be uploaded in the online IPO system by the members of the Syndicate and SCSBs, as the case may be, and the electronic data will be used to make allocation/Allotment. Please ensure that the details are correct are legible.
- d. The Bids from the Retail Individual Bidders must be for a minimum of 79 Equity Shares and in multiples of 79 thereafter subject to a maximum Bid amount of Rs. 200,000.
- e. For Non-institutional and QIB Bidders, bidding under the Net QIB Portion, Bids must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 200,000 and in multiples of 79 Equity Shares thereafter. All Individual Bidders whose maximum bid amount exceeds Rs. 200,000 would be considered under this category. Bids cannot be made for more than the Issue Size. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of Equity Shares that can be held by them under the applicable laws or regulations.
- f. For Anchor Investors, Bids must be for a minimum of such number of Equity Shares that the Bid Amount exceeds or equal to Rs. 1000 Lacs and in multiples of 79 Equity Shares thereafter.
- g. In single name or in joint names (not more than three and in the same order as their Depository Participant details).
- h. Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

BIDDER'S DEPOSITORY ACCOUNT AND BANK ACCOUNT DETAILS

Bidders should note that on the basis of the Permanent Account Number of the Sole/First Bidder, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the demographic details including category, age, address, Bidders bank account details, MICR code and occupation (hereinafter referred to as 'Demographic Details'). These Bank Account details would be used for giving refunds (including through physical refund warrants, direct credit, NECS, NEFT and RTGS) to the Bidders or unblocking the ASBA account. Hence, Bidders are advised to immediately update their Bank Account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in despatch/ credit of refunds to Bidders at the Bidders sole risk and neither the BRLM or our Company shall have any responsibility and undertake any liability for the same. Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application Form.

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the CANs/Allocation Advice and making refunds as per the modes disclosed and the Demographic Details given by Bidders in the Bid cum Application Form would not be used for any other purposes by the Registrar to the Issue. Hence, Bidders are advised to update their Demographic Details as provided to their Depository Participants and ensure that they are true and correct. By signing the Bid cum Application Form, Bidder would have deemed to authorize the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Refund orders (where refunds are not being made electronically)/Allocation Advice/CANs would be mailed at the address of the Bidder as per the Demographic Details received from the Depositories. Such communication may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Bidder (other than ASBA Bidders) in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk and neither our Company, the Registrar to the Issue, Escrow Collection Bank(s) nor the BRLM shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that matches three parameters, namely, PAN of the sole/first Bidder, the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected.

Bids under Power of Attorney

In case of Bids (including ASBA Bids) made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, FIIs, Mutual Funds, insurance companies and provident funds and pension funds, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum and articles of association and/or bye laws must be lodged along with the Bid cum Application Form.

ailing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.

In addition to the above, certain additional documents are required to be submitted by the following entities:

- a. With respect to Bids by FIIs and Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form.
- b. With respect to Bids by insurance companies registered with the Insurance Regulatory and Development Authority, in addition to the above, a certified copy of the certificate of registration issued by the Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form.
- c. With respect to Bids made by provident funds with a minimum corpus of Rs. 2500 lacs (subject to applicable law) and pension funds with a minimum corpus of Rs. 2500 lacs, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Bid cum Application Form. Our Company, in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form, subject to such terms and conditions that our Company and the BRLM may deem fit. Our Company in our absolute discretion, reserve the right to permit the holder of the power of attorney to request the Registrar to the Issue that for the purpose of printing particulars on the refund order and mailing of the refund order/CANs/allocation advice, the Demographic Details given on the Bid cum Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar to the Issue shall use Demographic Details as given in the Bid cum Application Form instead of those obtained from the depositories.

Bids by Non-Residents, NRIs, FIIs and Foreign Venture Capital Investors registered with SEBI on a repatriation basis.

Bids and revision to Bids must be made in the following manner:

- a. On the Bid cum Application Form or the Revision Form, as applicable (blue in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
- b. In a single name or joint names (not more than three and in the same order as their Depository Participant Details).
- c. Bids on a repatriation basis shall be in the names of individuals, or in the name of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees. Bids by Eligible NRIs for a Bid Amount of upto Rs. 200,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Amount of more than Rs. 200,000 would be considered under Non-Institutional Portion for the purposes of allocation.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. Our Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

As per the existing policy of the Government of India, OCBs are not permitted to participate in the Issue.

There is no reservation for Eligible NRIs and FIIs and all Bidders will be treated on the same basis with other categories for the purpose of allocation.

PAYMENT INSTRUCTIONS

Escrow Mechanism for Bidders other than ASBA Bidders

Our Company and the BRLM shall open Escrow Accounts with one or more Escrow Collection Bank(s) in whose favour the Bidders shall make out the cheque or demand draft in respect of their Bid and/or revision of the Bid. Cheques or demand drafts received for the full Bid Amount from Bidders in a certain category would be deposited in the Escrow Account. The Escrow Collection Bank(s) will act in terms of the Red Herring Prospectus and an Escrow Agreement to be entered into amongst our Company, the BRLM, Escrow Collection Bank(s) and Registrar to the Issue. The monies in the Escrow Account shall be maintained by the Escrow Collection Bank(s) for and on behalf of the Bidders. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Bank(s) shall transfer the monies from the Escrow Account to the Public Issue Account with the Bankers to the Issue as per the terms of the Escrow Agreement. The balance amount after transfer to the Public Issue account shall be transferred to the Refund Account. Payments of refunds to the Bidders shall also be made from the Refund Account as per the terms of the Escrow Agreement and the Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between the Escrow Collection Bank(s), our Company, Registrar to the Issue and BRLM to facilitate collection from the Bidders.

Payment mechanism for ASBA Bidders

The ASBA Bidders shall specify the bank account number in the ASBA Bid cum Application Form and the SCSB shall block an amount equivalent to the Bid Amount in the bank account specified in the ASBA Bid cum Application Form. The SCSB shall keep the Bid Amount in the relevant bank account blocked until receipt of instructions from the Registrar to the Issue to unblock the Bid Amount. The Bid Amount shall remain blocked in the ASBA Account until finalisation of the Basis of Allotment in the Issue and consequent transfer of the Bid Amount to the Public Issue Account.

Payment into Escrow Account for Bidders other than ASBA Bidders:

Each Bidder shall draw a cheque or demand draft or remit the funds electronically through the RTGS mechanism for the amount payable on the Bid and/or on allocation/Allotment as per the following terms:

All Bidders would be required to pay the full Bid Amount at the time of the submission of the Bid cum Application Form.

1. QIB, Non-Institutional Bidders and Retail Individual Bidders shall, with the submission of the Bid cum Application Form, draw a payment instrument for the Bid Amount in favour of the Escrow Account and submit the same to the members of the Syndicate, as applicable. If the payment is not made favouring the Escrow Account along with the Bid cum Application Form, the Bid of the Bidder shall be liable to be rejected.

2. Anchor Investors would be required to pay the Bid Amount at the time of submission of the application form through RTGS mechanism. In the event of Issue Price being higher than the price at which allocation is made to Anchor Investors, the Anchor Investors shall be required to pay such additional amount to the extent of shortfall between the price at which allocation is made to them and the Issue Price. If the Issue Price is lower than the price at which allocation is made to Anchor Investors, the amount in excess of the Issue Price paid by Anchor Investors shall not be refunded to them.
3. The payment instruments for payment into the Escrow Account should be drawn in favor of:
 - a. In case of Resident QIB Bidders: "**SCTL Public Issue – Escrow Account – QIB – R**";
 - b. In case of Non-Resident QIB Bidders: "**SCTL Public Issue – Escrow Account – QIB – NR**";
 - c. In case of Resident Retail and Non Institutional Bidders: "**SCTL Public Issue – Escrow Account – R**";
 - d. In case of Non Resident Retail and Non Institutional Bidders: "**SCTL Public Issue – Escrow Account –NR**";
4. In case of bids by NRIs applying on a repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in the Non-Resident External (NRE) Accounts or the Foreign Currency Non-Resident Accounts (FCNR), maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) account of Non Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to the NRE Account or the Foreign Currency Non- Resident Account.
5. In case of Bids by NRIs applying on non-repatriation basis, the payments must be made through Indian Rupee Drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance or out of a Non-Resident Ordinary (NRO) Account of a Non-Resident Bidder bidding on a non-repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR or NRO Account.
6. In case of Bids by FIIs, the payment should be made out of funds held in Special Non Resident Rupee Account 'SPNR' along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to Special Non Resident Rupee Account 'SPNR'.
7. Where a Bidder has been allocated a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Refund Accounts.
8. The monies deposited in the Escrow Account will be held for the benefit of the Bidders (other than ASBA Bidders) till the Designated Date.
9. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds from the Escrow Account as per the terms of the Escrow Agreement into the Public Issue Account with the Banker to the Issue.
10. No later than ten working days from the Bid/Issue Closing Date, the Refund Bank shall refund all amounts payable to unsuccessful Bidders (other than ASBA Bidders) and also the excess amount paid on Bidding, if any, after adjusting for allocation to the successful Bidders payments should be made by cheque, or a demand draft drawn on any bank (including a Co-operative bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the center where the Bid cum Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/ stock invest/money orders/ postal orders will not be accepted.

11. Bidders are advised to mention the number of application form on the reverse of the cheque/demand draft to avoid misuse of instruments submitted along with the Bid cum Application Form.
12. In case clear funds are not available in the Escrow Accounts as per final certificates from the Escrow Collection Bank(s), such Bids are liable to be rejected.

Payment by Stock invest

In terms of Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the option to use the stock invest instrument in lieu of cheques or bank drafts for payment of bid money has been withdrawn. Hence, payment through stockinvest would not be accepted in this Issue.

Payment by cash / money order

Payment through cash/ money order shall not be accepted in this Issue.

Submission of Bid cum Application Form

All Bid cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid. With respect to ASBA Bidders, the ASBA Bid cum Application Form or the ASBA Revision Form shall be submitted to the Designated Branches of the SCSBs.

No separate receipts shall be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection centre of the members of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder.

Other Instructions

Joint Bids in the case of Individuals

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all payments / refunds will be made out in favor of the Bidder whose name appears first in the Bid cum Application Form or Revision Form ('First Bidder'). All communications will be addressed to the First Bidder and will be dispatched to his or her address as per the Demographic Details received from the Depository.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same. Our Company reserves the right to reject, in its absolute discretion, all or any multiple Bids in any or all categories. It is clarified, however, that Bidders shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered multiple Bids.

In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

- ➔ All Bids will be checked for common PAN and Bids with common PAN will be accumulated and taken to a separate process file which would serve as a multiple master. In this master, a check will be carried out for the same PAN. In cases where the PAN is different, the same will be deleted from this master.
- ➔ The Bids will be scrutinized for 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.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Funds registered with SEBI and such Bids in respect of more than one scheme will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made. Bids by QIBs under the Anchor Investor Portion and in Net QIB Portion will not be considered as multiple Bids.

ASBA Bids made by duplicate copies of the same ASBA Bid cum Application Form (i.e. two ASBA Bid cum Application Forms bearing the same unique identification number) shall be treated as multiple Bids and shall be rejected.

Permanent Account Number ("PAN")

The Bidder or in the case of a Bid in joint names, each of the Bidders, should mention his/her PAN allotted under the I.T. Act. Applications without this information and documents will be considered incomplete and are liable to be rejected. **It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.**

Right to Reject Bids

In case of QIB Bidders, bidding under the Net QIB Portion, our Company, in consultation with the BRLM may reject Bids provided that the reasons for rejecting the same shall be provided to such Bidder in writing. In case of Non-Institutional Bidders and Retail Individual Bidders our Company has a right to reject Bids on technical grounds. Consequent refunds shall be made by RTGS/NEFT /NECS/Direct Credit / cheque or pay order or draft and will be sent to the Bidder's address at the Bidder's risk. With respect to ASBA Bids, the Designated Branches of the SCSBs shall have the right to reject ASBA Bids if at the time of blocking the Bid Amount in the Bidder's bank account, the respective Designated Branch ascertains that sufficient funds are not available in the bank account maintained with the SCSB.

