



V-GUARD INDUSTRIES LIMITED

(Our Company was originally incorporated as V- Guard Industries Limited on February 12, 1996 under the Companies Act, 1956, with the Registration No. 09-10010 of 1996. With effect from November 15, 2001 our Company was converted into a Private Limited Company and subsequently got converted into a Public Limited Company on August 1, 2007 and received a fresh certificate of incorporation in the name of "V-Guard Industries Limited". Our Corporate Identity Number is U31200KL1996PLC010010)

Registered cum Corporate Office: 44/1037, Little Flower Church Road, Kaloor, Cochin- 682017, Kerala, India;
 Our Company has not changed its registered office since its incorporation.

Tel. No. -91-0484-2539911, 2530912 Fax No. - 91-0484-2539958, Website: www.vguard.in
 Contact Person & Compliance Officer: Mr. T. Nandakumar, E-mail: ipo@vguard.in

PUBLIC ISSUE OF 80,00,000 EQUITY SHARES OF RS. 10 EACH FOR CASH AT A PRICE OF RS. 82 PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF RS. 72 PER EQUITY SHARE) FOR CASH AGGREGATING TO RS. 6560.00 LAKHS (THE "ISSUE") OUT OF WHICH 4,00,000 EQUITY SHARES HAVE BEEN RESERVED FOR ELIGIBLE EMPLOYEES OF OUR COMPANY ("EMPLOYEE RESERVATION PORTION"). THE NET ISSUE TO THE PUBLIC SHALL BE 76,00,000 EQUITY SHARES OF RS.10 EACH FOR CASH AT A PRICE OF RS.82 PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF RS. 72 PER EQUITY SHARE) FOR CASH AGGREGATING TO RS. 6232.00 LAKHS (THE "NET ISSUE TO PUBLIC")
THE ISSUE WILL CONSTITUTE 26.80 % OF THE FULLY DILUTED POST ISSUE PAID-UP CAPITAL OF OUR COMPANY AND THE NET ISSUE TO PUBLIC WILL CONSTITUTE 25.46 % OF THE FULLY DILUTED POST ISSUE PAID –UP CAPITAL OF OUR COMPANY.

ISSUE PRICE: RS. 82 PER EQUITY SHARE OF FACE VALUE OF RS.10/-

THE ISSUE PRICE IS 8.2 TIMES THE FACE VALUE

In case of revision in the Price Band, the Bidding/Issue Period shall be extended for three additional working days after such revision, subject to the Bidding/Issue Period not exceeding 10 working days. Any revision in the Price Band, and the revised Bidding/Issue Period, if applicable, shall be widely disseminated by notification to the Bombay Stock Exchange Limited ("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 ("BRLM") and the terminals of the member(s) of the Syndicate.

This Issue is being made through a 100% Book Building Process wherein up to 50% of the Net Issue to public shall be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs"). 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only and the remaining QIB portion shall be available for allocation on a proportionate basis to QIB bidders including Mutual Funds subject to valid bids being received at or above the Issue Price. Further, not less than 15% of the Net Issue to public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue to public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.

RISK IN RELATION TO THE FIRST ISSUE

This being the first issue of Equity Shares of our Company, there has been no formal market for our Equity Shares. The face value of the shares is Rs. 10 and the Issue Price is 8.2 times of the face value. The Issue Price (as determined by our Company, in consultation with the BRLM on the basis of assessment of market demand for the Equity Shares by way of Book Building) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares of our Company or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of our Company and this Issue including the risks involved. The Equity Shares issued in this Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of this Prospectus.

Specific attention of the investors is invited to the statements in the chapter titled 'Risk Factors' beginning on page no. x of this Prospectus.

OUR COMPANY'S ABSOLUTE RESPONSIBILITY

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

LISTING

The Equity Shares issued through this Prospectus are proposed to be listed on the Bombay Stock Exchange Limited ("BSE") and the National Stock Exchange of India Limited ("NSE"). We have received in-principle approvals from these Stock Exchanges for the listing of our Equity Shares pursuant to letters nos. DCS/IPO/MT/IPO-IP/1495/2007-08 and NSE/LIST/63136-Q dated December 18, 2007 and December 24, 2007 respectively. For purposes of this Issue, BSE is the Designated Stock Exchange.

IPO GRADING

CRISIL has assigned "IPO Grade 3, indicating average fundamentals, to the proposed IPO of V-Guard Industries Limited (VIL), through its letter dated January 14, 2008. For more information on our IPO grading, please refer to the chapter titled "General Information" beginning on page no. 6 of this Prospectus.

BOOK RUNNING LEAD MANAGER



Anand Rathi Financial Services Limited
 11th Floor, Times Tower
 Senapati Bapat Marg
 Lower Parel
 Mumbai – 400 013.
Tel: +91- 22 4047 7000
Fax: +91- 22 4047 7070
Email: vguardipo@rathi.com
Website: www.rathi.com
 SEBI Registration No. INM 000010478

REGISTRAR TO OUR ISSUE



Intime Spectrum Registry Limited
 C-13, Pannalal Silk Mills Compound,
 LBS Marg,
 Bhandup (West),
 Mumbai – 400 078
Tel: +91- 22-2586 0320
Fax: +91- 22- 2596 0329
Email: vil.ipo@intimespectrum.com
Website: www.intimespectrum.com
 SEBI Registration No. INR 000003761

ISSUE PROGRAMME

BID/ ISSUE OPENED ON	February 18, 2008	BID/ISSUE CLOSED ON	February 21, 2008
-----------------------------	--------------------------	----------------------------	--------------------------

TABLE OF CONTENTS

Table of Contents	Page No.
Section I – Definitions and Abbreviations	
Conventional / General Terms	i
Issue Related Terms	ii
Company / Industry related Terms	v
Abbreviations	vi
Presentation of Financial Information and Use of Market Data	viii
Section II – Risk Factors	
Forward looking Statements	ix
Risk Factors	x
Section III – Introduction	
Summary	1
General Information	6
Capital Structure	14
Objects of this Issue	27
Basic Terms of this Issue	40
Basis for Issue Price	41
Statement of Tax Benefits	43
Section IV – About us	
Industry Overview	51
Business Overview	62
Key Industry Regulations and Policies	99
Our History and Corporate Structure	101
Our Management	106
Our Promoters	118
Related Party Transactions	120
Dividend Policy	120
Section V – Financial Statements	
Financial Information	122
Group Companies/Other Ventures Promoted by our Promoters	163
Management’s Discussion and Analysis of the Financial Conditions	170
Section VI – Legal and Regulatory Information	
Outstanding Litigation, Material Developments and Other Disclosures	187
Government/Statutory and other Business Approvals	207
Section VII –Other Regulatory and Statutory Disclosures	
	226
Section VIII – Issue Related Information	
Terms of the Issue	236
Issue Structure	239
Issue Procedure	242
Section IX – Main Provisions of the Articles of Association of our Company	
	272
Section X – Other Information	
Material Contracts and Documents for Inspection	297
Declaration	300

SECTION I – DEFINITIONS AND ABBREVIATIONS

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

Term	Description
“VIL”, “V-Guard” “our Company”, “the Company”, “Issuer”, “we” or “us”	V-Guard Industries Limited, a company incorporated under the Companies Act, 1956, having its registered cum corporate office at 44/1037, Little Flower Church Road, Kaloor, Cochin- 682017, Kerala, India.
“our Promoters”	Mr. Kochouseph Chittilappilly and Mrs. Sheela Kochouseph Chittilappilly
Promoter Director	Mr. Kochouseph Chittilappilly
“ The Group” or “ Group Companies”	Unless the context otherwise requires, refers to those companies/entities mentioned in the chapter titled “Group Companies/Other Ventures Promoted by the Promoters” on page no. 163 of this Prospectus
“you”, “your” or “yours”	Prospective investors in this Issue

CONVENTIONAL / GENERAL TERMS

Term	Description
Articles/ Articles of Association	Articles of Association of the Company, as amended from time to time
Board of Directors / Board	The Board of Directors of our Company or a committee thereof
Companies Act	The Companies Act, 1956, as amended from time to time.
Depositories Act	The Depositories Act, 1996, as amended from time to time.
Depository	A Depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time.
Depository Participant	A depository participant as defined under the Depositories Act.
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time, and the Regulations framed there under.
FII / Foreign Institutional Investor	Foreign Institutional Investor(s) registered with SEBI under applicable laws in India
Financial Year/ Fiscal Year/ FY / Fiscal	The period of twelve months ended March 31 of that particular year.
FVCIs	Foreign Venture Capital Investors, defined and registered with SEBI under the SEBI (Foreign Venture Capital Investor) Regulations, 2000 as amended from time to time
General Meeting	General Meeting includes all kinds of General Meetings, whether Annual, Extraordinary or Statutory.
I.T. Act	The Income Tax Act, 1961, as amended from time to time.
Non Resident	All eligible Bidders, including Eligible NRIs, FIIs and FVCIs who are not persons resident in India.
Memorandum / MoA	Memorandum of Association of our Company, as amended from time to time
MF/MFs	Mutual Funds.
MoU	Memorandum of Understanding.
NAV	Net Asset Value.
NRI/ Non-Resident Indian	A person resident outside India, as defined under FEMA, and who is a citizen of India or a person of Indian origin, each such term as defined under the FEM (Deposit) Regulations, 2000, as amended from time to time.
Person/Persons	Any individual, sole proprietorship, unincorporated association, unincorporated organization, body corporate, corporation, company, partnership, limited liability company, joint venture, or trust or any other entity or organization validly constituted and/or incorporated in the jurisdiction in which it exists and operates, as the context requires.
RBI	The Reserve Bank of India.
Reserve Bank of India Act/ RBI	The Reserve Bank of India Act, 1934, and subsequent amendments thereto.

Term	Description
Act	
Insider Trading Regulations	SEBI (Prohibition of Insider Trading) Regulations, 1992, and subsequent amendments thereto, including instructions and clarifications issued by SEBI from time to time.
SCRA	Securities Contracts (Regulation) Act, 1956, and subsequent amendments thereto.
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, and subsequent amendments thereto.
SEBI Guidelines	SEBI (Disclosure and Investor Protection) Guidelines, 2000 issued by SEBI on January 27, 2000, and subsequent amendments thereto, including instructions and clarifications issued by SEBI from time to time.
SEBI (SAST) Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997, and subsequent amendments thereto.
SSI	Small Scale Industries

ISSUE RELATED TERMS

Term	Description
Allotment/ Allotment of Equity Shares	Unless the context otherwise requires, allotment of Equity Shares pursuant to this Issue.
Allocation/ Allocation of Equity Shares	Unless the context otherwise require, allocation of Equity Shares pursuant to the Issue.
Allottee	The successful Bidders to whom Equity Shares are being /have been allotted.
Banker(s) to this Issue	HDFC Bank Limited, ABN AMRO Bank N.V., Axis Bank Limited, Standard Chartered Bank Limited and Centurion Bank of Punjab Limited
Bid	An indication to make an offer, made during the Bidding Period by a prospective investor to subscribe to the Equity Shares at a price within the Price Band, including all revisions and modifications thereto.
Bid Amount	The highest value of the optional Bids indicated in the Bid Cum Application Form and payable by the Bidder on submission of the Bid for this Issue.
Bid / Issue Closing Date	The date after which the member(s) of the Syndicate will not accept any Bids for this Issue, which shall be notified in a widely circulated English national newspaper, a Hindi national newspaper and a regional language newspaper.
Bid/ Issue Opening Date	The date on which the member(s) of the Syndicate shall start accepting Bids for this Issue, which shall be the date notified in a widely circulated English national newspaper, a Hindi national newspaper and a regional language newspaper.
Bid Cum Application Form	The form in terms of which the Bidder shall make an offer to subscribe to the Equity Shares of our Company and which will be considered as the application for Allotment in terms of the Red Herring Prospectus and 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 / Book Building	Book building mechanism as provided under Chapter XI of the SEBI Guidelines, in terms of which this Issue is made.
BRLM / Book Running Lead Manager	Book Running Lead Manager to this Issue, in this case being Anand Rathi Financial Services Limited
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 Issue Price in accordance with the Book Building Process.
Cap Price	The upper end of the Price Band, above which the Issue Price will not be finalised and above which no Bids will be accepted.

Term	Description
Cut off / Cut off Price	The Issue Price finalised by our Company in consultation with the BRLM and it shall be any price within the Price Band. A Bid submitted at the Cut off Price by a Retail Individual Bidder and Employees under the Employee Reservation Portion is a valid Bid at all price levels within the Price Band.
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	BSE is the designated Stock Exchange for the purpose of this Issue
Draft Red Herring Prospectus	This Draft Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, which does not have complete particulars on the price at which the Equity Shares are offered and size of this Issue.
Eligible Employees	For the portion of the Employees Reservation Portion, Eligible Employee means a permanent employee or the Director of our Company, who is an Indian National based in India and is physically present in India on the date of submission of the Bid cum Application form. In addition, such person should be an employee on the payroll of our company as on the date of filing of the Red Herring Prospectus with RoC. Promoter Directors and/ or their relatives are not eligible to be treated as eligible employees.
Eligible NRIs	NRIs from such jurisdiction outside India where it is not unlawful for our Company to make this Issue or an invitation under this Issue and in relation to whom the Red Herring Prospectus constitutes an invitation to subscribe to the Equity Shares allotted herein.
Employee Reservation Portion	The portion of the Issue being a maximum of 4,00,000 Equity Shares available for Allocation to the Eligible Employees of our Company
Equity Shares	Equity Shares of our Company of face value of Rs. 10/- each unless otherwise specified in the context thereof.
Escrow Account(s)	Account opened with Escrow Collection Bank(s) and in whose favor the Bidder will issue cheques or drafts in respect of the Bid Amount when submitting a Bid.
Escrow Agreement	Agreement to be entered into between our Company, the Registrar to this Issue, the Escrow Collection Banks and the BRLM in relation to the collection of Bid Amounts and dispatch of refunds (if any) of the amounts collected, to the Bidders.
Escrow Collection Bank(s)	The banks, which are registered with SEBI as Banker (s) to the Issue at which the Escrow Account for the Issue will be opened, in this case being HDFC Bank Limited, ABN AMRO Bank N.V., Axis Bank Limited, Standard Chartered Bank and Centurion Bank of Punjab Limited.
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, below which the Issue Price will not be finalised and below which no Bids will be accepted.
Indian GAAP	Generally Accepted Accounting Principles in India.
Indian National	As used in the context of the Employee Reservation Portion, a Citizen of India as defined under the Indian Citizenship Act, 1955 as amended from time to time, who is not an NRI.
Issue	This Issue of 80,00,000 Equity Shares of Rs.10 each fully paid up at the Issue Price aggregating Rs. 6560.00Lakhs.
Issue Price	The final price at which Equity Shares will be issued and allotted in terms of the Red Herring Prospectus. The Issue Price will be decided by our Company in consultation with the BRLM on the Pricing Date.
Margin Amount	The amount paid by the Bidder at the time of submission of the Bid, being 10% to 100% of the Bid Amount.
Mutual Funds	Means Mutual Funds registered with SEBI pursuant to the SEBI (Mutual Funds) Regulations, 1996, as amended from time to time.
Mutual Fund Portion	Upto 5 % of the QIB portion, being 1,90,000 Equity Shares, available for

Term	Description
	Allocation on proportionate basis to Mutual Funds only. The remainder of the QIB portion shall be available for Allocation on a proportionate basis to all QIB bidders, including Mutual Funds.
Net Issue or Net Issue to the Public	76,00,000 Equity Shares of Rs. 10 each fully paid up at the Issue Price aggregating to Rs. 6232.00 lakhs.
Non-Institutional Bidders	All Bidders that are not Qualified Institutional Buyers or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than Rs. 1,00,000/-.
Non-Institutional Portion/ Non-Institutional Bidders Portion	The portion of the Issue being 11,40,000 Equity Shares of Rs. 10/- each available for allocation to Non Institutional Bidders.
OCB / Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs, including overseas trust in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under Foreign Exchange Management (Deposit) Regulations, 2000. OCBs are not allowed to invest in this Issue.
Pay-in Date	Bid / Issue Closing Date or the last date specified in the CAN sent to Bidders receiving Allocation, who pay less than 100% Margin Amount at the time of Bidding, as applicable.
Pay-in-Period	Means: (i) With respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid/ Issue Opening Date and extending until the Bid/Issue Closing Date; and (ii) With respect to other Bidders, whose Margin Amount is less than 100% of the Bid Amount, the period commencing on the Bid/Issue Opening Date and extending until the closure of the Pay-in Date.
Price Band	The price band of a minimum price ("Floor Price") of Rs. 80 and the maximum price ("Cap Price") of Rs. 85 and includes revisions thereof, if any.
Pricing Date	The date on which our Company in consultation with the BRLM finalizes the Issue Price.
Prospectus	The Prospectus, to be filed with the RoC in accordance with the provisions of the Companies Act containing, <i>inter alia</i> , the Issue Price that is determined at the end of the Book Building Process, the size of this Issue and certain other information.
Public Issue Account	Account opened with the Banker(s) to this Issue to receive monies from the Escrow Account for this Issue on the Designated Date.
QIB Margin Amount	An amount representing at least 10% of the Bid Amount.
QIB Portion	The portion of the Issue to public and upto 38,00,000 Equity Shares of Rs.10 each at the Issue Price aggregating Rs.3116.00 lakhs being upto 50% of the Net Issue, available for Allocation to QIBs. 5% of the QIB Portion shall be available for Allocation on a proportionate basis to Mutual Funds only.
Qualified Institutional Buyers or QIBs	Public financial institutions as specified in Section 4A of the Companies Act, FIs registered with SEBI, scheduled commercial banks, mutual funds registered with SEBI, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 2500 lakhs (subject to applicable law) and pension funds with minimum corpus of Rs. 2500 lakhs (subject to applicable law).
Red Herring Prospectus	The Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, which does not have complete particulars on the price at which the Equity Shares are offered and size of this Issue. The Red Herring Prospectus will be filed with the RoC at least three days before the opening of this Issue and will become a Prospectus after filing with the RoC, the copy that includes the details of pricing and Allocation and final size of this Issue.

Term	Description
Refund Account	Account to which subscription monies to be refunded to the investors shall be transferred from the Public Issue Account
Refund Banker(s)	HDFC Bank Limited
Registrar/ Registrar to this Issue	Intime Spectrum Registry Limited
Retail Individual Bidders	Individual Bidders (including HUFs) who have Bid for an amount less than or equal to Rs. 1,00,000 in any of the bidding options in this Issue.
Retail Portion	Consists of up to 26,60,000 Equity Shares of Rs. 10 each aggregating Rs. 2181.20 lakhs, being up to 35% of the Net Issue, available for Allocation to Retail Individual Bidder(s).
Revision Form	The form used by the 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).
Stock Exchanges	Bombay Stock Exchange Limited and National Stock Exchange of India Limited
Syndicate	The BRLM and the Syndicate Member(s).
Syndicate Agreement	The agreement to be entered into between our Company and the members of the Syndicate, in relation to the collection of Bids in this Issue.
Syndicate Members	Intermediaries registered with SEBI and Stock Exchanges and eligible to act as underwriters. Syndicate Member(s) is / are appointed by the BRLM, in this case being Anand Rathi Financial Services Limited.
Transaction Registration Slip/ TRS	The slip or document issued by the members of the Syndicate to the Bidders as proof of registration of the Bid.
Underwriters	The BRLM and the Syndicate Member(s).
Underwriting Agreement	The agreement between the Members of the Syndicate and our Company to be entered into on or after the Pricing Date.

COMPANY / INDUSTRY RELATED TERMS

Term	Description / Full Form
AC	Alternative Current
APDRP	Accelerated Power Development & Reform Programme
ATM	Automated Teller Machine
BFSI	Banking, Financial Service and Insurance
Capex	Capital Expenditure
CAGR	Compounded Annual Growth Rate
CTV	Colour Television
DC	Direct Current
DSA	Direct Selling Agent
FR	Fire Retardent
FRLS	Flame Retardent and Low Smoke
HP	Horse Power
HT Cable	High Tension Cables
IMRB-BIRD	Indian Market Research Bureau - Business and Industrial Research Division
ISO	Indian Standards Organization
Kg/cm ²	Kilo gram cm ²
KIADB	Karnataka Industrial Area Development Board
Kltrs	Kilo Litres
Kms/Kmts	Kilometers
KVA	Kilo Volt Amps
KWH	Kilo Watt Hour
LT Cable	Low Tension Cable
Lts	Litres

Term	Description / Full Form
M ³ /HR	Metre cube per Hour
MCC	Multi Core Cable
MNC	Multinational Corporation
MW	Mega Watt
NCAER	National Council for Applied Economic Research
O.H. Crane	Over Head Crane
P.A.	Per Annum
PC's	Personal Computers
PVC	Polyvinyl Chloride
R&D	Research and Development
RBD Machine	Rod Break Down Machine
RO	Reverse Osmosis
SEZ	Special Economic Zone
Sq. Mt.	Square Metres
SSI	Small Scale Industries
TIG	Tungsten Inter Gas
UT	Union Territory
VA	Volt Ampere
XLPE	Cross Linked Polyethelene Insulated Power Cable

ABBREVIATIONS

Abbreviation	Full Form
A/c	Account
AGM	Annual General Meeting.
AS	Accounting Standards issued by the Institute of Chartered Accountants of India.
BIFR	Board for Industrial and Financial Reconstruction
BSE	Bombay Stock Exchange Limited.
CAGR	Compounded Annual Growth Rate.
CDSL	Central Depository Services (India) Limited.
CIN	Corporate Identity Number
DP	Depository Participant.
DRHP	Draft Red Herring Prospectus
ECS	Electronic Clearing System
EBIDTA	Earnings before Depreciation, Interest, Tax, Amortization and extraordinary items.
EGM	Extraordinary General Meeting.
EPS	Earnings per Equity Share.
Euro/€	The legal currency of the European Union.
FCNR Account	Foreign Currency Non Resident Account.
FIPB	Foreign Investment Promotion Board.
FIs	Financial Institutions.
GAAP	Generally Accepted Accounting Policies
GIR Number	General Index Registry Number.
GoI/ Government	Government of India.
HUF	Hindu Undivided Family.
IPO	Initial Public Offer
I. T. Act	The Income Tax Act, 1961, as amended from time to time.
I. T. Rules	The Income Tax Rules, 1962, as amended from time to time, except as stated otherwise.
M Ha	Million hectares
MICR	Magnetic Ink Character Recognition

Abbreviation	Full Form
MoA	Memorandum of Association
MoU	Memorandum of Understanding
MNC	Multi National Company
NAV	Net Asset Value
NBFC	Non-Banking Finance Company
NEFT	National Electronic Fund Transfer
NoC	No Objection Certificate
NRE Account	Non-Resident External Account.
NRO Account	Non-Resident Ordinary Account.
NSDL	National Securities Depository Limited.
NSE	National Stock Exchange of India Limited.
NTA	Net Tangible Assets.
P.A.	Per annum
P/E Ratio	Price/Earnings Ratio.
PAN	Permanent Account Number.
PAT	Profit after tax
PBT	Profit before tax
R & D	Research and Development
RBI	The Reserve Bank of India.
RBI Act	The Reserve Bank of India Act, 1934, as amended from time to time.
RHP	Red Herring Prospectus
RoC/Registrar of Companies, Kerala	The Registrar of Companies, Company Law Bhawan, BMC Road, Thrikkakara, Kochi
RoNW	Return on Net Worth.
Rs./ Rupees / INR	Indian Rupees, the legal currency of the Republic of India.
RTGS	Real Time Gross Settlement
SCRA	The Securities Contracts (Regulation) Act, 1956, as amended from time to time.
SCRR	The Securities Contracts (Regulation) Rules, 1957, as amended from time to time.
SEBI	The Securities and Exchange Board of India.
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended from time to time.
SICA	Sick Industrial Companies (Special Provisions) Act, 1995, as amended from time to time
UIN	Unique Identification Number issued in terms of SEBI (Central Database of Market Participants) Regulations, 2003, as amended from time to time.
UoI	Union of India.
USD/ \$/ US\$	The United States Dollar, the legal currency of the United States of America.

PRESENTATION OF FINANCIAL INFORMATION AND USE OF MARKET DATA

Unless stated otherwise, the financial information used in this Prospectus is derived from our Company's restated financial statements as of and for the years ended on March 31, 2003, 2004, 2005, 2006, 2007 and period ended August 31, 2007, prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with SEBI Guidelines, as stated in the report of our Statutory Auditors, Deloitte Haskins & Sells, Chartered Accountants, included in this Prospectus. Financial information relating to the twelve months period ended on March 31, 2007 included in this Prospectus have been derived from the audited financial statements for such period, prepared in accordance with Indian GAAP and the Companies Act, as set forth in the report of our Statutory Auditors.

Our fiscal year commences on April 1 and ends on March 31 of a particular year. Unless stated otherwise, references herein to a fiscal year (e.g., fiscal 2007), are to the fiscal year ended March 31 of a particular year.

In this Prospectus, unless the context otherwise requires, all references to one gender also refers to another gender and the word "Lakhs / Lacs" means "one hundred thousand" and "Crore" means "one hundred Lacs". Further, any discrepancies in any table between the total and the sum of the amounts are due to rounding-off. Throughout this Prospectus, currency figures have been expressed in "Lakhs" except those, which have been reproduced/ extracted from sources as specified at the respective places.

Use of Market Data

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

Further the extent to which the market data presented in this Prospectus is meaningful depends on the reader's familiarity with the understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business and methodologies and assumptions may vary widely among different industry sources.

FORWARD LOOKING STATEMENTS

We have included statements in this Prospectus that contain words or phrases such as “will”, “aim”, “will likely result”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “will pursue” and similar expressions or variations of such expressions, that are 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. Important factors that could cause actual results to differ materially from our expectations include, among others:

- General economic and business conditions in India;
- Our ability to successfully implement our strategy, growth and expansion plans and technological initiatives;
- Our ability to anticipate trends in and suitably expand our current business lines;
- Our ability to respond to technological changes;
- Changes in laws and regulations relating to the industry in which we operate;
- Our ability to retain management team and skilled personnel;
- Our ability to successfully launch new products;
- Our ability to meet our capital expenditure requirement;
- Raw material Cost;
- Government Approvals;
- Increasing competition in and the conditions of our customers and the Consumer Durable and Electronic Equipment industry;
- Any adverse outcome in legal proceedings in which our Company is involved;
- Potential mergers, acquisitions or restructurings;
- The occurrence of natural disasters or calamities affecting the areas in which we have operations or outstanding credit; and
- Changes in political and social conditions in India.
- Performance of the financial markets, Indian and global.

For further discussion of factors that could cause our actual results to differ, see the sections titled “Risk Factors” and “Management’s Discussion and Analysis” beginning on page no. x and 170 of this Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Our company, the members of the syndicate and 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, our company and the BRLM will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges in respect of the Equity shares allotted in this issue.

SECTION II – RISK FACTORS

An investment in Equity Shares involves a high degree of risk. You should carefully consider all the information in this Prospectus, including the risks and uncertainties described below, before making an investment in the Equity Shares. If any of the following risks actually occur, our business, results of operations and financial condition could suffer, the trading price of the Equity Shares could decline, and you may lose all or part of your investment.

Prior to making an investment decision, prospective investors should carefully consider all of the information contained in this Prospectus, including Financial Statements included in this Prospectus beginning on page no. 122. Unless stated otherwise, the financial data in this section is as per our financial statements prepared in accordance with Indian GAAP.

Unless otherwise stated in the relevant risk factors set forth below, we are not in a position to specify or quantify the financial or other implications of any of the risks mentioned herein.

Materiality

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

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

INTERNAL RISK FACTORS

1. Project Related Risk Factors

- a. *Our Company is expanding capacity without firm commitments / orders.***

As stated in the Objects of this Issue beginig on page no. 27 of this Prospectus, our Company is expanding its capacity, which will require a larger customer base. In the absence of guaranteed customers for the increased production, there can be no assurance that we will be successful in selling the increased production. This may result in lower capacity utilization and adversely affect the operations and financial results.

- b. *Our fund requirement has not been appraised by any bank or financial institution.***

The funding requirements as mentioned under “the Objects of the Issue” have not been appraised by any bank or financial institution and are based on the estimation of our management.

- c. *We have not placed orders for all the plant and machineries to be acquired pursuant to the expansion proposed in the Objects of this Issue.***

We have estimated the requirement of plant, equipment and machinery based on quotations or internal estimates based on prevailing market prices of manufacturers/ suppliers of equipment. However, as on date of filing this Prospectus with SEBI, we have not placed orders amounting to Rs. 2266.05 lakhs or 64.32 % of the total value of plant and/or machinery to be financed from the proceeds of the issue. We cannot assure that we would be able to acquire the plant and machinery required for the same, or acquire them at the prices as quoted/estimated in this Prospectus. Any delay in acquisition of the plant and/or machinery required to be acquired herein could lead to time and cost overruns, and may have a material adverse effect on our business, results of operations and financial condition.

- d. *We have not yet identified or entered into any specific written agreement or arrangement for acquisition of land for setting up service and distribution centres at Hubli. Any delay in finalizing agreements for acquisition of land may delay our expansion plans.***

We have not yet definitively identified or entered into any written agreement or arrangement for acquisition of the land required to setup service and distribution centres at Hubli, since transactions for land acquisition have to be typically completed as soon as possible due to vendors availing multiple sale options and frequent price changes. However, identification of the suitable land may take a longer time than anticipated, and such delay(s) may defer our expansion plans.

e. *Our expansion plans are subject to the risk of cost and time overruns*

Our plan for capacity expansion and diversification as referred to in the section titled “Objects of this Issue” on page no. 27 of this Prospectus, contains project costs and implementation schedules. We intend to utilize the net proceeds of the Issue to increase the production capacity, to setup service and distribution centres and diversifying into other products, for which we are yet to acquire some of the lands, machinery etc. Our expansion plans are subject to a number of contingencies, including changes in laws and regulations, government action, delays in obtaining approvals, delays in getting requisite land, inability to obtain machinery and other supplies at quoted or at acceptable terms, accidents, natural calamities, terrorist activity and other factors, many of which may be beyond our control. We, therefore, cannot assure you that the costs incurred or time taken for implementation of these plans will not vary from our estimated parameters.

f. *Most of the regulatory approvals for the proposed expansion are yet to be applied and any delay or non-receipt of such approvals may delay the Proposed Expansion Project.*

As on date of filing this Prospectus, we have not applied for most of the licenses in relation to the objects of this Issue. We cannot assure that we would be able to apply for these licenses/approvals/permissions in a timely manner or at all, or that we would be granted such licenses/approvals/permissions in a timely manner. Such grant may also be subject to restrictions and/or permissions which may not be acceptable to us, or which may prejudicially affect our operations, and would have a material adverse effect on our business, results of operations and financial condition. For further details pertaining to the said licenses / approvals / permissions, please refer to the chapter titled ‘Government/Statutory and other Business Approvals’ beginning on page no. 207 of this Prospectus.

g. *We have not identified alternate sources of financing for the Proposed Expansion Projects as stated in the Objects of this Issue.*

The total requirement of funds is proposed to be funded by the net proceeds from this Issue. We have not identified alternate sources of financing for proposed expansion projects. Any delay on our part to raise money through this Issue will delay the proposed implementation of our plans. For details, please refer to chapter titled “Objects of this Issue” beginning on page 27 of this Prospectus

2. Other Risk Factors

a. *Our Company is involved in a number of legal proceedings which, if decided against us could impact our income and financial condition.*

Our Company is involved in various legal proceedings, which are pending at various stages of adjudication before the City Courts, High Courts, and various tribunals. Should any new developments arise, such as a change in Indian law or rulings against us by appellate courts or tribunals, we may need to establish reserves in our financial statements, which could increase our expenses and our current liabilities. Further, if a claim is determined against us and we are required to pay all or a portion of the disputed amount, it could have a material effect on our results of operations and cash flows. For further information regarding litigation, please refer to the chapter entitled ‘Outstanding Litigation, Material Developments and Other Disclosures’ beginning on page no. 187 of this Prospectus.

Type of Cases	Number of Cases	Amount Involved (Rs. in lakh) (Approx. and to the extent quantifiable)*
Cases filed against our Company		
Criminal	1	Not Quantifiable
Civil	5	Not Quantifiable

Type of Cases	Number of Cases	Amount Involved (Rs. in lakh) (Approx. and to the extent quantifiable)*
Consumer Dispute	2	0.25
Total	8	0.25
Cases filed by our Company		
Criminal	1	-
Civil	1	43.33
Pending Sales Tax Disputes	6	58.83
Total	8	102.16

b. Our Group Companies are involved in a number of legal proceedings.

Our Group Companies viz. M/s. Wonderla Holidays Private Limited, M/s. Veega Holidays and Parks Private Limited, M/s. V Star Creations Private Limited and M/s Pearlsport Resorts Limited are involved in various legal proceedings, which are pending at various stages of adjudication before the City Courts, High Courts, and various tribunals. For further information regarding litigation, please refer to the chapter entitled 'Outstanding Litigation, Material Developments and Other Disclosures' beginning on page no. 187 of this Prospectus.

Litigations involving our Group Company, M/s. Wonderla Holidays Private Limited:

Type of Cases	Number of Cases	Amount Involved (Rs. in lakh) (Approx. and to the extent quantifiable)
Cases filed against M/s. Wonderla Holidays Private Limited		
Criminal	-	-
Civil and Tax matters	1	151.66
Total	1	151.66
Cases filed by M/s. Wonderla Holidays Private Limited		
Criminal	-	-
Civil and Tax matters	2	756.77
Total	2	756.77

Litigations involving our Group Company, M/s. Veega Holidays and Parks Private Limited:

Type of Cases	Number of Cases	Amount Involved (Rs. in lakh) (Approx. and to the extent quantifiable)
Cases filed against M/s. Veega Holidays and Parks Private Limited		
Criminal	1	-
Civil and Tax Matters	2	27.99
Total	3	27.99
Cases filed by M/s. Veega Holidays and Parks Private Limited		
Criminal	-	-
Civil and Tax matters	3	26.61
Total	3	26.61

Litigations involving our Group Company, M/s. V Star Creations Private Limited:

Type of Cases	Number of Cases	Amount Involved (Rs. in lakh) (Approx. and to the extent quantifiable)
Cases filed against M/s. V Star Creations Private Limited		
Criminal	-	-
Civil and Tax matters	1	-
Total	1	-
Cases filed by M/s. V Star Creations Private Limited		
Criminal	1	-
Civil and Tax matters	3	-
Cases under Sec 138 of The Negotiable Instrument Act	12	9.32
Total	16	9.32

Litigations involving our Group Company, M/s. Pearlsport Resorts Limited:

Type of Cases	Number of Cases	Amount Involved (Rs. in lakh) (Approx. and to the extent quantifiable)
Cases filed against M/s. /s. Pearlsport Resorts Limited		
Criminal	-	-
Civil and Tax matters	-	-
Total	-	-
Cases filed by M/s. /s. Pearlsport Resorts Limited		
Criminal (U/s 138 and 142 of the negotiable instruments act)	1	0.75
Civil and Tax matters	1	-
Total	2	0.75

- c. *Our business and profitability will suffer if we fail to anticipate and develop new products and enhance existing products in order to keep pace with rapid changes in technology and the industries on which we focus.*

The market we operate in is characterized by rapid technological change, evolving industry standards, and new product and service introductions. Our future success will depend on our ability to anticipate these advances and develop new product to meet client needs. We may not be successful in anticipating or adequately responding to these advances in a timely basis, or, if we do respond, product we develop may not be successful in the marketplace. Further, products, that are developed by our competitors may render our offerings non-competitive or force us to reduce prices, thereby adversely affecting our margins.

- d. *We could become liable to customers, suffer adverse publicity and incur substantial costs as a result of defects in our products or services, which in turn could adversely affect the value of our brand, and our sales could be diminished if we are associated with negative publicity.*

Any failure or defect in our products could result in a claim against us for damages, regardless of our responsibility for such a failure or defect. We currently carry no products liability insurance with respect to our products. Although we attempt to limit our liability for defects if any in the products sold, we cannot be assured that our liability will be restricted to those mentioned in the warranty clause of the products or that they will otherwise be sufficient to protect us from consequential damages.

Also, our business is dependent on the trust our customers have in the quality of our products. Any negative publicity regarding our company, brand, or products, including those arising from a drop in quality of

merchandise from our vendors, mishaps resulting from the use of our products, or any other unforeseen events could affect our reputation and our results from operations.

- e. Our company has taken Land on Lease from Karnataka Industrial Area Development Board (KIADB) on certain terms and conditions. In the event of any breach of the terms and conditions by our Company, KIADB has a right to terminate the lease, by giving a notice thereof and to resume possession of the entire plot leased or part thereof.***

Our company has taken a land from Karnataka Industrial Area Development Board (KIADB) vide a Lease cum Sale agreement dated 11th June, 2007 for setting up a service cum distribution centre in Bangalore as stated in the heading titled “Objects of this Issue” on page no. 27 of this Prospectus. The right of our Company to acquire ownership of plot of land covered by the Agreement is subject to and conditional upon our Company observing all the terms and conditions of lease of the plot during the lease period including the completion of civil works and installation of machineries within 12 months from 6th June 2007 or within such extended time as may be permitted by KIADB, subject to the conditions specified in the Agreement. In the event of any breach by our Company, KIADB has a right to terminate the lease, by giving a notice thereof and to resume possession of the entire plot leased or part thereof. In the event the lease is terminated and KIADB resumes possession of the entire land or part thereof prior to sale, KIADB has a right to forfeit 25% of the allotment consideration paid, together with rents payable, interest due and payable on the unpaid rents and earnest money deposit. In addition, our Company will not be entitled to any compensation by KIADB on account of building constructed thereon or any improvements made on the plot.

For further details on the agreement, please refer section titled Other Agreements beginning on page no. 103 of this Prospectus.

- f. Our failure to accurately forecast and manage inventory could result in an unexpected shortfall and/or surplus of products, which could harm our business.***

We monitor our inventory levels based on our own projections of future demand. Because of the length of time necessary to produce commercial quantities of our products, we must make production decisions well in advance of sales. An inaccurate forecast of demand for any product can result in the unavailability/surplus of products. This unavailability of products in high demand may depress sales volumes and adversely affect customer relationships. Conversely, an inaccurate forecast can also result in an over-supply of products, which may increase costs, negatively impact cash flow, reduce the quality of inventory, erode margins substantially and ultimately create write-offs of inventory. Any of the aforesaid circumstances could have a material adverse effect on our business, results of operations and financial condition.

- g. Any future equity offerings or issue of options under our employee stock option scheme may lead to dilution of your shareholding in our company.***

Investors of Equity Shares in this Issue may experience dilution of their shareholding to the extent of equity offerings and to the extent of additional shares being offered through employee stock option scheme.

- h. The Trade Marks, which our Company have acquired is pending transfer in the records of the trademark Registry.***

The Trademarks which our company has acquired for a consideration of Rs.1000 lakhs pursuant to an agreement for assignment dated 1st August, 2005 and which has since been assigned in favour of our company vide the assignment deed dated 12th Novmber, 2007 has yet to be transferred in the name of our company in the records of the Trademark Registry. Our promoter Mr. Koucheseph Chittilappilly as the absolute owner of the Trade Mark “V Guard” had registered the Trade Mark in his name in various classes under the relevant provisions of Trade Mark Act 1999 as amended from time to time. Mr. Koucheseph Chittilappilly had also made applications for registration of the above Trade Mark in various other classes which are pending registration. Our company, vide applications dated 12th November 2007 has applied to the Trade Mark Registry for registering our company as the subsequent proprietor of the trademark which are already registered in the name of Mr. Kochouseph Chittilappilly and for substituting the name of our company

as the applicant in respect of the trademarks under various classes which are pending registration. The registration of Trade Mark under various classes for which applications are pending is subject to there being no opposition for registration of the Trade Mark in the name of our company. For further details on our trade mark registrations and applications, please refer to the headings titled 'Registered Trade Marks' and 'Licenses applied for but not yet received' in the chapter titled 'Government / Statutory Approvals & Other Business Approvals' beginning on page no. 207 of this Prospectus.

i. *The trademarks acquired by our Company for a consideration of Rs. 1000 lakhs from our Promoter have not been valued by any external/independent agency*

The trademarks acquired by our Company for a consideration of Rs. 1000 lakhs from Mr. Kochouseph Chittilappilly pursuant to an agreement of Assignment dated 1st August, 2005 was based on internal management assessment and was not valued by any external/ independent agency. We therefore cannot assure you that the said acquisition value was at Fair Market Value.

j. *Our Promoters will continue to hold a majority of our Equity Shares after the Issue and can significantly influence our corporate actions.*

Following the completion of the Issue, our Promoters and Promoter Group will own an aggregate of 66.51 % of our issued and paid-up Equity Share Capital. As a result, our promoter Group will have the ability to exercise significant influence over all matters requiring shareholder's approval, including the election of directors and approval of significant corporate transactions. Our Promoter Group will also be in a position to influence any shareholder action or approval requiring a majority vote, except where it is required by applicable laws to abstain from voting. Such a concentration of ownership may also have the effect of delaying, preventing or deterring a change in control.

Our Promoters and/or the members of our Promoter Group will also continue to have the ability to cause us to take actions that are not in, or may conflict with, our interests and/or the interests of our minority shareholders, and there can be no assurance that such actions will not have an adverse effect on our future financial performance and the price of our Equity Shares.

For further details, see the sections titled "Capital Structure" and "Our Promoters" beginning on pages 14 and 118 respectively in this Prospectus.

k. *We may not be able to sustain effective implementation of our business and growth strategy.*

As a part of our growth strategy, we are planning to make investments designed to increase sales of our products, especially those where our presence is currently limited.