Subsequent to the acceptance of the ASBA Bid by the SCSB, our Company would have a right to reject the ASBA Bids only on technical grounds.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected among others on the following technical grounds:

- 1) Amount paid does not tally with the highest number of Equity Shares Bid for. With respect to ASBA Bids, the amounts mentioned in the ASBA Bid cum Application Form does not tally with the amount payable for the value of the Equity Shares Bid for;
- 2) 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;
- 3) Bids by Persons not competent to contract under the Indian Contract Act, 1872, including minors, insane persons;
- 4) Age of the First Bidder not mentioned
- 5) PAN not stated and GIR number given instead of PAN;
- 6) Bids for lower number of Equity Shares than specified for that category of investors;
- 7) Bids at a price less than the Floor Price;
- 8) Bids at a price more than the Cap Price;
- 9) Submission of more than five ASBA Bid cum Application forms per bank account;
- 10) Bids at cut-off price by Non-Institutional and QIB Bidders;
- 11) Bids for number of Equity Shares which are not in multiples of 79;
- 12) Category not ticked;
- 13) Multiple bids as defined in this Red Herring Prospectus;
- 14) In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
- 15) Bids accompanied by Stock invest/ money order/postal order/cash;
- 16) Signature of sole and/or joint bidders missing. With respect to ASBA Bids, the Bid cum Application form not being signed by the account holders, if the account holder is different from the Bidder;
- 17) Bid cum Application Form does not have the stamp of the BRLM or Syndicate Member;

- 18) ASBA Bid cum Application Form does not have the stamp of the SCSB, except for ASBA Bid cum Application Forms downloaded from the websites of the Stock Exchanges, in which case the ASBA Bid Cum Application Forms shall bear a unique application number;
- 19) Bids by QIBs not submitted through the BRLM / Syndicate Members or in case of ASBA Bids for QIBs, not intimated to the BRLM / Syndicate Members;
- 20) Bid cum Application Form does not have Bidder's depository account details;
- 21) In case no corresponding record is available with the Depository that matches three parameters: PAN of the sole name of the Bidder, Depository Participant's identity (DP ID) and beneficiary's account number;
- 22) Bid cum Application Forms are not delivered by the Bidders within the time prescribed as per the Bid cum Application Form, Bid/Issue Opening Date advertisement and the Red Herring Prospectus and as per the instructions in the Red Herring Prospectus and the Bid cum Application Form;
- 23) With respect to ASBA Bids, inadequate funds in the bank account to block the Bid Amount specified in the ASBA Bid cum Application Form at the time of blocking such Bid Amount in the bank account;
- 24) Bids for amounts greater than the maximum permissible amounts prescribed by the regulations. For further details, please refer to the paragraph titled 'Issue Procedure - Maximum and Minimum Bid Size' beginning on page 259 of the Red Herring Prospectus;
- 25) Bids where clear funds are not available in Escrow Accounts as per final certificate from the Escrow Collection Bank(s);
- 26) Bids by persons in the United States;
- 27) Bids by any person outside India if not in compliance with applicable foreign and Indian Laws;
- 28) Bids not uploaded on the terminals of the Stock Exchanges;
- 29) Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
- 30) Bids by OCBs;
- 31) In case the DP ID, client ID and PAN mentioned in the Bid Cum Application Form and entered into the electronic bidding system of the Stock Exchanges by the members of the Syndicate do not match with the DP ID, client ID and PAN available in the records with the depositories. Non-submissions of bank account details in the space provided in the application form;
- 32) ASBA Applications made by using duplicate copy of ASBA Bid cum Application Form downloaded from the website of the Stock Exchanges (i.e. two ASBA Bid cum Application Forms bearing the same unique identification number);
- 33) Bids or revision thereof by QIB Bidders and Non-Institutional Bidders where the Bid amount is in excess of Rs. 2,00,000 uploaded after 4.00 p.m. on the Bid/ Issue Closing Date; and
- 34) Bids by NRIs not disclosing their residential status.

IMPORTANT NOTE: BIDS IN CASE OF POINT NO. 29 WILL BE SUMMARILY REJECTED.

Basis of Allotment or Allocation

For Retail Individual Bidders

1. Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all the successful Retail Individual Bidders will be made at the Issue Price.
2. The Issue less Allotment to Non-Institutional and QIB Bidders shall be available for Allotment to Retail Individual Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.
3. If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Issue Price, full Allotment shall be made to the Retail Individual Bidders to the extent of their valid Bids.
4. If the aggregate demand in this category is greater than [●] Equity Shares at or above the Issue Price, the Allotment shall be made on a proportionate basis not less than 79 Equity Shares and in multiples of one Equity Share thereafter.

For the method of proportionate Basis of Allotment, refer below.

For Non-Institutional Bidders

4. Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.
5. The Issue Size less Allotment to QIBs and Retail Portion shall be available for Allotment to Non-Institutional Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.
6. If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their demand.
7. In case the aggregate demand in this category is greater than [●] Equity Shares at or above the Issue Price, Allotment shall be made on a proportionate basis not less than 79 Equity Shares and in multiples of one Equity Shares thereafter.

For the method of proportionate Basis of Allotment refer below.

For Qualified Institutional Bidders in the Net QIB Portion

1. Bids received from the QIB Bidders bidding in the Net QIB Portion at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allotment to all the QIB Bidders will be made at the Issue Price.
2. The Net QIB Portion shall be available for Allotment to QIB Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.
3. Allotment shall be undertaken in the following manner:
 - a. In the first instance allocation to Mutual Funds for upto 5% of the Net QIB Portion shall be determined as follows:
 - i. In the event that Mutual Fund Bids exceeds 5% of the Net QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for upto 5% of the Net QIB Portion.
 - ii. In the event that the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion then all Mutual Funds shall get full Allotment to the extent of valid bids received above the Issue Price.

- iii. Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available for Allotment to all QIB Bidders as set out in (b) below;
- b. In the second instance Allotment to all QIBs bidding in the Net QIB portion shall be determined as follows:
 - i. Under-subscription below 5% of the Net QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.
 - ii. In the event that the oversubscription in the Net QIB Portion, all QIB Bidders who have submitted Bids above the Issue Price shall be allotted Equity Shares on a proportionate basis for upto 95% of the Net QIB Portion.
 - iii. Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.

The aggregate Allotment available for allocation to QIB Bidders bidding in the Net QIB Portion shall not be more than [•] Equity Shares.

For Anchor Investor Portion

- ➔ Allocation of Equity Shares to Anchor Investors at the Anchor Investor Issue Price will be at the discretion of our Company, in consultation with the BRLM, subject to compliance with the following requirements:
 - ✓ not more than 30% of the QIB Portion will be allocated to Anchor Investors;
 - ✓ one-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors;
 - ✓ allocation to Anchor Investors shall be on a discretionary basis and subject to a minimum number of two Anchor Investors for allocation upto Rs. 25000 Lacs and minimum number of five Anchor Investors for allocation more than Rs. 25000 Lacs.
- ➔ The number of Equity Shares Allotted to Anchor Investors and the Anchor Investor Issue Price, shall be made available in the public domain by the BRLM before the Bid/ Issue Opening Date by intimating the Stock Exchanges.

Method of proportionate Basis of Allotment in the Issue

In the event of the Issue being over-subscribed, we shall finalise the Basis of Allotment in consultation with the Designated Stock Exchange. The Executive Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLM and the Registrar to the Issue shall be responsible for ensuring that the Basis of Allotment is finalised in a fair and proper manner.

The Allotment shall be made in marketable lots, on a proportionate basis as explained below:

- a. Bidders will be categorised according to the number of Equity Shares applied for;
- b. The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio;
- c. Number of Equity Shares to be Allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.
- d. In all Bids where the proportionate Allotment is less than 79 Equity Shares per Bidder, the Allotment shall be made as follows:
 - i. Each successful Bidder shall be allotted a minimum of 79 Equity Shares; and
 - ii. The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above.

- e. If the proportionate Allotment to a Bidder is a number that is more than [●] but is not a multiple of one (which is the marketable lot), the number in excess of the multiple of one would be rounded off to the higher multiple of one if that number is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower multiple of one. All Bidders in such categories would be Allotted Equity Shares arrived at after such rounding off.
- f. If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for Allotment shall be first adjusted against any other category, where the allotted shares are not sufficient for proportionate Allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.
- g. Subject to valid Bids being received, allocation of Equity Shares to Anchor Investors shall be at the sole discretion of our Company, in consultation with the BRLM.

Illustration of Allotment to QIBs and Mutual Funds ("MF")

A. Issue Details

| Sr. No. | Particulars | Issue details |
|---------|---|------------------------|
| 1. | Issue size | 2000 Lac equity shares |
| 2. | Allocation to QIB (50%) | 1000 Lac equity shares |
| 3. | Anchor Investor Portion | 300 Lac equity shares |
| 4. | Portion available to QIBs other than Anchor Investors [(2) minus (3)] | 700 Lac equity shares |
| | Of which: | |
| | a. Allocation to MF (5%) | 35 Lac equity shares |
| | b. Balance for all QIBs including MFs | 665 Lac equity shares |
| 5. | No. of QIB applicants | 10 |
| 6. | No. of shares applied for | 5000 Lac equity shares |

B. Details of QIB Bids

| Sr. No. | Type of QIB bidders# | No. of shares bid for (in Lacs) |
|---------|----------------------|---------------------------------|
| 1. | A1 | 500 |
| 2. | A2 | 200 |
| 3. | A3 | 1300 |
| 4. | A4 | 500 |
| 5. | A5 | 500 |
| 6. | MF1 | 400 |
| 7. | MF2 | 400 |
| 8. | MF3 | 800 |
| 9. | MF4 | 200 |
| 10. | MF5 | 200 |
| | Total | 5000 |

A1-A5: (QIB bidders other than MFs), MF1-MF5 (QIB bidders which are Mutual Funds)

C. Details of Allotment to QIB Bidders/ Applicants

| (Number of equity shares in Lacs) | | | | |
|-----------------------------------|----------------|--|---|-----------------------------|
| Type of QIB bidders | Shares bid for | Allocation of 35 Lac Equity Shares to MF proportionately (please see note 2 below) | Allocation of balance 665 Lac Equity Shares to QIBs proportionately (please see note 4 below) | Aggregate allocation to MFs |
| (I) | (II) | (III) | (IV) | (V) |
| A1 | 500 | 0 | 66.97 | 0 |

| | | | | |
|-----|-------------|-----------|---------------|---------------|
| A2 | 200 | 0 | 26.79 | 0 |
| A3 | 1300 | 0 | 174.12 | 0 |
| A4 | 500 | 0 | 66.97 | 0 |
| A5 | 500 | 0 | 66.97 | 0 |
| MF1 | 400 | 7 | 52.64 | 59.64 |
| MF2 | 400 | 7 | 52.64 | 59.64 |
| MF3 | 800 | 14 | 105.27 | 119.27 |
| MF4 | 200 | 3.5 | 26.32 | 29.82 |
| MF5 | 200 | 3.5 | 26.32 | 29.82 |
| | 5000 | 35 | 665.00 | 298.19 |

Please note:

1. The illustration presumes compliance with the requirements specified in this Red Herring Prospectus in the section titled "Issue Structure" beginning on page 251 of this Red Herring Prospectus.

2. Out of 700 Lac Equity Shares allocated to QIBs, 35 Lacs (i.e. 5%) will be allocated on proportionate basis among 5 Mutual Fund applicants who applied for 2000 Lac shares in QIB category.

3. The balance 665 Lac Equity Shares (i.e. 700-35 (available for MFs)) will be allocated on proportionate basis among 10 QIB applicants who applied for 5000 Lac Equity Shares (including 5 MF applicants who applied for 2000 Lac Equity Shares).

4. The figures in the fourth column titled "Allocation of balance 665 Lac Equity Shares to QIBs proportionately" in the above illustration are arrived as under:

- ➔ For QIBs other than Mutual Funds (A1 to A5)= No. of shares bid for (i.e. in column II) X 665/4965.
- ➔ For Mutual Funds (MF1 to MF5)= [(No. of shares bid for (i.e. in column II of the table above) less Equity Shares allotted (i.e., column III of the table above)] X 665/4965.
- ➔ The numerator and denominator for arriving at allocation of 700 Lac shares to the 10 QIBs are reduced by 35 Lac shares, which have already been Allotted to Mutual Funds in the manner specified in column III of the table above.

Equity Shares in Dematerialized Form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the Equity Shares in this Issue shall be allotted only in a dematerialized form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode). In this context, two agreements have been signed among us, the respective Depositories and the Registrar to the Issue:

- ➔ Tripartite agreement dated August 25, 2009, between NSDL, the Company and the Registrar to the Issue;
- ➔ Tripartite agreement dated September 24, 2009, between CDSL, the Company and the Registrar to the Issue.

All bidders can seek Allotment only in dematerialized mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

- a. A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Bid.
- b. The Bidder must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's Identification number) appearing in the Bid cum Application Form or Revision Form.
- c. Equity Shares allotted to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.
- d. Names in the Bid cum Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.

- e. If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid cum Application Form or Revision Form, it is liable to be rejected.
- f. The Bidder is responsible for the correctness of his or her demographic details given in the Bid cum Application Form vis-à-vis those with their 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 and CDSL. All the Stock Exchanges where our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.
- h. The trading of the Equity Shares of our Company would be only be in dematerialized form only for all investors.

Communications

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid cum Application Form number, Bidders Depository Account Details, number of Equity Shares applied for, date of Bid form, name and address of the member of the Syndicate or the Designated Branch of the SCSBs where the Bid was submitted and cheque or draft number and issuing bank thereof or with respect to ASBA Bids, bank account number in which the amount equivalent to the Bid Amount was blocked.

Bidders can contact the Compliance Officer or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of Allotment, credit of allotted Equity Shares in the respective beneficiary accounts, refund orders etc. In case of ASBA Bids submitted to the Designated Branches of the SCSBs, the Bidders can contact Registrar to the Issue with a copy to the Designated Branches of the SCSBs.

PAYMENT OF REFUND

Bidders other than ASBA Bidders must note that on the basis of the names of the Bidders, Depository Participant's name, DP ID, Beneficiary Account number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain, from the Depositories, the Bidders' bank account details, including the nine digit Magnetic Ink Character Recognition ("MICR") code as appearing on a cheque leaf. Hence Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in dispatch of refund order or refunds through electronic transfer of funds, as applicable, and any such delay shall be at the Bidders' sole risk and neither our Company, the Registrar to the Issue, Escrow Collection Bank(s), Bankers to the Issue nor the BRLM shall be liable to compensate the Bidders for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

Mode of making refunds

The payment of refund, if any, for Bidders other than ASBA Bidders would be done through various modes in the following order of preference:

1. **Direct Credit** – Applicants having bank accounts with the Refund Bank (s), as mentioned in the Bid cum Application Form, 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 our Company.
2. **NECS** – Payment of refund would be done through NECS for applicants having an account at any of the centres where such facility has been made available. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds is mandatory for applicants having a bank account at any of the centres where such facility is made available, except where the applicant, being eligible, opts to receive refund through direct credit or RTGS.
3. **RTGS** – Applicants having a bank account at any of the centres where such facility is available and whose refund amount exceeds Rs. 2 Lacs, has the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the Bid cum Application Form. In the event the same is not provided, refund shall be made through NECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by our Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.

4. **NEFT** – Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency. In the event that NEFT is not operationally feasible, the payment of refunds would be made through any one of the other modes as discussed in the sections.

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 upto Rs. 1,500 and through Speed Post/ Registered Post for refund orders of Rs. 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Bank(s) and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Mode of making refunds for ASBA Bidders

In case of ASBA Bidders, the Registrar to the Issue shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the ASBA Bid cum Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within eight working days of the Bid/Issue Closing Date.

Disposal of Applications and Application Moneys

With respect to Bidders other than ASBA Bidders, our Company shall ensure dispatch of Allotment advice, refund orders (except for Bidders who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchanges within ten working days of the Bid/Issue Closing Date.

In case of applicants who receive refunds through NECS, direct credit or RTGS, the refund instructions will be given to the clearing system within 12 working days from the Bid/ Issue Closing Date. A suitable communication shall be sent to the Bidders receiving refunds through this mode within 12 working days of Bid/ Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed, are taken within twelve Working Days of the Bid/Issue Closing Date.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Regulations, our Company further undertakes that:

- ➔ Allotment of Equity Shares shall be made only in dematerialised form, including the credit of Allotted Equity Shares to the beneficiary accounts of the Depository Participants, within ten Working Days of the Bid / Issue Closing Date;
- ➔ With respect to Bidders other than ASBA Bidders, dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within ten working days of the Bid/Issue Closing Date would be ensured. With respect to the ASBA Bidders, instructions for unblocking of the ASBA Bidder's Bank Account shall be made within eight working days from the Bid/Issue Closing Date.

Our Company shall pay interest at 15% p.a. for any delay beyond the ten working days from the Bid/Issue Closing Date as mentioned above, if Allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/or demat credits are not made to investors within eight days from the day our Company becomes liable to repay (i.e. ten Working Days after the Bid / Issue Closing Date or the date of refusal by the Stock Exchange(s), whichever is earlier). If such money is not repaid within eight days from the day our Company becomes liable to repay it, our Company and every officer in default shall, on and from expiry of eight days, be liable to repay the money with interest at the rate of 15% as prescribed under Section 73 of the Companies Act.

Letters of Allotment or Refund Orders or instructions to the SCSBs

We shall give credit to the beneficiary account with Depository Participants within ten working Days from the Bid/Issue Closing Date. Applicants residing at the centres where the facility is available, will get refunds through NECS only except where applicant is otherwise disclosed as eligible to get refunds through direct credit and/or RTGS. Our Company shall ensure dispatch of refund orders, if any, of value upto Rs. 1,500, by — "Under Certificate of Posting", and shall dispatch refund orders above Rs. 1,500, if any, by registered post or speed post at the sole or First Bidder's sole risk within ten working days of the Bid/Issue Closing Date. Bidders to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post, intimating them about the mode of credit of refund within ten working days of the Bid/ Issue Closing Date. In case of ASBA Bidders, the Registrar to the Issue shall instruct the relevant SCSBs to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the ASBA Bid cum Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within eight Working days of the Bid/Issue Closing Date, which shall be completed within one Working Day after the receipt of such instruction from the Registrar to the Issue.

Interest in case of delay in dispatch of Allotment Letters or Refund Orders/ instruction to SCSBs by the Registrar to the Issue

Our Company agrees that the Allotment of Equity Shares in the Issue shall be made not later than ten Working Days of the Bid / Issue Closing Date. Our Company further agrees that it shall pay interest at the rate of 15% p.a. if the Allotment letters or 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 in the disclosed manner within ten Working days from the Bid / Issue Closing Date or instructions to SCSBs to unblock funds in the ASBA Accounts shall be given within eight Working Days of the Bid/Issue Closing Date, as the case may be.

Our Company will provide adequate funds required for dispatch of refund orders or CAN/Allotment advice to the Registrar to the Issue.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by our Company as a Refund Bank and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, which is reproduced below:

"Any person who:

- a. makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein; or*
- b. otherwise induces a company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name,*

shall be punishable with imprisonment for a term which may extend to five years".

Undertakings by our Company

We undertake as follows:

1. that the complaints received in respect of the issue shall be attended to by us expeditiously and satisfactorily;
2. 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 will be taken within twelve working days of closure of the Bid/Issue;
3. that funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the registrar to the issue by us;
4. that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within ten working days of closure of the Bid/Issue giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
5. that the promoters' contribution in full, wherever required, shall be brought in advance before the Issue opens for public subscription and the balance, if any, shall be brought in pro rata basis before the calls are made on public;
6. that the certificates of the refund orders to the non-resident Indians shall be despatched within specified time;

7. that no further issue of securities shall be made till the securities offered through this offer document are listed or till the application moneys are refunded on account of non-listing, under subscription, etc.;
8. that adequate arrangements shall be made to collect all Applications Supported by Blocked Amount and to consider them similar to non-ASBA applications while finalizing the basis of allotment;
9. at any given time, there shall be only one denomination for the Equity Shares of our Company; and
10. we shall comply with such disclosure and accounting norms specified by SEBI from time to time.

Withdrawal of the Issue

Our Company, in consultation with the Book Running Lead Manager, reserves the right not to proceed with the Issue at any time after the Bid Opening Date but before the Board meeting for Allotment, without assigning any reason thereof. In such an event our Company would issue a public notice in the newspapers, in which the pre-issue advertisements were published, within two days of the closure of the Issue, providing reasons for not proceeding with the Issue. The BRLM, through the Registrar to the Issue, shall notify the SCSBs to unblock the bank accounts within one day of receipt of such notification. Our Company shall also promptly inform the Stock Exchanges on which the Equity Shares were proposed to be listed.

If our Company withdraws the Issue after the Bid Closing Date, our Company shall state the reasons thereof in a public notice within two days of the closure of the Issue. The public notice shall be issued in the same newspapers where the preissue advertisement had appeared. The Stock Exchanges shall also be informed of such withdrawal.

Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment, and (ii) the final RoC approval of the Prospectus after it is filed with the Stock Exchanges.

Any further issue of Equity Shares by the Company shall be in compliance with applicable laws. If our Company withdraws the Issue after the closure of bidding, our Company shall be required to file a fresh Red Herring Prospectus with SEBI.

Utilization of the Issue proceeds

The Board of Directors of our Company certifies that:

- a. all monies received out of the Issue 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 utilized out of this Issue referred above shall be disclosed and continue to be disclosed till the time any part of the Issue proceeds remains unutilized under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised; and
- c. Details of all unutilized monies out of this Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested.

Our Company shall not have recourse to the Issue Proceeds until the approval for listing and Trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of GoI and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. Foreign investment limit is allowed up to 100% under automatic route in the Company.

FIIIs are permitted to subscribe to shares of an Indian company in a public offer without the prior approval of the RBI, so long as the price of the equity shares to be issued is not less than the price at which the equity shares are issued to residents.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the FIPB or the RBI, provided that (i) the activities of the investee company are under the automatic route under the foreign direct investment (FDI) Policy and transfer does not attract the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (ii) the non-resident shareholding is within the sectoral limits under the FDI policy, and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI.

As per the existing policy of the Government of India, OCBs cannot participate in this Issue.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The Equity Shares have not been and will not be registered under the US Securities Act of 1933 (the "Securities Act") and may not be offered or sold within the United States (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered outside the United States in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

The above information is given for the benefit of the Bidders. The Company and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

SECTION IX- MAIN PROVISIONS OF ARTICLES OF ASSOCIATION

Capitalised terms used in this section have the meaning given to such terms in the Articles of Association of the Company.

Pursuant to Schedule II of the Companies Act and the SEBI Regulations, the main provisions of the Articles of Association of the Company relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares/debentures and/or on their consolidation/splitting are detailed below:

PRELIMINARY

1. Unless the context otherwise requires, words or expressions contained in these Articles shall bear the same meaning as in the Act. The marginal notes hereto shall not effect the construction hereto and in these presents, unless there be something in the subject or context inconsistent therewith.

"The Act" means the Companies Act, 1956

"These Articles" means these Articles of Association as originally framed or as altered by Special Resolution, from time to time.

"The Company" means SHILPI CABLE TECHNOLOGIES LIMITED

"The Directors" mean the Directors of the Company for the time being.

"Board" means the Board of Directors of the Company for the time being.

"The Office" means the registered office of the Company for the time being.

"The Register means the Register of Members to be kept pursuant to Section 150 of the Act.

"Dividend" includes Bonus.

"Month" means calendar month

"Year" means calendar year and "financial Year" shall have the meaning assigned thereto by Section 2 (17) of the Act.

"Proxy" includes Attorney duly constituted under a power of attorney

"Seal" means the common seal of the company.

"In Writing" and "Written" shall include printing, Lithography and other modes of representing or reproducing words in a visible form. Words' imparting the Singular number only includes the plural number and vice-versa.

"Beneficial Owner" means a person or persons whose name is recorded as such with a depository.

"SEBI" means the Securities & Exchange Board of India.

"Depository" means a Company formed and registered under the Companies Act, 1956, and which has been granted a certificate of registration to act as a depository under the Securities & Exchange Board of India, 1992.

"Registered Owner" means a Depository whose name is entered as such in the records of the Company.

"Security" means such security as may be specified by SEBI from time to time.

Words imparting the masculine gender only include the feminine gender.

Words imparting persons include corporations.

2. Save as provided herein, the regulations contained in Table "A" in schedule 1 of The Act shall not apply to the company
3. The Authorised Share Capital of the company shall be such amount and be divided into such shares as may, from time to time, be provided in clause V of Memorandum of Association with power to subdivide consolidate and increase and with power from time to time, to issue any shares of the original capital with and subject to any preferential, qualified or special rights, privileges or conditions as may be, thought fit, and upon the subdivision of shares to apportion the right to participate in profits, in any manner as between the shares resulting from subdivision.
4. The Company shall have power to issue Preference Shares carrying right to redemption out of profits which would otherwise be available for dividend, or out of the proceeds of a fresh issue of shares made for purpose of such redemption, or liable to be redeemed at the option of the company, and the Board may subject to the provisions of Section 80 of the Act exercise such power in such manner as it thinks fit.
5. (1) Where at any time after the expiry of two years from the formation of the company or at any time after the expiry of one year from the allotment of shares in the company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the company by allotment of further shares then:
 - a) Such further shares shall be offered to the persons who at the date of the offer, are holders of the equity shares of the company, in proportion, as nearly as circumstances admit, to the capital paid up on those shares at that date.
 - b) The offer aforesaid shall be made by a notice specifying the number of shares offered and limiting a time not being less than fifteen days from the date of the offer within which 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 him or any of them in favour of any other person and the notice referred to in sub clause (b) shall contain a statement of this right;
 - d) After the expiry of the time specified in the notice aforesaid or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose off them in such manner as they may think most beneficial to the company.
- (2) Notwithstanding anything contained in sub-clause (1), the further shares aforesaid may be offered to any persons (Whether or not those persons include the persons referred to in clause (a) of sub-clause (1) hereof) 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 resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in that general meeting (including the casting vote, if any, of the Chairman) by 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.
- (3) Nothing in sub-clause (c) of (1) 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.

(4) Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the debenture issued or loans raised by the company:

- (i) To convert such debentures or loans into shares in the company; or
- (ii) To subscribe for shares in the company.

Provided that the terms of Issue of such debentures or the terms of such loans include a term providing for such option and such term:

a) Either has been approved by the Central Government before the Issue of the debentures or the raising of the loans or is in conformity with 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.

6. 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 provision of Section 79 of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit, and may Issue and allot shares in the capital of the company on payment in full or part of any property sold and transferred or for any services rendered to the company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so, issued, shall be deemed to be fully paid shares. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the company in the General Meeting.
7. Subject to the provisions of the Act it shall be lawful for the company to issue at a discount, shares of a class already issued.
8. The Company may, subject to compliance with the provisions of Section 76 of the Act, exercise the powers of paying commission on the issue of shares debentures. The commission may be paid or satisfied in cash or shares, debentures or debentures stock of Company.
9. The company may pay a reasonable sum of brokerage, subject to the ceiling prescribed under the Act.
10. Subject to Section 187 C of the Act, the Company shall be entitled to treat the registered holder of any shares as the absolute owner thereof and accordingly shall not, except as ordered by a court of competent jurisdiction or as by law required, be bound to recognize any trust, benami or equitable or other claim to or interest in such shares or any fractional part of a share whether or not it shall have express or other notice thereof.

CERTIFICATE

11. The certificate to title to shares shall be issued under the seal of the Company.

12. Every member shall be entitled, without payment, to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee as the Directors 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 delivery such certificates within three months from the date of allotment, unless the conditions of Issue thereof otherwise provide, or within two months of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares, as the case may be. Every certificate of shares shall be under the seal of the company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the directors may prescribe 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 holders.
13. If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, being given, and a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate.

Every certificate under the Article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs.2/- for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for Issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

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 Article shall mutatis mutandis apply to debentures of the Company.

JOINT-HOLDERS OF SHARES

14. Where two or more persons are registered as the holders of any share they shall be deemed to hold the same as joint-tenants with benefit of survivorship subject to provisions following and to the other provisions of these articles relating to joint holders;
 - a) The Company shall not be bound to register more than three persons as the joint holder of any shares.
 - b) The joint holders of a share shall be liable severally as well as jointly in respect of all payments which out to be made in respect of such shares.
 - c) On the death of any one of such joint holders the survivor or survivors shall be the only person recognized by the Company as having any title to or interest in such share but the board may deem require such evidence of death as it may deem fit.
 - d) Only the person whose name stands first in the Register as one of the joint holders of any share shall be entitled to delivery of the certificate relating to such share.