There can be no assurance that we will be able to execute our strategy on time and within the estimated budget in the future. Our growth strategy is subject to and involves risks and difficulties, many of which are beyond our control and, accordingly, there can be no assurance that we will be able to implement our strategy or growth plans, or complete them within the budgeted cost and timelines. Any inability on our part to manage our growth or implement our strategy effectively could have a material adverse effect on our business, results of operations and financial condition. Further, we operate in a dynamic industry, and on account of changes in market conditions, industry dynamics, technological improvements or changes and any other relevant factors, our growth strategy and plans may undergo changes or modifications, and such changes or modifications may be substantial, and may even include limiting or foregoing growth opportunities if the situation so demands.

l. *Our inability to maintain the stability of our distribution network and attract additional distributors may have an adverse affect on our results of operations and financial condition.*

The challenge in our business lies in reaching a geographically dispersed end-user at the right time at the right place with the right product. We rely on our distribution network and dealerships to reach the end customer and sell our products in each of the regions in which we operate. Competition for cables and other electronic

and electro mechanical durables dealers is intense. Hence, our business is dependent on maintaining good relationships with our distributors and dealers and ensuring that our distributors and dealers find our products to be commercially remunerative and have continuing demand from customers. Furthermore, our growth as a business depends on our ability to attract additional distributors to our distribution network. There can be no assurance that our current distributors and dealers will continue to do business with us, or that we can continue to attract additional distributors and dealers to our network. If we do not succeed in maintaining the stability of our distribution network and attracting additional distributors to our distribution network, our market share may decline and our products may not reach the end customers, materially affecting our results of operations and financial condition.

- m. *We are highly dependent on our markets in the states of Kerala, Andhra Pradesh, Karnataka and Tamil Nadu and our products, stabilizers, pumps and cables. Further, the occurrence of any of the circumstances enumerated below may adversely affect our business, results of operations and financial condition.***

Our initial focus was on developing our markets in the states of *Kerala, Andhra Pradesh, Karnataka and Tamil Nadu*. These states still contribute a very significant percentage of our revenues *i.e.* 44.53%, 11.70%, 20.25% and 19.24% of our total revenues for the FY 2006-2007. Further, 41.48 %, 19.09 % and 20.09 % of our total revenues for the FY 2006-2007 have accrued from three products, *viz.* Stabilizers, Pumps and Cables respectively. Our business, results of operations and financial condition may be adversely affected if one or more of the following factors occur:

- a. Negative demand for our products in these states
- b. Our competitors' further penetration in these states
- c. Enactment of any legislation which may not be favourable to our industry in these states

We cannot further assure you that we will be able to de-risk our product portfolio or our dependence on these four states, or that such dependence will not increase in the future.

- n. *Any inability to attract, recruit and retain skilled personnel could adversely affect our business and results of operations.***

Our ability to meet future business challenges depends on our ability to attract, recruit and retain talented and skilled personnel. We are highly dependent on our senior management, our Directors and other key personnel, including skilled project management personnel. A significant number of our employees are skilled engineers and we face strong competition to recruit and retain skilled and professionally qualified staff. Due to the limited pool of available skilled personnel, competition for senior management and skilled engineers in our industry is intense. We may experience difficulties in attracting, recruiting and retaining an appropriate number of managers and engineers for our business needs. We may also need to increase our pay structures to attract and retain such personnel. Our future performance will depend upon the continued services of these persons. The loss of any of the members of our senior management, our Directors or other key personnel or an inability to manage the attrition levels in different employee categories may materially and adversely impact our business and results of operations.

- o. *Intense competition in the market for our products could affect our cost advantages, which may adversely impact our revenues and profitability.***

Our current expansion plan contemplates substantial increase in the capacity of our existing product and diversification into manufacturing of new products. The prospects for profitability in the business could lead to other companies entering into this segment.

While we have historically been able to provide our products and services in our principal markets at competitive prices and on a cost-efficient basis, there can be no assurance that we will be able to do so in the future, as our competitors may be able to offer products and services that are more effective than ours.

Growing competition may force us to reduce the prices of our products, which may reduce our revenues and margins and/or decrease our market share, any of which could have a material adverse effect on our business, financial condition and results of operations.

- p. *We require several licenses, approvals and permissions for carrying on our business. If our Company is unable to obtain the required approvals and licenses in a timely manner, our business and operations may be adversely affected.***

In order for our Company to carry out its business operations, we are required to obtain certain approvals, licenses, registrations and permissions, some of which our Company has either received, applied for or is in the process of application. For further details pertaining to the said licenses / approvals / permissions, please refer to the chapter titled 'Government/Statutory and other Business Approvals' beginning on page no. 207 of this Prospectus. In the event that our Company fails to obtain these approvals/registrations/licenses/permissions, or renewals thereof, in a timely manner, or at all, our Company's operations would be adversely affected, having a material adverse effect on our business, results of operations and financial condition.

- q. *Our cash flow has been negative in some years. In the event that our future cash flows continue to be negative, it may hamper our ability to meet our financial obligations.***

In the preceding three financial years, i.e. 2005-06, 2004-05 and 2003-04, we had a negative net cash flow of Rs. 41.00 lakhs, Rs. 18.53 lakhs and Rs.22.48 lakhs respectively. On account of the aforesaid or other factors, our cash flows in the future may be negative, which may hamper our ability to meet our financial obligations.

- r. *We are significantly dependent on copper, which is the primary raw material for our cable segment. An increase in the prices of raw materials will raise our manufacturing costs and could adversely affect our profitability.***

We have no control on the prices of our basic raw material for manufacturing of cables viz. copper. The prices of Copper could fluctuate due to uncertain prices world over. In the recent past, there have been wide fluctuations in the prices of copper both at domestic and international levels. Such fluctuations in prices of raw material and our inability to negotiate at optimum market rates may affect our profitability. In case we are unable to procure the requisite quantities on a timely basis and at reasonable prices, this may have an adverse impact on our financials and may affect our future growth.

- s. *We have entered into a number of related party transactions which may involve conflicts of interest.***

We have entered into a number of related party transactions. The total amount of related party transaction for the period ended August 31, 2007 amounted to Rs. 13108.76 lakhs. Such transactions or any future transactions with related parties may potentially involve conflicts of interest and impose certain liabilities on our Company. For further details, see the section titled "Financial Statements" beginning on page no. 122 of this Prospectus.

- t. *We operate our business from leased premises.***

Some of the offices through which we operate our business are leased/ rented by us from third parties. Also our registered cum corporate office is leased to us by our promoter, Mr. Kochouseph Chittilappilly. We may in future also enter into such transactions with third parties. Any adverse impact on the title /ownership rights/ development rights of our landlords from whose premises we operate our offices or breach of the contractual terms of such lease and license agreements may impede our Company's effective operations. In the event, these leases are not renewed, our operations and in turn profitability will be adversely impacted.

- u. *Our insurance policies do not cover all risks, specifically risks like product defect/liability risk, loss of profits etc. In the event of the occurrence of such events, our insurance coverage may not adequately protect us against possible risk of loss.***

In addition to risks arising from natural disasters and risks to properties and personnel (like personal injury/loss of life), in the course of our business, our operations are also subject to the risks arising from or as a result of product defects etc.

While we believe that we maintain insurance coverage in amounts consistent with industry norms, our insurance policies do not cover all risks, specifically risks like product defect/liability risk, loss of profits etc, and are subject to exclusions and deductibles. There can be no assurance that our insurance policies will be adequate to cover the losses in respect of which the insurance had been availed. If we suffer a significant uninsured loss or if insurance claim in respect of the subject-matter of insurance is not accepted or any insured loss suffered by us significantly exceeds our insurance coverage, our business, financial condition and results of operations may be materially and adversely affected.

- v. ***Due to the absence of any written agreements with our vendors/suppliers, we are exposed to risks due to supply obligations not clearly specified in writing.***

We do not have written agreements with our vendors/suppliers and operate on a purchase order system. Due to the absence of any formal contract with our vendors/suppliers, we are exposed to the risks of irregular supplies or no supplies at all and delayed supplies which would materially affect our results of operations.

- w. ***Our Company has made issuances of Equity Shares during the last 12 months at a price that may be lower than the Issue Price, Such issuances may be detrimental to our prospective investors as they may have to pay more for subscribing to our Equity Shares than the price at which allotments have been made to the allottees in the last twelve months.***

Our Company has, in the last 12 months made issuances of Equity Shares at a price that could be lower than the Issue Price. Such issuances may be detrimental to our prospective investors as they may have to pay more for subscribing to our Equity Shares than the price at which allotments have been made to the allottees in the last twelve months.

We have issued Equity Shares in the last twelve months, as per the details given below:

Date of Allotment	Number of Shares issued	Issue Amount Per share	Nature of Allotment
28-Mar-07	3,95,760	10	Allotment to Employees
12-Apr-07	1,77,720	10	Allotment to Employees
21-Apr-07	1,25,690	10	Allotment to Employees
28-Apr-07	71,520	10	Allotment to Employees
14-May-07	32,760	10	Allotment to Employees
18-May-07	16,410	10	Allotment to Employees
29-May-07	27,660	10	Allotment to Employees

- x. ***Our Company's contingent liabilities could adversely affect our financial condition.***

As of August 31, 2007, our Company's contingent liabilities consist of: (i) Pending sales tax matters (ii) Entry tax on goods to local area (iii) Open letters of credit for import purchase. As of August 31, 2007, our Company had an aggregate amount of Rs. 180.68 lakhs in contingent liabilities outstanding, which comprised of: (i) Rs. 164.99 lakhs towards pending sales tax matters (ii) Rs. 5.45 lakhs towards Entry tax on goods to local area (iii) Rs. 10.24 lakhs towards Open letters of credit for import purchase.

- y. ***Loss making group companies/ ventures promoted by the promoters***

The following group companies/ ventures promoted by the promoters that have incurred losses during the last three years are as under:

(Rs. In Lakhs)

Name of the Company	2004-2005	2005-06	2006-07
Wonderla Holidays Private Limited	--	(728.70)	(399.43)
Pearl Spot Resorts Limited	(21.05)	1.31	1.05

z. We are subject to restrictive covenants in certain debt facilities provided to us by our lenders.

There are certain restrictive covenants in the agreements we have entered into with certain banks and financial institutions for secured loans. These restrictive covenants require us to obtain either the prior permission of such banks or financial institutions or require us to inform them of various activities, including, among others, formulate any scheme of amalgamation, undertake any new project, implement any scheme of expansion or acquire fixed assets except those indicated in the funds flow statements submitted to the Banks from time to time and approved by the Banks, invest by way of share capital in or lend or advance funds to or place deposits with any other concern (including group companies), save and except normal trade credit or security deposits in the normal course of business or advances to employees, enter into borrowing arrangements either secured or unsecured with any other Bank, financial institutions other than those indicated in the funds flow statements submitted to the Bank from time to time and approved by the Bank, undertake any guarantee obligations on behalf of any other company (including group companies), create any charge, lien or encumbrance over its assets or any part thereof in favour of any financial institution, bank, company, firm or persons, Sell, assign, mortgage or otherwise dispose off any of the fixed assets charged to the Bank, change the practice with regard to remuneration of Directors, permit any transfer of the controlling interest or make any drastic change in the management set up, not to repay monies brought in by the promoters/Directors/principal shareholders and their friends and relatives by way of deposits/loans/advances, not to declare or pay dividends in respect of any financial year if any event of default has occurred, to inform the Bank of any distress or other proceeding of court being taken against the hypothecated assets, to inform the Bank or institution of any legal proceedings against our Company by any person making a claim for money against our Company or enforcing against our Company, any guarantee given by our Company. Additionally, some of our Promoters have given personal guarantees as collateral security for amounts borrowed due under some of these financing agreements. We cannot assure you that Promoters will pay or be able to pay under such collateral security in the event that they are required to do so.

EXTERNAL RISK FACTORS

a. A slowdown in economic growth in India and other unfavourable changes in political and economic factors may adversely affect our business and results of operations.

All our business facilities are located in India. The market price and liquidity of our Company's Equity Shares, may be adversely affected by fluctuations in foreign exchange rates and controls, interest rates, changes in Government policy, taxation, social and civil unrest and other negative political developments like any abrupt change in the Central or any State Government wherever we have business interests, etc., economic developments like very high rate of inflation, slow down in growth, decrease in foreign investments, etc. or other developments in or affecting India. Particularly slow down in economic growth may make the Government spends relatively less on agriculture and agricultural growth is also linked to overall economic growth, which may ultimately be unfavourable to our Company's business. During the past decade, the Government has pursued policies of economic liberalization, including significantly relaxing restrictions on the private sector. Nevertheless, the role of Government and State Governments in the Indian economy in relation to producers, consumers and regulators has remained significant. It cannot be assured that the liberalization policies will continue in future. A change in Central Government may lead to change in certain liberalization policies like disinvestment in public sector enterprises, capital account convertibility *etc.* and the impact of such changes cannot be currently estimated. The Government may also pursue other policies which could have a material adverse effect on our business. The rate of economic liberalization could change, and specific laws and policies affecting our business, suppliers, foreign investment, currency exchange rates and other matters affecting our business are also subject to change. A significant change in the Government's or Indian State Governments' economic liberalization and deregulation policies could adversely affect business and economic conditions in India generally and our business and financial condition and prospects in particular.

b. *Changes in Government policies may affect our operations adversely.*

Increase in taxes and other levies imposed by the Central or State Governments in India may have an adverse effect on the profitability of our Company. Since 1991, the Government of India has pursued policies of economic liberalization. We cannot assure you that these liberalization policies will continue in future. Protest against liberalization could slowdown the pace of economic development. The rate of economic liberalization could change, specific laws and policies could change, and foreign investment, currency exchange rates and other matters affecting investing in our securities could change as well. There could be political instability, which may have an adverse impact on capital markets and investor confidence. Taxes and levies affect the cost of production and prices of our Company's products and hence the demand for its products. An increase in any of taxes or levies or the imposition of new taxes or levies in the future may have an adverse impact on our Company's business and financial condition.

c. *After this Issue, the prices of our Equity Shares may be highly volatile, or an active trading market for our Equity Shares may not develop*

The price of our Equity Shares may be highly volatile as a result of several factors, including:

- volatility in the Indian and Global Securities market;
- our results of operations and performance;
- perceptions about our future performance or the performance of Consumer durables/ Electronic Equipment companies generally;
- performance of our competitors in the industry and the perception in the market about investments in the Consumer durables/ Electronic Equipment sector;
- adverse media reports on our Company or the Indian Consumer durables/ Electronic Equipment industry;
- changes in the estimates of our performance or recommendations by financial analysts;
- significant developments in India's economic liberalization and deregulation policies;
- changes in the applicable tax incentives;
- significant development in India's fiscal and environmental regulations.
- the exchange rate of USD or any other relevant currency; and
- general political and security environment in the country and across the globe.

d. *Natural calamities could have a negative impact on the Indian economy and cause our business to suffer.*

India has experienced natural calamities such as earthquakes, a tsunami, floods and drought in the past few years. Natural calamities could have a negative impact on the Indian economy, adversely affecting our business and our results of operations.

e. *There has been no public market for the Equity Shares prior to this Issue and so the Issue Price may not be indicative of the value of the Equity Shares*

Prior to this Issue, there has been no public market for the Equity Shares of our company in India or elsewhere. After this Issue, there will be no public market for the Equity Shares in any country other than India. The Issue Price would be determined by us in consultation with the BRLM and could differ significantly from the price at which the Equity Shares will trade subsequent to completion of this Issue. We cannot assure you that even after the Equity Shares have been approved for listing on the Stock Exchanges, an active trading market for the Equity Shares will develop or be sustained after this Issue, or that the Issue Price will correspond to the price at which the Equity Shares will trade in the Indian public market subsequent to this Issue.

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

Under the SEBI Guidelines, we are permitted to allot the Equity Shares within 15 days of the Bid/Issue Closing Date. Consequently, the Equity Shares you purchase in the Issue may not be credited to your demat account with Depository Participants until approximately 15 days after the Bid/Issue Closing Date. You can

start trading in the Equity Shares only after they have been credited to your demat account and final listing and trading approvals are received from the Stock Exchanges. Further, there can be no assurance that the Equity Shares allocated to you will be credited to your demat account, or that trading in the Equity Shares will commence within the specified time periods.

Notes to Risk Factors:

1. Investors are advised to refer to the para on “Basis for Issue Price” on Page No. 41 of this Prospectus before making any investment in this Issue.
2. Investors may note that in case of oversubscription, allotment shall be on proportionate basis and will be finalized in consultation with the Designated Stock Exchange. If the Issue is oversubscribed, the Designated Stock Exchange along with the concerned Post Issue Book Running Lead Manager and Registrar to the Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner.
3. The book value per share as on 31st August, 2007 and 31st March, 2007 are Rs. 26.94 and Rs. 18.18 respectively.
4. The net worth of the Company as per the Financial Accounts of the Company as on 31st August, 2007 and 31st march, 2007 are Rs. 5868.07 lakhs and 3817.94 lakhs respectively.
5. Public issue of 80,00,000 equity shares of Rs. 10 each for cash at a price of Rs. 82 per equity share (including a share premium of Rs. 72 per equity share) for cash aggregating to Rs. 6560.00 lakhs (the “issue”) out of which 4,00,000 equity shares have been reserved for eligible employees of our company (“employee reservation portion”). The net offer to public shall be 76,00,000 equity shares of Rs.10 each for cash at a price of Rs. 82 per equity share (including a share premium of Rs.72 per equity share) for cash aggregating to Rs. 6232.00 lakhs (the “net offer to public”). The issue will constitute 26.80 % of the fully diluted post issue paid-up capital of our company and the net offer to public will constitute 25.46 % of the fully diluted post issue paid -up capital of our company.
6. This Issue is being made through a 100% Book Building Process wherein up to 50% of the Net issue to public shall be allocated on a proportionate basis to Qualified Institutional Buyers (“QIBs”). 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only and the remaining QIB portion shall be available for allocation on a proportionate basis to QIB bidders including Mutual Funds subject to valid bids being received at or above the Issue Price. Further, not less than 15% of the Net issue to public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net issue to public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.
7. Investors may note that in case of over-subscription in this Issue, allotment to QIB’s, Non Institutional, Retail Portion, and Eligible Employees, shall be on proportionate basis. For details, please refer heading “Basis of Allotment or Allocation” beginning on page no. 265 of this Prospectus.
8. The average cost of acquisition of Equity Shares of our Promoters is as follows:

Name of the Promoter	Average Cost of Acquisition (in Rs.)
Mr. Kochouseph Chittilappilly	2.18
Ms. Sheela Kochouseph	0.20

9. Other than as disclosed either in related party transaction or otherwise, our Promoters / Directors / Key Management Personnel of our Company have no interest other than reimbursement of expenses incurred or normal remuneration or benefits arising out of the shareholding in our Company or out of any business relation with any of the ventures in which they are interested. For interests of our Promoters and Directors, please refer the chapters “Our Management” and “Our Promoters” beginning on pages 106 and 118 of this Prospectus.

10. Any clarification or information relating to this Issue shall be made available by the BRLM and our Company to the public and investors at large and no selective or additional information would be made available only to a section of the investors in any manner. Investors may contact the BRLM *i.e.* Anand Rathi Financial Services Limited, and/or Mr. T. Nandakumar, Chief Financial Officer and Compliance Officer and/or Intime Spectrum Registry Limited, Registrar to this Issue for any complaints pertaining to this Issue at the Pre-Issue or Post-Issue stage.
11. No loans and advances have been made to any person(s) / Companies in which the Director(s) of our Company are interested except as stated in the Report of our Statutory Auditors, M/s. Deloitte Haskins & Sells, Chartered Accountants. For details please refer to section titled “Financial Statements” beginning on page no. 122 of this Prospectus.
12. For related party transactions and transactions with significant shareholders, please refer to the section “Financial Statements” starting on page no. 122 of this Prospectus.
13. Trading in Equity Shares of our company for all the investors shall be in Dematerialized form only.

SECTION III - INTRODUCTION

1. Summary

You should read the following summary with the Risk factors included from page no. x for more detailed information about our Company and our financial statements included in this Prospectus.

(I) INDUSTRY OVERVIEW AND OUR BUSINESS

Industry Overview

For details on our Industry, please refer section titled “Industry Overview” on page 51 of this Prospectus.

Business Overview

Unless stated otherwise, the financial data in this section is as per our financial statements prepared in accordance with Indian GAAP set forth else where in this DRHP. In this section only, any reference to “we”, “us” or “our” refers to V-Guard Industries Limited.

Overview

Our company is one of the growing industrial houses in Kerala engaged in the manufacturing and marketing of various electrical and electronic products.

The Business was set up by Mr. Kochoseph Chittilappily and commenced its operations in 1977 as an SSI unit with manufacturing and marketing of voltage stabilizers under the brand name “V-Guard”.

Established with a capital of 1 lakhs rupees, two workers and an average production of 50 voltage stabilizers a month, our company now has diversified into a multi-product company which now manufactures and markets Electronic Voltage Stabilizers, Monobloc, Jet, Submersible, Compressor pumps and Electric Motors, Insulated Electrical Cables (House Wiring, Industrial), Electric Storage & Instant Water Heaters, Solar Water Heaters, UPS, Electric Fans and is also in generation of Power in a small way.

Our Products are not only well recognized in all the southern states of the country, mainly being Kerala, Tamil Nadu, Karnataka, and Andhra Pradesh but are also enjoying demand across the market. This recognition arises out of the fact that consumers recognize our brand “V-Guard” because of its quality as well as our presence in the market for about thirty years. We have attained over 3 decades of experience in this business and are proceeding forward towards realizing our vision to make V-Guard a trusted house-hold name in electrical, electro-mechanical and electronic home appliances.

We presently have eighteen branches including our head office located in Cochin, spread across 14 states and the Union Territory of Delhi. We have recently ventured into states of Maharashtra, Haryana, Madhya Pradesh, Orissa, Himachal Pradesh, Chattisgarh, Uttar Pradesh Gujarat, Punjab and Rajasthan.

As on 31st March, 2007 and 31st August 2007, our total sales were 22227.48 lakhs and 10,950.61 lakhs respectively. Our Company has been making profits and has been paying dividends consistently since last 5 years.

At V-Guard, success is measured in terms of customer satisfaction and quality that is built into every product. The value of commitment to quality is also cherished by each of the 876 staff members and is consciously upheld by a network of over 7000 retail dealers and 111 distributors spread all over India.

The Promoters of our company have also ventured into business areas of Amusement Park, Fashion Accessories and BPO services by incorporating four entities namely Veega Holidays and Parks Pvt. Limited, Wonderla Holidays Private Limited, V-Star Creations Private Limited and Vintes Solutions Private Limited.

PRODUCTS

Products marketed under the brand name 'V-GUARD' are:

- Electronic Voltage Stabilizers
- Monobloc, Jet, Submersible pumps and Electric Motors.
- Insulated Electrical Cables (House Wiring & Industrial)
- Electric Storage & Instant Water Heaters
- Solar Water Heaters.
- UPS.
- Electric Fans.
- Generation of power through wind mills.

The products are not only well recognized in all southern states and especially in Kerala, but also enjoy good demand in markets across India.

Our company was also into marketing of products namely water level controllers, wall clocks, electric motor starters and Water purifiers, which were discontinued recently.

THE ISSUE

<i>Equity Shares offered</i>	
Public Issue	80,00,000 Equity Shares
Of which:	
Employee reservation portion	4,00,000 Equity Shares (allocation on a proportionate basis)
And:	
Net Offer to Public	76,00,000 Equity Shares constituting
Comprising:	
Qualified Institutional Buyers portion	38,00,000 Equity Shares aggregating Rs. 3116.00 Lakhs, constituting upto 50% of the Issue. 5% of the QIB Portion i.e.1,90,000 Equity shares shall be allocated proportionately to mutual funds. Mutual fund applicants shall also be eligible for proportionate allocation under the balance available for Qualified Institutional Buyers.
Non Institutional portion	11,40,000 Equity Shares aggregating Rs. 934.80 Lakhs, constituting not less than 15% of the Issue that will be available for allocation to Non-Institutional Bidders.
Retail portion	26,60,000 Equity Shares aggregating Rs. 2181.20 Lakhs constituting not less than 35% of the Issue that will be available for allocation to Retail Individual Bidders.
Equity Shares outstanding prior to the Issue	2,18,47,520 Equity Shares
Equity Shares outstanding after the Issue	2,98,47,520 Equity Shares
Use of Proceeds of the Issue	For information, please refer to the section titled "Objects of this Issue" on page 27 of this Prospectus

Note: Under-subscription, if any, in the Retail Individual Investors, Non-institutional Investors or QIBs portion would be allowed to be met with spill over from any other category at the sole discretion of our Company and the BRLM in accordance with applicable laws, rules, regulations and guidelines.

SUMMARY FINANCIALS, OPERATING AND OTHER DATA

The following table sets forth the selected historical information of V-Guard Industries Limited derived from its audited statements for the fiscal years ended March 31, 2003, 2004, 2005, 2006, 2007 and period ended 31st August, 2007, all prepared in accordance with Indian GAAP, the Companies Act, and SEBI Guidelines and described in the Auditor's Report of Deloitte Haskins & Sells, included in the section titled "Financial Statements" on page no. 122 of this Prospectus and should be read in conjunction with those financial statements and notes thereon.

STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

Assets and Liabilities of the Company at the financial years ended March 31, 2003 to 2007 and as at August 31, 2007, regrouped wherever necessary, and read with significant accounting policies, notes on accounts and the notes to adjusted accounts are set out below.

<i>(Rupees in lakhs)</i>							
	PARTICULARS	As at August 31, 2007	AS AT THE YEAR ENDED				
			2007	2006	2005	2004	2003
A.	FIXED ASSETS:						
	Gross Block	4,943.49	4,889.47	4,437.42	3,184.75	2,825.49	2,239.66
	Less: Depreciation	(1,322.90)	(1,181.62)	(908.60)	(678.45)	(525.68)	(410.07)
	NET BLOCK	3,620.59	3,707.85	3,528.82	2,506.30	2,299.81	1,829.59
	Capital Work in Progress	525.42	299.35	188.37	27.64	95.97	93.92
	Total	4,146.01	4,007.20	3,717.19	2,533.94	2,395.78	1,923.51
B.	INVESTMENTS	-	-	660.00	560.00	370.00	260.00
C.	CURRENT ASSETS, LOANS & ADVANCES						
	Inventories	4,172.00	3,099.44	2,070.65	1,658.71	1,706.22	915.86
	Sundry debtors	3,385.90	2,714.48	1,449.75	1,212.98	951.20	1,088.51
	Cash and bank balances	1,162.54	144.44	33.05	74.05	92.58	115.06
	Loans and advances	1,825.12	1,623.20	574.61	403.00	358.35	674.52
	Total	10,545.56	7,581.56	4,128.06	3,348.74	3,108.35	2,793.95
D.	LIABILITIES & PROVISIONS						
	Secured loans	3,377.95	3,606.77	2,867.92	1,965.78	1,701.69	1,274.23
	Unsecured loans	-	-	158.93	119.27	88.37	60.10
	Current liabilities	2,630.70	2,451.79	1,515.53	1,069.44	1,127.42	609.26
	Provisions	2,409.86	1,303.05	690.09	657.92	582.64	861.99
	Deferred tax provisions (Liabilities/Assets)	404.99	409.21	378.00	316.32	278.10	231.77
	Total	8,823.50	7,770.82	5,610.47	4,128.73	3,778.22	3,037.35
E.	NETWORTH (A+B+C-D)	5,868.07	3,817.94	2,894.78	2,313.95	2,095.91	1,940.11
F.	REPRESENTED BY						
	Share capital	2,184.75	2,139.58	300.00	300.00	300.00	232.07
	Reserves and surplus	3,683.32	1,678.36	2,594.78	2,014.08	1,807.07	1,730.23
	Less : Miscellaneous expenses not written off/ adjusted	-	-	-	0.13	11.16	22.19
	NET WORTH	5,868.07	3,817.94	2,894.78	2,313.95	2,095.91	1,940.11

STATEMENT OF PROFIT AND LOSSES ACCOUNT, AS RESTATED

The Profit and Loss Statements of the Company for five financial years ended March 31 of 2003 to 2007 and for the period ended August 31, 2007, read with significant accounting policies, notes on accounts and the notes to adjusted accounts are set out below.

(Rupees in lakhs)

PARTICULARS	For the period ended August 31, 2007	FOR THE YEAR ENDED MARCH 31,				
		2007	2006	2005	2004	2003
INCOME						
Sale of manufactured goods	3,402.51	5,941.83	4,526.81	3,421.06	2,870.20	2,031.95
Less: Excise duty	(457.14)	(694.56)	(549.56)	(441.23)	(380.87)	(284.50)
Net sales	2,945.37	5,247.27	3,977.25	2,979.83	2,489.33	1,747.45
Sale of traded goods	8,005.24	16,980.21	12,995.55	10,431.71	10,029.10	9,314.01
Total sales	10,950.61	22,227.48	16,972.80	13,411.54	12,518.43	11,061.46
Other income	38.65	84.17	74.05	52.91	51.30	56.79
Total	10,989.26	22,311.65	17,046.85	13,464.45	12,569.73	11,118.25
EXPENDITURE						
Cost of goods sold	7,464.37	14,441.38	11,126.06	8,879.04	8,493.40	7,388.10
Employees costs	594.06	984.75	715.00	562.93	546.49	446.26
Administrative and other expenses	468.42	796.07	567.31	478.11	453.52	393.41
Selling and distribution expenses	985.82	3,360.87	2,725.67	2,237.21	2,045.90	1,815.70
Total	9,512.67	19,583.07	15,134.04	12,157.29	11,539.31	10,043.47
PROFIT BEFORE INTEREST, DEPRECIATION AND TAX	1,476.59	2,728.58	1,912.81	1,307.16	1,030.42	1,074.78
Interest and financial charges	174.80	364.19	253.94	278.64	209.11	191.67
Depreciation	142.56	294.49	233.01	160.33	143.22	102.42
NET PROFIT BEFORE TAX	1,159.23	2,069.90	1,425.86	868.19	678.09	780.69
Taxation						
Current tax	(403.00)	(670.00)	(420.00)	(278.41)	(217.50)	(270.00)
Tax relating to years prior to 2003	-	-	-	-	(1.69)	-
Fringe benefit tax	(11.00)	(19.00)	(21.39)	-	-	-
Deferred tax	4.22	(31.21)	(61.69)	(38.21)	(46.33)	(20.72)
NET PROFIT AFTER TAX	749.45	1,349.69	922.78	551.57	412.57	489.97
Add: Exceptional item	2,277.92	491.70	-	-	-	-
Add: Depreciation of earlier years		-	-	-	-	-
NET PROFIT AFTER TAX AND ADJUSTMENTS (A)	3,027.37	1,841.39	922.78	551.57	412.57	489.97
Add / (Less): Impact of material adjustments for restatement in corresponding years (B)	-	-	-	(2.48)	2.71	1.67
ADJUSTED PROFIT (A + / (-) B)	3,027.37	1,841.39	922.78	549.09	415.28	491.64
Add: Opening balance of P&L A/c. brought forward	948.37	2,064.78	1,579.08	1,432.07	1,405.23	1,436.44
Deferred tax for earlier years*		-	-	-	-	(211.05)
NET PROFIT AVAILABLE FOR APPROPRIATION	3,975.74	3,906.17	2,501.86	1,981.16	1,820.51	1,717.03

Capitalisation of accumulated profits for issue of bonus shares	-	1,800.00	-	-	-	-
Transferred to General Reserve	305.00	200.00	95.00	60.00	50.00	50.00
Appropriations for dividend	873.90	840.00	300.00	300.00	300.00	232.07
Tax on dividend	148.52	117.81	42.08	42.08	38.44	29.73
BALANCE CARRIED TO SUMMARY OF ASSETS AND LIABILITIES	2,648.32	948.36	2,064.78	1,579.08	1,432.07	1,405.23

2. GENERAL INFORMATION

INCORPORATION

Our Company was originally incorporated as V- Guard Industries Limited on February 12, 1996 under the Companies Act, 1956, with the Registration No. 09-10010 of 1996. With effect from November 15, 2001 our Company was converted into a private limited company and subsequently got converted into a public limited company on August 1, 2007 and received a fresh certificate of incorporation in the name of “V-Guard Industries Limited”.

Our Corporate Identity Number is U31200KL1996PLC010010.

REGISTERED CUM CORPORATE OFFICE

V-Guard Industries Limited

44/1037, Little Flower Church Road
Kaloor, Cochin- 682017
Kerala, India
Telephone: + 91-484-2539911, 2530912
Fax: + 91-484-2539958
E Mail: ipo@vguard.in
Website: www.vguard.in

ADDRESS OF ROC

Registrar of Companies, Kerala

Company Law Bhawan, BMC Road
Thrikkakara
Kochi – 682021
Phone: +91-484-2423749/2421489
Fax: +91-484-2422327

BOARD OF DIRECTORS

Name	Designation	Status
Mr. P.G.R Prasad	Chairman	Independent Director
Mr. Kochoseph Chittilappilly	Managing Director	Whole time Director
Mr. Mithun K.Chittilappilly	Executive Director	Whole Time Director
Mr. Krishna Iyer	Director	Non- Executive Director
Mr. K. Vijayan	Director - Administration	Whole Time Director
Mr C.J. George	Director	Independent Director

For more details on our Company’s directors, please refer to the section titled “Our Management” beginning on page 106 of this Prospectus.

Brief Details of Chairman, Managing Director and other Whole-time Directors of our Company

Mr. P.G.R. Prasad, aged 61 years, is a Certified Associate of the Indian Institute of Bankers, Chartered Financial Analyst and Certified Financial Planner, Financial Planning Standards Board India. He joined our company as an Independent Director on 16th August, 2007. He has worked with State Bank of India and its subsidiaries from 1970 to 2005 in various capacities. He retired as Managing Director and Chief Executive of SBI Mutual Fund. He was also a member of the Advisory Committee for Mutual Funds, Securities & Exchange Board of India, Mumbai, Member of expert Group constituted by the Securities Exchange Board of India to suggest amendments in SEBI Act, Director on the Board of Financial Planning Standards Board India and various other venerated posts in various capacities.

Mr. Kochouseph Chittilappilly, aged 57 years, is a post graduate in Science majoring in Physics from Calicut University. He started his career as a Supervisor in an electronics company, where he worked for three years. In the year 1977, he started a SSI Unit engaged in the manufacturing and selling of stabilizers.

He is one of our founder Promoters and has motivated our Company to succeed in this business. He has been the Managing Director of our Company since its inception and has taken our Company to its current levels of stature and recognition with his experience and vision.

He is the recipient of numerous awards, which were bestowed on him for his exemplary performance in business. Among them are Business Man of the Millennium 2000 from Rashtra Deepika, Tourism Man of the year from “Destination Kerala and Samman Pathra Award for top income tax payer from Hon’ble Union Minister of State for Finance. As the Managing Director, Mr. Kochouseph has been the main driving force behind the company’s sustained growth.

Mr. Mithun Chittilappilly, aged 26 years, is a postgraduate in Finance from University of Melbourne, Australia. Mr. Mithun Chittilappilly after completing his Graduation in Commerce joined V-Guard to be trained in the various departments of our company ranging from Finance to Marketing. In January 2005, took a break from work for a year and a half to pursue his post graduation in Finance from University of Melbourne, Australia. After Graduating in May 2006, he joined back our Company as the Director and later continuing as the Executive Director of Company. He looks after entire operations of our Company.

Mr. K. Vijayan, aged 60 years, holds a Diploma in Technology from Hindustan Aeronautics Limited, Diploma in Electronics/Radio/Communication from Indian Air Force and Diploma in Television Technology from Ministry of Defence & National Institute of Technology & Management. He served with the Indian Airforce for a period of 18 years after which he Joined V-Guard in 1982. He is presently designated as Director, Administration of V-Guard, addressing to the entire operations of all the branches throughout India.

COMPANY SECRETARY	COMPLIANCE OFFICER
<p>Ms. Jayasree.K Company Secretary 44/1037 , Little Flower Church Road Kaloor, Cochin- 682 017 Kerala, India Telephone: + 91-484-2539911, 2530912 Fax: + 91-0484-2539958 E Mail: ipo@vguard.in Website: www.vguard.in</p>	<p>Mr. T. Nandakumar 44/1037 , Little Flower Church Road Kaloor, Cochin- 682 017 Kerala, India Telephone: + 91-484-2539911, 2530912 Fax: + 91-0484-2539958 E Mail: ipo@vguard.in Website: www.vguard.in Investors can contact the Compliance Officer in case of any pre-offer or post-issue related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary account, refund orders, etc.</p>
BOOK RUNNING LEAD MANAGER (BRLM)	REGISTRAR TO OUR ISSUE
<p>ANAND RATHI FINANCIAL SERVICES LIMITED(Formerly known as ANAND RATHI SECURITIES LIMITED) 11th Floor, Times Tower, Kamala City, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013 Tel: + 91-22-4047 7000 Fax: + 91-22-4047 7070 E-mail: vguardipo@rathi.com Website: www.rathi.com Contact Person: Mr. V. Prashant Rao/ Ms. A. Preethi SEBI Registration No. INM 000010478</p>	<p>INTIME SPECTRUM REGISTRY LIMITED C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West) Mumbai – 400 078 Tel: +91- 22-2596 0320 Fax: +91- 22- 2596 0329 Email: vil.ipo@intimespectrum.com Website: www.intimespectrum.com Contact Person: Mr. Sachin Achar SEBI Registration No.: INR 000003761</p>
LEGAL ADVISOR TO OUR COMPANY	STAUTORY AUDITORS
CORPORATE LAW CHAMBERS INDIA	M/S. DELOITTE HASKINS & SELLS

44A, Nariman Bhawan, Nariman Point, Mumbai – 400 021 Tel: +91-22-6632 1528/29 Fax: +91-22-6632 1531 E Mail: mail@corporatelawchambers.com Contact Person: Mr. A Y Srinivasan	Chartered Accountants, Wilmount Park Business Centre, Warriam Road, Kochi – 682 016. Tel: +91-484- 2353694 Fax. +91-484- 2380094 Email : mramachandran@deloitte.com Contact Person: Mr. M. Ramachandran	
BANKERS TO OUR COMPANY		
STATE BANK OF INDIA Commercial Branch, Express House, Kaloor, Ernakulam – 682 017 Tel: +91-484- 2340027 Fax: +91-484- 2401528 E Mail: sbicombr@md4.vsnl.net.in Website: www.statebankofindia.com	THE DHANALASHMI BANK LIMITED Industrial Finance Branch, M.G.Road, Ernakulam Tel: +91-484-2360997 Fax: +91-484-2364033 E Mail: ekmifb@dhanbank.co.in Website: www.dhanbank.com	
STANDARD CHARTERED BANK KPK Menon Road, P.B. No. 616, Willingdon Island, Cochin – 682 001 Tel: +91-484-2666246 Fax: +91-484-2668391 E Mail: sojan.jacob@in.standardchartered.com Website: www.standardchartered.com	CITI BANK N.A Photofast NA, Door No./ 38/1581, M.G.Road, Padma Junction, Cochin - 682 035 Tel: +91-484-2369959 Fax: +91-484-2366202 E Mail: santhosh.thomas@citi.com Website: www.citibank.co.in	
BANKER(S) TO OUR ISSUE AND ESCROW COLLECTION BANK(S)		
ABN AMRO BANK N.V Brady House, 14 Veer Nariman Road, Hornimon Circle, Fort, Mumbai – 400 001 Attention Mr. Akhouri Malay Tel: +91- 22 - 66585858 Fax No: +91- 22 – 22042673 Email: akhouri.malay@abnamro.com Website: www.abnamro.co.in	AXIS BANK LIMITED E - Wing, 3rd Floor, Maker Towers, Cuffe Parade, Mumbai - 400005 Contact Person: Prashant Fenandes Tel: +91 - 22 - 67071657 Fax: +91 - 22 - 22155157 E Mail: prashant.fernandes@axisbank.com Website: www.axisbank.com	
CENTURION BANK OF PUNJAB LIMITED Modern Centre, C – Wing, Ground Floor, Sane Guruji Marg, Mahalaxmi, Mumbai – 400 0011 Contact Person: Mr. Harpal Singh Tel :- 91 –22 - 67540252 Fax No.: 022 – 6754011 Email: harpal.singh@centurionbop.co.in Website: www.centurionbop.com	STANDARD CHARTERED BANK 270 D. N. Road Fort, Mumbai – 400 001 Contact Person: Rajesh Malwade Tel: +91 – 22 – 2268 3965 / 2209 2213 Fax: +91 – 22 – 2209 6069 Email: rajesh.malwade@in.standardchartered.com Website: www.standardchartered.co.in	
REFUND BANK(S)		
HDFC BANK LIMITED 26 A, Narayan Properties, Chandivali Farm Road, Saki Naka, Mumbai-400072. Contact Person: Mr. Deepak Rane Tel: 91 – 22 – 2856 9228 Fax: 91 – 22 – 2856 9256 Email: Deepak.rane@hdfcbank.com Website: www.hdfcbank.com	SYNDICATE MEMBERS	
	ANAND RATHI FINANCIAL SERVICES LIMITED (Formerly known as ANAND RATHI SECURITIES LIMITED) SEBI Registration No.: INM 000010478 11th Floor, Times Tower, Senapati Bapat Marg, Lower Parel, Mumbai – 400 020 Tel: +91-22-40477000 Fax: +91-22-40477070 Website: www.rathi.com	

	Email: vguardipo@rathi.com Contact Person: V. Prashant Rao/ Ms. A. Preethi
BROKERS TO OUR ISSUE	
All members of the recognized stock exchanges would be eligible to act as brokers to this issue.	

Statement of Inter-Se Allocation of Responsibilities

Since Anand Rathi Financial Services Limited is the sole Book Running Lead Manager to the issue, all the responsibility of the issue will be managed by them.

The responsibilities and co-ordination of various activities in this Issue are as follows:

Sl No	Activities	Responsibility	Co-ordinator
1	Capital structuring with relative components and formalities.	ARSL	ARSL
2	Due diligence of Company's operations/ management/ business plans/ legal etc. Drafting and design of Offer Document and of statutory advertisement including memorandum containing salient features of the Prospectus. The BRLMs shall ensure compliance with the guidelines for Disclosure and Investor Protection and other stipulated requirements and completion of prescribed formalities with the Stock Exchanges, Registrar of Companies and SEBI including finalisation of Offer Document and RoC filing.	ARSL	ARSL
3	Drafting, approval and liasioning with Advertising agency for of all advertisements / statutory advertisements / publicity material including: <ul style="list-style-type: none"> • Preparation and finalization of the road-show presentation • Approval of all non-statutory advertisement including corporate advertisements. 	ARSL	ARSL
4	Appointment of the Escrow Collection Banks for the Issue	ARSL	ARSL
5	Marketing of the issue, which will cover, inter alia, formulating marketing strategies, preparation of publicity budget, arrangements for selection of <ul style="list-style-type: none"> (i) ad-media, (ii) centres of holding conferences of brokers, investors etc. (iii) bankers to issue, (iv) collection centres (v) brokers to issue and (vi) underwriters and the underwriting arrangement, distribution of publicity and issue material including application form, offer document and brochure, and deciding on the quantum of issue material. 	ARSL	ARSL
6	International Institutional marketing of the Issue, which will cover, among other things, <ul style="list-style-type: none"> • Finalizing the list and division of investors for one to one meetings; and • Finalizing road show schedule and investor meeting schedules. 	ARSL	ARSL
7	Domestic Institutional marketing of the Issue, which will cover, among other things, <ul style="list-style-type: none"> • Finalizing the list and division of investors for one to one meetings; and • Finalizing road show schedule and investor meeting schedules. 	ARSL	ARSL
8	Retail marketing strategy which will cover, among other things,	ARSL	ARSL

SI No	Activities	Responsibility	Co-ordinator
	<ul style="list-style-type: none"> Finalizing centers for holding conferences for brokers, etc Formulating media, marketing and, Public Relations strategy; 		
9	Non Institutional (ex-Retail) marketing strategy which will cover, among other things, <ul style="list-style-type: none"> Finalizing centers for holding conferences for brokers, etc Formulating media, marketing and, Public Relations strategy; 	ARSL	ARSL
10	Appointment of Printers, Registrar for the Issue and advertising agency	ARSL	ARSL
11	Managing the book and advising about closure of the issue.	ARSL	ARSL
12	Finalization of Pricing in consultation with the Company	ARSL	ARSL
13	Co-ordination with stock exchanges for book building software, bidding terminals and mock trading	ARSL	ARSL
14	Post bidding activities including management of Escrow Accounts, co-ordination of allocation and intimation of allocation with Registrar and Banks, Refund to Bidders, etc. The post Issue activities of the Issue will involve essential follow up steps, which must include finalisation of listing and trading of instruments, assisting in finalization of basis of allotment, demat and delivery of shares and refunds, with the various agencies connected with the work such as Registrars to the Issue, Bankers to the Issue and the bank handling refund business. The BRLM shall be responsible for ensuring that these agencies fulfill their functions and enable it to discharge this responsibility through suitable agreements with the Company.	ARSL	ARSL

Credit Rating

As this is an issue of Equity Shares there is no credit rating for this Issue.

IPO Grading

CRISIL has assigned a CRISIL IPO Grade “3/5” (pronounced “three on five”) to the proposed initial public offer of V-Guard Industries Ltd (V-Guard). This grade indicates that the fundamentals of the issue are average in relation to the other listed equity securities in India.

The rationale for the Grade assigned to our Company's IPO by CRISIL, has been set out in its report. The rationale set out therein is as follows:

Grading Rationale

The grading assigned reflects the company’s dominance in the stabilizer business in South India and its growing presence in the small ticket electronic and electrical goods industry in general. The grading also factors in the high brand recall enjoyed by V-Guard in South India and the strengths of its unique manufacturing model, which has ensured high margins for the company. However, the grading is tempered by the fact that the company’s success in products other than stabilizers has been limited and the fact that the planned expansions into the northern market and the new business segment of LT power cables will be much more challenging than the existing businesses. Moreover, the company will find it difficult to replicate its current manufacturing (outsourcing) model in North India. While the management has managed to build a strong presence in South India, it has displayed a rather reactive attitude in

capturing potential and showing growth. Success in its planned expansion strategies would call for greater aggressiveness and dynamism on the part of the management.

A copy of the report provided by CRISIL Limited, furnishing the rationale for its grading is available for inspection at the registered office of our Company from 10.00 am to 4.00 pm on working days from the date of the Red Herring Prospectus until the Bid/Issue Closing Date.

Trustees

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

Project Appraisal

None of the objects of this Issue have been appraised by any Bank or Financial Institution

IPO Grading Agency

CRISIL Limited
1061, Solitaire Corporate Park,
151, Andheri Kurla Road,
Andheri (E),
Mumbai 400 093
Phone: +91 (22) 6758 8000 – 09
Fax: +91 (22) 6758 8088
Website: www.crisil.com
Contact Person: Mr. Vishal Thakkar

Monitoring Agency

As the net proceeds of the issue will be less than Rs.500/- Crores, there is no requirement for a monitoring agency in terms of clause 8.17 of the SEBI Guidelines.

BOOK BUILDING PROCESS

Book Building refers to the collection of Bids from investors, which is based on the Price Band, in the Red Herring Prospectus. The Issue Price is finalized after the Bid/Issue Closing Date. The principal parties involved in the Book Building Process are:

1. Our Company;
2. Book Running Lead Manager in this case being Anand Rathi Financial Services Limited;
3. Syndicate Members who are intermediaries registered with SEBI or registered as brokers with the Stock Exchange(s) and eligible to act as underwriters. Syndicate Members are appointed by the BRLM.
4. Escrow Collection Bank(s)
5. Registrar to our Issue in this case being Intime Spectrum Registry Limited.

The SEBI Guidelines have permitted a issue of securities to the public through the 100% Book Building Process wherein upto 50% of the Net Issue to the Public shall be allotted to Qualified Institutional Buyers on a proportionate basis out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remaining shall be available for allotment on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. Further, not less than 15% of the Net Issue to the public would be allocated to Non-Institutional Bidders and not less than 35% of the Net issue to the public would be allocated to Retail Individual Bidders on a proportionate basis, subject to valid bids being received at or above the Issue Price.

We will comply with the SEBI Guidelines for this Issue. In this regard, we have appointed the BRLM to manage the Issue and to procure subscriptions to the Issue.

In accordance with SEBI Guidelines, QIBs are not allowed to withdraw their Bid(s) after the Bid/ Issue Closing Date. In addition, QIBs are required to pay atleast 10% Margin Amount upon submission of the Bid cum Application Form during the Bidding Period and allocation to QIBs will be on a proportionate basis. For further details, please refer the chapter titled “Issue Structure” on page 239 of this Prospectus.

Steps to be taken by the Bidders for bidding:

- Check eligibility for bidding, see the section titled “Issue Procedure-Who Can Bid?” on page no. 242 of this Prospectus;
- Ensure that the Bidder has a demat account; and
- Ensure that the Bid cum Application Form is duly completed as per instructions given in the Red Herring Prospectus and in the Bid cum Application Form.

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

Bidders can bid at any price within the price band. For instance, assuming a price band of Rs. 200 to Rs. 240 per share, issue size of 3,000 equity shares and receipt of five bids from bidders details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the websites of the BSE (www.bseindia.com) and NSE (www.nseindia.com) during the bidding period. The illustrative book as shown below shows the demand for the shares at various prices and is collated from bids from various investors.

Number of Equity Shares Bid for	Bid Price (Rs.)	Cumulative Equity Shares Bid for	Subscription
500	240	500	16.67%
1000	230	1500	50.00%
1500	220	3000	100.00%
2000	210	5000	166.67%
2500	200	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 quantum of shares is the price at which the book cuts off *i.e.*, Rs. 220 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. 220. All bids at or above this issue price and cut off bids are valid bids and are considered for Allocation in respective category.

Bidding /Issue Period

BID/ISSUE OPENED ON	February 18, 2008
BID/ISSUE CLOSED ON	February 21, 2008

Bids and any revision in Bids shall be accepted only between 10:00 hrs and 15:00 hrs (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centers mentioned on the Bid Cum Application Form except that on the Bid/Issue Closing Date, the Bids shall be accepted only between 10:00 hrs and 13:00 hrs (Indian Standard Time) and uploaded till such time as permitted by the BSE and the NSE on the Bid/Issue Closing Date.

The Price Band had been decided by our Company in consultation with the BRLM.

The Company reserves the right to revise the Price Band during the Bidding Period in accordance with SEBI Guidelines. The cap on the Price Band should not be more than 20% of the floor price of the Price Band. Subject to compliance with the immediately preceding sentence the floor price of the Price Band can move up or down to the extent of 20% of the floor price of the Price Band.

In case of revision in the Price Band, the Bidding/Issue Period will be extended for three additional working days after revision of the Price Band, subject to the Bidding Period / Issue Period not exceeding ten working days. Any revision in the Price Band and the revised Bid/ Issue Period, if applicable, will be widely disseminated by notification to the

BSE and NSE by issuing a press release, and also by indicating the change on the web site and at the terminals of the members of the Syndicate.

Withdrawal of the Issue:

Our Company in consultation with the BRLM, reserves the right not to proceed with the Issue at anytime after the Bid/Issue Opening date but before Allotment, without assigning any reason thereof.

Underwriting

After the determination of the Issue Price but prior to filing of the Prospectus with RoC, we will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be issued through this Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLM shall be responsible for bringing in the amount devolved in the event that the Syndicate Member(s) do not fulfill their underwriting obligations. Pursuant to the terms of the Underwriting Agreement, the obligation of the underwriter are several and not joint, and are subject to certain conditions as specified in such agreement.

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

Name and Address of the Underwriters	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. lakhs)
ANAND RATHI FINANCIAL SERVICES LIMITED 11 th Floor, Times Tower, Kamala City, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013 Tel: + 91-22-4047 7000 Fax: + 91-22-4047 7070 E-mail: vguardipo@rathi.com Website: www.rathi.com Contact Person: Mr. V. Prashant Rao/ Ms. A. Preethi	80,00,000	6560.00
Total	80,00,000	6560.00

The above-mentioned amount is an indicative underwriting and would be finalised after pricing and actual Allocation.

The above underwriting agreement is dated 27th February, 2008.

In the opinion of the Board of Directors of our Company (based on a certificate given by the Underwriters), the resources of all the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. All the above-mentioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act.

Allocation among Underwriters may not necessarily be in proportion to their underwriting commitments. Notwithstanding the above table, the BRLM and the Syndicate Member(s) shall be severally 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 to be defined in the Underwriting Agreement, will also be required to procure/subscribe to the extent of the defaulted amount. For details on allocation, please refer chapter titled “Other Regulatory and Statutory Disclosures” beginning on page no. 226 of this Prospectus.

3. CAPITAL STRUCTURE

The share capital of our Company as on the date of filing of this Prospectus with SEBI is as set forth below.

Share Capital as on the date of filing of this Prospectus	Amount in Rs.	
	Nominal Value	Aggregate Value
A. Authorised Capital		
3,00,00,000 Equity Shares of the face value of Rs. 10/- each	30,00,00,000	
B. Issued, Subscribed and Paid-Up Capital before this Issue		
2,18,47,520 Equity Shares of the face value of Rs. 10/- each	21,84,75,200	
C. Present Issue to the public in terms of this Prospectus		
80,00,000 Equity Shares of the face value of Rs. 10/- each as Issue to the Public	8,00,00,000	65,60,00,000
Of Which		
4,00,000 Equity Shares of Rs. 10/- each are reserved for allotment to the Eligible Employees of our Company	40,00,000	3,28,00,000
D. Net Issue to the Public		
76,00,000 Equity Shares of the face value of Rs. 10/- each	7,60,00,000	62,32,00,000
E. Issued, Subscribed and Paid-Up Capital after this Issue		
2,98,47,520 Equity Shares of the face value of Rs. 10/- each	29,84,75,200	87,44,75,200
F. Securities Premium Account*		
Before this Issue	-	-
After this Issue	-	57,60,00,000

* - The figures to be finalized after the Book Building Procedure.

Notes to Capital Structure

1. Details of increase in Authorised Share Capital since incorporation

Sr. No.	Particulars of increase	Date of Shareholders' meeting	AGM/EGM
1.	Rs. 300 lakhs	Incorporation	-
2.	From Rs. 300 lakhs to Rs. 2500 lakhs	31 August, 2006	AGM
3.	From Rs. 2500 lakhs to 3000 lakhs	16 July, 2007	AGM

2. Share Capital History of our Company

Date of Allotment of the Equity Shares	No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of payment of consideration	Reasons for Allotment	No. of Allottees	Cumulative No. of shares	Cumulative Paid-up Capital (Rs.)
12-Feb-96	700	10	10	Cash	Subscription to Memorandum	7	700	7,000
25-Mar-97	23,20,000	10	10	Cash	Further Allotment to Promoters and Relatives	3	23,20,700	2,32,07,000
31-Mar-04	6,79,300	10	10	Cash	Further allotment to	4	30,00,000	3,00,00,000

Date of Allotment of the Equity Shares	No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of payment of consideration	Reasons for Allotment	No. of Allottees	Cumulative No. of shares	Cumulative Paid-up Capital (Rs.)
					Promoters and Relatives			
09-Sep-06	1,80,00,000	10	--	Bonus	In the ratio of 6:1 out of free reserves	7	2,10,00,000	21,00,00,000
28-Mar-07	3,95,760	10	10	Cash	Allotment to Employees	46	2,13,95,760	21,39,57,600
12-Apr-07	1,77,720	10	10	Cash	Allotment to Employees	47	2,15,73,480	21,57,34,800
21-Apr-07	1,25,690	10	10	Cash	Allotment to Employees	48	2,16,99,170	21,69,91,700
28-Apr-07	71,520	10	10	Cash	Allotment to Employees	48	2,17,70,690	21,77,06,900
14-May-07	32,760	10	10	Cash	Allotment to Employees	48	2,18,03,450	21,80,34,500
18-May-07	16,410	10	10	Cash	Allotment to Employees	48	2,18,19,860	21,81,98,600
29-May-07	27,660	10	10	Cash	Allotment to Employees	35	2,18,47,520	21,84,75,200

Note:

Our Company, on 9th September, 2006 issued bonus shares to its members in the ratio of Six Equity Shares for every one Equity Share held by members and such new shares were fully paid up and ranked *pari passu* with the existing equity shares. A total of 1,80,00,000 equity shares were issued. Face value of each Equity Share issued including the present allotment of bonus shares amounted to Rs. 10. This bonus issue was authorized *vide* resolution passed on August 31, 2006.

We hereby confirm that employees to whom shares were issued on the above mentioned dates were/are not the promoters of our company. Further, all the above allotments made are in compliance with the provisions of Section 67(3) of the Companies Act, 1956.

3. Details of Promoters Contribution and Lock-In

a. Capital built up of Promoters

Name of the Promoter	Date of Allotment/Purchase/Transfer	Date on which Equity Shares were made fully paid up	Mode of acquisition (Allotment/transfer)	Number of Equity Shares	Face Value per Equity Share (in Rs)	Issue/Transfer price per Equity Share in Rs.	Consideration (cash, bonus, consideration on other than cash)
	February 12, 1996	February 12, 1996	Subscription to Memorandum	100	10	10	Cash
	March 25, 1997	March 25, 1997	Allotment	1400000	10	10	Cash

Name of the Promoter	Date of Allotment/Purchase/Transfer	Date on which Equity Shares were made fully paid up	Mode of acquisition (Allotment/transfer)	Number of Equity Shares	Face Value per Equity Share (in Rs)	Issue/Transfer price per Equity Share in Rs.	Consideration (cash, bonus, consideration on other than cash)
Mr. Kochouseph Chittilappily	July 31, 2003	July 31, 2003	Gift	(600000)	10	NIL	Gift to Mrs. Sheela Kochouseph Chittilappily
	November 27, 2003	November 27, 2003	Purchase	100	10	85	Cash
	March 31, 2004	March 31, 2004	Allotment	99300	10	10	Cash
	June 17, 2005	June 17, 2005	Transmission*	100	10	NIL	--
	September 09, 2006	September 09, 2006	Allotment	5397600	10	NIL	Bonus
	Sub Total				6297200		
Ms. Sheela Kochouseph	February 12, 1996	February 12, 1996	Subscription to Memorandum	100	10	10	Cash
	July 31, 2003	July 31, 2003	Gift	600000	10	NIL	Gift from Mr. Kochouseph Chittilappily
	March 31, 2004	March 31, 2004	Allotment	100000	10	10	Cash
	September 09, 2006	September 09, 2006	Allotment	4200600	10	NIL	Bonus
	August 16, 2007	August 16, 2007	Sale#	(84470)	10	10	Cash
	October 01, 2007	October 01, 2007	Sale@	(250250)	10	75	Cash
	Sub Total				4565980		
TOTAL				10863180			

* - 100 shares held by Mr. C.O. Thomas, father of Mr. Kochouseph Chittilappily, were transmitted to Mr. Kochouseph Chittilappily after the former's death.

- Mrs. Sheela Kochouseph Chittilappily, on August 16, 2007, transferred 84,470 Equity Shares to Employees of V-guard Industries Limited and V-Star Creations Private Limited, having a face value Rs. 10/- per equity share at par. This transfer was authorized *vide* a resolution passed on 16th August, 2007.

@ - Mrs. Sheela Kochouseph Chittilappily, on October 1, 2007, transferred 2,50,250 Equity Shares to outsiders, having a face value Rs. 10/- per equity share at a premium of Rs. 65. This transfer was authorized *vide* a resolution passed on 1st October, 2007.

3. Details of Promoters' contribution locked-in for three (3) years as well as for one (1) year

Name of the Promoter	Date of Allotment/ Transfer and Made Fully Paid-up	Consideration	No. of Equity Shares	Face Value (in Rs)	Issue/ Transfer Price (in Rs.)	% of Pre-Issue Paid-up Capital	% of Post Issue Paid-up Capital	Lock-in Period (Years)
Mr. Kochouseph Chittilappilly	February 12, 1996	Cash	100	10	10	Negligible	Negligible	1 year
	March 25, 1997	Cash	800000*	10	10	3.66	2.68	1 year
	November 27, 2003	Cash	100	10	85	Negligible	Negligible	1 year
	March 31, 2004	Cash	99300	10	10	0.45	0.33	1 year
	June 17, 2005	--	100	10	Nil	Negligible	Negligible	1 year
	September 09, 2006	Bonus	4000000**	10	Nil	18.31	13.40	3 years
	September 09, 2006	Bonus	1397600**	10	Nil	6.40	4.68	1 year
		Total	6297200			28.82	21.10	
Ms. Sheela Kochouseph Chittilappilly	February 12, 1996	Cash	100	10	10	Negligible	Negligible	1 year
	July 31, 2003	--	600000	10	Nil	2.75	2.01	1 year
	March 31, 2004	Cash	15530***	10	10	0.07	0.05	1 year
	September 09, 2006	Bonus	2500000****	10	Nil	11.44	8.38	3 years
	September 09, 2006	Bonus	1450350****	10	Nil	6.64	4.86	1 year
		Total	4565980			20.90	15.30	
		Grand Total	10863180			49.72	36.40	

* - Out of the 14,00,000 shares originally allotted to Mr. Kochouseph Chittilappilly on 25th March, 1997, 6,00,000 equity shares were transferred to Mrs. Sheela Kochouseph Chittilappilly. The balance 8,00,000 equity shares have been considered for 1 year lock in.

** - Out of the 53,97,600 shares originally allotted to Mr. Kochouseph Chittilappilly through the issue of Bonus shares on 9th September, 2006, 40,00,000 equity shares have been considered as promoters contribution for lock-in for three years. The balance 13,97,600 equity shares have been considered for 1 year lock-in.

*** - Out of the 1,00,000 shares originally allotted to Mrs. Sheela Kochouseph Chittilappilly on 31st March, 2004, 84,470 equity shares were transferred to Employees of V-Guard Industries Limited and V-Star Creations Private Limited. The balance 15,530 equity shares have been considered for 1 year lock in.

**** - Out of the 42,00,600 shares originally allotted to Mrs. Sheela Kochouseph Chittilappilly through the issue of Bonus shares on 9th September, 2006, 2,50,250 equity shares were transferred to outsiders. Out of the balance 39,50,350 equity shares, 25,00,000 equity shares have been considered as promoters contribution for lock-in for three years and 14,50,350 equity shares have been considered for 1 year lock-in.

The lock-in period for above mentioned shares will commence from the date of allotment of the equity shares in the present Issue.

Summary of Equity Shares offered by our Promoters for three years lock in:

S. No.	Name of the Promoters	No. of Shares offered for Lock-in for three years	Percentage of Post Issue Paid-up Capital
1.	Mr. Kochouseph Chittilappilly	40,00,000	13.40
2.	Mrs. Sheela Kochouseph Chittilappilly	25,00,000	8.34
	Total	65,00,000	21.74

The Promoters contribution has been brought in to the extent of not less than the specified minimum lot and from persons defined as promoters in the chapter titled “Our Promoters” on page no. 118 of this Prospectus.

Other than as stated above, the entire Pre-Issue Equity Share capital of our Company shall be subject to a lock-in for one year from the date of allotment of shares in this Issue.

Written consents from promoters have been obtained for inclusion of their securities as part of promoters contribution subject to lock-in and the securities proposed to form part of promoters’ contribution subject to lock-in, will not be disposed /sold/transferred by the promoters during the period starting from the date of filing the Red Herring Prospectus with the SEBI till the date of commencement of lock-in period as stated in the Red Herring Prospectus.

Shares held by any person other than our Promoters, prior to this Issue, which are subject to lock in as per the relevant provisions of Chapter IV of SEBI Guidelines, may be transferred to any other person holding shares which are locked in, subject to continuation of lock-in in the hands of transferees for the remaining period and compliance of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 as applicable.

Shares held by our Promoters which are locked in as per the relevant provisions of Chapter IV of the SEBI Guidelines, may be transferred to and amongst Promoters/Promoter Group Entities or to a new promoter or persons in control of our Company, subject to continuation of lock-in in the hands of transferees for the remaining period and compliance of Securities and Exchange Board of India (Substantial Acquisition of shares and Takeovers) Regulations, 1997, as applicable..The locked-in Equity Shares held by our Promoters can be pledged only with banks or financial institutions as collateral security for loans granted by such banks or financial institutions, provided the pledge of shares is one of the terms of sanction of such loan and such loan is towards financing one or more objects of the issue.

5. The aggregate shareholding of the promoter group including promoters is 1,98,50,087 equity shares.

Shareholding of our Promoters and Promoter Group

Sr. No.	Name of the Shareholder	Number of Equity Shares	Total shareholding as a percentage of total number of shares (Pre-Issue)	Total shareholding as a percentage of total number of shares (Post-Issue)
Our Promoters				
1	Mr. Kochouseph Chittilappilly	62,97,200	28.82	21.10
2.	Mrs. Sheela Kochouseph Chittilappilly	45,65,980	20.90	15.30
	Total (A)	1,08,63,180	49.72	36.40
Our Promoter Group				
3.	Mr. Arun. K. Chittilappilly	45,66,697	20.90	15.30
4.	Mr. Mithun. K. Chittilappilly	44,16,210	20.21	14.80
5.	Mr. C.T. Varghese	2,700	0.01	0.01
6.	Mr. C.T. John	1,300	0.01	Negligible
	Total (B)	89,86,907	41.13	30.11
	Total (A) + (B)	1,98,50,087	90.85	66.51

Except as described below, our Promoters and our Promoter Group/ Promoter Group Entities and the Directors of our Company have not purchased, neither have they sold any Equity Shares, during a period of six months preceding the date of filing this Prospectus with SEBI.

Promoters

Mrs. Sheela Kochouseph Chittilappilly

Nature of the Security	Nature of the transaction	Quantity	No. of Transferees	Transaction price per share	Transaction date
Equity	Sale*	84470	317	Rs.10	16 th August, 2007
Equity	Sale#	250250	45	Rs.75	1 st October, 2007

* - Mrs. Sheela Kochouseph Chittilappilly, on August 16, 2007, transferred 84,470 Equity Shares to Employees of V-Guard Industries Limited and V-Star Creations Private Limited, having a face value Rs. 10/- per equity share at par. This transfer was authorized *vide* a resolution passed on 16th August, 2007.

- Mrs. Sheela Kochouseph Chittilappilly, on October 1, 2007, transferred 2,50,250 Equity Shares to outsiders, having a face value Rs. 10/- per equity share at a premium of Rs. 65. This transfer was authorized *vide* a resolution passed on 1st October, 2007.

Promoter Group

Mr. Arun Chittilappilly

Nature of the Security	Nature of the transaction	Quantity	No. of Transferees	Transaction price per share	Transaction date
Equity	Sale*	24620	176	Rs.10	16 th August, 2007
Equity	Sale#	247433	80	Rs.75	1 st October, 2007
Equity	Sale#	61250	2	Rs.80	1 st October, 2007

* - Mr. Arun Chittilappilly, on August 16, 2007, transferred 24,620 Equity Shares to Employees of Wonderla Holidays Private Limited and M/s Electro Controls, having a face value Rs. 10 per equity share at par. This transfer was authorized *vide* a resolution passed on 16th August, 2007.

- Mr. Arun Chittilappilly, on October 1, 2007, transferred 2,47,433 and 61,250 Equity Shares having a face value Rs. 10 per equity share at premium of Rs. 65 and Rs. 70 per share respectively to outsiders. This transfer was authorized *vide* a resolution passed on 1st October, 2007.

Mr. Mithun Chittilappilly

Nature of the Security	Nature of the transaction	Quantity	No. of Transferees	Transaction price per share	Transaction date
Equity	Sale*	100640	186	Rs.10	16 th August, 2007
Equity	Sale#	289650	129	Rs.75	1 st October, 2007
Equity	Sale#	93500	3	Rs.80	1 st October, 2007

* - Mr. Mithun Chittilappilly, on August 16, 2007, transferred 1,00,640 Equity Shares to Employees of Veega Holidays & Parks Private Limited, having a face value Rs. 10 per equity share at par. This transfer was authorized *vide* a resolution passed on 16th August, 2007.

- Mr. Mithun Chittilappilly, on October 1, 2007, transferred 2,89,650 and 93,500 Equity Shares having a face value Rs. 10 per equity share at premium of Rs. 65 and Rs. 70 per share respectively to outsiders. This transfer was authorized *vide* a resolution passed on 1st October, 2007.

Mr. C.T. Varghese

Nature of the Security	Nature of the transaction	Quantity	Transaction price per share	Transaction date	Name of the Transferor	Relationship with Promoter/Promoter Group
Equity	Purchase	2700	Rs.75	1 st October, 2007	Mr.Mithun K.Chittilappilly	Brother of Mr.Kochouseph Chittilappilly

Mr. C.T. John

Nature of the Security	Nature of the transaction	Quantity	Transaction price per share	Transaction date	Name of the Transferor	Relationship with Promoter/Promoter Group
Equity	Purchase	1300	Rs.75	1 st October, 2007	Mr.Mithun K.Chittilappilly	Brother of Mr.Kochouseph Chittilappilly

Mrs. Sheela Kochouseph Chittilappilly, Mr. Mithun Chittilappilly and Mr. Arun Chittilappilly, persons forming part of the promoter and promoter group had made certain transfers to outsiders on 1st October, 2007 as stated under section titled “Capital Structure” on page no. 14 in this Prospectus. The total number of transferees for the said transfers was **259**.

We hereby confirm that except as stated below no transferee who had been transferred shares on 1st October, 2007 are related to the Promoter/ Promoter Group:

Name of Transferee	Name of the Transferor	No. of shares purchased	Transaction price per share (in Rs.)	Relationship with Promoter/Promoter Group
Mr. C.T. Varghese	Mr. Mithun Chittilappilly	2700	75	Brother of Mr. Kochouseph Chittilappilly
Mr. C.T. John	Mr. Mithun Chittilappilly	1300	75	Brother of Mr. Kochouseph Chittilappilly
Mrs. Priya Arun Chittilappilly	Mrs. Sheela Kochouseph Chittilappilly	20000	75	Daughter-in-law of the promoters/ Wife of Mr. Arun Chittilappilly

- Our Company, our Directors, our Promoters, our Promoter Group and the BRLM to this Issue have not entered into any buy-back, standby or similar arrangements for purchase of Equity Shares of our Company from any person.
- An over-subscription to the extent of 10% of Net Issue to the Public can be retained for the purpose of rounding off to the nearer multiple of 1, while finalizing the Basis of Allotment. Consequently, the actual allotment may go up by a maximum of 10% of the Net Issue to Public, as a result of which, the post Issue paid up capital after the Issue would also increase by the excess amount of Allotment so made. In such an event, the Equity Shares held by

our Promoters and subject to lock- in shall be suitably increased, so as to ensure that 20% of the post Issue paid-up capital is locked in.

8. The Equity Shares forming part of Promoter's contribution do not consist of any private placement made by solicitation of subscription from unrelated persons, either directly or through any intermediary.
9. In the case of over-subscription in all categories, upto 50% of the Issue to the Public shall be allocated on a proportionate basis to Qualified Institutional Buyers, of which 5% shall be reserved for Mutual Funds. Further, not less than 15% of the Issue to the Public shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Issue to the Public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above this Issue Price. Under-subscription, if any, in any of the categories would be allowed to be met with spill over from any other category by our Company in consultation with the BRLM in accordance with applicable laws, rules, regulations and guidelines.
10. As per RBI regulations, OCBs are not allowed to participate in this Issue.
11. Since the entire money of Rs. 82/- per share (Rs. 10/- face value + Rs. 72/- premium) is being called on application, all the successful applicants will be issued fully paid-up Equity Shares.
12. The Equity Shares of our Company are fully paid up and there are no partly paid up Equity Shares as on date.

13 (a) Particulars of the top ten shareholders as on date of filing and ten days prior to the filing of this Prospectus with SEBI

Sr. No.	Name of the Shareholder	Number of equity shares	% of total paid-up capital	Cumulative % of total paid up capital
1	Mr. Kochouseph Chittilappilly	62,97,200	28.82	28.82
2	Mr. Arun K Chittilappilly	45,66,697	20.90	49.72
3	Mrs. Sheela Kochouseph	45,65,980	20.90	70.62
4	Mr. Mithun K Chittilappilly	44,16,210	20.21	90.83
5	Mr. Johnson Thomas	62,500	0.29	91.12
6	Mr. K. Vijayan	35,330	0.16	91.28
7	Mrs. Anupama Ajith	31,250	0.14	91.42
8	Mr. Joseph Zacharias & Mrs. Cynthia Zacharias	30,000	0.14	91.56
9	Mr. K.V. Shamsudheen & Mrs. Samiyya Shamsudheen	30,000	0.14	91.70
10	Mr. Antony Sebastian K	28,090	0.13	91.83

13. (b) Particulars of the top ten shareholders 2 years prior to the date of filing of this Prospectus with SEBI

Sr. No.	Name of the Shareholder	Number of equity shares	% of total paid-up capital	Cumulative % of total paid up capital
1.	Mr. Kochouseph Chittilappilly	8,99,600	29.98	29.98
2.	Mrs. Sheela Kochouseph Chittilappilly	7,00,100	23.34	53.32
3.	Mr. Arun K Chittilappilly	7,00,000	23.33	76.65
4.	Mr. Mithun K Chittilappilly	7,00,000	23.33	99.98
5.	Mr.K.Vijayan	100	Negligible	--
6.	Mr. B.Jayaraj	100	Negligible	--
7.	Mr. Antony Sebastian K	100	Negligible	--

14. Shareholding pattern of our Company prior and post this Issue

Category Code	Category of Shareholder	No. of Shareholders	Total no. of shares	No. of shares held in dematerialized form	Total shareholding as a percentage of total number of shares (Pre-Issue)		Total Number of shares	Total Shareholding as a % of total number of shares (Post-Issue)	
					As a Percentage of (A + B)	As a Percentage of (A+B+C)		As a % of (A + B)	As a % of (A+B+C)
(A)	Shareholding of promoter and promoter group								
(1)	Indian								
(a)	Individuals/Hindu undivided Family	6	19850087	-	90.85	90.85	1,98,50,087	66.51	66.51
(b)	Central Government/ State Government(s)	--	--	--	--	--	--	--	--
(c)	Bodies Corporate	-	--	--	-	-	-	-	-
(d)	Financial Institutions/Banks	--	--	--	--	--	--	--	--
(e)	Any other (Specify)	--	--	--	--	--	--	--	--
	Sub-Total (A) (1)	6	19850087	-	90.85	90.85	1,98,50,087	66.51	66.51
(2)	Foreign								
(a)	Individuals (Non Resident Individuals/Foreign Individuals)	--	--	--	--	--	--	--	--
(b)	Bodies Corporate	--	--	--	--	--	--	--	--
(c)	Institutions	--	--	--	--	--	--	--	--
(d)	Any Other (Overseas Corporate Body)	--	--	--	--	--	--	--	--
	Sub-Total (A) (2)	NIL	NIL	NIL	NIL	NIL			
	Total Shareholding	6	19850087	-	90.85	90.85	1,98,50,087	66.51	66.51

	of Promoter and promoter group (A) = (A)(1)+ (A)(2)								
(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 investor	--	--	--	--	--			
(g)	Foreign Venture Capital Investors	--	--	--	--	--			
(h)	Any Other	--	--	--	--	--			
	Sub Total (B)(1)	--	--	--	--	--			
(2)	Non Institutions	--	--	--	--	--			
(a)	Bodies Corporate	4	3600		0.02	0.02			
(b)	Individuals- i) Individual shareholders holding nominal share capital up to Rs 1 lakh	1218	14,77,893	-	6.76	6.76	99,97,433	33.49	33.49
	ii)Individual shareholders holding nominal share capital in excess of Rs 1 lakh	24	4,85,940	--	2.22	2.22			
(c)	Any other 1. NRI (Non-Repatriate)	1	30,000	--	0.14	0.14			
	Sub Total (B)(2)	1247	19,97,433	-	9.15	9.15			

	Total Public shareholding (B)= (B)(1) + (B)(2)	1247	19,97,433	-	9.15	9.15	99,97,433	33.49	33.49
	Total (A) + (B)	1253	21847520	--	100.00	100.00	2,98,47,520	100.00	100.00
(C)	Shares held by Custodians and against which Depository Receipts have been issued	NIL	NIL	NIL	NIL	NIL	--	--	--
	Grand Total (A)+(B)+(C)	1253	21847520	--	100.00	100.00	2,98,47,520	100.00	100.00

15. The total number of members of our Company as on the date of filing this Prospectus is 1253.
16. Our Company has not raised any bridge loan against the proceeds of this Issue.
17. There would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of the Draft Red Herring Prospectus with SEBI until the Equity Shares offered through this Red Herring Prospectus have been listed.
18. Our Company, on 9th September, 2006 issued bonus shares to its members in the ratio of Six Equity Share for every one Equity Share held by members and such new shares were fully paid and ranked *pari passu* with the existing equity shares. A total of 1,80,00,000 equity shares were issued. Face value of each Equity Share issued including the present allotment of bonus shares amounted to Rs. 10. This bonus issue was authorized *vide* resolution passed on August 31, 2006.
19. We presently do not have any intention or proposal to alter our capital structure for a period of six months commencing from the date of opening of the Issue, by way of split/consolidation of the Equity Shares or further issue of Equity Shares (including issue of securities convertible into exchangeable, directly or indirectly into Equity Shares) whether on a preferential basis or otherwise. However, during such period or at a later date, we may issue Equity Shares or securities linked to equity shares to finance an acquisition, merger or joint venture by us or as consideration for such acquisition, merger or joint venture, or for regulatory compliance or such other scheme of arrangement if an opportunity of such nature is determined by our Board to be in the interest of our Company.
20. Our Company has not revalued its assets since its incorporation.
21. Our Company has not issued any Equity Shares out of revaluation reserves or for consideration other than cash except for bonus issue made out of retained profits.
22. Our Company has not made any public issue since its incorporation.
23. Only Eligible Employees would be eligible to apply in this Issue under the Employee Reservation Portion. Bids by Eligible Employees can also be made in the "Net Issue to the Public" and the same shall not be treated as multiple Bids. In case of under-subscription in the Employee Reservation Portion, it would be allowed to be met with spillover inter-se from any other categories, at the sole discretion of our Company, in consultation with the BRLMs. In case of under-subscription in the Net Issue, spillover to the extent of under subscription shall be permitted from the Employee Reservation Portion at the discretion of our Company in consultation with the BRLMs. Such inter-se spillover if any would be effected in accordance with applicable laws, rules, regulations and guidelines.

24. Our Company undertakes that at any given time, there shall be only one denomination for the Equity shares of our Company and our Company shall comply with such disclosure and accounting norms as specified by SEBI from time to time.
25. As on the date of filing of this Prospectus with the SEBI, there are no outstanding warrants, options or other financial instruments, which would entitle our Promoters or shareholders of our Company or any other person an option to receive Equity Shares of our Company.
26. Securities offered through this issue shall be made fully paid up or may be forfeited within 12 months from the date of allotments of securities in the manner specified in clause 8.6.2 of the SEBI (DIP) Guidelines.
27. The locked in equity shares of promoters as a part of minimum promoters contribution are not pledged to any party. The locked-in Equity Shares held by our Promoters can be pledged only with banks or financial institutions as collateral security for loans granted by such banks or financial institutions, provided the pledge of shares is one of the terms of sanction of such loan and such loan is towards financing one or more objects of the issue.
28. Our Company does not have any ESOS/ESPS scheme for our employees and we do not intend to allot any shares to our employees under ESOS/ESPS scheme from the proposed Issue. As and when options are granted to our employees under any ESOP scheme, our Company shall comply with the SEBI (Employee Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines 1999.
29. A Bidder cannot make a Bid for more than the number of Equity Shares offered in this issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.
30. No payment, direct or indirect in the nature of discount, commission, and allowance or otherwise shall be made either by us or our Promoters to the persons who receive allotments, if any, in this Issue.
31. The Equity Shares which are subject to lock-in shall carry the inscription “non-transferable” and the non-transferability details shall be informed to the depositories. The details of lock-in shall also be provided to the stock exchanges, where the shares are to be listed, before the listing of the securities.
32. Restrictive Covenants

During the currency of the Loan Agreements, the Company shall not, without Bank’s prior permission in writing:

- Formulate any scheme of amalgamation
- Undertake any new project, implement any scheme of expansion or acquire fixed assets except those indicated in the funds flow statements submitted to the Banks from time to time and approved by the Banks.
- Invest by way of share capital in or lend or advance funds to or place deposits with any other concern (including group companies), save and except normal trade credit or security deposits in the normal course of business or advances to employees.
- Enter into borrowing arrangements either secured or unsecured with any other Bank, financial institutions other than those indicated in the funds flow statements submitted to the Bank from time to time and approved by the Bank.
- Undertake any guarantee obligations on behalf of any other company (including group companies).
- Create any charge, lien or encumbrance over its assets or any part thereof in favour of any financial institution, bank, company, firm or persons.
- Sell, assign, mortgage or otherwise dispose off any of the fixed assets charged to the Bank.
- Change the practice with regard to remuneration of Directors.
- Permit any transfer of the controlling interest or make any drastic change in the management set up.

- Not to repay monies brought in by the promoters/Directors/principal shareholders and their friends and relatives by way of deposits/loans/advances.
- Not to declare or pay dividends in respect of any financial year if any event of default has occurred.
- To inform the Bank of any distress or other proceeding of court being taken against the hypothecated assets.
- To inform the Bank or institution of any legal proceedings against the Company by any person making a claim for money against the Company or enforcing against the Company, any guarantee given by the Company.

4. OBJECTS OF THIS ISSUE

As part of our expansion and product diversification plans, our company proposes to setup Cable manufacturing facilities, Enameling Plant, Development cum Pilot Productions Plants and Service & Distribution centre at strategic locations throughout the country. The other objects of this issue would also be to cover the issue expenses and for Listing of our Securities in the Stock Exchanges. We believe that listing will enhance our brand name, provide liquidity to our existing shareholders and create a public market for our Equity Shares in India.

The fund requirement and deployment is based on internal management estimates and has not been appraised by any Bank or Financial Institution. The fund requirement below is based on our current business plan. In view of the competitive and dynamic nature of the industry in which we operate, we may have to revise our business plan from time to time and consequently, our fund requirement may also change. This may include rescheduling of our capital expenditure programmes and an increase or decrease in the capital expenditure for a particular purpose vis-à-vis current plans at the discretion of our Management.

The main objects, objects incidental or ancillary to the main objects and other objects set out in our Memorandum of Association enable us to undertake our existing activities and the activities for which funds are being raised by us through this Issue.

Note: We have estimated the requirement of plant, equipment and machinery enumerated below based on Quotations and /or our internal estimates based on prevailing market prices of manufacturers/ suppliers of equipment. We have estimated the cost of building based on the valuation certificate obtained from ROY ANTONY ARCHITECTS a Chartered Engineer. Wherever we have relied upon quotations, we have specified the necessary details in relation to the date and supplier.

All the plant and machinery required to be purchased pursuant to the objects of this Issue will be sourced domestically and imported too. Further, all the plant and machinery required to be purchased pursuant to the objects of this Issue is proposed to be new plant & machinery, and there is no intention on our part to purchase any second hand plant or machinery.

Cost of Project

The total estimated Cost of Project is as follows:

Sl. No.	Particulars	Amount (in Rs. Lakhs)
1.	Setting up of facilities for Cable manufacturing in Coimbatore and Uttaranchal	4478.20
2.	Setting up of Enameling plant at Coimbatore	904.56
3.	Setting up Development and Pilot Production Plants for water Heaters, Fans and Pumps at Himachal Pradesh and Coimbatore	567.11
4.	Investment for setting up Service and Distribution Centres at Bangalore, Hubli and Vijaywada	956.52
5.	Issue Management Expenses	486.95
	Total	7393.34

** As on 31st January, 2007 the company has incurred an amount of Rs. 78.60 lakhs towards issue expenses.*

Means of Finance

The above-mentioned fund requirement will be met through the Issue proceeds amounting to 6560.00 lakhs and the shortfall of Rs. 833.34 lakhs will be met out of our existing cash & bank balance, internal accruals. Our Internal Accruals as on August 31, 2007 are Rs. 3169.93 lakhs as certified by our Statutory Auditors M/s Deloitte Haskins & Sells under certificate dated October 17, 2007.

Whilst our Company intends to utilize the Issue proceeds in the manner provided above, in the event of a surplus, our Company will use such surplus funds towards general corporate purposes including but not limited to repayment or prepayment of loans availed by our Company.