CALLS

15. The Directors may from time to time, subject to the terms on which any shares may have been issued, make such calls as they think fit. Upon the member in respect of all moneys unpaid on the shares held by them respectively, and not by the conditions of allotment thereto made payable at fixed times, and each member shall pay the amount of every call so made on him to the persons and at the times and places appointment by the Directors. A call may be made payable by installments.
16. That the option or right to call of shares shall not be given to any person except with the sanction of the Company in general meeting.
17. Not less than 30 (Thirty) days notice of any call shall be given specifying the time and place of payment and to whom such call shall be paid.

18. If by the terms of issue of any share or otherwise, the whole or part of the amount of issue price thereof is made payable at any fixed time or by installments at fixed times, every such amount of issue price or installment thereof shall be payable as if it was a call duly made by the Directors and of which due notice had been given and all the provisions herein contained in respect of calls shall apply to such amount or issue price or installments accordingly.
19. If the sum payable in respect of any call or installment be not paid on or before the day appointed for the payment thereof, the holder for the time being of the share in respect of which the call shall have been made or installment shall be due, shall pay interest for the same at the rate of 12 (twelve) percent per annum, from the day appointed for the payment thereof to the actual payment or at such other rate as the Directors may determine but they shall have power to waive the payment thereof wholly or part.
20. On the trial or hearing of any action or suit brought by the Company against any member or representative to recover any debt or money claimed to be due to the Company in respect of his shares, it shall be sufficient to prove that the name of the defendant is, or was, when the claim arose, on the Register of the Company as a holder, or one of the holders of the number of shares in respect of which such claim is made, that the resolution making the call is duly recorded in the minute book and that the amount claimed is not entered as paid in the books of the Company, and it shall not be necessary to prove the appointment of the Directors who made any call nor that a quorum of directors was present at the meeting at which any call was made nor that such meeting was duly convened or constituted, nor any other matter whatsoever; but the proof of the matters aforesaid shall be conclusive evidence of the debt.
21. The Directors may, if they think fit, subject to the provisions of Section 92 of the Act, agree to and receive from any member willing to advance the same whole or any part of the moneys due upon the shares held by him beyond the sums actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the company may pay interest at such rate, as the member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced.

The members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable.

The provisions of these Articles shall mutatis mutandis apply to the calls on debentures of the Company.

FORFEITURE AND LIEN

22. If any member fail to pay any call or installment on or before the day appointed for the payment of the same, the Directors may at any time thereafter, during such time as the call or installment remains unpaid, serve notice on such member requiring him to pay the same together with any interest that may have accrued and expenses, that may have been incurred by the company by reasons of such non-payment.
23. The notice shall name a day (not being less than 30(thirty) days from the date of the notice) and a place or places on and at which such call or installment and such interest 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 or places appointed, the shares in respect of which such call was made or installment is payable will be liable to be forfeited.
24. If the requirement of any such notice as aforesaid be not complied with, any shares in respect of which such notice has been given may, at any time, thereafter before payment of all calls or installments, interest and expenses due in respect thereof, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited share not actually paid before the forfeiture. Neither the receipt by the Company of a portion of any money which shall, from time to time, be due from any member of the Company in respect of his shares, either by way of principal or interest, nor any indulgency granted by the Company in respect of the payment of any such money shall preclude the Company from thereafter proceeding to enforce a forfeiture of such share as herein provided.

25. When any shares 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 but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make such entry as aforesaid.
26. Any share so forfeited shall be deemed to be the property of the Company, and the Directors may sell, re-allot or otherwise dispose off the same in such manner as they think fit.
27. The Director may, at any time before any share so forfeited shall not be sold, re-allotted or otherwise disposed off, annual the forfeiture thereof upon such conditions as they think fit.
28. Any member whose shares have been forfeited shall notwithstanding such forfeiture, be liable to pay and shall forthwith pay to the Company all calls, installments, interest and the expenses, owing upon or in respect of such shares, at the time of installments, interest and the forfeiture together with interest thereupon, from the time of the forfeiture until payment at 12 (Twelve) percent per annum or such other rate as the Directors may determine and the Directors may enforce the payment thereof without any deduction or allowance for the value of shares at the time of forfeiture but shall not be under any obligation to do so.
29. The forfeiture of a share shall involve the extinction of all interest in and also of all claims and demands against in 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.
30. A duly verified declaration in writing that the declarant is a Director of the Company and that certain shares in the Company have been duly forfeited 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 and the receipt of the Company for the consideration, if any, given for the shares on the sale or disposition thereof, shall constitute a written title to such shares.
31. The Company shall have a first and paramount lien upon all the shares /debentures (other than fully paid-up shares / debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares / debentures and no equitable interest in any share shall be created except upon the footing and condition that this Article will have full effect and such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares / debentures. Unless otherwise agreed, the registration of a transfer of shares / debentures shall operate as a waiver of the Company's lien if any, on such shares / debentures. The Directors may at any time declare any shares / debentures wholly or in part to be exempt from the provisions of this clause.

Provided that the fully paid shares shall be free from all lien and that in the case of party paid shares the Company's lien shall be restricted to moneys called or payable at a fixed time in respect of such shares.
32. Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers by these presents given, the Directors may appoint some person to execute an instrument of transfer of the shares sold and cause the purchaser's name to entered in the register in respect of the shares sold and after his name has been entered in the Register in respect of such shares his title to such shares shall not be affected by any irregularity or invalidity in the proceedings in reference to such forfeiture, sale or disposition, nor impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively
33. Where any shares under the powers in that behalf herein contained are sold by the Directors and the certificate thereof has not been delivered to the Company by the former holders of the said shares the Directors may issue new certificate in lieu of certificate not so delivered.
34. The instrument of transfer shall be in writing and all provisions of Section 108 of the Companies Act, 1956 and the statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof.

TRANSFER AND TRANSMISSION OF SHARES

35. Subject to the provisions of Act, no transfer of shares shall be registered unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor or transferee has been delivered to the Company together with the certificate or certificates of the shares, or if no such certificate is in existence along with the letter of allotment of shares. The instrument of transfer of any shares shall be signed both by or on behalf of the transferor and by or on behalf of transferees and the transferor shall be deemed to remain the holder of such shares until the name of the transferee is entered in the register in respect thereof.
36. Application for the registration of the transfer of a share may be made either by the transferor or the transferee provided that, where such application is made by the transferor, no registration shall in case of partly paid shares be effected unless the company gives notice of the application to the transferee in the manner prescribed by the Act, and subject to the provisions of Articles hereof, the company shall, unless objection is made by the transferee within two weeks from the date of receipt the notice enter in the register the name of the transferee in the same manner and subject to the same conditions as if the application for the registration was made by the transferee.
37. Before registering any transfer tendered for registration, the Company may, if it so thinks fit, give notice by letter posted in the ordinary course to the registered holder that such transfer deed has been lodged and that, unless objection is taken, the transfer will be registered and if such registered holder fails to lodge an objection in writing at the office of the Company within two weeks from the posting of such notice to him he shall be deemed to have admitted the validity of the said transfer.
38. The Company shall keep a "Register of Transfers" and therein shall be fairly and distinctly entered particular of every transfer of any share.
39. Subject to the provisions of Section 111 of the Act and Section 22A of the Securities Contracts (Regulation) Act, 1956, the Directors may, at their own absolute and uncontrolled discretion and by giving reasons, decline to register or acknowledge any transfer of shares whether fully paid or not and the right of refusal, shall not be affected by the circumstances that the proposed transferee is already a member of the Company but in such cases, the Directors shall within one month from the date on which the instrument of transfer was lodged with the company, send to the transferee and transferor notice of the refusal to register such transfer provided that registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the company on any account whatsoever except when the company has a lien on the shares.

Transfer of shares/debentures in whatever lot shall not be refused.
40.
 - a) No transfer shall be made to a minor or a person of unsound mind.
 - b) No fee shall be charged for registration of transfer, probate, letter of administration, certificate of death or marriage, power of Attorney or similar other instruments.
41. All instruments of transfer duly approved shall be retained by the Company and in case of refusal, instruments of transfer shall be returned to the person who lodges the transfer deeds.
42. If the Directors refuse to register the transfer of any shares, the company shall, within one month from the date on which the instrument of transfer was lodged with the Company or intimation given send to the transferor and the transferee or the person giving intimation of such transfer, notice of such refusal.
43. On giving seven day's notice by advertisement in a news paper circulating in the district in which the office of the company is situated, the Register of members may be closed during such time as the Directors think fit not exceeding in the whole forty five days in each year but not exceeding thirty days at a time.

44. The executors or administrator or the holder of a succession certificate in respect of shares of a deceased member (not being one of several joint holders) shall be the only person whom the company shall recognize as having any title to the shares registered in the name of such member and, in case of death of any one or more of the joint holders of any registered shares the survivors shall be only persons recognized by the Company as having any title to interest in such shares 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. Before recognizing any legal representative or heir or a person otherwise claiming title to the shares the Company may require him to obtained a grant of probate or letters of administration or succession certificate, or other legal representation, as the case may be from a competent Court, provided nevertheless that in any case where the Board in its absolute discretion think fit, it shall be lawful for the Board to dispense with production of probate or letters of administration or a succession certificate or such other legal representation upon such terms as to indemnity or otherwise as the Board may consider desirable.
45. Any person becoming entitled to or to transfer shares in consequences of the death or insolvency of any member, upon producing such evidence that he sustains the character in respect of which he proposes to act under this article, or of his title as the Director think sufficient, may with the consent of the Directors (which they shall not be under any obligation to give), be registered as a member in respect of such shares or may, subject to the regulations as to transfer hereinbefore contained, transfer such shares. This Article is hereinafter referred to as "The Transmission Article". Subject to any other provisions of these Articles if the person so becoming entitled to shares under this or the last preceding Article shall elect to be registered as a member in respect of the share himself he shall deliver or send to the Company a notice in writing signed by him stating that he so elects. If he shall elect to transfer to some other person he shall execute an instrument of transfer of shares. All the limitations, restrictions and provisions of these articles relating to the rights to transfer and the registration of transfers of shares shall be applicable to any such notice of transfer as aforesaid.
46. Subject to any other provisions of these Articles if the Directors in their sole discretion are satisfied in regard thereof, a person becoming entitled to share in consequences of the death or insolvency of a member may receive and give a discharge for any dividends or other money payable in respect of the share.
47. The instrument of transfer shall be in writing and all provisions of Section 108 of the Companies Act, 1956 and the statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof. The instruments of transfer shall be in the form prescribed by the Act or the Rules made there under or where no such form is prescribed in the usual common form or any other form approved by the Stock Exchange in India or as near thereto as circumstances will admit.
48.
 - (i) Every holder of shares or debentures or fixed deposits of the Company will have freedom to nominate at any time a person to whom his shares/debentures/fixed deposits shall vest in the event of his/her death.
 - (ii) Where the shares/debentures/fixed deposits are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, a person to whom all the rights in the shares or debentures or fixed deposits of the Company, as the case may be, shall vest in the event of death of all the joint holders.
 - (iii) Notwithstanding, anything contained in any other law for the time being in force, in respect of such shares or debentures or fixed deposits of the Company, where a nomination made in the prescribed purports to confer on any person the right to vest in the shares or debentures or fixed deposits of the Company, the nominee shall on the death of the holder of securities mentioned above, or as the case may be, on the death of the joint holders, become entitled to all the rights in such shares or debentures or fixed deposits, or as the case may be, all the joint holders, in relation to such shares or debentures, to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner.
 - (iv) Any person who becomes nominee as aforesaid and becomes entitled to shares/debentures/ deposits on the death of the registered holder, such nominee upon the production of such evidence as may be required by the Board of Directors of the Company, elect either to be registered as holder of the shares or debenture or Deposits or to make such transfer of the shares or debentures as the deceased shareholder or debenture holder could have made.

- (v) The Board of Directors of the Company shall in either case have the same right to decline or to suspend registration, as it would have had if the deceased shareholder or debenture holder had transferred the shares or debentures before his death.
 - (vi) Where nominee is a minor it shall be lawful for the holder of the share or holder of debentures/fixed deposits to make the nomination to appoint in the prescribed manner any person to become entitled to shares in or debentures or deposits of the Company in the event of his death during the minority.
- 49.
- (i) **Dematerialization of Securities**
Notwithstanding any thing contained in these Articles, the company shall be entitled to dematerialize its existing securities and to offer securities in a dematerialized form pursuant to the Depositories Act, 1996 and to offer its shares, debentures and other securities for issue in dematerialized form. The Company shall further be entitled to maintain a Register of Members with the details of members holding shares both in material and dematerialized form in any media as permitted by law including any form of electronic media.
 - (ii) **Issue of Securities and Option for Investors**
Every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with a depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required Certificate of Securities. If a person opts to hold the security with a depository, and on the receipt of the information, the depository shall enter in its record the name of the allottees as the beneficial owner of the security.
 - (iii) **Securities in Depository mode to be in Fungible Form**
All securities held by a depository shall be dematerialized and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.
 - (iv) **Rights of Depositories and Beneficial Owners**
 - (a) Notwithstanding anything to the contrary contained in the act or these articles a depository shall be deemed to be the registered owner of the purposes of effecting transfer of ownership of security on behalf of the beneficial owner.
 - (b) Save as otherwise provided in [a] above the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the security held by it.
 - (c) Every person holding securities of the company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities, which are held by a depository.
 - (v) **Service of Documents**
Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the company by means of electronic mode or by delivery of floppies or discs.
 - (vi) **Transfer of Securities**
Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of securities affected by a transferor and transferee both of who are entered as beneficial owners in the records of a depository.
 - (vii) **Allotment of Securities dealt with a Depository**

Notwithstanding anything in the Act or these Articles, where a depository deals with securities, the company shall intimate the details thereof to the depository immediately on allotment of such securities.