No part of the Issue proceeds will be paid by us as consideration to our Promoters, Directors, Key Management Personnel or companies promoted by our Promoters, except in the course of normal business.

The fund requirement and deployment are based on internal management estimates, vendor quotations and have not been appraised by any bank or financial institution. In case of any variations in the actual utilization of funds earmarked for the above activities, increased fund deployment for a particular activity may be met with by surplus funds, if any available in our Company's internal accrual, and/ or debt that may be availed from the Banks/ Financial Institutions.

1. Setting up of facilities for Cable manufacturing in Coimbatore and Uttaranchal

With expansions taking place in power sector, demand for power cables is likely to remain buoyant. This buoyancy in the sector is likely to be further contributed by the boom in housing & construction sector. Keeping these in mind we intend to setup a manufacturing facility for LT Power cables in Coimbatore, Tamil Nadu and a Building Cable Manufacturing facility in Kashipur, Uttaranchal.

a. L.T. Power cable unit at Coimbatore, Tamil Nadu:

We presently have a facility for manufacturing "Building Cables" using copper as the main raw material.

Our Company intends to setup a manufacturing unit for LT Power cables with an installed capacity to process 3000 metric tonnes of Aluminum and 300 metric tonnes of Copper per annum. As Aluminum cables are used for industrial purposes/ large commercial constructions and distribution of electricity through underground cables, our company would be able to market this product through institutional sales channel along with its present sales channel. Moreover, this new product line would create synergy as our company will be able to satisfy the institutions/ large commercial constructions by offering them both domestic and industrial cables.

Our Company already has 23.84 acres of land located at survey nos. 569/2A, 566/2, 570/1, 576/1, 36, 35, 566/1, 567/2, 566/2B, 570/1B, 570/2B, 571/1A1 and 571/1B2 at Ettimadai Village, Coimbatore, South Taluk, Tamil Nadu, out of which 4 acres is currently being used for its existing facility and 6 acres would be allotted for the proposed facility.

For details on the properties owned by our company, please refer to section titled "Properties" on page no. 91 of this Prospectus.

Our company proposes to construct a building of 59,180 sq ft for the manufacturing of the L.T cables at an estimated cost of Rs. 420.18 lakhs which has been certified by M/s Roy Antony Architects, Chartered Engineers.

The following is the detailed break-up of cost involved in setting up of the L.T. Cable manufacturing Unit (Coimbatore Unit):

Particulars	Amount Rs. Lakhs
(a) Coimbatore Unit	
Land – 6 acres – owned by the company at survey no. 36 of Ettimadai Village, Coimbatore, South Taluk, Tamil Nadu .	-----
Building – 59180 sq. ft. @ 710 per sq. ft.	420.18
Machinery	1246.72
Electrical installations	341.51
Lab & other equipments (Testing equipments)	33.61
Contingency @ 5%	102.10
Total	2144.12

Details of machineries proposed to be acquired for the proposed production facility:

Sl. No.	Name of the Supplier	Description	Date of quotation	Qty./ Sets	Unit Price	Amount Rs.lakhs
Machinery proposed to be acquired for the production facility						
1.	Niehoff of India Pvt. Ltd	RBD Machine	05-06-07	1	145.27	145.27
2.	Niehoff of India Pvt. Ltd	Intermediate wire production line	05-06-07	1	47.15	47.15
3.	Niehoff of India Pvt. Ltd	Bunching Line Machine	06-06-07	1	26.75	26.75
4.	Royle Extrusion Systems Pvt. Limited	Insulating Line Machine - 1 (80mm)	20-07-07	1	90.00	90.00
5.	Royle Extrusion Systems Pvt. Limited	Insulating Line Machine - 2 (100 mm)	21-07-07	1	91.00	91.00
6.	Mayfair Machinekraft Pvt. Limited	Drum Twister laying Up Machine	17-07-07	1	92.00	92.00
7.	MPI Machine Limited	61 Bobbin Rigid Standing Machine	20-07-07	1	126.50	126.50
8.	MDS	GI Wire Winder	--	2	10.00	20.00
9.	MPI Machine Limited	72 Bobbin Armouring Machine	17-07-07	1	81.00	81.00
10.	Royle Extrusion Systems Pvt. Limited	Sheathing Machine (120mm)	21-07-07	1	100.00	100.00
11.	MPI machine Limited	Cable rewinding Machine	20-07-07	1	21.00	21.00
	Total					840.67
	Excise Duty @ 16.48					138.54
	Central sales Tax @ 3%					29.37
	Other Equipments	--	--	--		238.13
	Grand Total					1246.72

Electrical Installations

Sl. No.	Name of the Supplier	Description	Date of quotation	Unit Price	Amount Rs.lakhs
Electrical Installations					
1.	Devishree Electricals	Electrical system Installations inculde VCB,ACB,DP Structure , 3 nos of 1000 KVA Transfomers,Distribution panel,Lighting Apparatus,UG cables and etc	22.09.07	341.51	341.51
	Grand Total				341.51

b. Kashipur Unit, Uttarakhand.

Presently, our company is having a Building cable manufacturing facility at Coimbatore, Tamil Nadu having a capacity to manufacture 1,38,000 coils per month of standard length of 90 meters. For its future plans and to meet its sales demand, our company proposes to setup a second manufacturing facility at Kashipur, Uttaranchal. The proposed factory will have a capacity to produce 2,00,000 coils per month of standard length of 90 metres.

The machinery which will be used for this plant will have a higher productivity. The wire drawing machine being used in the existing unit can draw a maximum of 8 wires simultaneously whereas the new wire drawing machine would be able to draw 16 wires simultaneously. Similarly, the insulating line we propose to use has the capacity to insulate 17 mts of cable per second against 10 mts of cable per second of the existing unit.

Further, setting up the unit for manufacturing in Uttaranchal would help us in attaining tax benefits in the form of exemption of excise duty for the finished products for the first ten years vide Central Excise Notification no. 55/2003 dated 10th March, 2003 and exemption of Income Tax for the first five years vide CBDT circular no. 177/2004 dated 28th June, 2004.

For the purpose of this project, we have acquired the land admeasuring 2.71 acres at a cost of Rs. 351 lakhs, under survey no. Khasara No. 86, Village Basai, Tehsil Kashipur Dist., Udham Singh Nagar from M/s Jindal Agro Products Limited.,.

We propose to construct a building of 35,000 sq ft for the manufacturing of the building cables at an estimated cost of Rs. 250.25 lakhs which has been certified by M/s Roy Antony Architects, Chartered Engineers.

The following is the detailed break-up of cost involved in setting up of the cable manufacturing facility (Kashipur Unit):

Particulars	Amount (in Rs. Lakhs)
(a) Kashipur Unit, Uttarakhand	
Land – 2.71 acres at survey no. Khasara No. 86, Village Basai, Tehsil Kashipur Dist., Udham Singh Nagar, Uttarakhand	345.31*
Building – 35000 sq. ft. @ 715 per sq. ft.	250.25
Machinery, Accessories & other Equipments and Lab Equipments	1451.17
Electrical installations	176.20
Contingency @ 5%	111.15
Total	2334.08

* - the cost of land includes an amount of 20.31 lakhs paid towards stamp duty.

Details of machineries proposed to be acquired for the proposed production facility:

Sl. No.	Name of the Supplier	Description	Date of quotation	Qty/sets	Currency	Unit Price (Rs. In Lakhs)	Amount
							Rs. Lakhs
	Machinery for setting up of proposed facility						
1.	Niehoff of India (P) Ltd	RBD Machine	07-07-07	1	INR	192.56	192.56
2.	Niehoff of India(P) Ltd	Multi-wire Drawing Line	07-07-07	1	Euro	2.23*	267.58
3.	Niehoff of India (P) Ltd	Buncher	24-08-07	2	INR	35.70	71.40
4.	Roshandal- Austria	Insulator		1	Euro	8.79**	483.67
5.	--	Coiling Machine	--	4	INR	6.25	25.00
	Total						1040.21

	Excise Duty @ 16.48 % of 433.89						71.50
	Central sales Tax @ 3%						15.16
	Import Duty @ 32% on 606.27						194.00
	Accessories & other Equipments				INR		108.39
	Lab Equipments				INR		21.91
	Grand Total						1451.17
	ASSUMPTIONS						
	1 Euro = Rs. 55 per Euro						

* - € 2.23 lakhs * 55 = Rs. 122.65 lakhs. This amount is being utilized for purchase of a component for the Multi-wire Drawing Machine.

** - Fully Imported machinery. € 8,79,400 * 55 = 483.67 lakhs.

Electrical Installations

Sl. No.	Name of the Supplier	Description of Electrical Installations	Date of quotation	Qty/ sets	Unit Price	Amount Rs.lakhs
1.	Devishree Electricals	Electrical system Installations include VCB,ACB,DP Structure ,1250 KVA Transformers,Distribution panel,Lighting Apparatus,UG cables and etc	22.09.07	--	122.43	122.43
2	Gmmco Limited	2 Nos of 365 KVA generator-diesel	18.09.07	2	16.50	33.00
3	Gmmco Limited	Auto Syn Panel	18.09.07	1	12.00	12.00
	Excise Duty @ 16.48 % on 45.00 lakhs					7.42
	Central sales Tax @ 3 %					1.35
	Grand Total					176.20

2. Setting up of Enameling Plant at Coimbatore.

Enameled copper wire is one of the main raw materials used in the manufacture of stabilizers, Pumps and electric fans.

As per industry sources the Indian pump industry is expected to sustain strong growth momentum given the strong investment under pipeline in fluid handling industries and irrigation, urban utilities and infrastructure projects. Also as per estimates by IMRB, 80% of the new sales of air conditioners, 50% of refrigerators and 18% of TV are accompanied with separate stabilizers. With consumer appliance sector recording a growth of 25% in 2006-07, the stabilizer market has also witnessed a growth of about 20% during the year.

The present average consumption of enameled wire by our suppliers for products manufactured for us itself is 60 metric tones per month. This requirement is expected to increase further. To meet the market demand for enameled

copper wires, we propose to start an enameling plant at Coimbatore having a capacity to process 100 metric tones of enameled copper per month.

Our Company already has 23.84 acres of land at survey nos. 569/2A, 566/2, 570/1, 576/1, 36,35, 566/1, 567/2, 566/2B, 570/1B, 570/2B, 571/1A1 and 571/1B2 at Ettimadai Village, Coimbatore, South Taluk, Tamil Nadu out of which 4 acres is currently being used for its cable manufacturing factory and 1 acre would be allotted for the proposed facility.

For details on the properties of our company, please refer to section titled “Properties” on page no. 91 of this Prospectus.

Our company proposes to construct a building of 15,000 sq ft for this enameling plant at an estimated cost of Rs. 110.25 lakhs which has been certified by M/s Roy Antony Architects, Chartered Engineers.

The estimated cost for setting up a plant with monthly processing capacity of 100.00 metric tonnes is as under.

Particulars	Amount (in Rs. Lakhs)
(a) Enameling Plant at Coimbatore	
Land – 1 acres, already owned at survey no. 35 of Ettimadai Village, Coimbatore, South Taluk, Tamil Nadu	-----
Building – 15000 sq. ft. @ 735 per sq. ft.	110.25
Machinery	726.24
Electrical installations	25.00
Contingency @ 5%	43.07
Total	904.56

Details of machineries proposed to be acquired for the proposed production facility:

Sl. No.	Name of the Supplier	Description	Date of quotation	Qty./Sets	Currency	Unit Price	Conversion rate	Amount Rs. Lakhs
1	Aumann GmbH(Germany)	Wire Enameling Machines – DLH 6-80-200/1	27-08-07	1	Euro €	2,67,400	55	147.07
2	Aumann GmbH (Germany)	Wire Enameling Machine DLH8-300-000/1	27-08-07	1	Euro €	3,19,650	55	175.81
3	Newtech	Vertical Electrical Enameling plant for Round Copper wires	30-08-07	1	Euro €	4,13,280	55	227.30
	Total							550.18
	Import Duty@32%							176.06
	Grand Total							726.24

3. Setting up Development and Pilot Production Plants for water Heaters, Fans and Pumps at Himachal Pradesh and Coimbatore

The segment in which we operate requires a degree of research to be conducted. For this, we propose to setup our Development cum pilot manufacturing facility to understand the emerging technologies and upgrade technical capabilities in our areas of operation.

The Development activities cover the area of development and integration of products to reduce the input cost by adopting new technologies and methods which will make our business model competitive. We propose to hire technical personnel and will be building applications around the existing and new generation products.

In addition to our Development setup, a Pilot manufacturing facility is also proposed. Keeping in view of the level of accuracy required and also the delivery schedules, it is planned to establish in-house facility for manufacturing of electric water heater, electric fans and pumps & motors.

Considering the availability of specialized labour and ancillary production support, we propose to setup our Development cum Pilot manufacturing facilities for electric water heaters and electric fans at Tehsil Nahan, Himachal Pradesh. Further, setting up the unit for manufacturing in Himachal Pradesh would help us in attaining tax benefits in the form of exemption of excise duty for the finished products for the first ten years.

Our Company has purchased 44,444 sq ft of land at a cost of 37.53 lakhs for the proposed Development cum pilot production facility at Tehsil Nahan, Himachal Pradesh by a sale deed dated 18th October, 2007.

Our company proposes to construct a building of 24,000 sq ft for this development cum pilot production plant for electric fans and electric water heaters at an estimated cost of Rs. 174.00 lakhs which has been certified by M/s Roy Antony Architects, Chartered Engineers.

Further, with regard to the Development cum pilot production facility at Coimbatore, we presently operate a development cum pilot production for pumps and motors in a leased factory at Coimbatore. Since our business is growing, it has become essential to develop and test more number of models simultaneously. Keeping this in mind, we propose to setup our owned production centre at Coimbatore, Tamil Nadu.

Our Company has purchased 0.545 acres of land at a cost of 56.56 lakhs for the proposed Development cum pilot production facility at Coimbatore by a sale deed dated 4th October, 2006.

Our company proposes to construct a building of 23,663 sq ft for this development cum pilot production plant for pumps and motors at an estimated cost of Rs. 165.64 lakhs which has been certified by M/s Roy Antony Architects, Chartered Engineers.

The following is the detailed break-up of cost involved in setting up of Development and Pilot Production Plants:

Particulars	Amount (in Rs. Lakhs)
(a) Tehsil Nahan, Himachal Pradesh	
Land – 44,444 sq ft at survey no. Kahasra No. 66/1/3/1, Mauza Moginand, Tehsil Nahan, Himachal Pradesh	35.10
Building – 24000 sq. ft. @ 725 per sq. ft.	174.00
Machinery	56.80
Electrical Installations	10.00
Contingency @ 5%	13.80
Total (A)	289.70
(b) Coimbatore, Tamil Nadu	
Land – 21,582 sq. ft. – Already purchased at survey no. 117/3A1A, Mailampatti Village, Palladam Taluk, Tiruppur District, Tamil Nadu	56.56*

Building – 23,663 sq. ft. @ 700 per sq. ft.	165.64
Machinery	42.00
Contingency @ 5%	13.21
Total (B)	277.41
Total (A) + (B)	567.11

* - the cost of land includes an amount of Rs.4.79 lakhs paid towards stamp duty.

Details of machineries proposed to be acquired for the proposed development facility at Tehsil Nahan, Himachal Pradesh:

Sl. No.	Name of the Supplier	Description	Date of quotation	Qty./Sets	Unit Price	Amount Rs. Lakhs
Machinery for setting up of proposed facility						
1.	Prompt Machinetools Co.	Rolling Machine	04.09.07	1	1.88	1.88
2.	Prompt Machinetools Co.	Swagging Machine	26.09.07	1	0.98	0.98
3.	Prompt Machinetools Co.	Tig Welding Machine	04.09.07	2	0.52	1.04
4.	Taian Topsun Import & Export Co. Ltd.	Puff filling Machine	06.09.07	1	3.46	3.46
5.	Prompt Machinetools Co.	Slow Acting pneumatic press	04.09.07	1	1.08	1.08
6.	Prompt Machinetools Co.	Circular Saw Machine	04.09.07	1	0.24	0.24
7.	Singhal Power Presses Pvt. Ltd.	Mechanical Press	03.09.07	1	5.45	5.45
8.	Prompt Machinetools Co.	Fan Motor Winding Machine	04.09.07	2	0.40	0.80
9.	Prompt Machinetools Co.	Manual press for shaft fixing	04.09.07	3	0.14	0.42
10.	Hightemp Industries	Electric Oven	11.09.07	1	1.35	1.35
11.	Technostat Corporation	Over Head Conveyor	04.09.07	1	3.71	3.71
12.	Tools Centre	Pneumatic Screw Driver	25.09.07	8	0.04	0.32
13.	Prompt Machinetools Co.	Compressor	04.09.07	1	0.69	0.69
14.	Technostat Corporation	Paint shop:- 1) Liquid Paint with Plot and electrostatic guns	04.09.07	1	4.83	12.30
		2) Oven	04.09.07	1	7.47	
15.	Mitsuba Systems (I) Pvt. Ltd.	Paint Shop:- Powder Coating with Gun	09.07.07	1	3.71	3.71
16.	Riat Sons	Cylindrical Grinding Machine	19.05.07	1	1.84	1.84
17.	Prompt Machine Tools Co.	Tapping machine	04.09.07	1	0.20	0.20
18.	Mahavir Finepack Systems Pvt. Ltd.	Strapping Machine	26.09.07	2	0.35	0.70
19.	Vibes Marketing & Services (P) Ltd.	Electronic weighing machine		1	0.16	0.16

20.	Yashwant Industries	Tig Welding Jig	12.09.07	2	4.12	8.24
21.	Automatic Instrumentation	WH ISI Lab Equipments	--	--	1.23	1.23
22.	Digintron Equipments	Fan testing lab Equipments	04.09.07	--	0.54	0.54
23.	Allied Enterprises	Blade angle checking equipments	06.09.07	1	0.43	0.43
24.	Davey Products	RO Plant	06.09.07	1	3.40	3.40
	Total					54.17
	Excise Duty @ 32% for Imported Machinery on 3.46 lakhs					1.11
	Central sales Tax @ 3%					1.52
	Grand Total					56.80

Details of machineries proposed to be acquired for the proposed development facility at Coimbatore, Tamil Nadu:

Sl. No.	Name of the Supplier	Description	Date of quotation	Qty. /Sets	Unit Price	Amount (Rs. In Lakhs)
						Rs. Lakhs
Machinery for setting up of proposed facility						
1.	Lakshmi Machine Works Limited	LL20T L5 CNC LATHE	11-06-07	1	27.27	27.27
2.	Sinetec Automation	Fluke Instruments	22-06-07	1	1.59	1.59
3.	Puma Lift Trucks Pvt. Ltd	Hydraulic Hand Pallet Truck, Semi Electric stacker & Electric Stacker	14-06-07	1	6.14	6.14
	Total					35.00
	Excise Duty @ 16.50 %					5.78
	Central sales Tax @ 3%					1.22
	Grand Total					42.00

4. Investment for setting up Service and Distribution Centres at Bangalore, Hubli and Vijaywada

(i) Distribution cum Service Centre at Bangalore

Due to non-availability of ideal storage space, we are now operating from two different locations in Bangalore. This is causing operating difficulty and additional cost to our Company. In this regard, we propose to setup our own distribution cum service centre in Bangalore for which we have already entered into a lease cum sale agreement with Karnataka Industrial Areas Development Board (KIADB) dated 11th June 2007 for a total cost of Rs.46.33 lakhs.

We estimate a cost of Rs. 329.15 lakhs towards the construction of the building. M/s Roy Antony Architects, Chartered Engineers, have given their certificate dated 18th September, 2007.

The company does not propose to acquire any new/second hand machinery for the proposed setup. The existing machinery in our present setups would be used for the proposed distribution cum service centre.

The estimated cost of land and building required for the proposed setup is as follows:

Particulars	Amount (in Rs. Lakhs)
(a) Bangalore, Karnataka	
Land – 1.21 Acres	46.33*
Building – 41930 sq. ft. @ 785 per sq. ft.	329.15
Contingency @ 5%	18.77
Total (A)	394.25

* - the cost of land includes an amount of Rs.3.82 lakhs paid towards stamp duty.

(ii) Distribution cum service centers at Hubli and Vijayawada

One of the Objects of this issue is to manufacture L.T. Power cables. This product requires very large storage space. The company currently operates its distribution cum service centre in a leased premise in Hubli and Vijayawada which does not have the adequate storage space for storage of LT cables. Considering the high storage cost in cities like Bangalore and Hyderabad, we propose to make Hubli as a storage hub for parts of Karnataka and Goa and Vijayawada as a storage hub for parts of Andhra Pradesh for cities like Vishakapatnam, Tirupathi, Chittoor, Guntur etc. Towards this, our Company proposes to have its own Distribution set up in Vijayawada and Hubli. Moreover all these service and distribution centers will have a transit house facility which will contribute towards substantial reduction in the traveling expenses.

With regards to the Distribution Centre in Vijaywada, our company has acquired the land at a cost of Rs. 99.40 lakhs where we propose to setup the distribution centre. Our company is yet to identify the land for setting up the Distribution Centre in Hubli and is in the process of identifying suitable land to setup the distribution cum service centre. However, we have estimated a cost of Rs. 100 lakhs towards the acquisition of land in Hubli. Also, we have relied upon the estimates given by M/s Roy Antony Architects, Chartered Engineers for construction of building for these distribution cum service centres at Hubli and Vijaywada.

We do not propose to acquire any new/second hand machinery for the proposed setup. The existing machinery in our present setups would be used for the proposed distribution cum service centres.

The estimated cost of land and building required for the proposed setup is as follows:

Particulars	Amount (in Rs. Lakhs)
(b) Hubli, Karnataka	
Land	100.00
Building – 22000 sq. ft. @ 775 per sq. ft.	170.50
Contingency @ 5%	13.52
Total (B)	284.02
(c) Vijayawada, Andhra Pradesh	
Land – 43560 sq ft	100.00
Building - [22000] sq. ft. @ 750 per sq. ft.	165.00
Contingency @ 5%	13.25
Total (C)	278.25
Grand Total A + B + C	956.52

5. Issue Related Expenses

The expenses for this Issue includes fees of the BRLM, underwriting commission, selling commission, distribution expenses, statutory fees, legal fees, fees to advisors, printing and stationery costs, registrar costs, advertising expenses and listing fees payable to the Stock Exchanges, among others. The total expenses for this Issue are estimated at Rs. 486.95 lakhs being, which will be paid by our Company.

Sr No	Particulars	Amount (Rs in Lakhs)
1	Fees to Book Running Lead Manager	73.71
2	Fees to Registrar to the Issue	10.53
3	Fees to Legal Advisors to the Issue	8.43
4	Fees to Auditors	14.98
5	Underwriting & Selling Commission	128.99
6	Printing and Stationery	120.61
7	Advertising Expenses	100.15
8	IPO Grading Expenses	6.29
9	Other Expenses (including filing fees, listing fees, depository charges etc)	22.49
10	Contingencies	0.77
	Total	486.95

Note: As on 31st January, 2008 the company has incurred Rs. 78.60 lakhs towards issue expenses.

All the expenses with respect to this issue will be borne by our company.

7. Appraisal

The Project is an on going activity and Institutional support is not sought for. Hence the project has not been appraised by any bank or Financial Institution.

8. Details of Means of Finance

I. Initial Public Offer

We propose to raise Rs. 6560.00 Lakhs by way of public issue of 80,00,000 Equity Shares of Rs. 10/- each of our company at a price of Rs. 82 per Equity Share in terms of this Prospectus.

II. Internal Accruals

Our Internal Accruals as on August 31st, 2007 are Rs. 3169.93 lakhs as certified by our Statutory Auditors M/s Deloitte Haskins & Sells under certificate dated October 17, 2007.

9. Schedule of Implementation

Activity	Commencement	Completion
LT Power cable manufacturing unit at Coimbatore	September, 2007	September, 2008
Building cable Factory at Uttaranchal	September, 2007	December, 2008
Enameling plant at Coimbatore	December, 2007	December, 2008
Development center for Fans & Electric Water heater at Himachal Pradesh	January, 2008	December, 2008
Development center for Pumps and Motors at Coimbatore	October, 2007	September, 2008
Distribution and service centre at Bangalore	September, 2007	September, 2008
Distribution and service centre at Vijayawada	January, 2008	December, 2008
Distribution and service Centre at Hubli, Karnataka	January, 2008	December, 2008

10. Funds Deployed

The company has incurred an expenditure of Rs. 1252.65 lakhs as on 31st January, 2008 in the proposed Project. The fund deployment in the Project and its Means of Finance have been certified by M/s. Deloitte Haskins & Sells, Chartered Accountants, the Auditors of the Company vide their certificate dated 21st February, 2008, the details of which are as follows:

(Rs. In Lakhs)		
Sl. No	Particulars	Amount in lakhs
1.	Advance for Machinery a. LT Power Cable Unit at Coimbatore b. Cable manufacturing unit at Uttaranchal	178.65 17.85
2.	Acquisition of land a. Distribution and Service centre at Bangalore b. Development and pilot production unit for pumps and motors in Coimbatore c. Building cable manufacturing unit at Uttaranchal (including a building of Rs. 24 lakhs) d. Development and pilot production unit for Fans and Electrical Water Heaters at Himachal Pradesh e. Distribution and Service centre at Vijaywada	46.33 56.56 351.00 37.53 99.40
3.	Construction Expenses a. LT Power cable unit at Coimbatore b. Cable Manufacturing Unit at Uttaranchal (Land Development) c. Development and pilot production unit for pumps and motors at Coimbatore d. Distribution and Service Centre at Bangalore e. Development and Pilot Production unit for Fans and Electrical Water Heaters at Himachal Pradesh	42.26 58.77 131.10 100.43 5.37
4.	Work- in – Progress Machinery a. LT Power Cable Unit at Coimbatore	48.80
5	Expenses for the issue	78.60
TOTAL		1252.65

Sources of Financing of Funds already deployed

(Rs. In Lakhs)		
Sl. No	Particulars	Amount in lakhs
1	Internal accruals	1252.65

11. Details of Balance Fund Deployment

Particulars	(Rs. in lakhs)					
	Proposed Deployment Schedule					
	Amount Spent Up to Quarter 3 (07-08)	Quarter 4 (07-08)	Quarter 1 (08-09)	Quarter 2 (08-09)	Quarter 3 (08-09)	Total Amount
LT Power cable manufacturing unit at Coimbatore	223.17	1024.40	587.00	309.55	--	2144.12
Building cable Factory at Uttaranchal	427.62	232.52	263.85	1004.23	405.86	2334.08
Enameling plant at Coimbatore	--	36.31	13.52	628.11	226.62	904.56
Development center for Fans & Electric Water heater at Himachal	37.53	23.49	43.50	131.60	53.58	289.70

Pradesh						
Development center for Pumps and Motors at Coimbatore	171.23	30.61	33.23	42.34	--	277.41
Distribution and service center at Bangalore	127.13	87.31	111.66	68.15	--	394.25
Distribution and service center at Vijayawada	99.40	27.65	51.15	42.63	63.19	284.02
Distribution and service Center at Hubli, Karnataka	--	116.50	49.50	41.25	71.00	278.25
Issue Expenses	55.90	431.05	--	--	--	486.95

(Source: Estimate by Company's Management)

Note: - Quarter 1 – April to June; Quarter 2 – July to September; Quarter 3 – October to December; Quarter 4 – January to March.

12. Interim Use of Funds:

Pending utilization for the purpose described above, we intend to temporarily invest the funds in high quality interest bearing liquid instruments. These investments would be authorized by the Board of Directors of our Company or a duly authorized committee thereof.

13. Monitoring of Utilization of Funds

As the issue size is less than Rs. 50000 Lakhs, there is no requirement for appointment of monitoring agency as per clause 8.17.1 of the SEBI Guidelines.

Our Company will disclose the utilisation of the Net Proceeds under a separate head in its balance sheet for such fiscal periods as required under the SEBI Guidelines, the listing agreements with the Stock Exchanges and any other applicable law or regulation, specifying the purposes for which the Net Proceeds have been utilised. Our Company will also, in its balance sheet for the applicable fiscal periods, provide details, if any, in relation to all such Net Proceeds that have not been utilised, thereby also indicating investments, if any, of such currently unutilised Net Proceeds.

No part of the proceeds of this Issue will be paid by us as consideration to our Promoters, our Directors, key management employees or companies promoted by our Promoters, save and except in the course of normal business.

5. BASIC TERMS OF THIS ISSUE

Public Issue of 80,00,000 equity shares of Rs. 10 each for cash at a price of Rs.82 per equity share (including a share premium of Rs. 72 per equity share) for cash aggregating to Rs. 6560.00 lakhs (the “issue”) out of which 4,00,000 equity shares have been reserved for Eligible Employees of our Company (“Employee Reservation Portion”). The net offer to public shall be 76,00,000 equity shares of Rs.10 each for cash at a price of Rs. 82 per equity share (including a share premium of Rs.72 per equity share) for cash aggregating to Rs. 6232.00 lakhs (the “net offer to public”). The issue will constitute 26.80 % of the fully diluted post issue paid-up capital of our Company and the net offer to public will constitute 25.46 % of the fully diluted post issue paid –up capital of our Company.

Ranking of Equity Shares

The Equity Shares being issued shall be subject to the provisions of our Memorandum and Articles and shall rank *pari passu* in all respects with the other existing Equity Shares of the Company including rights in respect of dividend. The Allottees will be entitled to dividend or any other corporate benefits, if any, declared by the Company after the date of Allotment.

Mode of Payment of Dividend

We shall pay dividend to our shareholders as per the provisions of the Companies Act, 1956.

Face Value and Issue Price

The Equity Shares with a face value of Rs. 10 each are being issued in terms of the Prospectus at a price of Rs. 82 per share. At any given point of time, there shall be only one denomination for the Equity Shares of the Company, subject to applicable laws.

Compliance with SEBI Guidelines

We 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 and Articles of Association of the Company.

For further details on the main provisions of our Company’s Articles of Association dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation/splitting, see “Main Provisions of the Articles of Association of our Company” beginning on page no. 272 of this Prospectus.

Market Lot

In terms of Section 68B of the Companies Act, the Equity Shares of our Company shall be allotted only in dematerialized form. In terms of existing SEBI Guidelines, the trading in the Equity Shares of the Company shall only be in dematerialized form for all investors. Since trading of our Equity Shares will be in dematerialized mode, the tradable lot is one equity share.

Allocation and allotment of Equity Shares through this Issue will be done only in electronic form in multiples of one Equity Shares to the successful Bidders subject to a minimum Allotment of 80 Equity Shares.

6. BASIS FOR ISSUE PRICE

The Issue Price will be determined by the BRLM in consultation with our Company, on the basis of assessment of market demand for the Equity Shares, by way of Book Building Process.

Qualitative factors

Our presence in the industry for around three decades

We have been present in this industry for the last 3 decades which has helped us in understanding ever-changing needs and demands of our customers. On account of this long-standing presence in the Indian market and with constant improvement in performance of our products, augmented with quality, consumers recognize our brand, we believe that we enjoy considerable brand equity and reliability in the market.

Strong Dealer Network

Our Promoters have an understanding of the trade segment of the market. Through this understanding, we have been able to establish a strong dealer network countrywide, enabling our products to reach the small consumers easily. Our sales are through the Distribution Network that has been developed over a period of last thirty years. Presently we have around 108 distributors and more than 7000 dealers across the nation. Further, our capabilities in after sales service is what differentiates us from other players in the industry we operate in.

Diversified client base

Our Company caters to various customers of small and big size. Customers are based in different geographical locations and are from various backgrounds. Our strategy to cater our products to a wider arena of customers insulates us from dependency on any particular class, area of customers.

Diversified product base enabling De-risking of the Business Model

Our revenue stream comes from diverse domains, which in turn reduces the company's dependence on a particular product. This ability to diversify the revenue streams and also to retain various clients differentiates us from most of our competitors

Quality and ISO Certification

The Cable manufacturing unit, Solar Water Heater unit and our R&D Division of our Company are having certification of ISO 9001:2000 by DNV (Det Norske Veritas). Since our Company is dedicated towards quality of products, processes and inputs; we get repetitive orders from our customers, as we are capable of meeting our quality standards thereby enabling us to maintain our brand image in the market

Quantitative factors

a) Earnings per share (EPS)

Financial year	EPS (Rs.)	Weightage
March 31, 2005	2.61	1
March 31, 2006	4.39	2
March 31, 2007	8.77	3
Weighted average EPS		6.28

Price/Earning Ratio (P/E Ratio) in relation to Issue price of Rs. 82

- a. P/E ratio in relation to the Floor price (March 07) : 9.12
- b. P/E ratio in relation to the Cap price (March 07) : 9.69
- c. P/E based on EPS for the year ended Mar 31, 2007 : 9.35
- d. P/E based on weighted average EPS of Rs. 6.28 : 13.06

b) Return on Network

Financial year	RONW %	Weightage
March 31, 2005	23.73	1
March 31, 2006	31.88	2
March 31, 2007	48.23	3
Weighted average RONW		38.70

- c) **Minimum return on total net worth** needed after the Issue to maintain EPS (as on March 31, 2007) at Rs.8.77 is 21.06%

d) Net Asset Value

As at March 31, 2007	18.18
After Issue at Issue Price of Rs. 82	41.64

- e) The face value of the shares is Rs.10/- and the Issue price is 8.2 times of the face value at a price of Rs. 82.

Comparison of accounting ratios of the Company with industry average and accounting ratios of peer group for Financial Year 2005.

There are no comparable listed companies in the same and/or similar segment of business as ours.

The BRLM believe that the Issue Price of Rs. 82 is justified in view of the above qualitative and quantitative parameters. See the section titled "Risk Factors" on page x of this Prospectus and our financials including important profitability and return ratios, as set out in the Auditors Report on financial statements on page no. 122 of this Prospectus to have a more informed view. The final price would be determined on the basis of the demand from the investors.

7. STATEMENT OF TAX BENEFITS

14th January, 2008

**The Board of Directors
V-Guard Industries Limited
L.F.C. Road, Kaloor
Kochi – 682 017.**

Dear Sirs,

Re: Opinion on Tax Benefits

We hereby report that the enclosed annexure states the possible tax benefits available to **V-Guard Industries Limited**, (“Company”) and its shareholders under the current tax laws in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions which, based on business imperatives the Company faces in the future, the Company may or may not choose to fulfil.

The benefits discussed in the annexure are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult their own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

We do not express any opinion or provide any assurance whether:

- the Company or its shareholders will continue to obtain these benefits in future; or
- the conditions prescribed for availing the benefits have been or would be met with.

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

Thank you,

Yours faithfully,

For **Deloitte Haskins & Sells**
Chartered Accountants

M. Ramachandran
Partner
Membership No. 16399

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO V-GUARD INDUSTRIES LIMITED AND TO ITS SHAREHOLDERS.

Special Tax Benefits Available to the Company

In accordance with and subject to the conditions specified in Section 80IA of the Income-tax Act, 1961, the company is entitled to deduction of the entire profits derived from its undertaking generating power (Wind Turbines) for a period of 10 consecutive years, falling within the first 15 years, beginning with the initial assessment year it started generating power.

In accordance with Section 80IC, the profits and gains derived by an undertaking or an enterprise from any business,

- (a) which has begun or begins to manufacture or produce any article or thing, not being any article or thing specified in the Thirteenth Schedule, or which manufactures or produces any article or thing, not being any article or thing specified in the Thirteenth Schedule and undertakes substantial expansion during the period beginning:
 - (i) on the 23rd day of December, 2002 and ending before the 1st day of April, 2012 [^{w.e.f. 1-4-2008} 1st day of April, 2007], in any Export Processing Zone or Integrated Infrastructure Development Centre or Industrial Growth Centre or Industrial Estate or Industrial Park or Software Technology Park or Industrial Area or Theme Park, as notified by the Board in accordance with the scheme framed and notified by the Central Government in this regard, in the State of Sikkim; or
 - (ii) on the 7th day of January, 2003 and ending before the 1st day of April, 2012, in any Export Processing Zone or Integrated Infrastructure Development Centre or Industrial Growth Centre or Industrial Estate or Industrial Park or Software Technology Park or Industrial Area or Theme Park, as notified by the Board in accordance with the scheme framed and notified by the Central Government in this regard, in the State of Himachal Pradesh or the State of Uttaranchal; or
 - (iii) on the 24th day of December, 1997 and ending before the 1st day of April, 2007, in any Export Processing Zone or Integrated Infrastructure Development Centre or Industrial Growth Centre or Industrial Estate or Industrial Park or Software Technology Park or Industrial Area or Theme Park, as notified by the Board in accordance with the scheme framed and notified by the Central Government in this regard, in any of the North-Eastern States;
- (b) which has begun or begins to manufacture or produce any article or thing, specified in the Fourteenth Schedule or commences any operation specified in that Schedule, or which manufactures or produces any article or thing, specified in the Fourteenth Schedule or commences any operation specified in that Schedule and undertakes substantial expansion during the period beginning:
 - (i) on the 23rd day of December, 2002 and ending before the 1st day of April, 2012 [^{w.e.f. 1-4-2007} 1st day of April, 2007], in the State of Sikkim; or
 - (ii) on the 7th day of January, 2003 and ending before the 1st day of April, 2012, in the State of Himachal Pradesh or the State of Uttaranchal; or
 - (iii) on the 24th day of December, 1997 and ending before the 1st day of April, 2007, in any of the North-Eastern States.

there shall, in accordance with and subject to the provisions of this section, be allowed, in computing the total income of the assessee, a deduction from such profits and gains, as specified below:

- (i) in the case of any undertaking or enterprise referred to in sub-clauses (i) and (iii) of clause (a) or sub-clauses (i) and (iii) of clause (b), of sub-section (2), one hundred per cent of such profits and gains for ten assessment years commencing with the initial assessment year;

- (ii) in the case of any undertaking or enterprise referred to in sub-clause (ii) of clause (a) or sub-clause (ii) of clause (b), of sub-section (2), one hundred per cent of such profits and gains for five assessment years commencing with the initial assessment year and thereafter, twenty-five per cent (or thirty per cent where the assessee is a company) of the profits and gains.

General Tax Benefits Available to all Companies

Under the Income-Tax Act, 1961 (“the Act”)

I. Benefits available to the Company

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 by domestic companies) received on the shares of any company is exempt from tax.

2. 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.

3. 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 investible 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.

Additionally, in terms of section 88E of the Income-Tax Act, 1961, the securities transaction tax paid in respect of taxable securities transaction entered into in the course of business would be eligible for a rebate from the amount of income-tax on the income chargeable under the head “Profits and gains of business or profession” arising from taxable securities transaction. As such, no deduction will be allowed in computing the income chargeable to tax as capital gains, for the amounts paid on account of securities transaction tax.

4. As per the 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 Alternate Tax @ 11.33% (including a surcharge of 10% and education cess of 3% on the overall tax) of the book profits determined.

5. As per section 112 of the Act, taxable long-term capital gains, if any, on sale of listed securities or units or zero coupon bonds (in cases not covered under section 10(38) of the Act) would be charged to tax at the rate of 20% (plus applicable surcharge, education cess and secondary and higher education cess) after considering indexation benefits in accordance with and subject to the provisions of section 48 of the Act or at

10% (plus applicable surcharge, education cess and secondary and higher education cess) without indexation benefits, at the option of the Company. Under section 48 of the Act, the long term capital gains arising out of sale of capital assets excluding bonds and debentures (except Capital Indexed Bonds issued by the Government) will be computed after indexing the cost of acquisition/improvement.

6. The Company is eligible to claim depreciation under section 32 of the Income Tax Act, 1961, on tangible and intangible assets as explained in the said section and the relevant Income Tax Rules thereunder.
7. In accordance with and subject to the conditions specified in Section 32(1)(ia) of the Income-tax Act, 1961, the company is entitled to an additional depreciation allowance of 20% of the cost of new machineries acquired and put to use during an year.
8. The Company is entitled to claim deduction Section 35(1)(i) and (iv) of the Act, in respect of any revenue or capital expenditure incurred, other than expenditure on the acquisition of any land, on scientific research related to the business of the Company.
9. 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, subject to maximum of Rs.5 million per year, 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 2007;
 - (i) by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988; or
 - (ii) by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956.
10. 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 recognised stock exchange in India, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 10% (plus applicable surcharge, education cess and secondary and higher education cess).

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. However, the Company is liable to pay dividend distribution tax at 15% and applicable surcharge, education cess and secondary and higher education cess.
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. 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 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 shareholder.

4. As per section 88E of the Act, the securities transaction tax paid by the shareholder in respect of taxable securities transactions entered into in the course of the business would be eligible for deduction from the amount of income tax on the income chargeable under the head “Profits and Gains of Business or Profession” arising from taxable securities transactions, subject to certain limits specified in the section. No deduction will be allowed in computing the income chargeable to tax as “Capital Gains” for such amount paid on account of securities transaction tax.
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, education cess and secondary and higher education cess) after considering indexation benefits or at 10% (plus applicable surcharge, education cess and secondary and higher 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, subject to maximum of Rs.5 million per year.

If only part of the capital gain is so reinvested, the exemption shall be allowed proportionately. 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 2007:

- (i) by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988; or
 - (ii) by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956.
7. According to the provisions of section 54F of the Act and subject to the conditions specified therein, in the case of an individual or a Hindu Undivided Family (‘HUF’), gains arising on transfer of a long term capital asset (not being a residential house) are not chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period in a residential house. If only a part of such net consideration is invested within the prescribed period in a residential house, the exemption shall be allowed proportionately. For this purpose, net consideration means full value of the consideration received or accruing as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.
 8. As per section 111A of the Act, short term capital gains arising to the shareholder from the sale of equity shares of the Company or a unit of 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 10% (plus applicable surcharge, education cess and secondary and higher education cess).