- (viii) Distinctive numbers of Securities held in a Depository
Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a depository.
- (ix) Register and Index of Beneficial Owners
The register and index of Beneficial Owners maintained by a Depository under the Depositories Act shall be deemed to be a Register and Index of members and other security holders.

SHARES WARRANTS

- 50. Subject to the provisions of Sections 114 and 115 of the Act and subject to any directions which may be given by the Company in General Meeting, the Board may issue share-warrants in such manner and on such terms and conditions as the Board may deem fit. In case of such issue Regulations 40 to 43 of Table "A" in Schedule I of the Act, shall apply.

STOCKS

- 51. The Company may exercise the power of conversion of its shares into stock and in the case regulations 37 to 39 of Table "A" in Schedule I to the Act shall apply.

ALTERATION OF CAPITAL

- 52. The Company may, by ordinary resolution from time to time, after the condition of Memorandum of Association as follow: -
 - a) Increase in the Share Capital by such amount to be divided in to shares of such amount as may be specified in the resolution.
 - b) Consolidate and divide all or any of its share capital into shares or larger amount than its existing shares.
 - c) Sub divide its existing shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association, so however, that in the subdivision the proportion between the amount paid and the amount, if any unpaid on each reduced shares shall be the name as it was in the share from which the reduced share is derived, and
 - d) Cancel any shares, which, at the date of the passing of the resolution, 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.
- 53. Subject to the provisions of Sections 100 to 104 of the Act, the Board may accept from any member the surrender of all or any of his shares on such terms and conditions as shall be agreed.

MODIFICATION OF RIGHT

- 54. If at any time the share capital is divided into different classes of shares the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be carried with 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 Meeting of the holders of the shares of that class. To every such separate meeting the provision of these Articles, relating to general meeting shall apply, but so that the necessary quorum shall be two persons atleast holding or representing by proxy one-tenth of the issued shares of the class but so that if at any adjourned meeting of such holders a quorum as above defined is not present, those members who are present shall be a quorum and that any holder of shares of the class present in person or by proxy may demand a poll, and on a poll shall have one vote for each shares of the class of which he is the holder. The company shall comply with the provisions of Section 192 of the Act as to forwarding a copy of any such agreement or resolution to the Registrar of Companies.

BORROWING POWERS

55. The Board may from time to time and at its discretion, subject to the provisions of Section 58A, 292 and 293 of the Act, and Regulations made thereunder and Directions issued by RBI raise or borrow, either from the Directors or from elsewhere and secure the payment of any sums or sum of money for the purpose of the Company.
56. 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, attending (but not voting) at the General Meeting, appointment of Directors and otherwise. 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 by a Special Resolution. Any debentures-debenture stock bonds or other securities may be issued at a discount, premium or otherwise and with any special privileges, as to redemption, surrender, drawings, allotment of shares, appointment of Directors and otherwise. Debentures, debenture-stock, bonds and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.
57. If the Board refuses to register the transfer of any debentures, the Company shall, within two months 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.

RESERVES

58. Subject to the provision of the Act, the board shall in accordance with Section 205 (2A) of the act, before recommending any dividend, set aside out of the profits of the company such sums as it thinks proper as reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied and pending such application may at its discretion, either be employed in the business of the Company or be invested in such investments (other than shares of the Company as the Board may from time to time think fit). The Board may also carry forward any profit which it may think prudent not to divide without setting them aside as a reserve.
59. Any General Meeting may resolve that the whole or any part of the undivided profits of the Company (which expression shall include any premiums received on the issue of shares and any profits or other sums which have been set aside as a reserve or reserves or have been carried forward without being divided) be capitalized and distributed amongst such of the members 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 capitalized amount be applied on behalf of such members in paying up in full any unissued shares of the Company which shall be distributed accordingly or in or towards payment of the uncalled liability on any issued shares, and that such distribution or payment shall be accepted by such member in full satisfaction of their interest in the said capitalized amount. Provided that any sum standing to the credit of a Share Premium Account or a Capital Redemption Reserve Account may, for the purposes of this Article only be applied in paying up of unissued shares to be issued to members of the company as fully-paid bonus shares.
60. For the purpose of giving effect to any resolution under last two preceding Articles, the Directors may settle any difficulty which may arise in regard to the distribution as they think expedient and in particular may issue fractional certificate.

GENERAL MEETING

61. The Directors may, whenever they think fit, call an Extra Ordinary General Meeting provided however it at any time there are not in India, Directors capable of acting who are sufficient in number to form a quorum any Director present in India may call an Extra ordinary General Meeting in the same manner as nearly as possible as that in which such a meeting may be called by the Board.

62. The Board of Directors of the Company shall on the requisition of such member or member of the company as is specified in subsection (4) of Section 169 of the Act forthwith proceed to call an Extra ordinary General Meeting of the Company and in respect of any such requisition and of any meeting to be called pursuant thereto, all the provisions of section 169 of the Act and of any statutory modification thereof for the time being shall apply.
63. The quorum for a general meeting shall be five members present in person.
64. At every General Meeting, the Chair shall be taken by the Chairman of the Board of Directors. If at any meeting, the Chairman of the Board of Directors be not present within fifteen minutes after the time appointed for holding the meeting or, though present be unwilling to act as chairman, the members present shall choose one of the Directors present to be Chairman or if no Director shall be present or though present shall be unwilling to take the Chair then members present shall choose one of their members, being a member entitled to vote, to be Chairman.
65. Any act or resolution which, under the provisions of this Article or of the Act, is permitted shall be sufficiently so done or passed if effected by an ordinary resolution unless either the Act or the articles specifically require such act to be done or resolution passed by a special resolution.
66. If within half an hour from the time appointed for the meeting a quorum be not present, the meeting, if convened upon a requisition of share holders shall be dissolved but in any other case it shall stand adjourned to the same day in the next week at same time and place, unless the same shall be public holiday when the meeting shall stand adjourned to the next day not being a public holiday at the same time and place and if at such adjourned meeting a quorum be not present within half an hour from the time appointed for the meeting, those members who are present and not being less than two persons shall be a quorum and may transact the business for which the meeting was called.
67. In the case of an equality of votes the Chairman shall both on a show of hand and a poll have a casting vote in addition to the vote or votes to which he may be entitled as a member.
68. The Chairman of a General Meeting may adjourn the same, from time to time and from place to place, 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, It shall not be necessary to give notice to the members of such adjournment or of the time, date and place appointed for the holding of the adjourned meeting.
69. If a poll be demanded, the demand of a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded

VOTES OF MEMBERS

70. (1) On a show of hands every member present in person and being a holder of Equity shares shall have one vote and every person present either as a proxy on behalf of a holder of Equity Shares or as a duly authorised representative of a body corporate being a holder of Equity Shares, if he is not entitled to vote in his own right, shall have one vote.
- (2) On a poll the voting rights of a holder of Equity Shares shall be as specified in Section 87 of the Act.
- (3) The voting rights of the holders of the Preference Shares including the Redeemable Cumulative Preference Shares shall be in accordance with the provisions of section 87 of the Act.
- (4) No company or body corporate shall vote by proxy so long as a resolution of its Board of Directors under Section 187 of the Act is in force and the representative named in such resolution is present at the General Meeting at which the vote by proxy is tendered.
71. A person becoming entitled to a share shall not before being registered as member in respect of the share be entitled to exercise in respect thereof any right conferred by membership in relation to the meeting of the Company.

If any member be a lunatic or idiot, he may vote whether on a show of hands or at a poll by his committee or other legal curator and such last mentioned persons may given their votes by proxy provided twenty four hours atleast before the time of holding the meeting or adjourned meeting, as the case may be, at which any such person proposes to vote he shall satisfy the Board of his rights under this Article unless the Board shall have previously admitted his right to vote at such meeting in respect thereof.

72. Where there are joint holders of any share any one of such persons may vote at any meeting either personally or by proxy in respect of such shares as if he were solely entitled thereto and if more than one of such joint-holders be present at any meeting either personally or by proxy then that one of the said persons so present whose name stands prior in order on the register in respect o such share shall alone be entitled to vote in respect thereof. Several executor or administrators of deceased member in whose name any share stands shall for the purpose of this Article be deemed joint-holders thereof.
73. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his Attorney duly authorised in writing or if such appointer is a corporation under its common seal or the hands of its Attorney.
74. 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 authority shall be deposited at the office not less than forty-eight hours before the time for holding the meeting at which the person named in the instrument proposes to vote and in default, the instrument of proxy shall not be treated at valid.
75. A vote given in accordance with the terms of an instrument appointing a proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the instrument of transfer of the share in respect of which the vote is given. Provided no intimation in writing of the death, insanity, revocation or transfer of the share shall have been received at the office or by the Chairman of the Meeting before the vote is given. Provided nevertheless that the Chairman of any meeting shall be entitled to require such evidence as he may in his discretion think fit of the due execution of an instrument of proxy and that the same has not bee revoked.
76. Every instrument appointing a proxy shall as nearly as circumstances will admit be in the form set out in Schedule IX to the Act.
77. No objection shall be taken to the validity of any vote except at the meeting or poll at which such vote shall be tendered and every vote not disallowed at such meeting or poll and whether given personally or by proxy or otherwise shall be deemed valid for all purposes.
78. Before or on the declaration of the result of the voting on any resolution on a show of hand, 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 any member or members present in person or by proxy and fulfilling the requirements as laid down in Section 179 of the Act, for the time being in force.
79. No member shall be entitled to exercise any voting rights either personally or by proxy at any meeting of the Company 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 exercised any right or lien.

DIRECTORS GENERAL PROVISIONS

80. The number of Directors shall not be less than three and not more than twelve.
81. The following shall be the First Directors of the Company :
 1. Mukesh Kumar Gupta
 2. Manish Goel
 3. Ghanshyam Pandey

82. The Directors shall have power, at any time and from time to time, to appoint any person as Director as an addition to the Board but so that the total number of Directors shall not at any time exceed the maximum number fixed by the Articles. Any director so appointed shall hold office only until the next Annual General Meeting of the Company and shall be eligible for re-election
83. Director shall not required to hold any share qualification.
84. The sitting fees payable to a Director for attending a meeting of the Board or a Committee of the Board or a general meeting shall be regulated as per the provisions of Section 310 of the Schedule XIII thereof.
85. The continuing Directors may act notwithstanding any vacancy in their body but so that if the number falls below the minimum number above fixed, the Directors shall not except for the purpose of filling vacancies or of summoning a General Meeting act so long as the number is below the minimum.
86. Subject to the provisions of Section 297, 299, 309 and 314 of the Act, the Directors (including Managing Director) shall not be disqualified by reasons of his their office as such, from holding office under the Company or from contracting with the Company either as vendor, purchaser, tender, agent, broker, lessor or otherwise nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company with a relative of such Directors or the Managing Director or with any firm in which any Director or a relative shall be a partner or with any other partner or with a private company in which such Director is a member or director interested be avoided nor shall any Director or otherwise so contracting or being such members or so interested be liable to account to the company for any profit realised by such contract or arrangement by reason only of such Director holding that office or of the fiduciary relation thereby established.

APPOINTMENT OF DIRECTORS

87. The Company in General Meeting may, subject to the provision of these Articles and the Act, at any time elect any person to be Director and may, from time to time increase or reduce the number of directors.
88. Any member of the company shall be competent to propose the name of any person who is otherwise not disqualified as being a director of a company, for the office of director in the company and shall accordingly give a notice of atleast 14 days in writing alongwith a deposit of Rs.500/- (Rupees Five Hundered) or such sum as may for the time being be prescribed by the Act, which shall be refunded only after the person proposed to be appointed as director is elected.
89. If any Director appointed by the Company in general meeting vacates office as a Director before his term of office will expire in the normal course, the resulting casual vacancy may be filled up by the Board at a meeting of the Board, but any person so appointed shall retain his office so long as the vacating Director would have retained the same if no vacancy had occurred. Provided that the Board may not fill such a vacancy by appointing thereto any person who has been removed from the office of the Director under Section 284 of the Act.
90. The Company shall, subject to the provisions of the Act, be entitled to agree with any person, firm or corporation that he or it shall have the right to appoint his or its nominee on the Board of Directors of the Company upon such terms and conditions as the Company may deem fit. The Corporation, firm or person shall be entitled, from time to time, to remove any such Director or Directors and appoint another or others in his or their places. He shall be entitled to the same rights and privileges and be subject to the same obligation as any other Director of the company.