III. Non-Resident Indians/Non Resident Shareholders (Other than FIIs and Foreign venture capital investors)

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.
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 88E of the Act, the securities transaction tax paid by the shareholder in respect of taxable securities transactions entered into in the course of the business would be eligible for deduction from the amount of income tax on the income chargeable under the head “Profits & Gains of Business or Profession” arising from taxable securities transactions, subject to certain limits specified in the section. No deduction will be allowed in computing the income chargeable to tax as “capital gains” for such amount paid on account of securities transaction tax.
4. As per section 54EC of the Act and subject to the conditions and to 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 subject to a maximum of Rs.5 millions per year, 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 2007:

- (i) by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988; or
 - (ii) by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956.
5. According to the provisions of section 54F of the Act and subject to the conditions specified therein, in the case of an individual or a Hindu Undivided Family (‘HUF’), gains arising on transfer of a long term capital asset (not being a residential house) are not chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period in a residential house. If only a part of such net consideration is invested within the prescribed period in a residential house, the exemption shall be allowed proportionately. For this purpose, net consideration means full value of the consideration received or accruing as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.
 6. The Non-Resident Indian shareholder as defined in section 115C(e) of the Act 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) According to the provisions of section 115E read with section 115D 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, education cess and secondary and higher 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.

a. 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.

b. 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.

c. As per the provisions of section 115-I of the Act, a Non-Resident Indian may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing his return of income for that assessment year under section 139 of the Act, declaring therein that the provisions of Chapter XII-A shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance with the other provisions of the Act.

- (iv) 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.

IV. Foreign Institutional Investors (FIIs)

- (iv) 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.

- (v) 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.

- (vi) 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:

Nature of Income	Rate of tax (%)
Long term capital gains	10
Short term capital gains (other than referred to section 111A)	30

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

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.

- (vii) 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, subject to a maximum of Rs.5 millions per year, 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 2007:

- a. by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988; or
 - b. by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956.
- (viii) Section 88E provides that where the total income of a person includes income chargeable under the head “Profits and gains of business or profession” arising from taxable securities transactions, he shall get rebate of Securities Transactions Tax (STT) paid by him in the course of his business. Such rebate is to be allowed from the amount of income tax in respect of such transactions calculated by applying average rate of income tax.
- (ix) 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.

V. Venture Capital Companies/Funds

As per section 10(23FB) of the Act, all venture capital companies/funds registered with the Securities and Exchange Board of India, subject to the conditions specified, are eligible for exemption from income tax on all their income, including income from sale of shares of the Company. However, income received by a person out of investment made in a venture capital company or in a venture capital fund shall be chargeable to tax in the hands of such person.

VI. Mutual Funds

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 thereunder, 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.

Benefits to shareholders of the Company under the Wealth Tax Act, 1957

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.

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 shares.

NOTES:

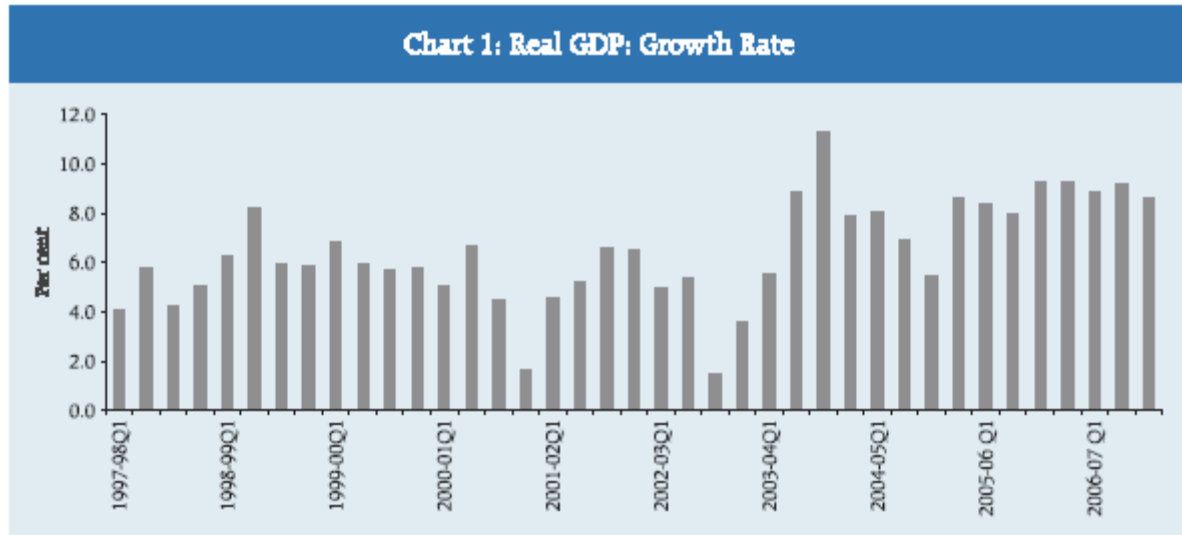
- i. All the above benefits are as per the current tax laws.
- ii. In view of the individual nature of tax consequences, each investor is advised to consult his / her own tax advisor with respect to specific tax consequences of his / her investments in the shares of the company.

SECTION IV – ABOUT US

INDUSTRY OVERVIEW

Indian Economy and Consumer Market

India's economic growth has accelerated significantly over the past two decades and so, too, has the spending power of its citizens. Real average household disposable income has roughly doubled since 1985. Indian Economy is in a much stronger position than it was a few years ago. The economy has experienced rapid growth in recent years and according to the advance estimates released by the Central Statistical Organisation (CSO), real Gross Domestic Product at factor cost (GDP) growth is expected to accelerate from 9.0 per cent in 2005-06 to 9.2 per cent in 2006-07.



(Source: May, 2007 Monthly Bulletin, Reserve Bank of India)

Analysis shows that if India continues on its current high growth path, over the next two decades the Indian market will undergo a major transformation. Income levels will almost triple and India will climb from its position as the 12th largest consumer market today to become the world's fifth-largest consumer market by 2025. As Indian incomes rise, the shape of the country's income pyramid will also change dramatically. (Source McKinsey Global Institute, May 2007)

The products that are manufactured by us in the Consumer Durable, Electro-Mechanical and Electric Equipments Industry are as under:

Stabilizers

A voltage regulator is an electrical regulator designed to automatically maintain a constant voltage level. It may use an electromechanical mechanism, or passive or active electronic components. Depending on the design, it may be used to regulate one or more AC or DC voltages.

At many industrial automatization processes, measurement and control installations and also at network PCs it is necessary to supply different types of electrical devices with stabilized AC voltage. It is very important that the stabilized AC voltage not to be depended by external variations such as: supply voltage, frequency and load.

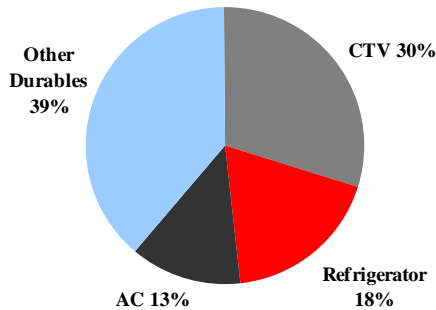
Indian Scenario

Voltage Stabilizers are considered to be a necessity in most parts of India to protect consumer appliances like TV, refrigerators, air conditioners etc as many regions in India face problem of poor quality power supply-Fluctuation &

high voltage. Though some models of these appliances are sold with built in stabilizers, many consumers still prefer to employ stabilizers for complete protection.

The total market size for the consumer durable market is about Rs. 13600 crore in which CTV has the highest market share with 30% or 8.1m units followed by refrigerators with 18% in 2006-07 compared to 2005-06. (Source: IMRB International Survey – August 2007)

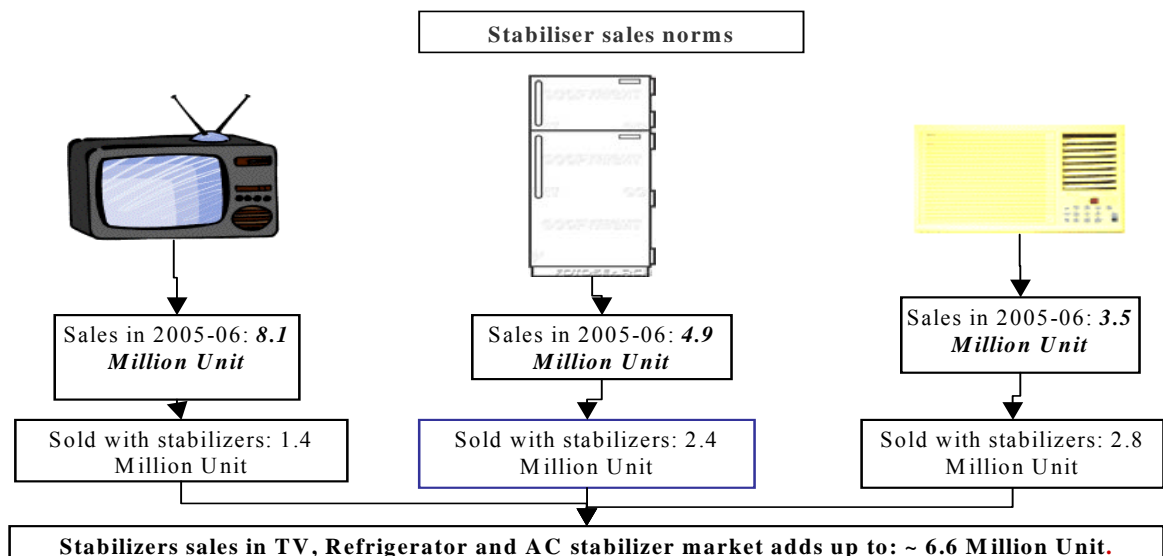
Market Share of Consumer Durables



(Source: IMRB International Survey – August 2007)

The consumer durables sector has witnessed an overall growth of 25.22% in 2006-07 compared to the corresponding previous year 2005-06. The sectors which have recorded excellent growth rates in terms of quantity produced are Air conditioners which have reached 35 lakh units during 2005-06 from 12 lakh units in 2004-05. The Refrigeration Industry has reached 49 lakh units in 2005-06 from 39 lakh units in 2004-05 with a growth of 25 per cent. Also, the Indian Colour Television industry has grown by reaching 81 lakh units in 2005-06. Riding on the 25% growth of consumer durable market, the stabilizers market has grown tremendously, though there are only a few organised players. (Source: FICCI, Consumer Durable Goods Survey, October 2005 and IMRB International Survey – August 2007)

As per estimates by IMRB, 80% of the new sales of air conditioners, 50% of refrigerators and 18% of TV are accompanied with separate stabilizers. With consumer appliance sector recording a growth of 25% in 2006-07, the stabilizer market has also witnessed a growth of about 20% during the year. (Source: IMRB International Survey – August 2007)



(Source: IMRB International Survey – August 2007)

The voltage stabilizer industry is highly fragmented with more than 250 manufacturers spread across the country. There are few large players in the stabilizers market. The organised segment is estimated to contribute only 25-30% of the market. Based on the survey among leading manufactures of Voltage stabilizer all over India conducted by IMRB international during the month of August, 2007, the total market for voltage stabilizer was estimated to be about 700 crores. This corresponds to 5-6% of total consumer durable market. (Source: *IMRB International Survey – August 2007*)

Cables

Cables are one of the basic inputs therefore they are very critical for the entire industrial sector. Whether made of copper, aluminium or other non-ferrous materials - cables and wires play decisive role in our daily lives and in almost every industry. Cables are used by Power, Steel, Cement, Refineries, Petro-Chemicals, Fertilizers and Communication Sector as well as Railways including Metro Rail.

The Indian cable industry is highly fragmented with large number of cable producers. Many of these companies are small-scale cable producers, the smallest of which are family-run operations which use the most basic production equipments. There has been very limited consolidation amongst the major players in the industry. The tendency of cable companies to grow organically, rather than by acquisition of competitors, means that no dominant groups have emerged in the industry.

Annual average growth of the Wire and Cable industry during 2002-03 was approximately 5.6%. In 2003-04, the non-SSI sector has reported production of 8.33 lakh core kms, which was 7% higher than previous year. In 2004-05 the non-SSI sector has reported production of 7.40 lakh core kms; which was 11% lower than the previous year. In 2005-06 the non-SSI sector have reported production of 8.86 lakh core kms, showing healthy growth of 19.65%. (Source: *Department of Industrial Policy & Promotion annual report 2004-05, 2005-06 and 2006-07*)

Cables Industry:

Power cables are segregated into high, medium and low tension cables. Industrial cables include control and instrumentation, LT cables, HT cables and speciality cables whereas telecom cables are classified as high capacity cables (Optical Fibre Cables -OFCS) and Low capacity cables (Jelly Filled Telecom Cables - JFTCS).

The Indian Cable Industry is approximately Rs 8000 crore, and is divided more or less equally between the LT Cable and HT cable segments. The LT Cable segment is represented by a large number of players and is highly competitive with an equal presence of organized players as well as unorganized players.

Demand drivers

Low voltage copper conductor PVC cables are extensively used for domestic home appliances wiring, house wiring and internal wiring for lighting circuits in factories, power supply for office automation, in control, instrumentation, submarine, mining, ship wiring applications etc. due to its high tensile strength, superior conductivity, better flexibility and ease of jointing.

The HT power Cable segment is represented by a few large organized players due to pre-qualification and approvals barriers. The Cables industry has been highly benefited from the APDRP Scheme and the Rajiv Gandhi Grameen Vidyutikaran Yojna. As a thumb rule, 3-3.5% of the total cost of a power project is spent on power cables; this will generate a huge demand for cables as the government strives to achieve the target of “power to all”.

Market Potential

Power cables are utilized in all three stages of power sector - generation, transmission and distribution. The government has planned massive investment in all three stages to achieve its 'power for all' objective by 2012. Government is targeting to add about 100000 MW of power generation capacity in X & XI plan. The government targets to increase the inter-regional transmission capacity from 9,500MW at end- FY2005 to 37,150MW by FY2012. With massive expansion taking place in power sector, demand for power cables is likely to remain buoyant.

The buoyancy in the sector is likely to be further contributed by boom in housing & construction sector and Special Freight Corridor being planned by Railway Ministry. Further demand will be created replacing old signaling infrastructure and installing new signaling equipment. (Source: *Capitaline, May 31, 2006*)

Backed by massive demand from user industry, the 8000 crore cable industry has been growing at 20-25%. Key growth driver for cable industry has been new capex in Power, Infrastructure, SEZ, and Industrial expansion. According to industry source, a capex in power sector, Infrastructure, SEZ, and Industrial Expansion of about Rs 900000 crore are going on which is likely to ensure strong demand for cable industry. As a thumb rule wire and cable requirement is approximately 2-3% of cost of the project. Thus demand for cable worth Rs 18000 – 27000 crore is likely to unveiled in near future. According to industry source, in the current financial year demand is very strong on account of massive capex planned in user industry.

It is expected that old well established players will be key beneficiaries of strong demand from user industry as, if any new company start manufacturing cable it will take at least 7 years to get it registered with vendors. This acts as an entry barrier for the industry. Thus major sale to institutions are from organized players for HT and LT cable. According to available estimates organized player's account for 75-80% of market with top 10 players having share of around 45%. (Source: *Capitaline, July 07, 2006*)

Outlook

Power Cables Industry is likely to witness healthy growth in revenues on account of the strong demand drivers. Government initiatives on power sector reforms have resulted in an increase in demand for power related products, including cables.

Backed by strong demand drivers, the industry is likely to witness strong volume growth. Though surge in input cost may create some challenges for the industry. However it is expected that industry will be able to partly pass on rise in raw material cost to their customers on account of strong demand. Also, cost of cable forms a small percentage of the total project cost of the user industry. Thus, customers would not mind paying a little more rather than having the project delayed. Thus it is expected that benefit of volume growth would percolate into profitability for the industry. (*Capitaline, July 07, 2006*)

Pump Industry

A pump is a service equipment but has a role in almost every sector of national economy. Pumps are the vital elements in an enormous range of fluid handling applications & range from small household pumps to immense units utilized in the water, chemical and energy industries. Pump performance requirements and duties vary considerably in terms of material of construction, wide range of temperature, pressure, viscosity, density etc.

In terms of sectors of economy, small-size water-handling pumps cater to agriculture, domestic and village water supply; medium-size water handling pumps cater to major irrigation, urban water supply, public health and sanitation, mine-dewatering, fire-fighting, etc. Large size water-handling pumps serve cooling water circulation in power-generation. In chemical, petroleum, petrochemicals, fertilizers, etc. pumps handling process fluids are made for a host of specific applications.

In India the manufacture of pumps has by now a history of nearly 100 years. Pumps being the basic equipment for every sphere of the national economy, the Indian pump industry have in its own growth, contributed immensely to the economic growth of the country. The industry has over the years built up great potentials to meet challenges. It has also worked with good foresight and resilience to adapt to emerging trends, be it the compliance with the requirements of the Quality systems as per the ISO 9000 series of standards or the exposure to the global competition, prompted by the liberalisation of the economy.

Budget impact

The thrust on agriculture and irrigation continues in this budget as well, as evident from the increased outlay on irrigation to Rs 11000 crore. Further, farm credit has been raised to Rs 225000 crore from Rs 175000 crore in the previous year. This is a boost to the pump industry as pumps find major use in irrigation system and agriculture pumps form a bulk of the total pumps manufactured every year. Moreover, the government has provided increased thrust on

water resources management and has further enhanced agricultural insurance, fertilizer subsidies and rural finance schemes which will provide impetus to agriculture. Also, the allocation towards rural electrification has been augmented which will have a cascading affect on the pumps industry, increasing the demand for power-driven pumps.

Moreover, peak customs duty has been cut to 10% from 12.5%. This coupled with the already reduced duties on copper, aluminium and alloy steel at 5% would aid in bringing down the raw material costs

Growth drivers:

Industrial Revolution: Pump industry had been fueled by the massive demands of the industrial revolution that built our modern society.

Post World War II Expansion: In order to satisfy the pent-up demand that had gone unfulfilled in war years. Here the emphasis was on large, multistage electric utility boiler feed water pumps & oil-field injection & pipeline pumps.

Energy Crisis: Energy crisis all over world led to lot of research & development work for developing energy efficient pumps & systems.

Environmental Challenges: Curbing emissions was the paramount concern. This influence has led to better sealing of pumps including sealless, magnetically coupled chemical pumps. The ultimate product in this regard could be 'integral motor pump'.

Globalization: The fluid engineering & other technical challenges are assumed to be solvable by the MNC who emphasize quality, productivity & faster delivery of the product in order to battle global market share. The apparently mature pump product has a lot of room for improvement. The technical improvements will continue to be necessary to maintain global competitiveness.

Applications of pumps

Indian pump industry at present met the pump requirements of 95% of applications.

Various applications of pumps are listed below :

- Transportation: It is a prime function.
- Circulation: For homogenizing the temperature and/or composition of fluid.
- Mixing: Two or more streams can be connected at the suction of pump & mixing can be achieved.
- Injecting: High pressure can be developed by using pump and fluid can be injected in pipe or tank.
- Metering: Pumps can be used as metering device.
- Pressure Reducing Device: Rotary pumps can be used for reducing the pressure in polymers.
- Agitator Pump: Submersible pump keep the solids in suspension & prevent setting.
- Vacuum Generation: Liquid ring vacuum pumps are well known. Dry vacuum pumps are also developed.
- Reactor: When two liquids are to be reacted with very small residence time then pump can be used.
- Cavitation Reactor: When one liquid and another in vapor form are to be reacted, the principle of cavitation can be used.

(Source: www.impeller.net)

With strong demand from fluid handling industry, infrastructure and irrigation sector, the demand growth for pumps continues to be northbound. The strong recovery in agricultural segment coupled with the upswing in investment climate in the economy has driven the growth in pumps during FY06. The output of power driven pumps during the period Apr-Mar'06 has turned around sharply by 9.6% yoy to 711.382 thousand numbers as against a negative growth of 2.1% (649.249 thousand nos.) in 2004-05. Similarly, the production of mono-blocks was higher by 16.5% to 186979 numbers for the period April-Mar'06, as against a negative growth of 10.5% in 2004-05. (Source: *Capitaline, May 31, 2006*)

Trends in domestic production of Pumps

Period	Monoblock pumps		Power driven Pumps	
	Production	Var. (%)	Production	Var. (%)
Apr-July'06	63201	16	274.918	12
Apr-July'05	54593	8	246.08	8
2005 – 2006	186979	16	718.326	11
2004 – 2005	160503	-10	649.246	-2
2003 – 2004	179324	23	663.302	14
2002 – 2003	145678	8	584.074	23
2001 – 2002	134993	-7	472.935	-2
2000 – 2001	144381	159	481.944	-20
1999 – 2000	55835	79	599.243	-3
1998 – 1999	31240	47	616.2845	-11
1997 – 1998	21213	10	692.527	2
1996 – 1997	19288	5	680.063	3
1995 – 1996	18354	2	663.398	28
Production of power driven pumps in thousand numbers Production of monoblocks in numbers Source: (Capitaline, September 30, 2006)				

Outlook

Going forward the pump industry in India continue to get growth momentum from the increased activity in agriculture/ irrigation, industrial and infrastructure including water supply, power projects. While strong growth in fluid handling industry drives demand for specialized industrial pumps, the accelerated development of infrastructure and irrigation sector drives demand for pumping solutions.

The Indian pump industry is expected to sustain strong growth momentum given the strong investment under pipeline in fluid handling industries and irrigation, urban utilities and infrastructure projects. The continued higher budgetary allocation for sectors like water supply and sanitation, petrochemicals, oil & gas, power, housing etc in recent budget are likely to stand in good stead. The greater participation of private sector in power sector is likely to add strength. The booming service sector that is spiraling the demand for construction of office spaces, malls, entertainment amenities are likely to trigger demand for power efficient pumps resulting in boosting the demand along with industrial sector.

(Source: Capitaline, July 31 & September 30, 2006)

Uninterrupted Power Supply (UPS)

Electronic equipment, process control, medical equipment and computers often require highly reliable power supply. Also the supply should be without fluctuations. Even a well-designed power supply system cannot ensure a level of reliability. In India, the electric power projections depict a shortfall in power generation. The quality of power is also not as desired. Therefore, a suitable power conditioning system is needed to buffer the equipment from electric utility supply variations and fluctuations.

The UPS are categorized in to two types as on line UPS and offline UPS. Online UPS systems are the UPS which is in operation constantly. It also compensates power discrepancies, if any and provides a pure sine waved AC supply. Off-line UPS on the other hand are normally on standby status and are manually or automatically switched on. The mains are fed directly to the load through a transfer switch. The value addition is more in the on line UPS system than the offline system as the former is used by sophisticated users and hence is equipped with all sort of mechanisms to solve

the power related problem of quality and frequent failure. More over in the on line system the control and maintenance has shifted to browser base and has enhanced the value for the manufacturer further due to lot of convenience to the user.

UPS can be conveniently classified into two segments; those systems with power output greater than 1 kVA and those with less than 1 KVA. The former finds applications in mainframes, hospitals, defence, process industry, telephone exchanges, remote microwave relays and so on, the latter largely caters to single PC users.

Performance of the Industry

Earlier the UPS were largely being used in Railways, Textile and Telecom industries, particularly where there is a continued operating process is required. But with the rapid development of IT application in all works of life the growth of UPS has become synonymous with the growth of computer application. Today, the UPS systems are considered to be the lifeline for all major activities of IT / Software / Banking/ Insurance / Education etc where the microprocessors are widely used.

The demand for UPS is largely dependant on the computer market. It is observed that the consumer UPS market, that is widely used by single PC users, is currently closely connected with the growth of the PC sales. The UPS market has not grown commensurate with the growth in the computer market due to high costs and lack of availability of reliable indigenous components. In 2003 it was 60 to 70 percent of the PC sales, which has gone up to almost 100% of the PC sales in 2004. The consumer UPS that is below 1KVA is witnessing a large number of unorganised players, so competition is heavy. Although the figures are not comparable but the trend shows a better prospect for the UPS market.

The total Indian UPS market in the organized sector is estimated to be Rs. 60-70 crores. According to the industry sources the entire market of UPS has crossed Rs 1000 crore in 2004 and the market is growing at the pace of around 20 to 25% per annum. The major chunk of the market comes from the SME segment, which is at around 60 to 70% of the total market. With in that the small UPS segment (below 1KVA UPS) is growing faster at a rate of more than 40%. As far as the cost goes out of the total cost 25% constitute the cost related to imported items basically the semiconductor items. Recently the prices of other materials like lead, copper and steel has risen considerably during 2004. But the players have reduced its impact by undertaking suitable cost cutting exercises. (*Source: Capitaline June 29, 2005*)

Outlook

India has a good potential for growth in high-end UPS models. This is due to the fact that Indian enterprises tend to have large single locations for business. Large enterprise customers like IT enabled players want high levels of uptime. The IT infrastructure in these cases are well integrated with UPS and precision air-conditioning systems.

IT enabled players are also ramping up and continuously increasing their head count. IT enabled and corporate data centers are buying high-end online UPS models. Sectors like manufacturing, telecom, and energy are also expected to make large high-end on line UPS purchases as the IT system is getting more and more sophisticated and miniaturised.

BFSI companies however are expected to use a mix of high- and low-end UPS systems. Indian banks have a large number of branches and ATMs spread across the country. Banks tend to have a large central data center that requires a high-end UPS model of around 40 KVA capacity. An ATM, on the other hand, can get by with a 2 to 3 KVA UPS system. Since low and medium range UPS systems are used in bulk by the banking, financial services and insurance segment, this will drive both the high- and low-end UPS market in India.

The manufacturers on the other hand after a long period of bad period, have now become more focused and efficient in their product delivery. So going forward the players would pocket a good return by serving well the high end and low end UPS market as the service will become the differentiating point as compared to the unorganised players particularly in the low end UPS market. (*Source: Capitaline June 29, 2005*)

Electric Fans

Due to simple technology and relatively long durability, fans are not getting good replacement demand. But with boom in housing construction, and increasing industrial activity, and rising disposable incomes, the demands for fans remain healthy.

According to a published report of NCAER, Electric fan, which is an item of necessity and mass consumption, is the second 'most wanted' consumer durable in rural India after bicycle. It features in the high-market penetration product category and is very high in terms of purchase priority amongst entry level / basic necessity category durable.

Being a tropical country the electric fan is an essential item for the lower to middle class people of the country. But due to involvement of lesser technological input and low entry barrier the market is equally divided among the organized and unorganized players. The increase of input prices like copper and alloy steel along with stiff competition from the SSI manufacturers (who are exempt from excise duty), the manufacturers are currently undergoing severe margin pressure

The electrical fans primarily include the ceiling and table fans along with the modified versions like the exhaust fans, cooling fans or fresher fans etc. This market is segmented based on price, quality and aesthetics. In total market ceiling fan has the largest share with 70% market, Table, Pedestal and wall fans with 20% market and fresher fans occupy the rest 10%.

The organised sector with 50% share is dominated by national brands that have built their brand image over a period of time, through sustained advertising and a good dealer network.

Unorganized market continues to dominate with half the market share. Low technology manufacturing process, quality norms, lower overheads and tax evasion methods have enabled the unorganized sector to sustain larger share of the market by ensuring a significant price difference. The local/unorganized brands are still quite appealing to a large section of the price-conscious Indian consumers, for their lower price points.

Though the margins of players are witnessing pressure from rising input prices and competition from unorganised players, the rising demand for electric fans triggered by the uptrend in the housing sector and the rising affordability of consumers is driving volumes and therefore churning out good revenues for the players. With the boom in the housing sector likely to continue, the demand for electric fans will continue to grow. (Source: *Capitaline April 30, 2006*)

According to the data published by the Central Statistical Organization the production of the electric fans by the organized sector has increased by 21% to 857320 fans in the month of March 2006 from 705640 fans produced during the corresponding previous period. The total production of the electric fans during the period April 2005 – March 2006 has improved by 16% to 6923008 fans. (Source: *Capitaline May 31, 2006*)

Rate of growth in production has been more in terms of quantity or in volume growth rather than the growth in value terms for a number of products in the electric fans industry. This has happened because of constantly falling prices over the years due to competition among the major players, aggressive marketing strategies, declining import tariffs. The industry is hopeful that the demand growth will be healthier than the previous years. To capitalise on the growing demand, the players are planning to expand retail network, introduce new value added products and variants. But being a price sensitive product, it remains to be seen how the players are able to pass on the relatively sharp spurt in input costs in general, and non ferrous metals in particular.

The frontline players are witnessing impressive growth in revenues on the back of rising demand for electric fans driven by higher disposable income and boom in housing sector. (Source: *Capitaline April 30, 2006*)

Solar Water Heater

Solar hot water refers to water heated by solar energy. Solar heating systems are generally composed of solar thermal collectors, a fluid system to move the heat from the collector to its point of usage, and a reservoir or tank for heat storage and subsequent use. The systems may be used to heat domestic hot water, swimming pool water, or for space

heating. The heat can also be used for industrial applications or as an energy input for other uses such as cooling equipment.

Solar water heaters can be either active or passive. An active system uses an electric pump to circulate the heat-transfer fluid; a passive system has no pump. The amount of hot water a solar water heater produces depends on the type and size of the system, the amount of sun light available at the site, proper installation, and the tilt angle and orientation of the collectors. (Source: www.indiasolar.com)

Market

There are two distinct market segments for solar water heating systems (SWHS) in India, namely, (i) domestic and (ii) commercial and industrial. In commercial sector SWHS are used to meet the hot water demand e.g. in hotels and hospitals etc. while in industrial sector, these systems are used for preheating boiler feed water or to meet the process heating requirements. In domestic sector, SWHS are used to meet household hot water requirements.

So far, the majority of installations in India are in the commercial and industrial sector, with 80% of the collector area installed in commercial and industrial sector, unlike Europe where the focus is mainly on the domestic sector. But as result of improved economics of solar systems, due to increase in electrical prices, the domestic market is increasing in India. As per MNES, the potential of solar water heating systems in the country is around 30 million m² of collector area. The MNES policy (draft) has set the goal of installing 5-million m² collector area during 2000-2012, with equal distribution of collector area in domestic as well as commercial and industrial sector. (Source: Report- Status of Solar Thermal Technologies and Markets in India and Europe)

Industrial Growth

The manufacturing base of solar water heating systems has since been improved substantially with a total number of 49 manufacturers securing Bureau of Indian Standards (BIS) certification for their products.

More than 550000 sq.m. of collector area has been installed so far in the country for water heating . During the recent years, the annual business generated in the country is around 550000 sq.m. of collector area. There is also a steady increase in number of manufacturers having BIS certification. (Source: www.mnes.nic.in)

Industrial Policy

From 1st October, 1997, only those manufacturers of solar flat plate collectors for solar water heating systems who have secured BIS certification for their products are eligible for available government incentives like soft loan from public sector banks or the Indian Renewable Energy Development Agency (IREDA).

To encourage quality manufacturers and also with a view to collecting necessary information on production/sale of solar water heaters, the Ministry provides 50% reimbursement of the BIS certification charges (charged by BIS for its testing and marking) to manufacturers for solar water heating systems and solar cookers.

Indian Renewable Energy Development Agency (IREDA) provides loans at reduced interest rates to the manufacturers for setting up production facilities of solar water heating systems and related components and also for market development.

In India some States offer subsidies on domestic as well as commercial solar water heating systems installations. Government of India offers 100% depreciation claim in the first year itself on installation of commercial solar water heating systems. (Source: www.mnes.nic.in)

Wind Mill

Wind power has emerged as the biggest renewable energy source in the world. So far wind turbines of total combined capacity of 25,000 MW have been installed in the world. Germany is the largest and India the 4th largest producer of wind power in the world. Government of India has estimated the potential of 45,000 MW of wind power throughout the country. So far about 2,500 MW capacity of wind power has been installed. All this power is obtained through big

wind turbines from 250 kWh to 1,250 kWh capacity. The modern trend to make bigger wind turbines and 2 MW wind turbine has become very common in Europe and soon 5 MW capacity wind turbines are likely to be produced. (Source: www.renewingindia.org)

Power generation from wind has emerged as one of the most successful programmes in the renewable energy sector, and has started making meaningful contributions to the overall power requirements of some States in India. The total installed capacity of power from renewables today stands at nearly 1350 MW with contribution from wind power of nearly 1000 MW.

The State of the World 1998, a world-watch Institute Report on progress toward a sustainable society, released earlier this year, has noted that renewable energy production in the world is expanding rapidly. Wind generation is the fastest growing energy source in this decade and is expanding at 25% per year. The Report recognises India as a new "Wind Superpower". With declining trend of cost and increase in the scale of wind turbine manufacturing, wind promises to become a major power source globally in the first few decades of the new millennium.

MNES (Ministry of Non-conventional Energy Sources) are implementing the world's largest wind resource assessment programme, which forms the backbone of their wind exploitation efforts. Preliminary estimates indicate a potential of about 20,000 MW. Scientific surveys are being intensified to identify specific viable and potential sites. A recent study undertaken to re-assess the potential, places it at about 45,000 MW. Assuming a grid penetration of 20%, a technical potential of about 9,000 MW is already available for exploitation in the potential States. 160 sites have so far been identified in 13 States. Survey work is in progress in 24 States / UTs. The States of Rajasthan and West Bengal have also shown wind potential recently. (Source: www.indianwindpower.com)

Current scenario

Today, we have a wind power installed capacity of 992 MW in the country, out of which about 940 MW is accounted for by commercial installations. About 3.5 billion units of electricity have been fed to the grid so far. A good local production base for wind turbines now exists in the country, with 15 manufacturing companies active in this sector

Today, the capital cost of wind power projects range between Rs. 4 to 5 crores per MW. This gives a levelised cost of energy generation in the range of Rs. 2.00 to Rs. 2.50 KWh, taking into consideration the fiscal benefits extended by the Government.

(Source: www.indianwindpower.com)

Government Policies/Incentives

The government has introduced a package of incentives which includes tax concessions such as 100% accelerated depreciation, tax holidays for power generation projects, soft loans, customs and excise duty relief's, liberalized foreign investment procedures, etc. The Indian Renewable Energy Development Agency (IREDA) is playing a significant role in promoting Renewable Energy Projects, in general and Wind Energy Projects in particular.

(Source: www.indianwindpower.com)

Future growth

Renewal energy is expected to create maximum impact in the production of electricity. Projections indicate that by the end of the first decade of the new century, it would be cost effective to generate and supply renewable electricity, aggregating to several thousand megawatts, as it's efficiencies and costs are decreasing, while the costs of conventional electricity are increasing. No other renewable energy based electricity producing technology has attained the same level of maturity as wind power. There are no major technical barriers to large scale penetration of wind power

As per projections made by Ministry of Non-Conventional Energy Sources, 10% of the 2, 40,000MW (i.e 24,000MW) installed capacity requirement by the year 2012 A.D. will come from renewables. It is envisaged that 50% of this capacity or 12,000MW may come from wind power. India has now gained sufficient technical and operational experience, and is now on the threshold of "taking off" in wind power. It offers a viable option in the energy supply mix, particularly in the context of the present constraints on conventional sources. It also offers an attractive

investment option to the private sector, in the context of the recently announced policies and drive towards private sector generation.

Sl. No.	State	Gross Potential (MW) (a)	Technical Potential (MW) (b)	Installed Capacity (MW) (c)
1.	Andhra Pradesh	8275	1920	121.1
2.	Gujarat	9675	1780	667
3.	Karnataka	6620	1180	847
4.	Kerala	875	605	2.0
5.	Madhya Pradesh	5500	845	58
6.	Maharashtra	3650	3040	1485
7.	Orissa	1700	780	2
8.	Rajasthan	5400	910	470
9.	Tamilnadu	3050	1880	3460
10.	West Bengal	450	450	1.6
11.	Other States	-	-	0.5
	Total	45195 MW	13390MW	7114 MW

(Source: www.indianwindpower.com)

BUSINESS OVERVIEW

Unless stated otherwise, the financial data in this section is as per our financial statements prepared in accordance with Indian GAAP set forth else where in this DRHP. In this section only, any reference to “we”, “us” or “our” refers to V-Guard Industries Limited.

Overview

Our company is one of the growing industrial houses in Kerala engaged in the manufacturing and marketing of various electrical and electronic products.

The Business was set up by Mr. Kochouseph Chittilappily and commenced its operations in 1977 as a SSI unit with manufacturing and marketing of voltage stabilizers under the brand name “V-Guard”.

Established with a capital of 1 lakhs rupees, two workers and an average production of 50 voltage stabilizers a month, our company now has diversified into a multi-product company which now manufactures and markets Electronic Voltage Stabilizers, Monobloc, Jet, Submersible, Compressor Pumps and Electric Motors, Insulated Electrical Cables (House Wiring, Industrial), Electric Storage & Instant Water Heaters, Solar Water Heaters, UPS, Electric Fans and is also in generation of Power in a small way.

Our Products are not only well recognized in all the southern states of the country, mainly being Kerala, Tamil Nadu, Karnataka, and Andhra Pradesh but are also enjoying demand across the market. This recognition arises out of the fact that consumers recognize our brand “V-Guard” because of its quality as well as our presence in the market for about thirty years. We have attained over 3 decades of experience in this business and are proceeding forward towards realizing our vision to make V-Guard a trusted house-hold name in electrical, electro-mechanical and electronic home appliances.

We presently have eighteen branches including our head office located in Cochin, spread across 14 states and the Union Territory of Delhi. We have recently ventured into states of Maharashtra, Haryana, Madhya Pradesh, Orissa, Himachal Pradesh, Chattisgarh, Uttar Pradesh, Gujarat, Punjab and Rajasthan

As on 31st March, 2007 and 31st August 2007, our total sales were 22227.48 lakhs and 10,950.61 lakhs respectively. Our Company has been making profits and has been paying dividends consistently since last 5 years.

At V-Guard, success is measured in terms of customer satisfaction and quality that is built into every product. The value of commitment to quality is also cherished by each of the 876 staff members and is consciously upheld by a network of over 7000 retail dealers and 111 distributors spread all over India.

The Promoters of our company have also ventured into business areas of Amusement Park, Fashion Accessories and BPO services by incorporating four entities namely Veega Holidays and Parks Pvt. Limited, Wonderla Holidays Private Limited, V-Star Creations Private Limited and Vintes Solutions Private Limited.

COMPETITIVE STRENGTHS

We have been serving the Indian consumers for almost three decades now. With multiple advantages including a wide array of house-hold and other appliances and presence in the industry for around three decades, we take pride in our reputation as one of the few recognized player in the market with a growing national presence.

Our presence in the industry for around three decades

We have been present in this industry for the last 3 decades which has helped us in understanding changing needs and demands of our customers. On account of this long-standing presence in the Indian market and with constant improvement in performance of our products, augmented with quality and recognition of our brand, we believe that we enjoy considerable brand equity and reliability in the market.

Management Expertise

Our promoter directors have considerable experience and expertise in their domain. We have a professionally managed team with technical experts in respective fields and as more specifically detailed in the paragraph on 'Key Managerial Personnel' on page no. 116 of this Prospectus. The day to day affairs of our Company are looked after by qualified and experienced key personnel from varied areas, under the supervision of our Managing Director.

Strong Dealer Network

Our Promoters have an understanding of the trade segment of the market. Through this understanding, we have been able to establish a strong dealer network countrywide, enabling our products to reach the small consumers easily. Our sales are through the Distribution Network that has been developed over a period of last thirty years. Presently we have around 111 distributors and more than 7000 dealers across the nation. Further, our capability in after sales service is what differentiates us from other players in the industry we operate in.

Strategic Sourcing

Our Company follows a unique manufacturing model wherein products are sourced from SSI units/ small manufactures across South India. The Company contracts with third parties for the manufacture of voltage Stabilizers, Pumps, UPS, Electric Water Heaters and Electric Fans which are manufactured according to our Company's specifications. Our Company has diversified competencies in this area by maintaining good and cordial relations with the suppliers. We are equipped with latest machines and equipment to scientifically monitor quality.

Diversified client base

Our Company caters to various customers of small and big size. Our Customers are based in different geographical locations and are from various backgrounds. Our strategy to cater our products to a wider arena of customers insulates us from dependency on any particular class or area of customers.

Diversified product base enabling De-risking of the Business Model

Our revenue stream comes from diverse domains, which in turn reduces the company's dependence on a particular product. This ability to diversify the revenue streams and also to retain various clients differentiates us from most of our competitors

Quality and ISO Certification

The Cable manufacturing unit, Solar Water Heater unit and our R&D Division of our Company are having certification of ISO 9001:2000 by DNV (Det Norske Veritas). Since our Company is dedicated towards quality of products, processes and inputs, we get repetitive orders from our customers, as we are capable of meeting our quality standards thereby enabling us to maintain our brand image in the market

Our Research & Development Capabilities

We have been undertaking R&D for generating new product designs and technologies which adds value to our existing line of products. We have an experienced and professionally qualified R&D team who are engaged in full time research.

Financial Credentials

The Sales of our Company has grown from Rs. 11061.46 Lakhs as on March 2003 to Rs. 22227.48 Lakhs as on March 2007 at a CAGR of 19.06 %. Our Company has been making profits and been paying dividends consistently since last 5 years. The Profit after tax of our Company has grown from Rs.489.97 Lakhs on March 2003 to Rs.1349.69 Lakhs in March 2007 at a CAGR of 28.83 %.

BUSINESS STRATEGY

The key components of our strategy to drive profitable growth and to maximize value are to continuously enhance customer satisfaction, engage in continuous research and development, attract, develop, and retain qualified employees, and maintain stringent standards of environmental safety and corporate responsibility.

Keeping in view the above, our Company has devised a strategy to take the advantage of the growing Consumer Durable market and Housing and Infrastructure Sector.

To achieve these objectives, we have formulated certain strategies pertaining to various aspects of our business as described below:

Sales and Marketing

The sales and marketing strategy is based on building upon strengths and results already achieved. Accordingly, our strategy is to consolidate our position in South India and penetrate in northern and eastern parts of the country. In parallel, we would also strive to build credible partnerships as an entry strategy and build on the same for a full-scale penetration in future.

Continued focus on consistently meeting quality standards so as to ensure product acceptance by customers

We have created a reputation with our suppliers who can consistently supply quantity without compromising on the quality and delivery schedules. We intend to continue to focus on this besides being innovative in the products. As we are using one of the best technologies in various products manufactured by us, we intend to continue this for the new projects of our company as well.

Focus on expansion of capacity so as to attain economies of scale

To maintain our position in the Cable Industry, our company is aiming to enhance our manufacturing capacity of cable to cater the northern and central regions of India. This is in line with our belief that maximum values can be created by way of making products at the locations where customers/markets currently exists or will grow in future.

Backward areas benefits and achieve cost efficiency

Our company plans to set up a unit for manufacturing building cables in Uttaranchal. This would help in attaining tax benefits in the form of exemption of excise duty for the finished products for the first ten years vide Central Excise Notification no. 55/2003 dated 10th March, 2003 and exemption of Income Tax for the first five years vide CBDT circular no. 177/2004 dated 28th June, 2004.

Mix of Organic and Inorganic Models of Growth

Our strategy so far had been organic growth. At this stage of our business, we believe that a combination of organic and inorganic models will help us continue to grow. Strategic acquisitions would help us in leveraging complementary skills to capture market opportunities as well as reduce time-to-market and accelerate growth.

Continue to Focus on Training and Motivating Our Work Force

Our Company will strongly continue its policy of training its work force with adequate product knowledge, market knowledge and above all the application of knowledge to the industry. Our Company shall always focus on narrowing the hierarchy for free and transparent two-way communication between management and employees for better exchange of ideas, views and opinions for maintaining good competitive work atmosphere at all levels.

Our overall business strategy shall be to

- Maximise revenue through capacity expansion and increase in efficiency
- Reduction in cost of borrowing

- Enhancing production efficiency and minimize process losses
- Reduce operational costs and be cost competitive
- Have a consumer centric approach
- Deliver value for money to our clients
- Adopt best practices in all functions and processes

Our Vision

Our vision is to make V-Guard a trusted House hold name by:

- Creating a distinct status for ourself in the electrical, electronic home appliances and electro mechanical markets
- Driving growth through both organic & inorganic initiatives.
- Keeping shareholder interests at the core of business and put Customer Satisfaction on top of the agenda.

Our Mission

Our mission is to:

- To offer at affordable prices, a range of products that eliminates manual labour, save time and energy and add to comfort and enjoyment.
- To manufacture products that meets international quality standards and provides trouble-free performance.
- To adopt designs that support timely and efficient after-sales service.
- To continuously innovate and add value to products, if needed to be through technical collaboration.

PRODUCTS

Products marketed under the brand name 'V-GUARD' are:

- Electronic Voltage Stabilizers
- Monobloc, Jet, Submersible Pumps and Electric Motors.
- Insulated Electrical Cables (House Wiring & Industrial)
- Electric Storage & Instant Water Heaters
- Solar Water Heaters.
- UPS.
- Electric Fans.
- Generation of power through wind mills.

The products are not only well recognized in all southern states and especially in Kerala, but also enjoy good demand in markets across India.

Our company was also into marketing of products namely water level controllers, wall clocks, electric motor starters and Water purifiers, which were discontinued recently.

Electronic Voltage stabilizers:

A voltage regulator is an electrical regulator designed to automatically maintain a constant voltage level. It may use an electromechanical mechanism, or passive or active electronic components. Depending on the design, it may be used to regulate one or more AC or DC voltages.

At many industrial automatization processes, measurement and control installations and also at network PCs it is necessary to supply different types of electrical devices with stabilized AC voltage. It is very important that the stabilized AC voltage not to be depended by external variations such as: supply voltage, frequency and load.

With the exception of shunt regulators, all modern electronic voltage regulators operate by comparing the actual output voltage to some internal fixed reference voltage. Any difference is amplified and used to control the regulation element. If the output voltage is too low, the regulation element is commanded to produce a higher voltage. For some regulators if the output voltage is too high, the regulation element is commanded to produce a lower voltage; however, many just stop sourcing current and depend on the current draw of whatever it is driving to pull the voltage back down. In this way, the output voltage is held roughly constant. The control loop must be carefully designed to produce the desired tradeoff between stability and speed of response.

During the year 1977 the stabilizer unit was started by Mr. Kochouseph Chittilappilly for manufacture of Electronic Voltage Stabilizers. V-Guard stabilizers provide protection against voltage fluctuations, and are used to safeguard electronic equipments and home appliances such as televisions, refrigerators and air-conditioners. They come in various power capacities with features like auto restart, time delay system and high-low voltage cut off which provide reliable protection for electronic appliances against voltage fluctuations.



Over the period of years, our business acumen made us to successfully move from Own In-House Manufacturing to Strategic Outsourcing, which not only helped to maximize our revenues thereby benefiting our shareholders, but also helped to diversify into various segments under the same brand umbrella.

We have tie-ups with more than 68 units spread across the southern states which manufacture products as per our needs and requisite. Most of these units are attached to charitable institutions/ social welfare organizations. Through this arrangement, we are able to attain social objective of generating maximum employment to women and rural unemployed.

The initial model of our stabilizers is being developed by our in house product development team which is then passed on to the units for commercial production. Depending on the Purchase order which we normally give one month in advance, these products are then manufactured in these units. Every unit comes with its own expertise which gels with our brand proposition creating a quality product. As part of our quality drive, we not only assist the unit to purchase the raw material, but also have placed our quality assurance team at the units who scan each and every product before embossing it with our brand. The products also undergo random verification at our godowns. Apart from that we also conduct internal process audit every 6 months to strengthen the quality of our products.

We are one of the few recognized brand in the stabilizer market with stabilizer being the major driver of our revenues, contributing more than 40% of the total turnover of Rs.22,227.48 lakhs for the year ended March 31st 2007. This recognition is due to the fact that our customers recognize our brand “V-Guard’ because of its quality and its presence in the market for more than three decades. During the financial year ended 31st March, 2007 we have achieved a sale of Rs. 9,508.54 lakhs and one million in numbers, thus creating a milestone for our company. The other players operating in this market are far behind this mark. (*IMRB International Survey – August 2007*)

V-Guard had the best geographical spread covering a substantial proportion of dealers in south, west, central and north of India. V-Guard also enjoys the largest geographical spread as compared to the next competitor brand. V-Guard is thrice the size in value to the second largest stabilizer players and almost 15 times than the third largest. (*Source: IMRB International Survey – August 2007*)

Despite our product diversification, Voltage Stabilisers has still remained as the major product of our Company crossing the 1 million mark in number of stabilizers sold in the financial year 2006-07. Currently we produce around 35 models with the capacity ranging from 100 V to 5 KV.

Pumps

During the year 1992 Mr. Kochouseph Chittilappilly entered the electro-mechanical arena by marketing monobloc pumps under the brand name “V-Guard” in the year 1992. The Electro Mechanical Works Division at Peelamedu, Coimbatore was set up during the year 2000 for R& D and pilot production plant of Pumps. These pumps ideally find application in domestic as well as for agricultural purposes.

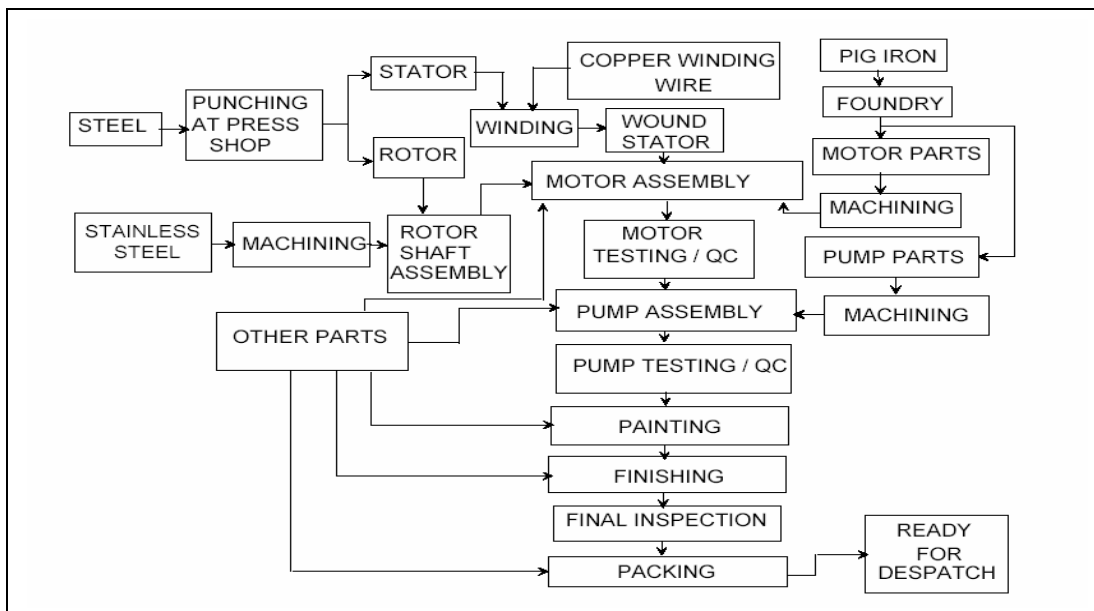


We follow the same business model as the stabilizers, catering to the customer needs through products manufactured through many of our strategic outsourced units.

Our R & D and product development team depending on the feed back and demand received from the marketing team develop product after testing on various parameters and condition. These products are then introduced in the market to test against the field conditions. This period can anywhere be between 4-5 months during which the modifications and improvement on the product are made as per the market feedback and field report. If the product senses a wide acceptance, the model is then outsourced. We have tie-ups with more than 15 units across India which manufactures products as per our needs and requisite. Depending on the Purchase order which we normally give one month in advance, these products are then outsourced to these units. These units are generally managed by technocrats who find it difficult to run the show under their banner or brand. As in case of stabilizers, these products also undergo quality test before it is introduced under our brand. As part of our quality drive we have placed our quality assurance team at the units who scan each and every product before embossing it with our brand. Apart from that we also conduct process audit on a regular basis to strengthen the quality of our products.

Over a period of years our R & D team has successfully launched more than 150 different models catering to different market needs. We understand the wear and tear which is bound to be borne by these products, so have aptly supported our concern by various service centre’s catering to this cause.

The typical manufacturing process of a Pump is as given below:



V-Guard pumps are manufactured according to ISI standards and specifications using quality components which meet performance standards. The technology used in our products ensures better efficiency and lower running costs. Presently we have around 150 different models of submersible, centrifugal, self prime, compressor and jet type pumps available in the market with capacities ranging from 0.25 HP to 7.5 HP. IS8472 for prime and self prime models, IS 9079 for Centrifugal models, IS8034 for submersible pumps and IS12225 for jet pump models are some of the models which are in demand in the market. With the buoyancy in the agricultural and housing sector, we believe that there is a lot of potential market waiting to be tapped.

Directly competing with market giants like Crompton Greaves, Kirloskar and numerous other small manufacturers, V-Guard pumps commands good demand in Southern parts of India. During the year ended 31st March, 2007 gross sales has crossed Rs. 4600 lakhs, constituting 19% of the gross revenue earned for the Company.

Cables

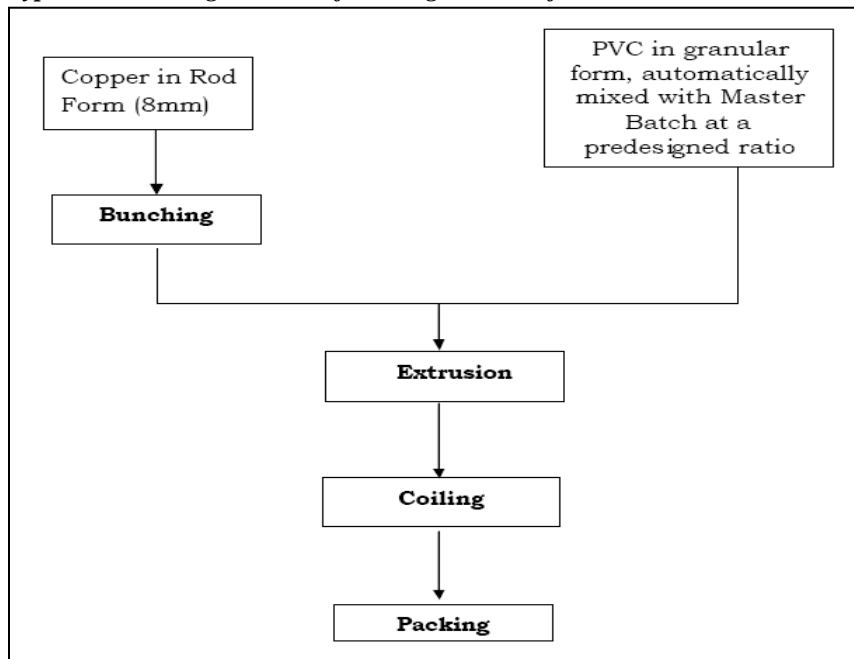
As part of its diversifying plans, our Company started manufacturing Insulated Electric Cables in the year 1999 by setting up a factory at Coimbatore in Tamil Nadu with an initial investment of Rs. 1500 lakhs. V-Guard’s cables are manufactured in conformity with ISI standards and is ISO 9001 certified with a fully-automated manufacturing unit. All major machineries required for production of cables have been imported.

Our ISI marked cables comes with High Flexible Triple Extrusion Technology and length assurance seal at every 90 metres. These cables come in the range of 0.5 sq. mm to 25 sq. mm. Multi-core flat, Multi-core round cables and house wiring cables are some of the products manufactured which find both domestic as well as industrial applications.



Cables do not follow the business model which is followed by stabilizers and pumps. It is manufactured in our own manufacturing unit located at Coimbatore. As we always believe to deliver the best, keeping in mind the shareholders interest, the nature of the product and financial viability makes us to follow this business model

Typical Block Diagram Manufacturing Process of Cable



Electrical cables are manufactured using high-speed wire drawing and insulating machinery. The Basic major raw materials used in the manufacturing of cables are copper, PVC and master batch (Colour agent for PVC).

Manufacturing process

8 MM copper wires are drawn in two passes reduced to 1.5 MM thickness which is further drawn using multi wire drawing machine, to make strands of 0.3 MM thickness. These strands are then bunched together in required numbers/ combinations to make different sizes of cables. The bunched wires are subsequently passed through insulating line where copper wires are insulated with PVC and coated with different colours. These are then cut into required sizes by using coiler machines. These insulated single core cables are marked as such as house wiring cables. Parts of the same wires are then passed through further bunching and insulation process for manufacture of multi core sheathed cables. Sheathed cables are used for industrial process or as power cords for various electrical and other appliances.

In short, Manufacturing process of Insulated cables mainly consists of the processes such as; **Wire Drawing** (Breaking down the Copper Rod to the required strand size), **Bunching** (Bunching the required number of copper strands together so as to form the required size of cable in terms of cross sectional area of the conductor), **Extrusion** (Where the PVC insulating material is coated over the bunched copper strands), **Coiling** (Winding of the cables to the required size and cut to 90/45 Mtrs length), **End Seal Printing** (Sealing both ends of the cable to assure 90/45 Mtrs of length).

Installed Capacities and Capacity utilization for the last three years

Capacity Utilization	Period Ended 31st August	2006-07	2005-06	2004-05
	Qty (Mtrs)	Qty (Mtrs.)	Qty (Mtrs.)	Qty (Mtrs.)
Licensed Installed Capacity	6,20,70,000	14,89,68,000	148,968,000	148,968,000
Utilized Capacity	4,70,36,542	7,01,77,384	8,45,78,464	83,781,618
% Utilization	75.78%	47.11%	56.78%	56.24%

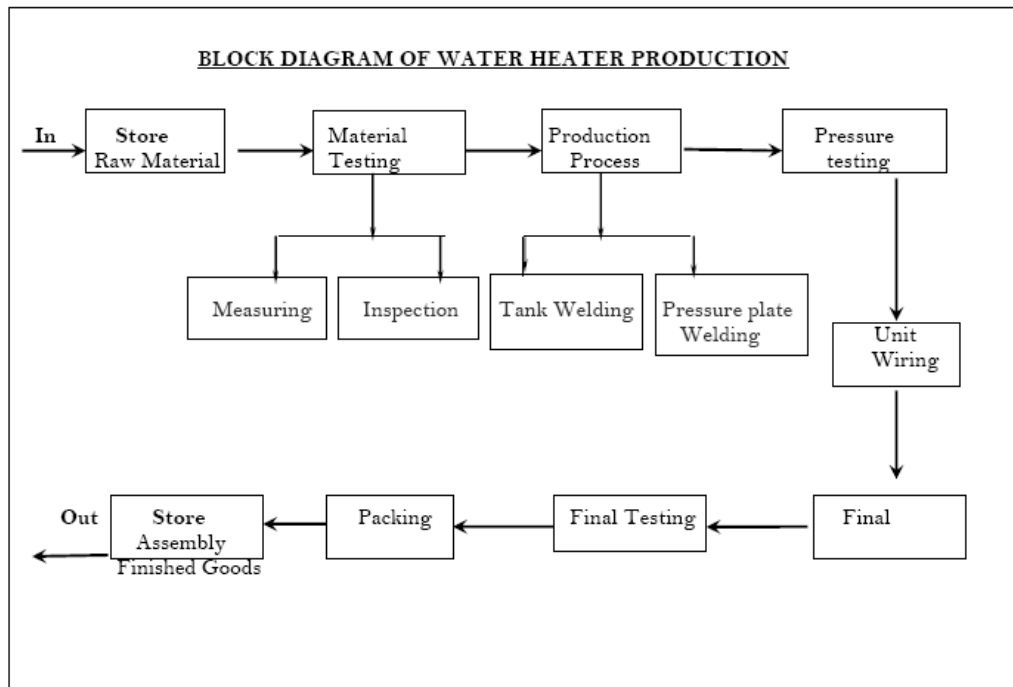
Sales of Cables have increased steadily over the years. During the year ended 31.3.07 sale of cables have crossed Rs.4600.00 lakhs contributing 19% of the total turnover of the Company. The major competitors in this segment are Finolex cables, Polycab and Havells.

Electric Water Heaters

Electric water Heaters is another range of product unveiled by V-GUARD during the year 1997. V-guard offers a wide range of instant and storage model water heaters that combine quality and technology. V-Guard water heaters are available in 28 models with capacities ranging from 1, 6, 10, 15, 25, 35 and 50 litre in different shapes and sizes.



Typical Block Diagram Manufacturing Process of Electric Water Heater



Since the beginning, we have been sourcing this product from small and medium manufacturers who have been provided R& D support by our technical team. Each product has to pass through microscopic lens of our QA team before it is embossed with our brand to maintain our worthiness in the market. During the previous year ended 31st March 2007 the turnover of Electric water heaters crossed Rs. 1650 lakhs which contributes to more than 7% to the gross revenue of the company. V-GUARD Water heater – IS 8978 for instant models and IS 2082 for storage models have found wide acceptance in the market. Major competition comes in the form of players such as Racold, Bajaj, Venus etc.

SOLAR WATER HEATERS

As part of promoting the use of non-conventional energy, we have ventured into the manufacture of solar water heaters with our own Manufacturing unit located at K.G.Chavadi Coimbatore. V-guard solar water comes with an international ETC (Evacuated Tube Collector) technology which facilitates efficient absorption and utilization of solar energy, with minimal heat loss.

Our Products are not only eco-friendly and non-polluting but also approved by the Ministry of New & Renewable Energy (MNRE). They are available in almost 23 different models with capacity ranging from 100, 125, 200, 300, 500, 1000, 1500, 2000, 2500, 3000, 4000 and 5000 LPD which is well received by the market for domestic and commercial purpose.



Manufacturing Process of a Solar Water Heater

Evacuated Tube Collector (ETC) Type Solar Water Heater

The different stages of manufacturing solar water heaters are explained under.

The manufacturing process of solar water heater consists of the manufacturing of its three main parts i.e., Storage Tank, Collector and Supports. Storage tanks are manufactured by a combination of various processes mainly, Shearing, Flaring, Rolling, Sheet Edge Bending and Lapping, Grooving etc. Other processes are spot welding, seam welding, TIG welding, pressure testing and Puff filling etc. The tanks are manufactured using stainless steel sheets. These are subsequently insulated using Rock-Wool and the outer cover for the tank is made with aluminum sheets.

The storage tank has two parts, viz, Outer Shell and Inner Tank.

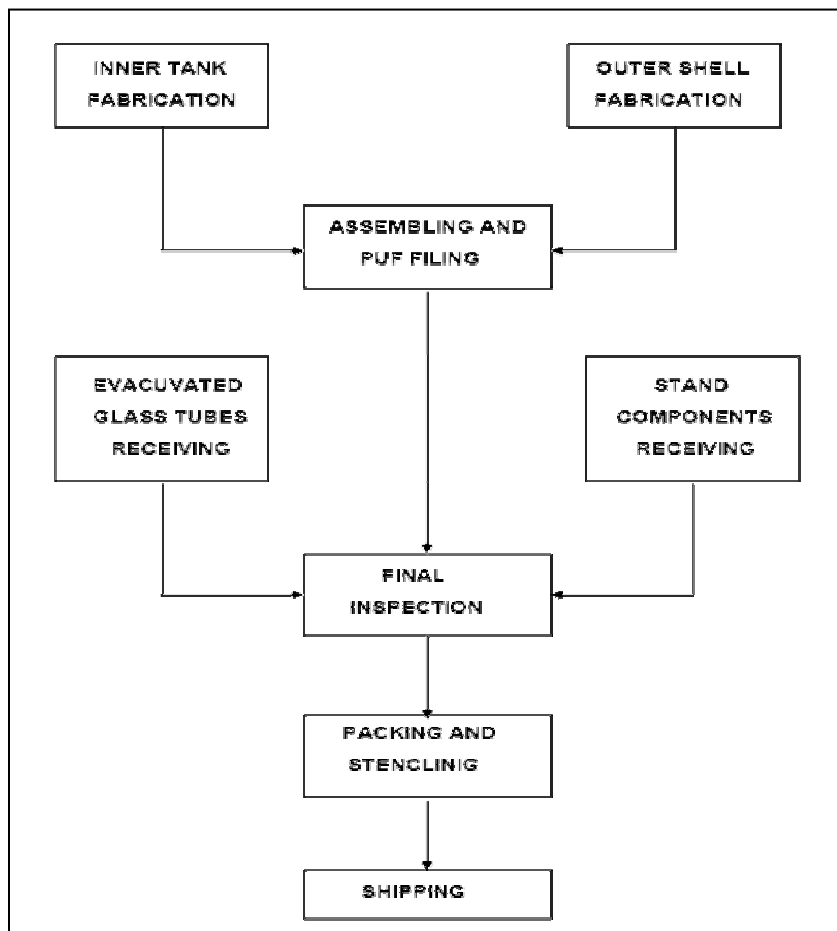
The two different types of materials used for making outer shells are;

- i) Stucco Embossed Aluminium Sheet.
- ii) 304 Grade Mirror Finish Stainless Steel coil.

The Stucco embossed coils of 99.5 % pure and 0.7 mm thick is purchased from M/s.Hindalco Industries Ltd. Mirror finished Stainless Steel coils are imported from Countries like Japan, Korea, etc.

The inner tank of solar water heaters are made up of 304 grade, 2B finish stainless steel coils of thickness varying from 0.4 mm to 1.4 mm according to the capacity of the system and its operating pressure. The outer tank is made up of Stucco Embossed Aluminium Sheet.

Typical Block Diagram of the Manufacturing Process of Solar Water Heater



The process of Tank Manufacturing consists of the following steps:

1. Shearing: Here also the process starts with shearing of sheets into required length and size. The required length is marked in the sheet and cut by operating the Shearing Machine.

2. Flaring and Flanging Operation: For this the required Press Tool is loaded in the press and holes are flared on the sheet. The number of holes are decided according to the capacity of the water heater. After flaring is completed, flanging is done in flared holes in the same machine.

3. Straight Grooving: The flanged sheet is straight grooved at both the sides of the flaring to increase its strength.

4. Rolling: The straight grooved SS sheets are rolled to cylindrical shape in Rolling Machine.

5. Spot Welding: The rolled sheets are assembled using jigs and fixtures and spot welded at regular intervals in Spot Welding Machine.

6. Seam Welding: The spot welded inner tank is linear seam welded.

7. Circular Grooving: Circular grooves are made in inner tank at regular intervals in grooving machine to increase its strength.

8. End Dish Spot Welding: The SS End Dish is fitted to the tank using jig and fixtures. The End Dish is Spot-welded at regular intervals.

9. End Dish Seam Welding: Spot welded End Dish is seam welded in 75 KVA seam welding machine.

10. TIG Welding: The Input, Out Pipes, and Heater Collar are welded to the tank in TIG Welding machine.

11. Pressure Testing: The inner tank is Hydrostatic Pressure tested at 0.6 bar pressure to identify any water leakages. If any leakage is found, it will be corrected and tested again to confirm that the tank is leak proof before going to the next process.

12. PUF Filling: During day time, the water inside the water heater absorbs heat from sun through Collectors. Since there is no sun at night time, the temperature of the water may get reduced. To retain the temperature of the water, a layer of Polyurethane, known as PUF is applied between inner and outer tanks.

The outer shell and inner tank are assembled in PUF filling jig using corresponding Jigs and Nylon plugs. The PUF is filled into the cavity between inner and outer tanks using imported PUF Filling Machine.

13. Packing: The tank is thoroughly cleaned using Methyl Die Chloride (MDC) and proper stickers are pasted wherever required. Now the tank is inspected for different parameters like tube eccentricity, aesthetics of the tank, shrinkage of PUF, etc. If all the inspection parameters are OK, the tank is QC approved and sends for packing in wooden crates.

14. Wooden Crate Packing: The inspected tank is packed in wooden crates with Thermocol Supports and transferred to store for despatch.

Our quality assurance activity starts with raw material stage. Each raw material is inspected and tested for its conformity towards specified parameters and forwarded to production only if it satisfies the specified requirements. Similarly each main stages of production is quality inspected and tested and approved before it goes to the next stage. Our Quality Management System is certified by Det Norske Veritas (DNV) as per ISO 9001:2000.

To ascertain the quality and performance of the solar water heaters, we have tested our solar water heater systems in Regional Solar Energy Testing Centre, Madurai Kamaraj University, Madurai.

Our in-house R&D department continuously monitors and studies the performance of the solar water heaters. Any new system will be thoroughly tested and its performance is studied before introducing it to the market. Our in-house QA and R&D divisions ensure the trouble free and safe operation of our water heaters throughout its life span.

With regard to this product, we are following a different Delivery model. Instead of channelising it through our distributor-dealer network we are routing the product through various Direct Sales Agents, giving a personalized approach to it. These DSA's are appointed and provided relevant training by the Company, who work hand in hand with distributor, thereby helping in cross selling.

During the previous year ended 31.3.07 the sale of SWH crossed Rs. 940 lakhs which contributed more than 4% to the gross revenue of the company. Major competition comes in the form of players such as Tata BP etc.

Uninterrupted Power supply systems

UPS (Uninterrupted Power Supply) is a power conditioning equipment that allows for a smooth changeover to mains operation on resumption of power. It also has the capability of taking care of the problems like, brown outs, voltage sags, voltage surges, transient surges, impulses, noises and harmonic distortions. Normally an UPS consists of a battery, a battery charger/ converter and an inverter. The battery charger has an input isolation/step-down transformer whose output is rectified to get a required DC output, which is used to charge the battery. The same output is used, in most cases, as input for the inverter, which converts DC into AC output.

This product 'UPS' was also introduced to the market in the year 1997. Currently V-Guard offers a wide range of UPS which comes with advance features like micro-controller based compact design, Off-mode Battery charging, High voltage protection, ZPD technology, PID controlled PWM-MOSFET technology, Intelligent audio indication and generator compatible. Our UPS are available in 13 different models which includes UPS 60 Royal, 60 Legend, 70 Vismaya, UPS 120EB/IB, Enermax 100,200 & 300 (online UPS) catering different needs of the customers.



Since the beginning, we have been sourcing this product from small and medium manufacturers who have been provided R& D support by our technical team. Each product has to pass through microscopic lens of our QA team before it is embossed with our brand to maintain our worthiness in the market. During the previous year ended 31.3.07 the sale of UPS was Rs. 795 lakhs which contributed more than 3.45% to the gross revenue of the company. Major competition comes in the form of players such as Numeric, Wipro, APC etc.

Electric Fans

Company in its urge to diversify introduced electric fans during the year 2005. V-Guard fans come with 'High-Angle Technology' and specially designed blades that facilitate 'full coverage' of cool breeze in the entire room. We have been sourcing this product from small and medium manufacturers without compromising on the quality norms before marketing it under our brand.



During the previous year ended 31.3.07 the sale of Electric Fans was Rs. 576.64 lakhs which contributed more than 2.50% to the gross revenue of the company. Presently our 22 models are competing with big players such as Crompton, Khaitan, Havells, etc.

Wind Mill

Our company in the year 2004 setup two windmills in Coimbatore with a capacity to generate 230KW of power each with a total combined installed generation capacity is 13.5 lakh units of electricity per year. With the manufacturing facilities for building cable and solar water heaters in Coimbatore, our company thought it prudent to setup up these windmills which supply electricity to these manufacturing units.

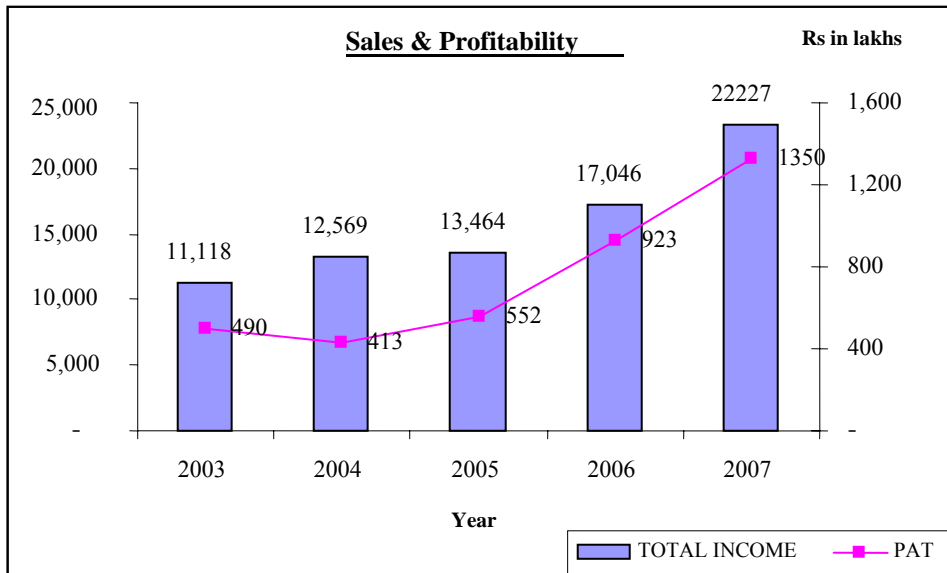
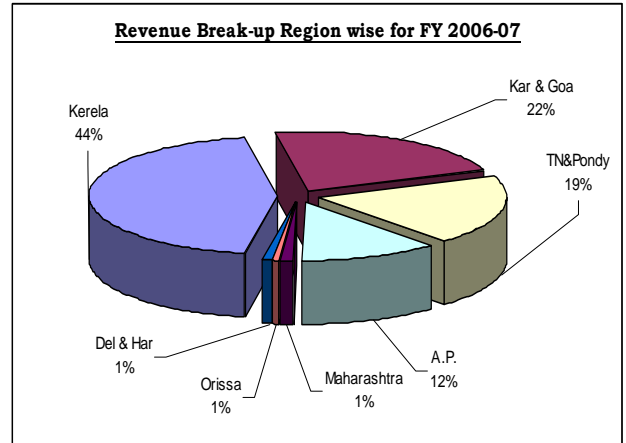
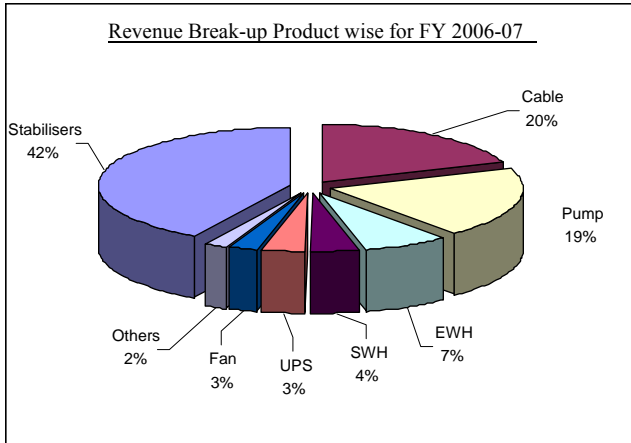
Until the year 2005, the manufacturing facilities were not absorbing the total electricity generated by the windmills as these facilities were not functioning at their maximum capacities. During this period, to take dispose off the excess power generated, we entered into an agreement with Tamil Nadu Electricity Board for selling of the surplus power.

Since 2006, we have been able to use the complete generated power for captive consumption for our manufacturing facilities.

PRODUCTS AND THEIR CONTRIBUTION TO SALES FOR THE LAST THREE YEARS

<i>Products</i>	<i>2006-07</i>		<i>2005-06</i>		<i>2004-05</i>	
	<i>Sales (Rs. In lakhs)</i>	<i>% of contribution</i>	<i>Sales (Rs. In lakhs)</i>	<i>% of contribution</i>	<i>Sales (Rs. In lakhs)</i>	<i>% of contribution</i>
<i>Stabilizer</i>	9508.54	41.48%	7742.6	44.19%	6244.74	45.08%
<i>Cable</i>	4605.11	20.09%	3713.52	21.19%	2951.15	21.30%
<i>Pump</i>	4376.12	19.09%	3465.87	19.78%	2925.57	21.12%
<i>Electric Water Heater</i>	1661.08	7.25%	1103.69	6.30%	768.64	5.55%
<i>Solar water eaters.</i>	943.9	4.12%	544.88	3.11%	243.34	1.76%
<i>UPS</i>	795.77	3.47%	453.52	2.59%	342.82	2.47%
<i>Fan</i>	576.64	2.52%	87.26	0.50%	0	0.00%
<i>Other Products</i>	454.89	1.98%	411.02	2.35%	376.5	2.72%
Total	22922.04	100.00%	17522.360	100.00%	13852.760	100.00%
<i>Less Excise Duty</i>	694.56	--	549.56	--	441.23	--
Total	22227.48		16972.80		13411.53	

The chart given below depicts the revenue break-up product wise and region wise for products manufactured by our company.

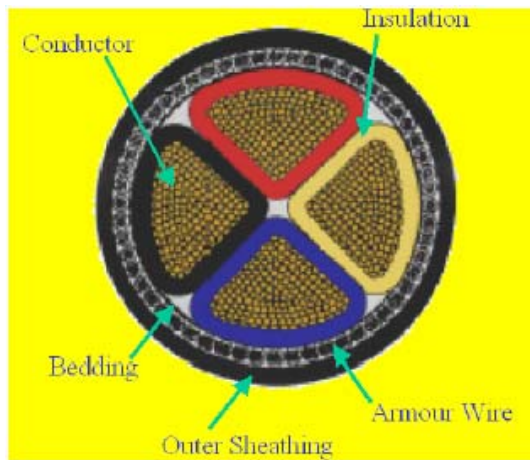


OUR PROPOSED BUSINESS

1. L. T Power & Control Cables

As per stated in Objects of this Issue, our Company intends to setup a manufacturing unit for LT Power cables with an installed capacity to process 3000 metric tonnes of Aluminum and 300 metric tonnes of Copper per annum. As Aluminum cables are used for industrial purposes/ large commercial constructions and distribution of electricity through underground cables, our company would be able to market this product through institutional sales along with its present domestic cables. Moreover, this new product line would create synergy as our company will be able to satisfy the institutions/ large commercial constructions by offering them both domestic and industrial cables.

L. T Power & Control Cables essentially comprise of, Conductor, Insulation, P. V. C Tape / Extruded Bedding, Armour wire and Outer sheathing.



Manufacturing Process

Step 1: Conductor

Copper or Aluminium used for the Conductors are obtained in the form of rods, the 8.0 mm Copper or 9.5 mm Aluminium rods after testing are drawn into wires of required sizes. The drawn wires are then stranded (Bunched / Stranded / Shaped / Compacted) to form final conductor.

Step 2: Insulation

Cross-linkable polyethylene or PVC compound are used for insulation process.

XLPE insulated cores are cured by steam in vulcanizing chamber to provide thorough cross-linking. If insulation is done with natural curing material, then the cross-linking process will take place simultaneously.

The raw materials & thickness of Insulation are maintained under strict Quality Control and conform to IS Standards for XLPE & PVC cables respectively.

Step 3: Laying Up

The insulated cores are laid up with a right hand, or alternating left & right hand, direction of lay in the sequence of the core numbers or colours. Wherever necessary non-hygroscopic PP / PVC Fillers & binder tape are used to form a compact and reasonably circular cable.

Step 4: Bedding (Inner Sheeting)

All armoured cables have extruded PVC bedding. The PVC used for bedding is compatible with the temperature of Insulation material.

Step 5: Armouring

When armouring is required, the armour consists of single layer of Galvanized Steel Wire / Strip / Tape. The armour is then applied. Single core cables are armoured with Aluminium wires.

The armour Wire / Strip / Tape used for armouring are in conformity to IS specifications.

Step 6: Outer Sheath

The standard cables are manufactured with Extruded PVC compound either of Type ST-1 for Type – A Insulated or of Type – ST-2 for Heat Resisting / XLPE Insulated cables conforming to IS: 5831 for sheathing. Outer sheath is embossed or printed with the information required by the related standards.

Special Fire Retardent (FR), Flame Retardent and Low Smoke (FRLS) compounds are used for outer sheathing of cables, to suit customer's specifications.

Step 7: Final Testing

Each cable is tested for all applicable Routine Tests. From a lot of cable one cable of each type and size is tested for Type Test and Acceptance tests as per ISO specifications.

Raw materials required for L.T. Power cables

The essential raw materials required for manufacturing of L.T. Cables are

- a. Copper
- b. Aluminum
- c. PVC Compound
- d. XLPE Compound
- e. Master batch
- f. PVC Tape
- g. Armour (GS Strip/ wire/Tape)

Our company has recently entered into an agreement dated 4th July, 2007 with M/s Varsha Cables Private Limited for manufacture and supply of LT Power cables for us under brand name of "V-Guard". Though our company intends to manufacture our own L.T. Power cables as stated in the objects of the issue on page no. 27 of this Prospectus, this arrangement with M/s Varsha Cables Private Limited will help the company in creating market as well as awareness for the new product by the time we commence commercial production at our own manufacturing facility. Also, pre-approval of our product is a pre-condition for inclusion of our name in the approved supplier list of various government/ semi-government agencies, this arrangement would enable us to obtain all the necessary approvals well in advance of commencement of our commercial production which would compliment our corporate/institutional sales.

2. Enameled Copper.

Enameled copper wire is one of the main raw materials used in the manufacture of stabilizers, Pumps and electric fans.

As per industry sources the Indian pump industry is expected to sustain strong growth momentum given the strong investment under pipeline in fluid handling industries and irrigation, urban utilities and infrastructure projects. Also as per estimates by IMRB, 80% of the new sales of air conditioners, 50% of refrigerators and 18% of TV are

accompanied with separate stabilizers. With consumer appliance sector recording a growth of 25% in 2006-07, the stabilizer market has also witnessed a growth of about 20% during the year.

The present average consumption of enameled wire by our suppliers for products manufactured for us itself is 60 metric tones per month. This requirement is expected to increase further. To meet the market demand for enameled copper wires, we propose to start an enameling plant at Coimbatore having a capacity to process 100 metric tones of enameled copper per month. For details on the project please refer Section titled "Objects of this Issue" on page no. 27 of this Prospectus.

Manufacturing Process

The process of wire enameling involves the breaking down of 8 mm copper wires to the sizes of 1.6 mm/2.5 mm/ 3.5 mm. The drawn copper wires are then fed into the wire enameling machine where they are further drawn in the required output wire sizes and annealed (process of heating of copper wires to a temprature of 550°C and then cooling it for enhancing the properties of electrical conductivity and for softness) in on-line annealer. These drawn annealed wires are then subject to undergo the process of enameling (coating of enamel on the copper wire). The enameled wires are then wound into spools.

Raw materials required for Enameled Copper Wire

The essential raw materials required for manufacturing of Enameled Copper wires are copper and enamel.

OUR MARKET



OUR PRESENCE

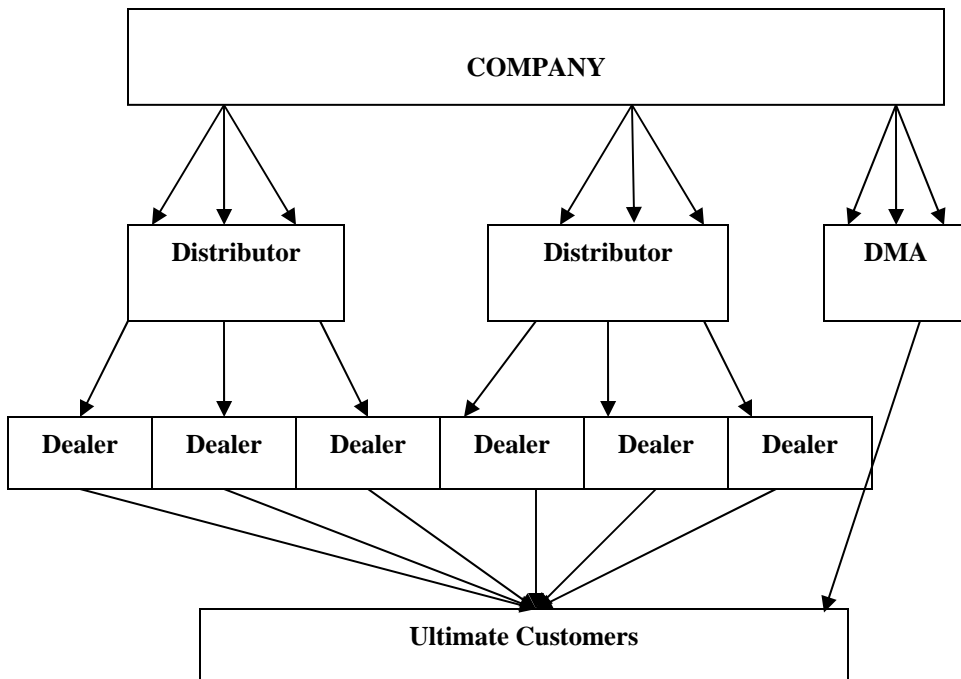


MARKETING & DISTRIBUTION

At our Company, with three decades experience in this business, we understand the ever-changing needs and demands of our cutomers. We have got a technically skilled and motivated sales team who understand changing customer requirements and shifting customer preferences. They give base level feedback to our Company which forms the foundation for devising various promotional schemes and programmes etc.