91. a) Notwithstanding anything the contrary contained in these Articles, so long as any moneys remain owing by the Company to the Industrial Development Bank of India (IDBI), Industrial Finance Corporation of India (IFCI), The Industrial Credit and Investment Corporation of India Limited (ICICI), Life Insurance Corporation of India (LIC), General Insurance Corporation of India (GIC), Unit Trust of India (UTI) and other Financial Institutions of Central or State Governments or to any other Corporation or Institution or to any other Financing Company or other Body out of any loans granted by them to the Company or so long as ISBI, ICICI, LIC, GIL, UTI, or any other Financing Company or Body (each of which IDBI, IFCI, ICICI, and LIC, GIC, UTI or other Finance Corporation or Credit Corporation or any other financing Company or body is hereinafter in these Articles referred to as "the Corporation") continue to hold shares in the company as a result of underwriting or direct subscription, the Corporation shall have a right to appoint from time to time any person or persons as a director or directors whole time or non-whole time, (which director or directors is/are hereinafter referred to as nominee director/s") on the board of the Company and to remove from such office any person or persons so appointed and to appoint any person or persons in his or their place/s.
- (b) The Board of directors of the company shall have no power to remove from office the nominee director/s. 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 be subject to the same obligations as any other director of the Company.
- (c) The nominee director/s so appointed shall hold the said office only so long as any moneys remain owing by the company to the Corporation or as a result of underwriting or direct subscription and the nominee director/s so appointed in exercise of the said power shall ipso-facto vacate such office immediately after the moneys owing by the company to the Corporation are paid off or the Corporation ceasing to hold shares in the Company.
- (d) The nominee director/s appointed under this Article shall be entitled to receive all notices of and attend all general meetings, board meetings and of the meetings of the committee of which the nominee director/s is/are member/s and also the minutes of such meetings. The Corporation shall also be entitled to receive all such notices and minutes.
- (e) The Company shall pay to the nominee director/s sitting fees an expenses which the other directors of the Company are entitled to, but if any other fees, commission, moneys or remuneration in any form is payable to the Directors of the company, the fees, commission, moneys and remuneration in relation of the company, the fees, commission, moneys and remuneration in relation to such nominee director/s shall accrue to the Corporation and the same shall accordingly be paid by company directly to the Corporation. Any expenses that may be incurred by the Corporation or such nominee director/s in connection with their appointment or directorship shall also be paid or reimbursed by the company to the Corporation or as the case may be to such nominee director/s. Provided that if any such nominees director/s is an officer of the Corporation the sitting fees, in relation to such nominee director/s shall also accrue to 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 directors shall exercise such powers and duties as may be approved by the Corporation and have such rights as are usually exercised or available to a wholetime director, in the management of the affairs of the Company. Such nominee director/s shall be entitled to receive such remuneration, fees, commission and money as may be approved by the Corporation.
92. Subject to the provisions of section 313 of the Act, the Board may appoint any person to act as an alternate director for a director during the latter's absence for a period of not less than three months from the State in which meetings of the Board are ordinarily held and such appointment shall have effect and such appointee, whilst he holds office as an alternate director; shall be entitled to notice of meetings of the Board and to attend and vote thereat accordingly, but he shall ipso facto vacate office if and/when the absent director returns to State in which meetings of the Board are ordinarily held or the absent Director vacates office as Director.

ROTATION OF DIRECTORS

93. (1).Not less than two-thirds of the total number of Directors shall be persons whose period of office is liable to determination by retirement of Directors by rotation.

- (2) At each Annual General Meeting of the Company, One-third of such of the Director for the time being as are liable to retire by rotation or if their number is not three or a multiple of three, then the number nearest to one-third shall retire from office.
 - (3) The Directors to retire by rotation at every Annual General Meeting shall be those who have been longest in office since their last appointment, but as between persons who became Directors on the same day, those to retire shall, in default of and subject to any agreement among themselves be determined by lot.
 - (4) Subject to the foregoing provisions as between Director or Directors who shall not be liable to retire by rotation shall be determined by and in accordance with their respective seniorities as may be determined by the Board.
94. A retiring Director shall be eligible for re-election and shall act as a Director throughout the meeting at which he retires.
95. Subject to any resolution for reducing the number of Director, if at any meeting at which an election of Directors ought to take place, the places of the retiring Directors are not filled up, the meeting shall stand adjourned till the next succeeding day which is not a public holiday at the same time and place and if at the adjourned meeting, the places of the retiring Directors are not filled up, the retiring Directors or such of them as have not had their places filled up shall (if willing to continue in office) be deemed to have been re-elected at the adjourned meeting.

PROCEEDINGS OF DIRECTORS

96. The Directors may meet, together for the despatch of business, adjourn and otherwise regulate their meetings and proceedings as they think fit. Notice in writing of every meeting of the Directors shall ordinarily be given by a Director or such other officer of the company duly authorised in this behalf to every Director for the time being in India, and at his usual address in India to every other Director.
97. The quorum for a meeting of the Directors shall be determined, from time to time, in accordance with the provisions of section 287 of the Act. If a quorum shall not be present within fifteen minutes from the time appointed for holding a meeting of the Directors, it shall be adjourned until such date and time as the Directors present shall appoint.
98. The Secretary may at any time, and upon request of any two Directors shall, summon a meeting of the Directors.
99. Subject to the provisions of Sections 316, 372(5) and 386 of the Act, question arising at any meeting shall be decided by a majority of votes, each director having one vote and in case of any equality of votes, the Chairman shall have a second or casting vote.
100. The Chairman of the Board of Directors shall be the Chairman of the meetings of Directors. Provided that if the Chairman of the Board of Directors is not present within five minutes after the appointed time for holding the same, the Directors present shall choose one of their members to be Chairman of such meeting.
101. A meeting of Directors for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions by or under the Articles of the Company and the act for the time being vested in or exercisable by the Directors generally.
102. The Directors may, subject to compliance of the provisions of the Act, from time to time, delegate any of their powers to committee(s) consisting of such member or members of their body as they think fit, and may, from time to time, revoke such delegation. Any Committee so formed shall in the exercise of the powers so delegated conform to any regulations that may, from time to time be imposed on it by the Directors. The meeting and proceedings of any such Committee, if consisting of two or more members, shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors so far as the same are applicable thereto and are not superseded by any regulation made by the Directors under this Articles.

103. All acts done at any meeting of Directors or of a Committee of the Directors or by any person acting as a Director shall be valid notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such Directors, Committee or person acting as aforesaid or that they or any of them were disqualified.
104. Except a resolution, which the Act, requires it specifically to be passed in a board meeting, a resolution may be passed by the Directors or Committee thereof by circulation in accordance with the provision of Section 289 of the Act.

Minutes of any meeting of Directors or of any Committee or of the Company if purporting to be signed by the Chairman of such meeting or by the Chairman of next succeeding meeting shall be receivable as prima facie evidence of the matters in such minutes.

POWERS OF DIRECTORS

105. Subject to the provisions of the Act, the control of the Company shall be vested in the Directors who shall be entitled to exercise all such powers and to do all such acts and things as may be exercised or done by the Company and are not hereby or by law expressly required or directed to be exercised or done by the Company in General Meeting but subject nevertheless to the provisions of any law and of these presents, from time to time, made by the Company in General Meeting, provided that no regulation so made shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made.
106. Without prejudice to the general powers conferred by the preceding article the Directors may, from time to time, subject to the restrictions contained in the Act, delegate to managers, secretaries, officers, assistants and other employees or other persons (including any firm or body corporate) any of the powers authorised and discretions for the time being vested in the Directors.
107. The Directors may authorise any such delegate or attorney as aforesaid to sub delegate all or any of the powers, authorities and discretion for the time being vested in them.
108. All deeds, agreements and documents and all cheques, promissory notes, draft, hundies, bills of exchange and other negotiable instruments, and all receipts for moneys paid to the Company, shall be signed, drawn, accepted or endorsed or otherwise executed, as the case may be by such persons (including any firm or body corporate) whether in the employment of the Company or not and in such manner as the Directors shall, from time to time, by resolution determine.
109. The Directors may make such arrangements as may be thought fit for the management of the Company's affairs abroad, and may for this purpose (without prejudice to the generality of their powers) appoint local bodies and agents and fix their remuneration and delegate to them such powers as may be deemed requisite or expedient. The foreign seal shall be affixed by the authority and in the presence of and instruments sealed therein shall be signed by such persons as the Directors shall, from time to time by writing under the common seal, appoint. The company may also exercise the powers of keeping Foreign Registers. Such regulations not being in consistent with the provisions of Sections 157 and 158 of the Act, the Board may, from time to time, make such provisions as it may think fit relating thereto and may comply with the requirement of any local law.
110. A Manager or secretary may be appointed by the Directors on such terms, at such remuneration and upon such conditions as they may think fit, and any Manager or Secretary appointed may be removed by the Directors. Directors may be appointed as Manager or Secretary, subject to Sections 314, 197A, 383A, 387, and 388 of the Act.
111. A provision of the Act or these regulations requiring or authorising a thing to be done by a director, manager or secretary shall not be satisfied by its being done by the same person same person acting both as director and as, or in place of the manager or secretary.

MANAGING DIRECTORS

112. Subject to the provisions of Sections 197A, 296, 316 and 317 Schedule XIII of the Act, the board may, from time to time, appoint one or more Directors to be Managing Director or Managing Directors of Company and may, from time to time, (subject to the provisions of any contract between him or them and the Company), remove or dismiss him or them from office and appoint another or others in his place or their places.
113. Subject to the provisions of Section 255 of the Act, a Managing Director shall not, while he continues to hold that office, be subject to retirement by rotation, but he shall be counted for ascertaining the number of Directors to retire (Subject to the provisions of any contract between him and the Company) he 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 for any cause.
114. Subject to the provisions of Sections 198, 309, 310, 311 and Schedule XIII of the Act, a Managing Director shall, in addition to the remuneration payable to him as a Director of the Company under the Articles, receive such additional remunerations as may, from time to time, be sanctioned by the Company.
115. Subject to the provisions of the Act, in particular to the prohibitions and restrictions contained in Sections 292 and 293 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 presents 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 think fit and the Board may confer such powers either collaterally with, or to the exclusion of, and in substitution for 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.

COMMENCEMENT OF BUSINESS

116. The Company shall not at any time commence any business out of other objects of its Memorandum of Association unless the provision of Section 149 of the Act have been duly complied with by it.

SEAL

117. The Directors shall provide for the safe custody of the Seal and the Seal shall never be used except by the authority of the Directors or a Committee of the Directors previously given and one Director at least shall sign every instrument to which the seal is affixed provided nevertheless that any instrument bearing the Seal of the Company and issued for valuable consideration shall be binding on the Company notwithstanding any irregularity touching the authority of the Directors to issue the same.

DIVIDENDS

118. Subject to Rights of members entitled to shares (if any) with preferential or special rights attached to them, the profits of the Company, from time to time determined to be distributed as dividend in respect of any year or other period shall be applied for payment of dividend on the shares in proportion to the amount of capital paid up on the Shares provided that unless the Board otherwise determines all dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid up on the shares during any portion or portions of the period in respect of which dividend is paid. Provided always that subject as aforesaid any capital paid up on a share during the period in respect of which a dividend is declared shall (unless the Board otherwise determines or the terms of issue otherwise provide, as the case may be), only entitle the holder of such share to an apportioned amount of such dividend as from the date of payment but so that where capital is paid up in advance of calls such capital shall not confer a right to participate in profits.
119. The Company in General Meeting may declare a dividend to be paid to the members according to their rights and interest in the profits and may, subject to the provisions of Section 205 of the act, fix the time for payment.

120. No larger dividend shall be declared than is recommended by the Directors, but the Company in General Meeting may declare a smaller dividend.
121. No dividend shall be payable except out of the profit of the company of the year or any other undistributed profits and no dividend shall carry interest as against the Company.
122. The declaration of the Directors as to the amount of the net profits in the audited annual accounts of the Company for any year shall be conclusive.
123. The Directors may, from time to time, pay to the members such interim dividends as in their judgment the position of the Company justifies.
124. The Directors may retain any dividends on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists, subject to Section 205A of the Act.
125. A transfer of shares shall not pass the rights to any dividend declared thereon before the registration of the transfer.
126. Subject to Section 205A of the Act, the Directors may retain the dividends payable upon shares in respect of which any person is under the transmission Article entitled to become a member or which any person under the Article is entitled to transfer until such person shall duly become a member in respect thereof or shall transfer the same.
127. Any one of the several persons who are registered as joint holders of any share may give effectual receipts of all dividend payments on account of dividends in respect of such shares.
128. Unless otherwise directed, any dividend may be paid by cheque or warrant sent through post to the registered address of the member or person entitled thereto or in the case of joint-holders to the registered address of the one whose name stands first on the Register in respect of the joint holding to such person and such address and the member or person entitled or such joint – holders as the case may be may direct and every cheque or warrant so sent shall be made payable at par to the person or to the order of the person to whom it is sent or to the order of such other person as the member or person entitled or such joint-holders, as the case may be may direct.
129. The payment of every cheque or warrant sent under provisions of the last preceding Article shall, if such cheque or warrant purports to be duly endorsed, be a good discharge to the Company in respect thereof, provided nevertheless that the Company shall not be responsible for the loss of any cheque, warrant or postal money order which shall be sent by post to any member or by his order to any other person in respect of any dividend.
130. Where the Company has declared a dividend but which has not been paid or claimed within 30 days from the date of declaration, transfer the total amount of dividend which remains unpaid or unclaimed within the said period of 30 days, to a special account to be opened by the company in that behalf in any scheduled bank to be called “_____ Unpaid Dividend Account” and transfer to the said account, the total amount of dividend which remains unpaid or in relation to which no dividend warrant has been posted.

Any money transferred to the unpaid dividend account of a company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Company to the Fund known as Investor Education and protection Fund established under section 205C of the Act.

A claim to any money so transferred to the general revenue account may be preferred to the Central Government by the shareholders to whom the money is due. No unclaimed or unpaid dividend shall be forfeited by the Board.

131. No unclaimed dividend shall be forfeited by the Board unless before the claim becomes barred by law and the Company shall comply with the provisions of Section 205A of the Companies Act, 1956, rules made there under and other law in respect of such dividend.

BOOKS AND DOCUMENTS

132. The Books of Account shall be kept at the registered office or at such other place as the Directors think fit, and shall be open to inspection by the Directors during business hours.
133. The Directors 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 or books or documents of the Company or any them shall be open for inspection to members not being Directors, and no member (not being a Director) shall have any right of inspection to any books of account or documents of the Company except as conferred by law or authorised by the Directors or by the Company in General Meeting.
134. Balance Sheet and Profit and Loss Account will be audited once in a year by a qualified auditor for correctness as per provisions of the Act.
135. The first auditors of the company shall be appointed by the Board of Directors within one month after its incorporation who shall hold office till the conclusion of first annual general meeting.
136. The Directors may fill up any casual vacancy in the office of the auditors.
137. The remuneration of the auditors shall be fixed by the company in the annual general meeting except as otherwise decided or that remuneration of the first or any auditors appointed by the directors may be fixed by the directors.