The majority of the products of our Company are marketed through 111 Distributors attached to eighteen branches (18) including our Head Office, situated at Cochin, Coimbatore, Bangalore, Hyderabad, Bhubaneswar, Hubli, New Delhi, Pune, Gurgaon, Vadodara, Bhopal, Vijaywada, Kala Amb, Ghaziabad, Chennai, Raipur, Ludhiana and Jaipur. More than 7000 dealers across India sell our products in the retail market. For products like solar water heater they are also sold through Direct Marketing Agents (DMAs), taking into consideration the special marketing efforts required and the pre and post installation supervision.

The Distribution Network of our company is depicted as given below:



Following is the list of distributors state-wise

Sr.No	Name of State/Union Territory	No.of Distributors
1	Kerala and Mahe	35
2	TamilNadu, Pondicherry and Port Blair	16
3	Karnataka & Goa	19
4	Andhra Pradesh	12
5	Maharashtra	7
6	Orissa	6
7	Jharkhand	2
8.	West Bengal	1
8	Gujarat	4
9	Madhya Pradesh	2
10	Uttar Pradesh	1
11	Rajashthan	2
12	Chattisgarh	1

13	Delhi	1
14	Haryana	1
15	Punjab	1
	TOTAL	111

For further details on the details of the branches, please refer section titled “Properties” on page no. 91 of this Prospectus.

Intellectual property

We sell our products under the brand name ‘V-Guard’. Our promoter Mr. Koucheseph Chittilappilly as the absolute owner of the Trade Mark “V Guard” had registered the Trade Mark in his name in various classes under the relevant provisions of Trade Mark Act 1999 as amended from time to time. Mr. Koucheseph Chittilappilly had also made applications for registration of the above Trade Mark in various other classes which are pending registration.

Our company pursuant to an agreement for assignment dated 1st August, 2005 paid a consideration of Rs. 1000 lakhs to Mr. Kochouseph Chittilappilly, Managing Director of our company, towards transfer of the trademark “V-Guard” in our company’s name. Prior to this, our company was using the trademark “V-Guard” on our products pursuant to royalty agreements entered into with Mr. Kochouseph Chittilappilly dated 28th May, 1996, 31st August, 1998, 1st April, 2001 and 16th June, 2004.

Further, in accordance with the Trade Marks Act, 1999, an Assignment Deed dated 12th November, 2007 assigning the Trade Marks in favour of our Company has been executed. Our company, *vide* applications dated 12th November 2007 has applied to the Trade Mark Registry for registering our company as the subsequent proprietor of the trademark which are already registered in the name of Mr. Kochouseph Chittilappilly and for substituting the name of our company as the applicant in respect of the trademarks under various classes which are pending registration. For further details, please refer to the headings titled ‘Registered Trade Marks’ and ‘Licenses applied for but not yet received’ in the chapter titled ‘Government / Statutory Approvals’ beginning on page no. 207 of this Prospectus.

Availability of Raw Material

Our Company has identified quality suppliers for both the outsourced products and for the raw materials required for our manufactured products. As our company has multiplicity of supplier network, there is no risk for availability of raw materials.

Infrastructure and Utilities

Water:

At our Cable and Solar water Heater manufacturing facility, we have 2 bore wells. We are also depending on the Panchayat Water to meet drinking water and sanitary requirements and the annual usage is 27,000 Kltrs per annum. Since the raw water is hard, we are softening the entire quantity of water through the process of Ion Exchange. For requirements other than for sanitary puposes, we are further purifying the water through the process of reverse osmosis.

We have a municipal connection for water at our Pump and Motor Division for testing and for filling of water cooled submersible motors and also to meet the drinking water and sanitary requirements. The annual usage of water is 180 kltrs p.a.

Power:

At our Cable and Solar water Heater manufacturing facility, we have a total sanctioned load of 1856 KVA of which the Maximum Demand is 400KVA. We are consuming approximately 1.2 lakh units of electricity per month. Further, we have two windmills, each of capacity 230KW and the generation from these two windmills is being fully utilized for our factory consumption. As a stanby arrangement, we also have 3 DG sets out of which 2 nos. are of 380 KVA and 1 No is of 125 KVA as backup power.

At our Pumps and Motor Division, we have a total sanctioned load of 140 HP of which the present minimum usage is of 1875 units of electricity. As a standby arrangement, we also have 1 DG set of 10 KVA.

Fuel:

At our Cable and Solar water Heater manufacturing facility, we use Diesel for the DG Set which is used as standby arrangement for power. The present consumption of Diesel is 40 kltrs. p.a.

At our Pumps and Motor Division, we use Diesel for the DG Set which is used as standby arrangement for power. The present consumption of Diesel is 600 ltrs. p.a.

Manufacturing Facilities of the Company

Our Company’s products namely Insulated Electric Cables and Solar Water Heaters are produced at the factory situated at Ettimadai Village, Coimbatore South Taluk, Coimbatore, Tamil Nadu. R&D and pilot production of new models of pumps are done at Electro Mechanical Works, Valluvar Nagar, Peelamedu, Coimbatore and Pump Division at Edappally Village, Kanayannur Taluk, Ernakulam District, Kerala. Development of Online UPS is also done at Edappally Village, Kanayannur Taluk, Ernakulam District, Kerala.

Our Competition

Much of the market in which we operate in is unorganized and fragmented with many small and medium-sized companies. We face substantial competition for each of our products from other manufacturers in domestic or divisions of large multinational corporations, as well as domestic competitors. We compete with other manufacturers on the basis of product range, product quality, product price, after sales service including factors, based on reputation, regional needs, and customer convenience.

Our competition varies for each of our products and regions. We have to compete with different players in different products in different regions. Overall, our Company’s major competitors for the product stabilizer are Vigil, Premier, V-Care, Shalimar, Everest, Safeguard etc. Our competitors for the product cable are Finolex, Polycab, Anchor, etc. Our competitors for the product pump are Crompton Greaves, Kirloskar, Texmo, etc. Major competition for the product electric water heaters comes in the form of players such as Racold, Bajaj, Venus etc. Our competitor for our product Solar Water Heaters is Tata BP. We also face competition from Crompton Greaves, Havells and Polar for the product Electric Fans and APC for our product UPS. However competition levels vary for each product in each region. In addition, the market share keeps changing constantly with advent of new technologies and products. In present competitive environment, companies which develop effective, improved and reliable home appliances and have strong customer focus in the form of providing after sales services will be increasingly differentiated from the others in the field.

PLANT & MACHINERY

We own a number of plants and equipments required for manufacturing which are properly maintained and kept in good working condition. The brief snapshots of our major equipments are as follows:

Cable Division:

Sl.no.	Name of equipment	No. Of units	Kind & make	Capacity	Age of machinery
1	Rod break down machine	01	Wire drawing Asa machine tools, Hyderabad	1 st pass =2560 kg / hr 11 nd pass =760 kg / hr	8.25 yrs

Sl.no.	Name of equipment	No. Of units	Kind & make	Capacity	Age of machinery
2	Multi wire drawing machine	01	Fine wire drawing Niheoff GmBh, Germany Asa machine tools, Hyderabad	290 kg / hr	8.25 yrs
3	Bunching machine-A	02	Wire twisting Niheoff of India limited	100 kg / hr	8.25 yrs
4	Insulating line-A	01	Wire insulating Nextrom s.a.,Switzerland	20 km / hr	8.25 yrs
5	Insulating/sheathing line-B	01	Cable sheathing Machine developing services	2.2 km / hr	4.5 yrs
6	Coiling machine-A	01	Cable coiling Pscm, Italy	100 coils / hr	8.25 yrs
7	Coiling machine-B, C	02	Cable coiling Machine developing services	75 coils / hr	7.25 yrs
8	Rewinding machine	01	Sheathed cable coiling Machine developing services	Multi core round-20 km /shift Mult core flat-5 km /shift	4.25 yrs
9	Stranding machine	01	Mcc round cable twisting Machine developing services	3.6 km /shift	4.25 yrs
10	Diesel generator	02	Electricity generation Catterpillar & stamford	380 kva	8.25 yrs
11	Diesel generator-3	01	Electricity generation Kirloskar & kel	125 kva	4 yrs
12	Transformer	01	Stepdown the voltage Crompton Greaves, India	1250 kva	8.25 yrs
13	Air compressor-1&2	02	Compressed air, Elgi equipments ltd.	Pressure =12 kg/cm ² , 29.67 m ³ /hr	8.25 yrs
14	Air compressor-3 & 4	02	Compressed air, Elgi equipments ltd.	Pressure =7 kg/cm ² 42.5 m ³ /hr	7 yrs
15	E.o.t. Crane	01	Material handling, Mm engineers pvt. Ltd, Coimbatore	5 ton	8.25 yrs
16	Lathe	01	Turning Gujarat lath Meg Co. Pvt. Ltd. Mumbai	Length of the bed:1830 mm Model no:1650/1	4 yrs
17	Turret Milling Machine	01	Milling & drilling Toongchi, taiwan S & t Engineer, Coimbatore	M.no.= 30 VA	8 yrs
18	Band Saw	01	Metal cutting Waytrain, Taiwan	Round bar upto dia 180mm	8 yrs

Sl.no.	Name of equipment	No. Of units	Kind & make	Capacity	Age of machinery
			S & t Engineer, Coimbatore	M.no.=ve712 a	
19	Arc welding machine	02	Welding Advani oerlikon limited,	400 amps	8 yrs
20	Wire pre heater-A & B	01	Copper pre heating Puretronics,	11 kw	5.75 yrs
21	Hopper Loader-A & B	02	Pvc loading, Ltm ltd,	M.no.=hlbet	7.25 yrs
22	Inkjet printing machine	03	Dot matrix printer Image india pvt.ltd.	M.no.=j 1000	8.25 yrs
23	Cooling tower	01	Reduce water temprature Gem cooling towers pvt.ltd., Coimbatore	sump capacity=550 lts	8.25 yrs
24	R.O.plant	01	Water treatment process Dowac india., Bangalore	500 lts/hr	6 yrs
25	Water softner	01	Water treatment process Thrmax,maxwell engineers Coimbatore	160 lts resin	8.25 yrs
26	Butt welding machine	04	Copper wire welding Britek engineering	1 kva – 20 kva	8.25 yrs
27	Butt welding machine	01	Stranded copper wire welding August strecker gmbh,Germany	2 kva	6 yrs
28	Dehumidifier machine	01	Maintain humdity Bry Air Asia Pvt.Ltd.	M.no.=ffb 600	4 yrs
29	Pallet truck	02	Material handling equipment Expert equipments,coimbatore	2.5 ton	4 yrs
30	O.H. Crane-1	01	Material handling equipement Induf,elmach equipements,coimbatore	0.25 ton	8 yrs
31	O.H. Crane-2&3	02	Material handling equipement Induf,elmach equipements,coimbatore	0.5 ton	4.5 yrs

Solar Division:

Sl.no.	Name of equipment	No. Of units	Kind & make	Capacity	Age of machinery
1	Shearing machine	01	Shearing,	Length=3100mm	2.5 yrs

<i>Sl.no.</i>	<i>Name of equipment</i>	<i>No. Of units</i>	<i>Kind & make</i>	<i>Capacity</i>	<i>Age of machinery</i>
			Hindustan hydraulics pvt ltd	Thickness=4mms/2mms	
2	Power press – 01	02	Sheet punching, Shree ambika welding works & singhal power presses pvt ltd	30 & 63 tonnes	4.5 yrs &1.5 yrs
4	Rolling machine	02	Sheet rolling, T.e.e chawla machine tools	1420 mm width & 2500 mm width	4.5 yrs &1.5 yrs
6	Edge bending machine	01	Edge bending, qingdao automobile import and export corp.ltd.	Thickness = 0.7 mm ms	1.5 yrs
7	Lapping machine	01	Lapping, qingdao automobile import and export corp.ltd.	Thickness = 0.7 mm ms	1.5 yrs
8	Press brake	01	Sheet bending, Jekson machine pvt. Ltd.	50 tonnes, 3000 mm length	1.5 yrs
9	Puf filling machine – 01	01	Puf filling, Polycraft	Output = 5-25 kg/min	3 yrs
10	Puf filling machine – 02	01	Puf filling, Beijing jinghua park	Output = 4-8 kg/min	1.75 yrs
11	Spot welding machine	01	Spot welding, Kriton welders & engg co.	20 kva	3.25 yrs
12	Seam welding machine	01	Seam welding, Kriton welders & engg co.	75 kva	3.25 yrs
13	Grooving machine – 01	01	M & b make	Throat depth = 500 mm	4 yrs
15	Tig welding machine – 01	02	Tig welding,kemppi	5-220 amps	3 yrs & 1yr
17	Automatic linear tig welding machine	01	Automatic tig welding, taian topsun import and export co. Ltd.	2500 mm length/1.5 mm thick, 3 kw	1 week
18	Hot pipe automatic welding machine	01	Automatic hot pipe welding, Taian Topsun Import and Export co. Ltd.	1300 mm throat depth/1.5 mm thick, 3 kva	1 week
19	Mig welding machine	01	Welding, Weldarc Products Industries	250 amps	3.5 yrs
20	Arc welding machine	01	Welding, Bharat Electricals	200 amps	4 yrs
21	Drilling machine	02	Drilling, Indian Tools Corp.	25 mm	4 yrs
22	Air compressor	01	Compressed air, Elgi Equipments Ltd.	Pressure=7 kg/cm ² , 42.5 m ³ /hr	4 yrs
23	Circular cutting machine	01	Metal cutting, Harve	Capacity = 5 hp, 300	4 yrs

<i>Sl.no.</i>	<i>Name of equipment</i>	<i>No. Of units</i>	<i>Kind & make</i>	<i>Capacity</i>	<i>Age of machinery</i>
			Maschinefab	mm dia cutting wheel	
24	Eot crane	01	Material handling, MM Engineers Pvt. Ltd.	5 tonnes	1.5 yrs

Quality Initiatives

The Company recognizes that quality consciousness is of paramount importance in the Industries it operates in. The top management is committed to the implementation of the quality policy.

The Cable manufacturing unit, Solar Water Heater unit and our R&D Division of our Company are having certification of ISO 9001:2000 by DNV (Det Norske Veritas).

The Quality Policy of the Company is to achieve high level of Customer satisfaction through continual improvement for the effective implementation of Quality Management Systems.

Recruitment Strategy, Training Programs and Retention Strategy

Our company practices the HR policy which aims at stringent recruitment procedures, unambiguous work procedures, quality, conduct / work rules, focused trainings, compensation policy, retention strategies and so on. HR in one of the thrust areas for our top management.

We recognize the basic fact that human resources are the most important asset, which require continuous recruitment sustenance and motivation.

Manpower:

Category	No. of employees
Research & Development	46
Marketing/Sales & distribution	211
Customer Service	177
Production/ Quality Assurance	236
General Administration	79
Finance & Accounts	127
TOTAL	876

Source: Company data as on January 31, 2008

Insurance

Details of Insurance Policies:

Sl. No	Name	Policy No.	Nature of Policy	Premium	Coverage	Expiry Date
1	National Insurance Company Ltd.	571003/31/07/61 00003129	VEHICLES	6898	2,39,170	08.01.09
			Lancer			
			KL 7 AC 5445			
2	National Insurance Company Ltd.	571003/31/06/6200 003601	Kinetic ZX Zoom – New KL 7 AG 6273	522	16280	14.02.09
3	The New India Assurance Company Limited	761002/31/07/01/0 0000384	Maruthi 800 DX KL 7 K – 111	1,995	50,000	25.04.08

4	National Insurance Company Ltd.	571003/31/07/6100 001752	Honda Accord KL 7 AP 96	10,898	755,900	14.09.08
5	National Insurance Company Ltd.	571003/31/07/6100 002636	Hyundai Santro KL 7 AL 00 69	4,491	1,99,365	27.11.2008
6	National Insurance Company Ltd.	571003/31/07/6100 001266	NIPPON QUALIS KL 7 AS 8282	12,914	510,222	02.08.08
7	The New India Assurance Company Limited	761002/31/07/03/0 0005115	BMW AG (IMPORTED) KL 07 BA 3443	33,062	20,00,000	29.11.08
8	National Insurance Company Limited	571003/31/07/6200 002134	HONDA ACTIVA KL 07 BD 9540	783	32,374	15.10.08
9	The New India Assurance Company Limited	761002/31/06/01/0 0006396	CHEVROLET TAVERA KL 07 BF 471	20,571	599,324	19.03.08
10	Royal Sundaram Alliance Insurance Company limited	XP0001188500010 2	CHEVROLET TAVERA TN 37 AD 4010	18074	522900	31.01.09
11	National Insurance Company Ltd.	650203/31/07/6200 004086	Honda Eterno TN 37 AD 2122	557	15900	24.08.08
12	Cholamandalam MS General Insurance Co. Ltd	MPC-00047067- 000-00	TOYOTA INNOVA AP 29 BA 7207	24038	685644	20.06.08
13	National Insurance Company Ltd.	671902/31/07/01/0 0004029	TOYOTA INNOVA KA 03 MH - 3421	29762	839240	02.08.08
14	The Oriental Insurance Company Ltd	413800/31/2008/12 93	HONDA ACTIVA TN 38 AP 1996	1009	37,438	21.06.08
15	United India Insurance Company limited	170400/31/07/01/0 0006299	TVS XL SUPER HD TN 38 Y 5843	436	13,770	11.12.2008
			<u>COMPUTERS</u>			
16	National Insurance Company Ltd.	571003/44/07/6000 000025	Electronic Equipment Insurance Policy (Nos -113 - Computers)	46,401	41,40,000	14.11.2008
17	National Insurance Company Ltd.	571003/46/07/9500 000055	Special Contingency Insurance Policy (Nos- 31- Laptop)(10 Nos' laptop included wef 10.01.08) and(7 nos wef 5.02.08)	38225	22,68,000	22.11.2008
18	National Insurance Company Ltd.	571003/46/07/9500 000018	<u>LCD PROJECTOR</u> Special Contingency Insurance policy Toshiba TLP 260 Model LCD Projector Included 3 Phase Power Logger unit w.e.f. 24.09.2007	3,393	2,25,000	01.04.08

19	The New India Assurance Company Limited	761002/44/07/58/30000006	PRINTERS	7,425	428,500	17.04.08
			Electronic Equipment Insurance Policy (Printers, Scanner & Plotter)			
20	Bajaj Allianz General Insurance Company Ltd.	OG-08-1602-4001-00000001	<u>INVENTORY & CASH - TRADING DIVISION</u>	212505	472250000	31.03.08
			Inventory - Trading Division Fire Policy (Enchnaced the sum assured with effect from 04.09.07)			
21	Bajaj Allianz General Insurance Company Ltd.	OG-08-1602-4010-00000001	Inventory - Trading Division	54961	472250000	31.03.08
			Burglary Policy (Enchnaced the sum assured with effect from 04.09.07)			
22	Bajaj Allianz General Insurance Company Ltd.	OG-08-1602-4011-00000009	Cash in transit and in safe - Trading Div	2,677	44,700,000	31.03.08
			Money insurance Policy			
23	The New India Assurance Company Limited	761002/11/07/11/0000029	<u>INVENTORY & CASH - CABLE DIVISION</u>	34,142	43,150,000	31.03.08
			Inventory - Cable Division Fire Policy			
24	The New India Assurance Company Limited	761002/46/07/04/0000023	Inventory - Cable Division	2,571	43,150,000	31.03.08
			Burglary Policy			
25	The New India Assurance Company Limited	761002/48/07/07/0000025	Cash - Cable Division	598	9,000,000	31.03.08
			Money Insurance Policy			
26	United India Insurance Company limited	101301/46/07/00000690	<u>INVENTORY & CASH - SOLAR DIVISION</u>	2,382	21,200,000	18.09.08
			Inventory- Solar Division Burglary Policy			
27	United India Insurance Company limited	101301/11/07/11/0000575	Building & Furniture- Solar Division Standrad Fire & Special Perils Policy	11,603	19,400,000	18.09.08
28	United India Insurance Company limited	101301/11/07/12/0000574	Inventory- Solar Division Standrad Fire & Special Perils Policy	14,530.00	21,200,000	18.09.08
29	National Insurance	571003/11/07/3100	<u>PREMISES</u>			

	Company Ltd.	000134	V-Guard Industries Pvt. Limited Mettupalayam Rd, CBE Bldg. No.241/1A, Mettupalayam Road,Sai Baba Mission Post, Coimbatore	15,890	22,978,000	06.02.09
30	National Insurance Company Ltd.	571003/11/07/3100 000134	V-Guard Towers, Vennala High School Road, Vennala	7,262	10,012,000	06.02.09
31	National Insurance Company Ltd.	571003/11/07/3100 000134	QA and R&D Division, Godown. Sastha Temple Road, Kaloor	6,377	8,750,000	06.02.09
32	National Insurance Company Ltd.	571003/11/07/3100 000134	V-Guard Industries Pvt. Limited, Bangalore	5,048	8,100,000	06.02.09
33	The New India Assurance Company Limited	761002/11/07/11/0 0000032	V-Guard Industries Pvt. Limited LFC Road, Kaloor.(Fire policy)	2,955	6,500,000	09.05.08
			V-Guard Industries Pvt. Limited ,LFC road, Kaloor, Cochin	160,266	133,730,000	30.06.08
34	National Insurance Company Ltd.	571003/11/07/3300 000035	Ettimadai, Coimbatore - Factory & Exe. Quarters		12,650,000	30.06.08
35	United India Insurance Company Limited	101301/11/07/11/0 0000529	V-Guard Industries Pvt. Ltd., Mansoorabad, Hyderabad.	7,662	21,000,000	11.08.08
36	United India Insurance Company Limited	101301/11/07/11/0 0000528	Wind Mill Kangayampalayam Village, Dharapuram Taluk, Erode Dist.	25,587	25,500,000	11.08.08
37	United India Insurance Company Limited	101301/11/07/11/0 0000724	V-Guard Industries Pvt. Ltd., Vennala High School Road, Vennala, Kochi - 28.	14,076	2,62,00,000	18.10.08
			TRANSIT POLICY			
38	National Insurance Company Ltd.	571003/21/06/4400 002027	Transit policy - Water Heater (Kraft Electrical Appliances)	22473	400,000,000	14.12.08
39	National Insurance Company Ltd.	571003/21/06/4400 002788	Transit policy - Water Heater (Hotwave Electricals) Sum Insured enchanced with effect	56169	50,000,000	08.03.08

			from 28.12.07			
			Mediclaim			
40	The New India Assurance Company Limited	761002/34/07/87/0000053	Floater Mediclaim Policy - All employees covering 359 nos.	609,898	100,000,000	31.03.08
		761002/42/07/05/0000039	Group Personal Accident	104,465	107,112,500	31.03.08
41	The New India Assurance Company Limited	761002/34/07/11/0000614	Individual Mediclaim - Mithun K. Chittilappilly	5,787	500,000	26.08.08
		761002/42/07/01/0000202	Mediclaim and Personal Accident policy	1,552	1,000,000	26.08.08
42	Life Insurance Corporation	EDLI/405708	Group Insurance Scheme in lieu of EDLIS,1976- 862 employees covered - as on January 01, 2008	147620	86,200,000	01.01.09
43	Life Insurance Corporation	405729	Gratuity Cash Accumulation Scheme policy-391 employees covered – as on March 31, 2007	766,888	7341744	01.03.08
44	Life Insurance Corporation	419956	Group Savings Linked Insurance Scheme - 447 employees covered - as on September 01, 2007	568,656	44700000	01.09.08
45.	Bajaj Allianz General Insurance Co. Ltd.	OG-08-1602-0425-00000011	Electronic Equipment Insurance Policy – Digital ISDN EPABX	5,158	7,59,000	19.09.2008
46.	United India Insurance Co. Ltd.	101301/21/07/02/0000015	Transit Policy Water Heater	3,372	1,00,00,000	13.08.2008
47.	United India Insurance Co. Ltd.	101301/46/07/33/0000912	Professional Indemnity Policy	42,135	3,00,00,000	13.12.2008
48	National Insurance Company Ltd.	571003/11/07/310000120	Standard Fire and Special Perils Policy - Staff Residence Building at Vennala	50,562	50,000,000	23.12.2008
49	National Insurance Company Ltd.	571003/21/07/4400001145	Transit Policy - Marine Cargo -Water Heaters – From Dehradun to various Godwons of V-Guard	1406	2,500,000	17.01.2009

50	The New Indian Assurance Company Limited		Initial public Offering Liability – V-Guard Industries Limited	77,528	10,000,000	11.02.2009
----	------------------------------------------	--	----------------------------------------------------------------	--------	------------	------------

Properties

List of properties owned by Our Company

Sl. No.	Particulars of the Property Description & Area	Activity
1.	At Survey no. 75/2, Elamkulam Village, Kanayannur Taluk, Ernakulam District, Kerala 4226.27 square yards of land	Godown sheds
2.	At Survey no. 75/12, Elamkulam Village, Kanayannur Taluk, Ernakulam District, Kerala 33.93 square yards of land	Godown sheds
3.	At Survey no. 75/2, Elamkulam Village, Kanayannur Taluk, Ernakulam District, Kerala 169.37 square yards of land	Godown sheds
4.	At Survey no. 75/9 75/10, Elamkulam Village, Kanayannur Taluk, Ernakulam District, Kerala 601.12 square yards of land	Godown & Office
5.	At Survey no. 75/9 & 75/10, Elamkulam Village, Kanayannur Taluk, Ernakulam District, Kerala 300.08 square yards of land	Godown & Office
6.	At Survey no. 74/2, Elamkulam Village, Kanayannur Taluk, Ernakulam District, Kerala 371.71 square yards of land	Q.A. Master Service Centre premises
7.	At Survey no. 74/3, Elamkulam Village, Kanayannur Taluk, Ernakulam District, Kerala 128.07 square yards of land	Godown sheds
8.	At Survey no. 75/2, Elamkulam Village, Kanayannur Taluk, Ernakulam District, Kerala 247.81 square yards of land	Godown /Transit House
9.	At Survey no. 74/2,3, Elamkulam Village, Kanayannur Taluk, Ernakulam District, Kerala 231.35 square yards of land	Godown & Office
10.	At Survey no. 75/12, Elamkulam Village, Kanayannur Taluk, Ernakulam District, Kerala 48.40 square yards of land	Godown & Office
11.	At survey No. 51/12A, Edappally Village, Kanayannur Taluk, Ernakulam District, Kerala 484.00 square yards of land	Development Centre for Pumps
12.	At survey No. 51/14,15, Edappally Village, Kanayannur Taluk, Ernakulam District, Kerala 258.46 square yards of land	Godown and Distribution Centre
13.	At survey No. 53/8, Edappally Village, Kanayannur Taluk, Ernakulam District, Kerala 728.23 square yards of land	Godown and Distribution Centre
14.	At survey No. 53/8, Edappally Village, Kanayannur Taluk, Ernakulam District, Kerala 532.40 square yards of land	Godown and Distribution Centre
15.	At survey No. 53/8, Edappally Village, Kanayannur Taluk, Ernakulam District, Kerala	Godown and Distribution Centre

	1920.61 square yards of land	
16.	At survey No. 51/15,16, Edappally Village, Kanayannur Taluk, Ernakulam District, Kerala 243.45 square yards of land	Godown and Distribution Centre
17.	At survey No. 53/8, Edappally Village, Kanayannur Taluk, Ernakulam District, Kerala 1886.68 square yards of land	Godown and Distribution Centre
18.	At survey No. 51/16, Edappally Village, Kanayannur Taluk, Ernakulam District, Kerala 416.24 square yards of land	Godown and Distribution Centre
19.	At survey No. 53/8, Edappally Village, Kanayannur Taluk, Ernakulam District, Kerala 704.22 square yards of land	Godown and Distribution Centre
20.	At survey No. 53/8, Edappally Village, Kanayannur Taluk, Ernakulam District, Kerala 700.59 square yards of land	Godown and Distribution Centre
21.	At survey No. 53/8, Edappally Village, Kanayannur Taluk, Ernakulam District, Kerala 716.13 square yards of land	Godown and Distribution Centre
22.	At survey No. 53/8, Edappally Village, Kanayannur Taluk, Ernakulam District, Kerala 701.8 square yards of land	Godown and Distribution Centre
23.	At survey No. 53/8, Edappally Village, Kanayannur Taluk, Ernakulam District, Kerala 14.56000 cents of land	Godown and Distribution Centre
24.	At survey No. 53/8, Edappally Village, Kanayannur Taluk, Ernakulam District, Kerala 636.65 square yards of land	Godown and Distribution Centre
25.	At survey No. 569/2A, 566/2, 570/1, 567/1, Ettimadi Village, Coimbatore South Taluk, Coimbatore, Tamil Nadu 41140.00 square yards of land	Factory
26.	At survey No. 36, Ettimadi Village, Coimbatore South Taluk, Coimbatore, Tamil Nadu 29040.00 square yards of land	Factory
27.	At survey No. 566/1, 567/2, Ettimadi Village, Coimbatore South Taluk, Coimbatore, Tamil Nadu 17956.40 square yards of land	Factory
28.	At survey No. 566/2B 570/1B, 2B,3C 571/1A1 571/1B2, Ettimadi Village, Coimbatore South Taluk, Coimbatore, Tamil Nadu 16214.00 square yards of land	Factory
29.	At survey No. SF No.35, Ettimadi Village, Coimbatore South Taluk, Coimbatore, Tamil Nadu 11132.00 square yards of land	Factory
30.	At survey No. 160 A/1, Sanganur Village, Coimbatore Taluk, Coimbatore, Tamil Nadu 726.00 square yards of land	Branch Office
31.	At survey No. 160 A/1, Sanganur Village, Coimbatore Taluk, Coimbatore, Tamil Nadu 193.61 square yards of land	Godown
32.	At survey No. SF-160/1, Sanganur Village, Coimbatore Taluk, Coimbatore, Tamil Nadu 606.13 square yards of land	Godown
33.	At survey No. 90/Plot 25, Mansoorabad Village, Saroornagar Revenue Mandal, Rangereddy District, Andhra Pradesh 1122 square yards of land	Branch Office cum godown

34.	At survey No. 90/Plot 24 Mansoorabad Village, Saroornagar Revenue Mandal, Ranganreddy District, Andhra Pradesh 1380 square yards of land	Branch Office cum godown
35.	At survey No. SF 5, Chinnakampalayam Village, Tharapuram Taluk, Erode District, Tamil Nadu 19360.00 square yards of land	Wind Mill
36.	At survey No. 117/3A1A, Mailampatti Village, Palladam Taluk, Tiruppur District, Tamil Nadu 2637.08 square yards of land	Site for Development Centre
37.	At survey No (Khata Khatoni No.) 281/368 min Khasra no 66/2/1 and Khata Khatoni No. - 244 min\323 min Khasra No 66/1/3 situated at Moginand Village, Tehsil Nahan, Himachal Pradesh 4938.27 square yards of land	Proposed Pilot production unit
38.	Khasara No.86 (Old khasara No.56,57 and 43) situated at Village Basai, Tehsil Kashipur, District Udham Singh Nagar, Uttarakhand 13242.75 square yards of land	Setting up of proposed Cable Manufacturing Factory
39.	Survey No.51 situated in sub division 16, Jenmon Tenure, Vennala Kara, Kanayannur Taluk, Ernakulam District 430.70 square yards of lands	Staff Quarters Building under construction
40	Survey No.46 situated in Chinakakani Village, Gram Panchayat, Mangalagiri Mandalam, Vijaywada, Guntur District. 4938.27 square yards of land	Proposed Distribution Centre
41	Survey No.37/2, 37/3 & 37/4 in Block 18, Thenkuissi I Village, Palghat 30124.85 square yards of land	Setting up of Godown

* - The above said lands acquired by our company are free from all encumbrances and has a clear title.

Details of properties leased/ rented to our company

Sl. No.	Place	Lessor	Advance Paid (Rs.)	Rent payable (Rs.)	Period of Lease	Period Commencing	
						From	To
1	S.N.74, Seshagirihalli, Ramanagara Taluk, Bangalore-562 109. (Ground floor and first floor including parking area)	B.N.Sridhar, Sridhar Farn, Mysore Road, Hejjala, Bangalore - 562 109.	7,50,000	75000	11 months	15.06.07	14.05.08
2	Room No.60/6 Parbhat Road, Karol Bagh, New Delhi-5	Mr.Parveen Berry, R/o 60/6, Parbhat Road, Karol Bagh, New Delhi-5	Nil	5,000	3 years	01.04.06	31.03.09
3	Door no.12D, Valluvar Nagar, Peelamedu, Coimbatore-641 004	Mr.T. Jagannathan, NO.26, Sri.lakshmi Nagar, Sowripalayam Post, Coimbatore 641 018	1,75,000	30,000	11 months	01.05.07	31.03.08

4	Plot No.45, Saheed-Nagar, Bhubaneswar 751-007.	Mr. Prasanth Kumar Padhi, Bhubaneswar 751 007	45,000	15,000	3 years	01.07.06	30.06.09
5	Hubli (Br. Office) Ground Floor, Plot.68,New Timber Yard,Unkal,Hubli-580 031.	Mr. Abdul Rahman A Shaikh, H.No.3, South Shanthi Colony,Vidya Nagar Hubli., Nasir A.Shaikh And Mr.Anwar A shaikh, Plot NO.33, Madura Estate,Keshavpura, Hubli-29	2,20,000	22,000 Pm 7480-. Abdul Rahman A Shaikh, 7260-Nasir A.Shaikh h 7260-Anwar A sheikh	4 years	01.07.06	30.06.10
6	Gat No.1296, Satyam Nivas, Wadaki,Tenth Mile Wadaki,Tal Haveli, Pune-412 308.	Mr. Subash Dashrath Modak & Mrs.Kalpana Subash Modak, A/P Wadaki,Tenth Mile, Wadaki, Tal.Haveli,Dist-Pune-412 308	80,000	15,000	22 months	01.09.06	30.06.08
7	Ground Floor and First Floor,Plot no.6,Palam Delhi Road,Near Jwala Mil,Gurgaon,Haryana.	Mr.Raghbir Singh, Plot no.6,Palam Delhi Road, Near Jwala Mill,Gurgaon Haryana.	60,000	20,000 (Rs.750/- for water charges)	3 years	01.10.06	30.09.09
8	Ground Floor Building, Bajuya, M.G.Road,Vadodara. (626.6 s.f.)	Mr.Bharat Bai Himatlal Thakkar,Bajuva,M. G.Road,Vadodara.	12,300	4,100	11 months	01.10.07	31.08.08
9	Plot No-04, Indra Prastha Colony, Airport Road, Lal Ghati,Bhopal	Mrs.Asha Srivastav, Plot No.18, Shantinikatan, Near Chetek Bridge,Bhopal-462 011	18,000	9,450	11 months	25.12.07	24.11.08
10	Khata Khatoni no.305/169/2, Mouza Moginand, Tehsil Nahan, Distt.Sirmour H.P., (3 rooms)	Shri.Ravinder Kumar V.P.O.moginand, Tehsil Nahan,Sirmaur, H.P.	19,500	9000	11 months	15.11.07	14.10.08

11	Door no.55-10-13, 100 feet Road, Autonagar,Vijayawada 520 007. (1950 s.f)	Mrs.Masrat Hayyatt,,D.No.39- 7-5, Anjaneya Panthalu Street, ,Labbipett, Vijayavada-520 010	49,725	16,575	3 years	15.02.07	14.02.10
12	Door no.55-10-13, 100 feet Road, Autonagar,Vijayawada 520 007. (3900 s.f.)	Mr.Md.Moinuddin Ordain Health Care Pvt Lts, D.No.33-18-1,Ist Floor,Suryaarapetr, Vijayawada-520 002	99,450	33,150	3 years	15.02.07	14.02.10
13	Ground Floor, MIG No.95-A, Sector 1,Parwanoo, H.P.	Mrs. Nandini Sood, MIG-95 A, sector – 1 Parwanoo,Himacha l Pradesh	17,000	9,000	11 months	10.01.08	09.12.08
14	House No.2, Sikhar Bungalow,Near Rajesh Tower,Gotri Road, Vadodara -Ground floor, Vadodara. Ground Floor	Mr.Ravi Iyer 2 Sikhar Benglow, Near Rajesh Tower, Gotri Road, Vadodara	21,000	7,500	11 months	01.02.08	31.01.09
15	Building no.5, E Bagh, NRW Colony,Anil Sur path,Kadma,Jamshedpu r, Jharkand state.	Mr.R.Varadachary, Resident no.16, K.F-4, I.C.Road,Bistupur, Jamshedpur.	16000	8000	11mont ns	15.08.07	14.07.08
16	Door no.44/1301(44/1547 old no.),Ashoka Road,Kaloor,Kochi- 682017	Mrs.Suhara Beevi, Diya,Kottathara, Va zhakkala, Kochi-30	16000	15000	11mont hs	01.02.08	31.12.08
17	S.r.no.285/1-2, Regi.No.615,Bajuva, M.G.Road,Near Ravi Cinema, Vadodara (420 s.f.)	Mr.Bharatbai Himmatlal Thakwar Bajuva,M.G.Road, Vadodara,	7500	2500	11mont hs	06.01.07	31.04.08
18	House No.188,Sector- 22a,Gurgaon,Haryana. (first floor)	Mrs.Saroj Malik, house no- 188,Sector-22A, Gurgaon.	12000	8000	11mont hs	01.04.07	29.02.08
19	Door No.6,Kumaran Nagar,Pazhavanthagal, Chennai-600 114	Mrs.N.Vatchala, Residing atno.1, Doraiswamy Garden, Nanganellur, Chennai-600 061.	1500000	130000- for first 3yrs 146250 for remaini ng another 3yrs	6years	01.07.07	31.06.13

20	Khata Khatoni No.305/169/2, Mouza Moginanad, Tehsil Nahan,Sirmaur dt,H.P.	Shri Balraj, V.P.O.Moginand, Tehsil Nahan, Sirmaur Dt, H.P	Nil	11000	9months	01.01.08	31.10.08
21	At survey No. BLR/1, Kimbalagudu Village, Bangalore South Taluk, Bangalore Urban District, Karnataka. 4915 sq.mtrs of land *	Karanataka Industrial Areas Development Board, Head Office- No.14/3,2nd Floor, Rashthrohana Parishat Building, Nrupathunga Road, Banglore- 560001	4250816		2 years	06.06.07	05.06.09
22	No.2, A-35,Shalimar Garden Extension , Sahibabad ,Ghaziabad Uttar Pradesh	Smt.Sunitha Agrawal,R/O 3/127,Sector-II,Rajendra Nagar,Sahibabad,Ghaziabad Uttar Pradesh	Nil	3000	11 months	26.01.08	25.12.08
23	44/875,LFC Road, Kaloor,Cochin Ground, first & second floor	Kochouseph Chittilappilly,Chittilappilly Road, Bye Pass road,Vennala,Kochi-682017	Nil	60000	4 years	02.04.07	01.04.11
24	Eden Garden , Plot No-48 & 49, Survey No.604/1,605 & 608 ,Lallu Nagar,Pune	Mr.Dignesh Shantilal Patel 235,Sholapur bazar, Opp.Jain Temple,Camp, Pune – 411001	50000	12000	12 months	05.04.07	4.04.08
25	648/B, Binnamangala I Phase , Indira nagar, Banglore- 560038	Kochouseph Chittilappilly,Chittilappilly Road, Bye Pass road,Vennala,Kochi-682017	Nil	150000	4 years	02.04.07	01.04.11
26	44/676, Q.A & R.D.division,Sastha Temple Road,Kaloor,Kochi-6820 17.(ground floor,first floor and second floor)	Arun Kochouseph Chittilappilly & Mithun Kocchouseph Chittilappilly, residing at Chittilappilly house, Bye pass Road, Vennala P.O.,Vennala.	Nil	35000	5years	02.04.03	31.03.08
27	House No.977-1,B.R.S.Nagar,Ludhiana	Mr.Harpreet Singh Bedi, 984-1 B.R.S.Nagar, Ludhiana.	36000	18000	11months	01.10.07	31.08.08
28	Door no.46, Neera extension, Parthivi	Shri Sudhir Kumar Pandey & Smt	90000	15000	11months	01.11.07	31.09.08

	Nagar, Saheed Bhagat Singh, Ward No-13, Raipur C.G.	Anitha Pandey Door no.46, Neera extension, Parthivi Nagar, Saheed Bhagat Singh, Ward No-13, Raipur C.G.					
29	Homraj Palace, Plot No.35, MIDC Road, Mauza- Wadi, Nagpur – 440023 (2000 Sq.ft)	Homraj Patel, Plot No.216, North Bazar Road, Gokulpeth, Nagpur – 440010	72000	12000	33 months	01.12.07	31.08.10
30	Satyam nivas,Gat no.1296, Wadaki,Tenth mil, Wadaki,Tal-Haveli, Pune – 412 308 (3200 sq.ft)	Mr.Subhash Dashrath Modak , Mrs.Kalpana Subhash Modak & Mr.Dashrath Tuaram Modak A/p.Wadaki ,Tenth Mile, Wadki, Tal-Haveli, Pune-412308	20000	5000	11 months	15.11.07	14.07.08
31	House No . 9/B, Ravi Nagar, Raipur(C.G) – 492 -002	Mr.Mukund Mohiniraj Manohar No-9/B, Ravi Nagar, Raipur – 492002(C.G)	9000	3000	11 months	01.04.07	31.03.08
32	No. A-17 & 18, Maa Karninagar Near Karnipalace Hotel, 200ft bye pass, Jaipur, Rajasthan	Mr.Naresh Chandra Sharma A-17, 18, Maa Karninagar Near Karnipalace Hotel, 200ft bye pass, Jaipur, Rajasthan	15000	9000	11 months	01.09.07	31.07.08
33	22/c, Sadachar Grih Nirman Samity Amaravti Road, Dattawadi, Nagpur – 440023 (Ground floor, First Floor)	Mr.Hitesh N.Thakkar 22/c, Sadachar Grih Nirman Samity Amaravti Road, Dattawadi, Nagpur - 440023	51000	8500	11 months	01.09.07	31.07.08
34	No.201 , Kanahaiya Appartment, Plot No.15 & 16 Bhartiya Lok Kalyan & Griha Samasya Nirwaran Society Ltd, Comos Town, Jaiatala Road, Nagpur- 410 022	R.Aravind, R/o.295, Cannel Road, Shankar Nagar, Nagpur - 440010	51000	8500	33 months	01.11.07	31.07.10
35	D-427, defence Colony Jajmau, Kanpur, Uttar Pradesh (Ground Floor)	Mrs.Harinder Kaur D-427, defence Colony Jajmau, Kanpur, Uttar Pradesh	21000	7000	11 months	01.10.07	31.08.08

36	No.1091, Hossienpur, Madurdaha, Police Station Tiljala, Kolkata – 700 107 (Ground Floor)	Sri Nabajit Mukerjhe, Sri Biswajit Mukherjee, Sri Ranajit Mukherjee No. 1091, Hossienpur, Madurdaha, Police Station Tiljala, Kolkata – 700 107	40000	12000 – First two years 13200 – For next two years 14520 – For last i.e 5th year	5 years	16.10.07	15.10.12
----	------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------	-------	----------------------------------------------------------------------------------------	---------	----------	----------

* - This is a lease & sale agreement, with lease for 2 years. After the successful completion of the project on the land as per the agreement, the sale would occur.