NOTICES

138. The Company shall comply with the provisions of Sections 53, 172 and 190 of the Act as to the serving of notices.
139. Every person who, by operation of law, or by transfer or by other means whatsoever, shall become entitled to any shares shall be bound by every notice in respect of such share which previously to his name and address being entered on the register shall be duly given to the person from whom he derives his title to such share.
140. Any notice or document delivered or sent by post to or left at the registered address of any member in pursuance of these presents shall notwithstanding such member be then deceased and whether or not the Company has notice of his demise, be deemed to have been duly served in respect of any registered shares whether held solely or jointly with other persons by such member, until some other person be registered in his stead as the holder or joint-holders thereof and such service shall for all purposes of these presents be deemed a sufficient service of such notice or document on his or her heirs, executors or administrators, and all persons, if any, jointly interested with him or her in any such share,
141. The signature to any notice to be given by the Company may be written or printed.

RECONSTRUCTION

142. On any sale of the undertaking of the Company, the Directors or the Liquidators on a winding up may if authorised by special resolution, accept fully paid or partly paid-up shares; debentures or securities of any other Company whether incorporated in India or not than existing to be formed for the purchase in whole or in part of the property of the company, and the Director (if the profit of the company permit), or the Liquidators (in a winding-up) may distribute such shares or securities or any other property of Company amongst the members without realization, or vest the same in trustees for them, and any Special resolution may provide for the distribution or appropriation of the cash, shares or other securities, benefits or property, otherwise than in accordance with the strict legal rights of the members or contributories of the Company and for the valuation of any such securities or property at such price and in such manner as the meeting may approve and all holders of shares shall be bound to accept and shall be bound by any valuation or distribution so authorised, and waive all rights in relation thereto, save only in case the Company is proposed to be or is in the course of being wound up, such statutory rights, if any, under Section 494 of the Act as are incapable of being varied or excluded by these presents.

SECRECY

143. Subject to the provisions of law of land and the Act, no member or other person (not being a Director) shall be entitled to enter upon the property of the company or to inspect or examine the Company's premises or properties of the Company without the permission of the Directors, or to require discovery or any information respecting any detail of the Company's trading or any matter which is or may be in nature of a trade secret, mystery of trade, or secret process or of any matter whatsoever which may relate to the conduct of the business of the Company and which, in the opinion of the Directors, will be inexpedient in the interest of the members of the Company to communicate.

WINDING UP

144. If the Company shall be wound up and the assets available for distribution among the members as such shall be insufficient to repay the whole of the paid-up capital such assets shall be distributed so that as nearly as may be the losses shall be borne by the members in proportion to the capital paid-up or which ought to have been paid-up at the commencement of the winding-up on the shares held by them respectively. And if in a winding-up the assets available for distribution among the members shall be more than sufficient to repay the whole of the capital paid-up at the commencement of the winding up, the excess shall be distributed amongst the members in proportion to the capital at the commencement of the winding up paid up or which ought to have been paid-up on the shares held by them respectively. But this Article is to be without prejudice to the rights of the holders of shares issued upon special terms and conditions.
145. In the event of Company being wound up, whether voluntarily or otherwise the liquidators, may with the sanction of Special Resolution divide among the contributories, in specie or kind, any part of the assets of the Company and may with the like sanction vest any part of the assets of the Company in Trustees upon such trusts for the benefit of the contributories or any of them, as the Liquidators, with like sanction shall think fit.

INDEMNITY

146. Subject to the provisions of Section 201 of the Act, every Director, Manager, Secretary and other officer or employee of the Company shall be indemnified against and it shall be the duty of the Directors to pay out of the funds of the Company all bona fide costs, losses and expenses (including traveling expenses) which any such Directors, Manager or Secretary or other officer or employee may incur or become liable to by reason of any contract entered into or any way in the discharge of his or their duties and in particular, and so as not limit the generality of the foregoing provisions, against all liabilities incurred by him or by them as such Director, Manager, Secretary, Officer or employee in defending any proceeding whether civil or criminal in which judgment is given in his or their favour or he or they is or are acquitted, or in connection with any application under Section 633 of the Act in which relief is granted by the Court and the amount for which such indemnity is provided shall immediately attach as a lien on the property of the Company and have priority as between the members over all other claims.
147. Subject to the provisions of the Act and so far as such provisions permit, no Director, Auditor or other Officer of the Company shall be liable for acts, receipts, neglects or defaults of any other Director or Officer or for joining in any receipt or act for conformity, or for any loss or expense happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the Director for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested, or for any loss occasioned by any error of judgment, omission, default, or oversight on his part, or any loss, damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto, unless the same happens through his own dishonesty.

SECTION X- OTHER INFORMATION

MATERIAL CONTRACTS & DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by the Company or contracts entered into more than two years before the date of the RHP) which are or may be deemed material have been entered or to be entered into by the Company. These contracts, copies of which have been attached to the copy of the Red Herring Prospectus will also be delivered to the Registrar of Companies, Delhi and Haryana at New Delhi for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company, from 10.00 a.m. to 2.00 p.m. on working days from the date of the Red Herring Prospectus until the date of closure of the Issue.

A. Material Contracts:

1. Memorandum of Understanding dated August 09, 2010 between our Company and the BRLM.
2. Agreement dated August 02, 2010 entered into with M/s. BEETAL Financial & Computer Services (P) Limited to act as Registrar to the Issue.
3. Syndicate Agreement dated February 28, 2011 between our Company, the BRLM and the Syndicate Members.
4. Escrow Agreement dated March 05, 2011 between our Company, the BRLM, the Syndicate Members, Escrow collection Banks and Registrar to the Issue.
5. Underwriting Agreement dated [•] between our Company, the BRLM and the Syndicate Member.
6. Agreement entered into with M/s Crossbow Telecom Projects Limited on August 09, 2010.

B. Documents for Inspection.

1. Certificate of Incorporation dated July 09, 2006 issued by the Registrar of Companies, National Capital Territory of Delhi and Haryana to Rosenberger Shilpi Cable Technologies Limited.
2. Certificate of Commencement of Business dated July 13, 2006 issued by the Registrar of Companies, National Capital Territory of Delhi and Haryana to Rosenberger Shilpi Cable Technologies Limited.
3. Fresh Certificate of Incorporation dated October 21, 2008 issued by the Registrar of Companies, National Capital Territory of Delhi and Haryana pursuant to change of name of the Company to Shilpi Cable Technologies Limited.
4. Memorandum and Articles of the Company as amended from time to time.
5. Tripartite agreement dated August 25, 2009, between NSDL, the Company and the Registrar to the Issue;
6. Tripartite agreement dated September 24, 2009, between CDSL, the Company and the Registrar to the Issue.
7. Copy of the resolution passed by the Board of Directors at their meeting held on June 30, 2010 approving the proposed public issue.
8. Copy of the special resolution passed pursuant to Section 81(1A) of the Companies Act, 1956 in the Extra-ordinary General Meeting of the Company held on July 24, 2010 approving the Initial Public Offering.
9. Consents of the Promoters, Directors, Auditors, Book Running Lead Manager, Legal Counsel, Registrar, Banker to the Company, Refund Banker, Company Secretary & Compliance Officer to act in their respective capacities and for inclusion of their names in the Red Herring Prospectus.
10. Copies of Quotations obtained for purchase of equipments;
11. Copy of the Certificate dated February 16, 2011 from the M/s Deepak K. Thakkar and Associates, Chartered Accountants regarding the sources and deployment of funds.

12. Certificate dated February 17, 2011 from M/s M.M. Bhasin & Co.,Chartered Accountants, regarding the Statement of Tax Benefits.
13. Report of the Auditors M/s M.M. Bhasin & Co.,Chartered Accountants, dated February 17, 2011 on restated financial statements for the last four financial years.
14. Annual Reports of the Company for the last four Financial Years.
15. Due Diligence certificate dated August 21, 2010 to SEBI from D and A Financial Services Private Limited.
16. In-principle listing approval for this Issue dated September 30, 2010 from BSE.
17. In-principle listing approval for this Issue dated December 24, 2010 from NSE.
18. IPO Grading Report of CARE dated January 14, 2011
19. SEBI Observation Letter CFD/DIL/ISSUES/SP/OW/2829/2011 dated January 24, 2011.

Any of the contracts or documents mentioned in the RHP 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 compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

We certify that all the relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the Regulations issued by Securities and Exchange Board of India, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or the rules made there under or guidelines/regulations issued, as the case may be. And that all approvals and permissions required to carry on the business of our Company have been obtained, are currently valid and have been complied with. We further certify that all the statements in this Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTORS OF THE COMPANY

MUKESH KUMAR GUPTA

Managing Director

GHANSHYAM PANDEY

Whole Time Director

MANISH GOEL

Whole Time Director

SUNIL KALA

Director

SANDEEP GUPTA

Director

NEETA SOOD

Nominee Director

ANIRUDH GOEL

Director

RAJESH SURI

Director

SUNITA GAUR

Company Secretary and Compliance Officer

VINAY MITTAL

Chief Financial Officer

Place: New Delhi

Date: March 15, 2011

ANNEXURES



Mr. Vinay Mittal
Chief Financial Officer
Shilpi Cable Technologies Limited
A-19/B-1 Extension,
Mohan Cooperative Industrial Estate,
P. O. Badarpur, Mathura Road, New Delhi-110044

CREDIT ANALYSIS & RESEARCH LTD.

4th Floor, Godrej Coliseum,
Somaiya Hospital Road,
Off Eastern Express Highway,
Sion (East), Mumbai - 400 022, INDIA.
☎ : 67543456 Fax : (022) 67543457
E-mail : care@careratings.com
www.careratings.com

January 14, 2011

Confidential

Dear Sir,

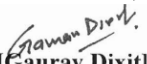
IPO Grading

Please refer to your representation email dated January 10, 2011 for grading of your proposed IPO issue aggregating Rs.55.88 crore.

2. Our Rating Committee has carefully reconsidered the grading assigned to your IPO issue. It has, however, not been found possible to revise the grading and the Committee has decided to re-affirm '**CARE IPO Grade 1**' [**Grade One**] to the proposed IPO issue of Shilpi Cable Technologies Limited (SCTL).
3. 'CARE IPO Grade 1' indicates poor fundamentals. CARE assigns IPO grades on a scale of Grade 5 to Grade 1, with Grade 5 indicating strong fundamentals and Grade 1 indicating poor fundamentals. CARE's IPO grading is an opinion on the fundamentals of the issuer. The grade assigned to any individual issue represents a relative assessment of the 'fundamentals' of the issuer.
4. In this connection, we would assure you that the facts mentioned in your email under reference were considered by the Committee while deciding the grading.
5. If you need any clarification, you are welcome to approach us in this regard.

Thanking You,


[Deepak Mendon]
Manager

Yours faithfully,

[Gaurav Dixit]
Senior Manager

DISCLAIMER:

CARE's IPO grading is a one time assessment and the analysis draws heavily from the information provided by the issuer as well as information obtained from sources believed by CARE to be accurate and reliable. However, CARE, does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. CARE's IPO grading does not take cognizance of the price of the security and it is not a recommendation to buy, sell or hold shares/securities. It is also not a comment on the offer price or the listed price of the scrip. It does not imply that CARE performs an audit function or forensic exercise to detect fraud. It is also not a forecast of the future market performance and the earnings prospects of the issuer; also it does not indicate compliance/violation of various statutory requirements. CARE shall not be liable for any losses incurred by users from any use of the IPO grading.

Annexure 1

CARE IPO grading Scale

| CARE IPO grade | Evaluation |
|-----------------------|----------------------------|
| CARE IPO Grade 5 | Strong fundamentals |
| CARE IPO Grade 4 | Above average fundamentals |
| CARE IPO Grade 3 | Average fundamentals |
| CARE IPO Grade 2 | Below average fundamentals |
| CARE IPO Grade 1 | Poor fundamentals |





CREDIT ANALYSIS & RESEARCH LTD.

4TH Floor, Godrej Coliseum,
Somaiya Hospital Road,
Off Eastern Express Highway,
Sion (East), Mumbai - 400 022, INDIA.
☎ : 67543456 Fax : (022) 67543457
E-mail : care@careratings.com
www.careratings.com

Mr. Vinay Mittal
Chief Financial Officer
Shilpi Cable Technologies Limited
A-19/B-1 Extension,
Mohan Cooperative Industrial Estate,
P. O. Badarpur, Mathura Road,
New Delhi-110044

January 14, 2011

Dear Sir,

IPO Grading

Please refer to our letter dated January 14, 2011 on the above subject.

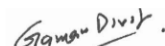
2. The rationale for the grading is attached as an **Annexure - I**. Kindly note that the rationale would be published in the forthcoming issue of our quarterly journal, 'CAREVIEW'.
3. A write-up on the above grading is proposed to be issued to the press shortly. A draft of the press release is enclosed for your perusal as **Annexure - II**.
4. We request you to peruse the Rationale and Press Release and offer your comments, if any. We are doing this as a matter of courtesy to our clients and with a view to ensure that no factual inaccuracies have inadvertently crept in. Kindly revert as early as possible. In any case, if we do not hear from you by January 21, 2011 we will proceed on the basis that you have no comments to offer.

If you have any further clarifications, you are welcome to approach us.

Thanking you,

Yours faithfully,


[Deepak Mendon]
Manager


[Gaurav Dixit]
Senior Manager

Encl.: As above

Annexure-I

Grading Rationale

Shilpi Cable Technologies Limited (SCTL)

Grading Assigned

| Instrument | Amount (Rs. crore) | Grading ¹ | Remarks |
|-------------------------------|-----------------------|----------------------|-----------------|
| Initial Public Offering (IPO) | 55.88 | 'IPO Grade 1' | Initial Grading |
| Total Facilities | 55.88 | | |

Grading Rationale

The grading is constrained by losses during the past years, liquidity crunch leading to delays in repayment of term loan installments and high working capital utilisation and relatively high gearing. The grading is further constrained by very short track record of the company in manufacturing of RF cables, volatility in raw material prices and increasing competition from the domestic and international players.

The grading, however, derives strength from the experience of the promoters in the business, substantial increase in revenue during FY10 and favourable growth potential of the telecom sector.

Background

Shilpi Cable Technologies Limited (SCTL) is a closely held public limited company incorporated in July 2006. SCTL was formerly known as M/s Rosenberger Shilpi Cable Technologies Ltd. which was a 50:50 joint venture between Shilpi Communications Pvt. Ltd. (SCPL) and M/s Rosenberger Hochfrequenztechnik GmbH & Co. KG, Germany. The company was set up to take up the project of manufacturing of Radio Frequency (RF) Cables which are used in telecom towers.

The project started commercial production in January 2008 with an installed capacity of 18,245 km of cables at the total cost of Rs.95 crore.

However later on in 2008, due to a dispute between the JV partners, the shares of Rosenberger were acquired by the Indian promoters who are the present promoters of

¹ Complete definition of the grading assigned is available at www.careratings.com and in other CARE Publications



January 14, 2011

Page 1 of 7

the company. On account of differences between the JV partners, the plant stopped production soon after it started in January 2008 and could again restart the production in September 2008 after the completion of buyout process among JV partners. The sales could start on a regular basis only from the month of December 2008 and therefore the company incurred losses in FY09. This adversely impacted the liquidity position of the company, with the company rescheduling its debt repayment during October 2009.

The proposed expansion project entails setting up of new capacity for 20,000 kms of cables and wires along with 80,000 nos of cable assemblies at the existing manufacturing unit of the Company in Alwar, Rajasthan. The total estimated project cost is about Rs.29.33 crore into fixed assets and Rs.15.54 crore towards long-term working capital requirement which is expected to be fully funded through the IPO proceeds.

Management

Mr. Mukesh Gupta, Promoter and Managing Director of SCTL, Mr. Manish Goel, Whole time Director of SCTL, and Mr. Ghanshyam Pandey, executive director, closely manage the business of the company with the support of the qualified professional team. Mr. Gupta has more than 20 years of experience in telecom cable industry. Further, Mr. Pandey, executive director has 27 years of experience in manufacturing of telecom cables and metal alloys and Mr. Goel, has around 6 years of experience in manufacturing of cables and wires. The promoters are supported by an experienced and qualified management team.

Corporate Governance

SCTL has eight directors, of which the Chairman of the board is an executive director. According to the requirements of clause 49 of the Listing Agreement, a company is required to have 50 per cent independent directors on the board, if the chairman of the board is also an executive director of the company. Accordingly, SCTL has three executive directors and five independent directors. The company has an audit committee (reconstituted on October 1, 2008), remuneration committee (constituted on October 1, 2008) and and Share Transfer and Shareholders Grievance Committee (constituted on October 9, 2009).

Litigations

An appeal has been filed by SCTL, to the Appellate Tribunal under section 129A(1) of the Customs Act, 1962, against the order of the Assistant Commissioner of Customs, January 14, 2011

Page 2 of 7



Inland Container Depot, Tughlakhbad in respect of consignment of “7/8 Inches feeder cable, imported by the company, in which he disallowed certain exemptions that were claimed by the company. The amount involved is Rs.2.51 lacs. The date of the hearing is yet to be notified. There are no criminal cases against the company or its promoters.

Operations

SCTL is into manufacturing of RF Cables which are used in telecom towers with the manufacturing unit located in Alwar, Rajasthan with an installed capacity of 18,245 km of cables. SCTL's principal raw material is copper, which formed around 95% of the total cost during FY10. The main components of raw material are Copper tube, copper clad aluminium wire, copper tape, linear low density and black jacketing polythene and HDPE. Since the copper prices are widely fluctuating, any volatility in prices may impact the profitability of the company.

IPO Details

SCTL proposes to make a public offer of equity shares at face value of Rs.10 each aggregating to Rs.55.88 crore. The proceeds from the issue are intended to be deployed towards:

- Capital expenditure on Cable/ wire Assembly shop, tools for 3G enabling and augmenting cable manufacturing capabilities;
- Long term working capital requirement for the proposed new businesses;
- Investment in the Subsidiary of the Company, M/s Shilpi Cabletronics Limited;
- General corporate purposes;
- Meeting expenses of the issue.

Financial Analysis

Sales of SCTL have increased significantly in FY10 on account of the company having its first full year of operations in FY10. The company could operate for only 6 months in FY09 as compared to the whole year in FY10. Though the PBILDT has increased substantially in FY10 on account of an increase in the net sales of the company for the year, the PBILDT margin has gone down due to increase in raw material prices. From a situation of net loss in FY08, PAT increased to Rs. 9.7 crore in FY10 due to a substantial increase in the income from operations. The PAT was negative in the FY09 on account of fixed overheads, initial teething problems and low capacity utilization. The average Return on Capital Employed (ROCE) and EPS of



January 14, 2011

Page 3 of 7

SCTL improved to 23.37% and Rs.4.01 respectively in FY10 due to improved profitability during the year.

The Share Capital of SCTL has increased by 4.2 crores in FY10 due to issue of equity shares of Rs.10/- each fully paid up at a premium of Rs.20/- per share in cash to its holding company on a preferential basis. This resulted in increase in tangible networth of the company as on March 31, 2010.

The overall gearing has improved in FY10, although is still high, on account of plough back of profits and repayment of installments of term liabilities.

As per provisional results for H1FY11, SCTL registered an operating income of Rs.108.34 crore with PAT of Rs.4.77 crore.

Industry Review

The Indian telecom sector is the second largest in the world with 671.69 mn subscribers as on June 30, 2010. The sector has grown very fast over the past few years, aided by enabling regulations, heightened competition resulting in across-the-board lowering of tariffs, higher disposable income due to India's strong GDP growth rates and greater coverage of India's landscape by mobile service operators. Over the period (ending June 30) 1998-2010 the telecom subscribers grew at a CAGR of around 35.20%. The growth in total subscriber base of telecom services has been driven by the exponential growth of mobile services. Although there is still a huge potential for growth in this sector, the recent tariff war among the telecom players in order to capture the market share has left most of the telecom companies with lower growth in revenues and fall in margins.

Future Outlook

The next phase of growth would be led by rural India, where tele-density levels are still very low (26.43% as on June 30, 2010). All the service providers who had received the licenses and spectrum in 2007-08 have launched their operations. This will further help in increasing the telecom penetration in the country and result in better service offerings for the end consumers. The future growth would also be led by the 3G services which will provide fast Internet access on mobile phones. These all factors will increase the demand for passive infrastructure which will benefit SCTL.



January 14, 2011

Page 4 of 7

Financial Performance (Standalone)

| | (Rs. Cr) | | |
|--|----------|----------|------------|
| For the period ended / as at Mar.31, | 2008 | 2009 | 2010 |
| | (1m, A)* | (6m, A)# | (12m, A)\$ |
| Working Results | | | |
| Net Sales | (-)ve | 48.32 | 169.89 |
| Total Operating income | (-)ve | 48.55 | 171.91 |
| PBILDT | (-)ve | 10.02 | 29.64 |
| Interest | 1.52 | 7.98 | 11.83 |
| Depreciation | 0.66 | 1.79 | 3.08 |
| PBT | (-)ve | 0.27 | 14.73 |
| PAT (after deferred tax) | -0.35 | -1.43 | 9.70 |
| Gross Cash Accruals | -2.26 | 2.01 | 15.37 |
| Financial Position | | | |
| Equity share capital | 20.00 | 20.00 | 24.20 |
| Networth | 18.08 | 25.30 | 43.19 |
| Total capital employed | 90.55 | 102.24 | 125.01 |
| Key Ratios | | | |
| <i>Growth</i> | | | |
| Growth in Total income (%) | | NM | NM |
| Growth in PAT (after D.Tax) (%) | | NM | NM |
| <i>Profitability</i> | | | |
| PBILDT/Total Op. income (%) | 193.57 | 20.64 | 17.24 |
| PAT (after deferred tax)/ Total income | 93.44 | (-)ve | 5.64 |
| <i>ROCE (%)</i> | | | |
| ROCE (%) | (-)ve | 8.56 | 23.37 |
| <i>RONW</i> | | | |
| RONW | (-)ve | (-)ve | 28.33 |
| <i>EPS (Rs.)</i> | | | |
| EPS (Rs.) | (-)ve | (-)ve | 4.01 |
| <i>Average cost of borrowing (%)</i> | | | |
| Average cost of borrowing (%) | 3.18 | 10.68 | 14.90 |
| <i>Solvency</i> | | | |
| Long Term Debt Equity ratio (times) | 2.59 | 1.87 | 0.98 |
| Overall gearing ratio(times) | 4.01 | 3.04 | 1.89 |
| Interest coverage(times) | (-)ve | 1.26 | 2.50 |
| Term debt/Gross cash accruals(years) | (-)ve | 25.89 | 3.68 |
| <i>Liquidity</i> | | | |
| Current ratio(times) | 0.96 | 1.05 | 1.03 |
| Quick ratio(times) | 0.23 | 0.57 | 0.75 |
| <i>Turnover</i> | | | |
| Average collection period (days) | 12 | 74 | 79 |
| Average creditors (days) | NM | 98 | 75 |
| Average inventory (days) | NM | 216 | 63 |
| Operating cycle (days) | NM | 192 | 68 |

NM: Not Meaningful

* In FY08, there was production only for 1 month (on account of dispute between the JV partners).

#In FY09, there was production for only 6 months and sales for only 4 months (on account of dispute between the JV partners).

\$FY10 is the first year in which there was production and sales for the entire year

DISCLAIMER:

CARE's IPO grading is a one time assessment and the analysis draws heavily from the information provided by the issuer as well as information obtained from sources believed by CARE to be accurate and reliable. However, CARE, does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. CARE's IPO grading does not take cognizance of the price of the security and it is not a recommendation to buy, sell or hold shares/securities. It is also not a comment on the offer price or the listed price of the scrip. It does not imply that CARE performs an audit function or forensic exercise to detect fraud. It is also not a forecast of the future market performance and the earnings prospects of the issuer; also it does not indicate compliance/violation of various statutory requirements. CARE shall not be liable for any losses incurred by users from any use of the IPO grading.



January 14, 2011

Page 5 of 7

Annexure II

Press Release

CARE assigns 'IPO Grade 1' to the proposed Initial Public Offering (IPO) of Shilpi Cables Technologies Limited (SCTL)

Grading

| Instrument | Amount (Rs. crore) | Grading ¹ | Remarks |
|-------------------------------|-----------------------|----------------------|-----------------|
| Initial Public Offering (IPO) | 55.88 | 'IPO Grade 1' | Initial Grading |
| Total Facilities | 55.88 | | |

Grading Rationale

The grading is constrained by losses during the past years, liquidity crunch leading to delays in repayment of term loan installments and high working capital utilisation and relatively high gearing. The grading is further constrained by very short track record of the company in manufacturing of RF cables, volatility in raw material prices and increasing competition from the domestic and international players.

The grading, however, derives strength from the experience of the promoters in the business, substantial increase in revenue during FY10 and favourable growth potential of the telecom sector.

Company Profile

Shilpi Cable Technologies Limited (SCTL), incorporated in July 2006 was formerly known as M/s Rosenberger Shilpi Cable Technologies Ltd. which was a 50:50 joint venture between Shilpi Communications Pvt. Ltd. (SCPL) and M/s Rosenberger Hochfrequenztechnik GmbH & Co. KG, Germany. SCTL was set up to take up the project of manufacturing of Radio Frequency (RF) Cables with an installed capacity of 18,245 km of cables used in telecom towers. On account of differences between JV partners, the plant stopped production soon after it started in January 2008 and could again restart the production in September 2008 after the completion of buyout process among JV partners and SCTL acquiring stake from the JV partner.



¹Complete definition of the grading assigned is available at www.careratings.com and in other CARE Publications

January 14, 2011

Page 6 of 7



On a total operating income of Rs.171.91 crore in FY10, SCTL earned a PAT of Rs.9.70 crore.

As per provisional results for H1FY11, SCTL registered an operating income of Rs.108.34 crore with PAT of Rs.4.77 crore.

Analyst Contact

Name: Gaurav Dixit

Tel # 67543483

Mobile # 9892962879

Email: Gaurav.dixit@careratings.com

CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

DISCLAIMER:

CARE's IPO grading is a one time assessment and the analysis draws heavily from the information provided by the issuer as well as information obtained from sources believed by CARE to be accurate and reliable. However, CARE, does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. CARE's IPO grading does not take cognizance of the price of the security and it is not a recommendation to buy, sell or hold shares/securities. It is also not a comment on the offer price or the listed price of the scrip. It does not imply that CARE performs an audit function or forensic exercise to detect fraud. It is also not a forecast of the future market performance and the earnings prospects of the issuer; also it does not indicate compliance/violation of various statutory requirements. CARE shall not be liable for any losses incurred by users from any use of the IPO grading.



January 14, 2011

Page 7 of 7