Details of properties leased/rented by our Company

Sl. No.	Place	Lessee	Advance Paid (Rs.)	Rent payable (Rs.)	Period of Lease	Period Commencing	
						From	To
1	Door no.241,Mettupalayam Rd,Coimbatore,641 043.(3rd floor, 100s.f)	V-Star Creations Private Limited 44/1041,LFC Road, Kaloor, Cochin- 682017	Nil	3000/-	11 months	5.10.07	04.08.08
2	No- 44/666 Shastha Temple Road,Kaloor, Cochin - 682017	Vintes Solution Private Limited, 44/666 Shastha Temple Road, Kaloor, Cochin - 682017	Nil	10,000/-	11 months	10.10.07	10.09.08

KEY INDUSTRY REGULATIONS AND POLICIES

The relevant provisions of some of the regulations and policies applicable to us are given below:

The Factories Act, 1948

The Factories Act has been enacted to consolidate and amend the law regulating labour in factories. The Act aims at protecting human beings from being subjected to unduly hours of bodily strain or manual labour. The Act provides that employees should work in healthy and sanitary condition so far as the manufacturing process will allow and that precautions should be taken for their safety and the preventions of accidents.

The Contract (Regulation and Abolition) Act, 1970

The Act applies to every establishment in which 20 or more workmen are employed or were employed on any day of 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. The Act is, however, not applicable to establishments which carry on work of a casual nature occasionally. The Act provides for the institutions of Provident Funds, Employees Pension Fund and deposit linked insurance fund for employees in Factories and other establishments.

The Environment (Protection) Act, 1986

The Act provides for protection and improvement of environment and for matters connected therewith. The Act aims at prevention of hazards to human beings, other living creatures, plants and property. As per the act environment includes water, air and land and the inter-relationship which exists among and between water, air and land, and human beings, other living creatures, plants, micro-organism and property whereas environmental pollutant means any solid, liquid or gaseous substance present in such concentration as may be or tend to be injurious to environment. Under the Act the Central Government shall have the power to take all measures as it deems necessary or expedient for the purpose of protecting and improving the quality of the environment and preventing, controlling and abating environmental pollution.

The Central Excise Act, 1944

The Central Excise Act consolidates and amends the law relating to Central Duties of Excise on goods manufactured or produced in India. Excisable goods under the Act means goods specified in the Schedule to the Central Excise Tariff Act, 1985 as being subject to duty of excise. Factory means any premises, including the precincts thereof, wherein or in any part of which excisable goods are manufactured, or wherein or in any part of which any manufacturing process connected with the production of these goods being carried on or is ordinarily carried out. Under the Act a duty of excise is levied on all excisable goods, which are produced or manufactured in India as, and at the rates, set forth in the First Schedule to the Central Excise Tariff Act, 1985.

The Employees Provident Fund 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. Effective from 01.06.2001, every employee drawing wages and Dearness Allowance upto Rs. 6500/-per month will become eligible for membership from the very first day of his joining the establishment covered under the Act.

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 women 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 a 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 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 violations thereof have been made offences punishable with imprisonment or fine or with both. By Act 34 of 1994 effective from April 24, 1994 the act has been extended to all the person employed on wages in the factories and establishment etc., by removing monthly wage, ceiling on the amount of gratuity but restricting Rs. 3,50,000/- w.e.f. September 24, 1997 as total ceiling.

Industrial Disputes Act, 1947

The Act was enacted, with the object, interalia, of settlement of industrial disputes and to achieve industrial harmony. The Act contains provisions for reference of industrial disputes and their settlement. In addition, the Act has made provisions relating to lay off and retrenchment to establishments to which the Act applies. Special provisions have also been made in respect of lay-off, retrenchment and closure in certain establishments.

Workmen's Compensation Act, 1923

The act was enacted to provide for the payment of compensation by certain classes of employers to their workmen. The act contains provisions for payment of compensation for personal injury caused by accident or any disease or various kinds of disablement (partial or whole or temporary or permanent etc.), all arising out of or in course of employment.

OUR HISTORY AND CORPORATE STRUCTURE

ABOUT US

The foundation of our business was laid with the formation of a Partnership Concern viz. Priemere Electronics by our Promoter in the year 1977 which was engaged in the business of manufacturing and marketing voltage stabilizers under the brand name “V-Guard”. In the year 1992, Premier Electronics, the partnership concern was dissolved and Mr. Kochouseph Chittilappilly continued the business as a proprietary concern.

Also, in the year, 1985, Mr. Kochouseph Chittilappilly started another proprietorship concern by the name of M/s Prompt India for marketing of the products under the brand name of V-Guard. Subsequently, M/s Prompt India changed its name to M/s V-Guard Industries.

On February 12, 1996, our Company was incorporated under the name of “V-Guard Industries Limited” under the Companies Act, 1956, with the Registration No. 09-10010 of 1996 having its registered office at 44/1037, Little Flower Church Road, Kaloor, Cochin- 682017, Kerala, India.

With effect from 1st April, 1996, our company took over the business of the proprietary concern i.e. M/s V-Guard Industries, on going concern basis for a lump sum consideration of Rs.234 lakhs and carried on the business of the firm namely manufacturing and marketing of electronic and electro mechanical appliances.

With effect from November 15, 2001 our Company was converted into a private limited company and again got converted into a public limited company on August 1, 2007 and received a fresh certificate of incorporation in the name of “V-Guard Industries Limited”. Our Corporate Identity Number is U31200KL1996PLC010010.

Our company now has diversified into a multi-product company which now manufactures and markets Electronic Voltage Stabilizers, Monobloc, Jet, Submersible, Compressor Pumps and Electric Motors, Insulated Electrical Cables (House Wiring, Industrial), Electric Storage & Instant Water Heaters, Solar Water Heaters, UPS, Electric Fans and is also in generation of Power in a small way.

MAJOR EVENTS IN OUR HISTORY ARE GIVEN BELOW:

Year	Key Events
Prior to our Company's Incorporation	Our Promoter Mr. Kochouseph Chittilappilly was carrying out the business of manufacturing and selling of Electronic Voltage Stabilizers and Pumps under the brand name “V-Guard”
1996	V-Guard Industries was incorporated as a Public Limited company which took over the 19 year old Proprietorship business of our promoter Mr. Kochouseph Chittilappilly. Launched Electric Water Heaters.
1998	Launched Ups (Online & Offline) Received Industry Excellence Award for Medium Scale Industries by the Institution of Engineering (India), Cochin
1999	Launched Digital Stabilizers Cable Manufacturing unit was inaugurated at Coimbatore
2000	ISO Certification received for Manufacturing of PVC Insulated Cables. ISO Certification received for Designing and Manufacturing of Solar Water Heaters.
2001	Launched Compressor Pumps Our Company was converted into a private limited company.
2002	Launched Solar Water Heaters
2006	Issued bonus shares to our members in the ratio of Six Equity Shares for every one Equity Share held
2006	Launched V-Guard Fans
2007	ISO Certification was awarded to R&D Division. Stabilizers Turnover Crossed 1 million mark in numbers. Our Company was converted into a public limited company.

Year	Key Events
	Received Excellence in Productivity Award for Medium Scale Industries by Kerala Productivity Council

MAIN OBJECTS OF OUR COMPANY

The main objects pursued by the Company on its incorporation are:

- (i) To establish and carry on the business of manufacturing, selling, distributing or otherwise dealing in all types of electrical, electro mechanical, and electronic appliances, equipment, lighting and lighting fixtures, accessories and spares including stabilizers, electric motors, pump sets, clocks, time pieces, watches, water heaters, washing machines, dish washers, ovens, mixies, electric irons, refrigerators, television sets, air conditioners, communication equipments photocopying machines, cameras, panel boards, relays, switch gears, switches and control gears, circuit breakers, transformers, electric meters, water meters, uninterrupted power supply systems, constant voltage transformers, accumulators and computers, security alarms, security systems, door locks with or without power, padlocks, other locking devices, printed circuit boards of all kinds and for all purposes whether populated or otherwise, insulated cables, insulated and enameled winding wires of all varieties and uses, all kinds of tubes, pipes, pipe fittings, hoses, components, accessories, moulded goods of all kinds and for all purposes including tanks, containers, bottles, toys and all other blown, moulded, formed or extruded goods and articles, whether made of steel, alloys, stainless steel, PVC, plastics, rubber or any other metal, or substance or materials, photovoltaic solar energy devices/systems such as lighting, pump sets, audio-video equipments, fans and all kinds of solar energy systems.
- (ii) To establish and carry on the business of manufacturing, purchasing, selling or otherwise dealing in readymade and knitted garments of all varieties, including men's women's and children's wear.

The main objects clause of the Memorandum of Association enables our Company to undertake activities for which the funds are being raised in the IPO and also the activities, which we have been carrying on till date.

CHANGE OF ADDRESS OF THE REGISTERED OFFICE OF OUR COMPANY

There has been no change in the registered office of the company since its incorporation.

CHANGES IN MEMORANDUM OF ASSOCIATION SINCE INCORPORATION

Date of shareholders' approval	Changes made
05.08.2000	"In clause III (A) after the words "To establish and carry on business of Accumulators and computers, the following were added, in substitution of the existing words "for industrial and domestic applications" <i>"security alarms, security systems, door locks with or without power, padlocks, other locking devices, printed circuit boards of all kinds and for all purposes whether populated or otherwise, insulated cables of all varieties and uses, all kinds of tubes, pipes, pipe fittings, hoses, components, accessories, moulded goods of all kinds and for all purposes including tanks, containers, bottles, toys and all other blown, moulded, formed or extruded goods and articles, whether made of steel, alloys stainless steel, PVC, plastics, rubber or any other metal, or substance or material."</i>
20.06.2001	Existing clause in Clause III (A) was renumbered as (i) and the following was added as clause (ii) viz: <i>"To establish and carry on the business of manufacturing, purchasing, selling or otherwise dealing in ready made and knitted garments of all varieties, including men's, women's and children's wear."</i>
14.08.2001	Effectuated change in the name of the company from "V Guard Industries Ltd." to

	“V Guard Industries Private Ltd.” consequent to the conversion of our company into a private company.
31.08.2006	Authorised capital increased from Rs.3,00,00,000/- divided into 30,00,000 equity shares of Rs.10/- each to Rs.25,00,00,000/- divided into 2,50,00,000/- equity shares of Rs.10/- each.
16.07.2007	Effected change in the name of the company from “V-Guard Industries Private Ltd. .” to “ V-Guard Industries Ltd.” consequent to the conversion of the company into a public company.+
16.07.2007	Authorised capital increased from Rs.25,00,00,000/- divided into 2,50,00,000/- equity shares of Rs.10/- each to Rs.30,00,00,000/- divided into 3,00,00,000 equity shares of Rs.10/- each.
16.07.2007	In the existing main object clause of the company, ie Clause III A (1) of the Memorandum of Association, the following alterations was carried out: In the second line, after the word”electrical”, and before the word “and electronic”, the following word is inserted: “electro mechanical”. In the sixth line, after the word “swith gears”, and before the word “circuit breakers”, the following word is inserted: “switches, and control gears”. In the fourteenth line, after the word”material”, the following word is inserted: “photovoltaic solar energy devise/systems such as lighting, pump sets, audio-video equipments, fans and all kinds of solar energy systems”.
16.07.2007	Alteration of the Incidental or Ancillary Object Clause of the Memorandum of Association of our Company: Insertion of the under mentioned new sub-clause after the existing sub-clause 49 as sub-clause 50 (A), (B) and (C): 50(A) To provide technical, managerial and other consultancy in relation to setting up of manufacturing unit(s) or plants for production of any of the items referred to in the main objects of the company on turn key basis or otherwise in any part of the world. 50 (B) To provide technical, managerial and other consultancy in relation to production of products referred to in the main objects of the Company. 50 (C) To provide technical, managerial and administrative consultancy.
25.08.2007	In the existing main object clause of the company, ie Clause III A (1) of the Memorandum of Association, the following alterations was carried out: In the tenth line after the words “insulated Cables”, and before the words “of all Varieties”, the following words is inserted: “insulated and enameled winding wires”.

SUBSIDIARIES OF OUR COMPANY

Our Company has no subsidiaries as on date.

SHAREHOLDERS AGREEMENT

Our Company has not entered into any shareholders agreement as on the date of filing this Prospectus.

OTHER AGREEMENTS

1) Our Company has entered into a distributor agreement with one M/s Penuvel Agencies (herein referred to as “distributor”), a proprietorship concern owned by Ms. Mercy Varghese (sister-in-law of Mr. Kochouseph Chittilappilly, Managing Director of our company).

Our company entered into an agreement dated 1st August 2006 with Penuvel Agencies, a proprietary concern having its principal office at 41/2956, St. Vincent Road, Cochin – 682 018. By this agreement, our Company has appointed Penuvel Agencies (therein referred to as “the Distributors”) as one of the distributors for the PVC insulated electrical cables (therein referred to as “Contract Goods”) manufactured and/or marketed under the Company’s brand name “V Guard” for a period of 2 years effective from 1st August 2006 on the terms and conditions specified in the aforesaid

agreement. The agreement requires the Distributor to place regular orders for the purchase of Contract Goods and the Company, subject to availability, shall sell and deliver the Contract Goods under its invoices. Title to Contract Goods shall pass upon delivery to the Distributor. Disputes under the Agreement are subject to the Ernakulam jurisdiction.

Since entering into the above Agreement requires the prior approval of the Central Government under section 297 of the Companies Act, our Company has applied for and obtained the approval of Central Government vide letter No. F No.2/K-7819/99 dated 16th November 2006 and approval issued by the Regional Director, Government of India, Ministry of Company Affairs, Office of the Regional Director, Southern Region, Chennai, as amended by letter dated 12th February 2007. In terms of the said approval, the total value of sales through the Distributors shall not exceed Rs. 22 crores during the period of the agreement.

2) Lease cum Sale Agreement entered into with Karnataka Industrial Area Development Board (KIADB)

A Lease cum Sale Agreement dated 11th June 2007 was entered into between Karnataka Industrial Area Development Board (“KIADB”, *herein referred to as the Lessor*) and our Company (“*herein referred to as the Lessee*”), subsequent to the application made by our company to Karnataka Industrial Area Development Board for transfer of the land located at Plot No. 16C in Survey No. 35 and 36, in Kumbalaguda I Phase Industrial Area within the village limits of Kumbalaguda, Kengery Hobli, Bangalore South taluk, Bangalore Urban District of an extent of 4915 sq. mts. or thereabouts. By this agreement our Company was given the lease of the said land. In the event our Company not having committed any breach of the terms of the lease, Karnataka Industrial Area Development Board (KIADB) shall sell the plot which is leased at a price which will be determined by Karnataka Industrial Area Development Board (KIADB). The following are the basic terms of the above lease –cum-sale transaction:

- 1) The Period of lease is two years from 6th June, 2007.
- 2) The Tentative allotment consideration paid by our company was Rs.42.51 lakhs
- 3) The lessee has to pay a yearly rent of Rs. 1000 and a yearly maintenance charge of Rs. 2500 per acre which is to be paid on the 6th of June every year failing to which our company will have to pay interest @ 2% per annum over and above the prime lending rate of State Bank of India or at such other rate as may be fixed by KIADB from time to time.

Other material terms

- a) Company to pay all existing and future taxes, rates, assessments and outgoings in respect of the plot leased. Building plans to be approved by Karnataka Industrial Area Development Board (KIADB).
- b) The original applicant/partners/promoter directors/shareholders shall continue to hold a minimum of 51% interest/shareholding in the lessee company
- c) Lessee not to change the constitution/status of the firm/company without the previous written consent of the lessor. Right given to the Lessor for determination of the lease, in the event of breach by our Company.
- d) Lessee may mortgage the right, title and interest in property after obtaining consent in writing from the lessor to secure monies for erection of building, plant and machinery or to avail working capital facilities from the financial institutions and banks.
- e) In the event of determination of the lease prior to sale, the Lessor (i.e. KIADB) has a right to forfeit 25% of the allotment consideration paid, together with rents payable, interest due and payable on the unpaid rents and earnest money deposit. In addition, the Company will not be entitled to any compensation by KIADB on account of building constructed thereon or any improvements made on the plot.
- f) Lessee to use the property only for the purpose of setting up unit for service center for various Electronic and Electrical Consumer durable – R & D Centre and storage for finished goods or establishing any other industry permissible under law after obtaining approval from the Lessor

g) Lessee to commence civil construction works within three months from the date of approval of building plan and to complete civil construction, erect machineries and commence production within 12 months from 6th June 2007

h) Lessor has a right to grant extension of time subject to the conditions mentioned in the Agreement.

i) The lessee shall utilize not less than 50% of the schedule property and in accordance with the proposals furnished by the lessee to the lessor in the application, for allotment of land and project report.

j) The lessee shall utilize such portion of land which has been earmarked for future expansion within the lease period, if any.

k) Lessor shall sell the property to the Lessee during the currency of the lease period or at the end of two years or the extended period, if the Lessee had performed all the conditions of the lease and had not committed any breach thereof.

3) Assignment deed entered into with Mr. Kochouseph Chittilappilly, Managing Director of our company for assigning trademarks held by him in various classes in the name of our company.

An Agreement dated 1st August 2005 was entered into between Mr. Kochouseph Chittilappilly and our Company by which Mr. Kochouseph Chittilappilly has irrevocably agreed to assign in favour of our company the Trade Marks “V Guard” owned and registered in the name of Mr. Kochouseph Chittilappilly for a consideration of Rs.1000 lakhs which we had paid as evidenced by stamped receipts issued by him.

In pursuance to the above agreement an Assignment Deed dated 12th November 2007 was entered into between Mr. Kochouseph Chittilappilly (“the Assignor”) and our Company (“Assignee”) by which the Assignor had assigned and transferred to the Company, effective from 1st August 2005, the ownership of the Trade Mark “V Guard” (“the said Trade Mark”) together with all rights, title interest and goodwill of the Assignor in the said Trade Mark and together with the benefit of registration thereof under the Trade Marks Act, 1999 absolutely and forever, with right to use the same in connection with the goods for which the said Trade Mark is registered in various classes or in respect of which the applications for registration in various other classes have been made and is now pending.

Other material terms of the Assignment Deed

1) Assignee shall be entitled to prosecute in the Assignee’s own name the pending applications for registration of the mark in various classes, specified in Annexure II to the Assignment Deed in the Trade Marks registry.

2) Assignee shall be entitled to use the said Trade Mark absolutely and forever, with full rights of disposition over the same.

3) Assignee will be entitled to use the said Trade Mark in respect of all classes of goods, in which the same is registered and in respect of other classes, for which applications for registration have been made, without any objection or interruption by the Assignor or any person claiming through or under or in trust for him.

4) All costs, charges and expenses for registration of the said Trade Mark in favour of the Assignee and the stamp duty payable on the Assignment Deed shall be borne and paid by the Assignee.

5) If the assignment becomes liable for any other duty or tax, the Assignee will forthwith pay the same directly or reimburse such amounts to the Assignor.

STRATEGIC AND FINANCIAL PARTNERS

We do not have any strategic or financial partner as on the date of filing the Prospectus.

OUR MANAGEMENT

Board of Directors

The Company currently has Six (6) Directors. The following table sets forth details regarding the Board of Directors:

Name, designation, Father's Name, Address, Occupation and Nationality	Age	Date of Appointment in the company and of expiration of term of office	Other Directorships
Mr. Kochouseph Chittilappilly Managing Director (S/o) Late Mr. C.O. Thomas Chittilappilly House, Bypass Road Chochin – 028 Occupation: Business Nationality : Indian DIN: 00020512	57 yrs	Date of Appointment – Since Incorporation Re-appointed as Managing director w.e.f. 01.08.2007 for a period of 5 years.	<ul style="list-style-type: none"> • M/s Veega Holidays & Parks (P) Ltd • M/s Wonderla Holidays (P) Ltd • M/s V-Star Creations (P) Ltd • M/s Pearl Spot Resorts Ltd
Mr. Mithun K Chittilappilly (Executive Director) (S/o) Mr. Kochouseph Chittilappilly Chittilappilly House, Bypass Road Chochin – 028 Occupation: Business Nationality : Indian DIN: 00027610	26 yrs	Date of Appointment – 01.04.2003 Re-appointed as Whole time Director w.e.f. 01.08.2007 for a period of 5 years.	<ul style="list-style-type: none"> • M/s Veega Holidays & Parks (P) Ltd • M/s Wonderla Holidays (P) Ltd • M/s. Vintes Solutions (P) Ltd.
Mr. K. Vijayan (Whole Time Director) (S/o) of Late Mr. P.K. Gopalan Air House, 44/536, Sastha Temple Rd Kaloor, Kochi – 017 Occupation: Service Nationality : Indian DIN: 0027586	60 yrs	Date of Appointment – Since Incorporation Re-appointed as Whole time Director w.e.f. 01.08.2007 for a period of 5 years	<ul style="list-style-type: none"> • M/s Veega Holidays & Parks (P) Ltd • M/s Wonderla Holidays (P) Ltd
Mr. R. Krishna Iyer (Non-Executive Director) (S/o) Late Mr. S. Ramaswamy Iyer 'Jyothi', 134, Panampilly Nagar, Cochin – 036 Occupation: Professional Nationality : Indian DIN: 00281766	69 yrs	Appointed as Non- Executive Director w.e.f 16.11.1998 Liable to retire by rotation.	Nil
Mr. C.J. George* (Independent Director) (S/o) of Mr. Mathew John 12 A Skyline Elysium Gardens, Stadium Link Road, Behind Jawaharlal Nehru Stadium, Kaloor, Cochin – 682017 Occupation: Professional Nationality : Indian DIN: 00003132	48 yrs	Appointed as Additional Director w.e.f. 16.08.2007.	<ul style="list-style-type: none"> • Geojit Financial Services Ltd. • Geojit Credits Pvt Ltd. • Geojit Commodities Ltd. • Geojit Financial Distribution Pvt. Ltd. • Geojit Financial Management Services Pvt. Ltd. • Geojit Technologies Pvt. Ltd. • Barjeel Geojit Securities L.L.C, Dubai • Sigma Systems International FZ L.L.C, Dubai

			<ul style="list-style-type: none"> • The Associated Chambers of Commerce and Industry of India (Section 25 Company) (Member - Managing Committee) • The Cochin Chamber of Commerce and Industry. (Section 25 Company) (Member - Executive Committee)
Mr. P.G.R. Prasad* (Chairman & Independent Director) (S/o) of Mr. P. Govinda Pillay Sreevalsom, Lal Bhag Road, DPI Junction, Thycaud P.O, Thiruvananthapuram – 695 014. Occupation: Professional Nationality : Indian DIN: 00929169	61 yrs	Appointed as Additional Director w.e.f. 16.08.2007.	<ul style="list-style-type: none"> • Mape Admisi Securities Pvt. Ltd. • JP Morgan Mutual Fund India Pvt. Ltd.

**Appointed as Additional Directors. Shall hold office till the date of the next AGM.*

Brief Profile of our Directors.

Mr. Kochouseph Chittilappilly, aged 57 years, is a post graduate in Science majoring in Physics from Calicut University. He started his career as a Supervisor in an electronics company, where he worked for three years. In the year 1977, he started a SSI Unit engaged in the manufacturing and selling of Electronic Voltage stabilizers.

He is one of our founder Promoters and has motivated our Company to succeed in this business. He has been the Managing Director of our Company since its inception and has taken our Company to its current levels of stature and recognition with his experience and vision.

He is the recipient of numerous awards, which were bestowed on him for his exemplary performance in business. Among them are Business Man of the Millennium 2000 from Rashtra Deepika, Tourism Man of the year from “Destination Kerala and Samman Pathra Award for top income tax payer from Hon’ble Union Minister of State for Finance. As the Managing Director, Mr. Kochouseph has been the main driving force behind the company’s sustained growth.

Mr. Mithun Chittilappilly, aged 26 years, is a post graduate in Finance from University of Melbourne, Australia. Mr. Mithun Chittilappilly after completing his Graduation in Commerce joined V-Guard to be trained in the various departments of our company ranging from Finance to Marketing. In January 2005, took a break from work for a year and a half to pursue his post graduation in Finance from University of Melbourne, Australia. After Graduating in May 2006, he joined back our Company as the Director and later continuing as the Executive Director of Company. He looks after entire operations of our Company.

Mr. K. Vijayan, aged 60 years, holds a Diploma in Technology from Hindustan Aeronautics Limited, Diploma in Electronics/Radio/Communication from Indian Air Force and Diploma in Television Technology from Ministry of Defence & National Institute of Technology & Management. He served with the Indian Airforce for a period of 18 years after which he Joined V-Guard in 1982. He is presently designated as Director - Administration of V-Guard, addressing to the entire operations of all the branches throughout India.

Mr. R. Krishna Iyer, aged 69 years, is a Chartered Accountant by profession. He joined our company as a Non-Executive Director on 16th November, 1998. He was a Professional advisor in Tax matters for various public and private sector companies. He Served as Director of Fertilizers and Chemicals Travancore Limited from 2002 to 2005.

Mr. C.J. George, aged 48 years, is a post graduate in commerce, Certified Financial Planner and a Research Scholar with School of Management Studies of Cochin University of Science and Technology. He joined our company as an Independent Director on 16th August, 2007. He held the positions of Executive Committee Member of Financial

Planning Standards Board of India, Kerala Management Association, Cochin Chamber of Commerce, Member of Southern Region Advisory Board of BSE, Member of the Advisory Board of NSE, Member of the Executive Committee of NSE, Managing Committee Member of ASSOCHAM, New Delhi and various other venerated posts in various capacities. He has also been awarded the Business Man of Kerala Award by Business Deepika, Excellence Award from Kerala Management Association and Dhanam Business Man of the Year, 2006. He is presently holding the position of Managing Director of Geojit Financial Services Ltd.

Mr. P.G.R. Prasad, aged 61 years, is a Certified Associate of the Indian Institute of Bankers, Chartered Financial Analyst and Certified Financial Planner, Financial Planning Standards Board of India. He joined our company as an Independent Director on 16th August, 2007. He has worked with State Bank of India and its subsidiaries from 1970 to 2005 in various capacities. He retired as Managing Director and Chief Executive of SBI Mutual Fund. He was also a member of the Advisory Committee for Mutual Funds, Securities & Exchange Board of India, Mumbai, Member of expert Group constituted by the Securities Exchange Board of India to suggest amendments in SEBI Act, Director on the Board of Financial Planning Standards Board India and various other venerated posts in various capacities.

Details of Borrowing Powers

The Company at its Annual General Meeting held on July 16, 2007, passed a resolution authorizing the Board of Directors pursuant to the provisions of section 293(1)(d) for borrowing any sum or sums of money from time to time notwithstanding that the monies to be borrowed together with monies already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) will or may exceed the aggregate of the paid-up capital of the company and its free reserves, that is to say reserves not set apart for any specific purposes, provided however, the total amount so borrowed shall not exceed Rs. 50 Crores (Rupees Fifty Crores Only).

Compensation paid to Managing Director/Whole-time Directors

The remuneration for Mr. Kochouseph Chittilappilly, Mr. Mithun Chittilappilly and Mr. K. Vijayan has been revised in the Extra Ordinary General Meeting held on 25th August, 2007. The details are as given below:

Terms of appointment of the Managing Director:-

Mr. Kochouseph Chittilappilly was Re-appointed as Managing Director of the Company for a period of five years with effect from 1st August, 2007 on the terms and conditions which inter-alia include:

Salary:	Rs.4,50,000/- p.m., with an annual increase not exceeding 10% of the last drawn salary, as may be decided by the Board of Directors or any committee thereof.
Commission:	In addition to salary, Mr. Kochouseph Chittilappilly will be entitled to receive a commission @ 2% on the net profits of the Company calculated in accordance with the provisions of Sections 349 and 350 of the Companies Act, 1956.
Perquisites:	Perquisites shall be allowed in addition to salary and commission and they shall be restricted to the following:-

CATEGORY 'A'

(1) Housing:

(a) The Company shall provide rent-free furnished residential accommodation, with free gas, electricity and water as per Company's policy. In case no accommodation is provided by the Company, the Managing Director shall be entitled to such house rent allowance as may be decided by the Board of Directors from time to time subject however to a limit of 20% of his monthly salary.

The expenditure incurred by the Company on gas, electricity, water and furnishing will be valued as per the Income-tax Rules, 1962. This shall however be subject to a ceiling of 10% of the monthly salary of the Managing Director.

(2) Medical Reimbursement:

Reimbursement of expenses incurred for self and family subject to a ceiling of one month's salary in a year and the unutilized amount can be carried forward during the currency of tenure of the appointment.

(3) *Leave Travel Concession:*

For self and family, once in a year incurred in accordance with the rules of the Company.

(4) *Club Fees:*

Fees of Clubs subject to a maximum of two clubs. This will not include admission and life membership fee

(5) *Personal Accident Insurance:*

Annual Premium not to exceed 5% of Annual Salary.

Explanation: "Family" means the spouse, the dependent children and dependent parents of Managing Director.

CATEGORY 'B'

- (6) Provision of Car with driver for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company.

Where in any financial year during the currency of tenure of the Managing Director, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites not exceeding the limits as specified and applicable as per Section II of Part II of the Schedule XIII of the Companies Act, 1956.

Terms of appointment of Executive Director

Mr. Mithun Chittilappilly was re-appointed as Executive Director of the Company for a period of 5 years effective from 1st August, 2007 on the following terms and conditions.

Salary:	Rs.70,000/- p.m., with an annual increase not exceeding 10% of the last drawn salary, as may be decided by the Board of Directors or any committee thereof..
Commission:	In addition to salary, Mr. Mithun K Chittilappilly will be entitled to receive a commission @ 1% on the net profits of the Company calculated in accordance with the provisions of Sections 349 and 350 of the Companies Act, 1956.
Perquisites:	Perquisites shall be allowed in addition to salary and commission and they shall be restricted to the following:-

CATEGORY 'A'

(1) *Housing:*

The Company shall provide rent free furnished residential accommodation, with free gas, electricity and water as per Company's policy. In case no accommodation is provided by the Company, the Wholetime Director shall be entitled to such house rent allowance as may be decided by the Board of Directors from time to time subject however to a limit of 20% of his monthly salary.

The expenditure incurred by the Company on gas, electricity, water and furnishing will be valued as per the Income-tax Rules, 1962. This shall however be subject to be a ceiling of 10% of the monthly salary of the Wholetime Director.

(2) *Medical Reimbursement:*

Reimbursement of expenses incurred for self and family subject to a ceiling of one month's salary in a year and the unutilized amount can be carried forward during the currency of tenure of the appointment.

(3) *Leave Travel Concession:*

For self and family, once in a year incurred in accordance with the rules of the Company.

(4) *Club Fees:*

Fees of Clubs subject to a maximum of two clubs. This will not include admission and life membership fee

- (5) *Personal Accident Insurance:*
Annual Premium not to exceed 5% of Annual Salary.
Explanation: "Family" means the spouse, the dependent children and dependent parents of the Wholetime Director.
- (6) *Bonus/Ex-gratia*
The Wholetime Director is eligible for bonus @ as applicable to the other employees of the Company.
- (7) *Gratuity*
Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.
- (8) *Encashment of leave*
Unavailed leave can be encashed at the end of the each year.
- (9) *Contribution to Provident Fund*
Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income-tax Act, 1961.

CATEGORY 'B'

(1) Provision of Car with driver for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company.

Where in any financial year during the currency of tenure of the Whole-time Director, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites not exceeding the limits as specified and applicable as per Section II of Part II of the Schedule XIII of the Companies Act, 1956.

Terms of appointment of Director – Administration

Mr. K. Vijayan was re-appointed as Director - Administration of the Company for a period of 5 years effective from 1st August, 2007 on the following terms and conditions.

Salary: Rs.70,000/- p.m., with an annual increase not exceeding 10% of the last drawn salary, as may be decided by the Board of Directors or any committee thereof

Perquisites: Perquisites shall be allowed in addition to salary and they shall be restricted to the following:-

CATEGORY 'A'

- (1) *Housing:*
(a) The Company shall provide rent free furnished residential accommodation, with free gas, electricity and water as per the Company's policy. In case no accommodation is provided by the Company, the Wholetime Director shall be entitled to such house rent allowance as may be decided by the Board of Directors from time to time subject however to a limit of 20% of his monthly salary.

The expenditure incurred by the Company on gas, electricity, water and furnishing will be valued as per the Income-tax Rules, 1962. This shall however be subject to a ceiling of 10% of the monthly salary of the Wholetime Director.

- (2) *Medical Reimbursement:*
Reimbursement of expenses incurred for self and family subject to a ceiling of one month's salary in a year and the unutilized amount can be carried forward during the currency of tenure of the appointment.
- (3) *Leave Travel Concession:*
For self and family, once in a year incurred in accordance with the rules of the Company.

- (4) *Club Fees:*
Fees of Clubs subject to a maximum of two clubs. This will not include admission and life membership fee
- (5) *Personal Accident Insurance:*
Annual Premium not to exceed 5% of Annual Salary.
Explanation: "Family" means the spouse, the dependent children and dependent parents of the Wholetime Director
- (6) *Bonus/Ex-gratia*
The Whole-time Director is eligible for bonus @ as applicable to the other employees of the Company.
- a. *Gratuity*
Gratuity payable at a rate not exceeding 15 days salary for each completed year of service.
- b. *Encashment of leave*
Unavailed leave can be encashed at the end of the each year.

CATEGORY 'B'

- Provision of Car with driver for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company.
Where in any financial year during the currency of tenure of the Wholetime Director, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites not exceeding the limits as specified and applicable as per Section II of Part II of the Schedule XIII of the Companies Act, 1956.

None of the directors of the company other than mentioned above are drawing any salary.

Corporate Governance

The provisions of the listing agreement to be entered into with the Stock Exchanges with regard to corporate governance will be applicable to our Company immediately upon the listing of our company's equity shares on the Stock Exchanges. The company's board currently comprises of six (6) directors. As the chairman of our Board is a non-executive director, one-third of the board are independent directors thereby complying with Clause 49 of the listing agreement with regard to broad basing of the Board. The Company has also complied with SEBI guidelines in respect of Corporate Governance with respect to constituting the committees such as the Audit Committee, Share Transfer / Shareholders Grievance Committee and Remuneration Committee.

The Company believes in adopting the best corporate governance practices, based on the following principles in order to maintain transparency, accountability and ethics:

- Recognition of the respective roles and responsibilities of the management;
- Independent verification and assured integrity of financial reporting;
- Protection of shareholders' right and priority for investor relations; and
- Timely and accurate disclosure on all material matters concerning operations and performance of our Company.

Details of existing Committees are as under:

(i) Audit Committee

a. Brief description of Terms of reference

As per the provisions of clause 49, of the listing agreement, the audit committee was constituted by the board of directors in its meeting held on August 16, 2007. The committee comprises of 3 members

Name of Director	Designation in the Committee	Designation in the Company
Mr. P.G.R. Prasad	Chairman	Non executive and Independent director
Mr. C.J. George	Member	Non executive and Independent director
Mr. R. Krishna Iyer	Member	Non- Executive Director

The purpose for which the committee was constituted is as follows:

- (a) To oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- (b) To review of the quarterly, half-yearly and annual financial statements.
- (c) Regular review of and taking follow-up action on the reports of the internal auditors.
- (d) To finalise the internal audit programme for each financial year.
- (e) To review with management the annual financial statements before submission to the Board.
- (f) To recommend the appointment and removal of auditor, fixation of audit fee and also approval for payment of fee for any other services.
- (g) To hold discussion with external auditors before the audit commences about nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- (h) Review of key accounting matters and developments.
- (i) Other matters as directed by the Board.

(ii) Remuneration Committee

Our Company has a Remuneration Committee formed pursuant to the requirements of Schedule XIII to the Companies Act, 1956 for determining and recommending the remuneration payable to the Executive Directors and senior officials of the Company. In the event of inadequate profits, the Remuneration Committee while approving minimum remuneration payable to Executive Directors as per the provisions of Schedule XIII, will take into account the financial position of the Company, trends in industries, Director's qualifications, experience, past performance, past remuneration, etc. The Committee considers the above matters and determines the minimum remuneration so as to bring about objectivity in determining the remuneration package while striking a balance between the interest of the Company and the Shareholders, subject to the overall ceiling fixed by the Schedule.

The remuneration committee of the board was constituted by the Board of Directors in its meeting dated August 16, 2007 comprising of 4 members,

Name of Director	Designation in the Committee	Designation in the Company
Mr. C.J. George	Chairman	Non executive and Independent director
Mr. P.G.R. Prasad	Member	Non executive and Independent director
Mr. R. Krishna Iyer	Member	Non executive Director
Mr. Kochouseph Chittilappilly	Member	Managing Director

The purposes for which the committee has been formed:

- (a) To determine and recommend to the Board of Directors the remuneration package of the Managing Director and the Whole-time Directors and also the employees working in the senior management level.
- (b) To approve in the event of loss or inadequate profits in any year the minimum remuneration payable to the Managing Director and the Whole-time Directors within the limits and subject to the parameters as prescribed in Schedule XIII of the Companies Act, 1956.
- (c) To finalise the scheme of ESOS in consultation with the Employee Welfare Trust created for the purpose of administering the ESOS.

(iii) Share Transfer / Shareholders Grievance Committee

a. Brief description of Terms of reference

Share transfer/ Shareholders Grievance committee was constituted by the Board of Directors at its meeting held on August 16, 2007, comprising of 3 members,

Name of Director	Designation in the Committee	Designation in the Company
Mr. R. Krishna Iyer	Chairman	Non executive Director
Mr. C.J. George	Member	Non executive and Independent director
Mr. P.G.R. Prasad	Member	Non executive and Independent director

The Committee was constituted to approve the transfer of shares of the Company, and in particular have the powers to:

- (a) To approve the transfers of shares and to approve issue of duplicate certificates and oversee and review matters connected with the transfer of shares.
- (b) To look into shareholders' complaints like transfer of shares, non-receipts of balance sheet, non-receipt of declared dividends, etc.
- (c) Oversee the performance of the registrars and transfer agents, and recommends measures for overall improvement in the quality of investor services.
- (d) Affix or authorize fixation of the common seal of the Company to the share certificates.

The board has designated Mr. T. Nandakumar as the compliance officer.

(iv) IPO Committee

Brief description of Terms of reference

The IPO committee was constituted by the Board of Directors at its meeting held on August 16, 2007, comprising of 4 members

Name of Director	Designation in the Committee	Designation in the Company
Mr. Kochouseph Chittilappilly	Member	Managing Director
Mr. C.J. George	Member	Non executive and Independent director

Mr. Mithun K Chittilappilly	Member	Executive Director
Mr. K. Vijayan	Member	Director – Administration

The IPO Committee is authorized to do all such acts, deeds, matters and things as it may at its discretion deem necessary for the below mentioned purposes:

- a) to the utilization of the issue proceeds,
- b) appointment of key intermediaries,
- c) finalizing the pricing, terms and conditions relating to the issue of the aforesaid Securities including amendments or modifications thereto as may be deemed fit by the Board / Committee.
- d) to sign and execute listing application(s), various agreements undertakings, deeds, declarations and all other documents and to do all such acts, deeds and things, and to comply with all the formalities as may be required in connection with and incidental to the aforesaid offering of Securities including for the post issue formalities and with power to settle any question, difficulties or doubts that may arise in regard to issue or allotment of such Securities as it may in its absolute discretion think fit.

Directors Shareholding in the Company

Save and except as mentioned below, our Directors do not hold any Equity Shares in our Company as on the date of filing of this Prospectus.

Name of Director	No. of Shares	% of shareholding
Mr. Kochouseph Chittilappilly	6297200	28.82
Mr. K. Vijayan	35330	0.16
Mr. Krishna Iyer	Nil	--
Mr. Mithun K.Chittilappilly	4416210	20.21
Mr C.J. George	Nil	--
Mr. P.G.R. Prasad	Nil	--

Interest of Directors (Other than Promoter Directors)

All the Directors may be deemed to be interested to the extent of the sitting fees payable to them for attending meetings of the Board or any committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them. Further, Mr. Krishna Iyer, Non-Executive Director of our company may also be deemed to be interested to extent of professional /consultancy fees paid for the professional services rendered by him with matters relating to Income Tax and Value Added Tax.

Further, all Directors may also be deemed to be interested to the extent of Equity Shares held by them or that may be subscribed for and allotted to them out of the present Issue, if any. Some of the Directors of our Company may also be deemed to be interested to the extent of any dividend payable in respect of the said Equity Shares.

Our Directors may also be regarded as interested in the Equity Shares, if any, held by or that may be subscribed by and allotted to the companies, firms and trust, in which they are interested as directors, members, partners or trustees.

Except as stated in Related Party Transactions on page no. 150 of this Prospectus, to the extent of shareholding in the Company, the Directors do not have any other interest in our Company's business. No stock options have been issued, vested or exercised by the Directors, since our Company has not instituted any such plan until date.

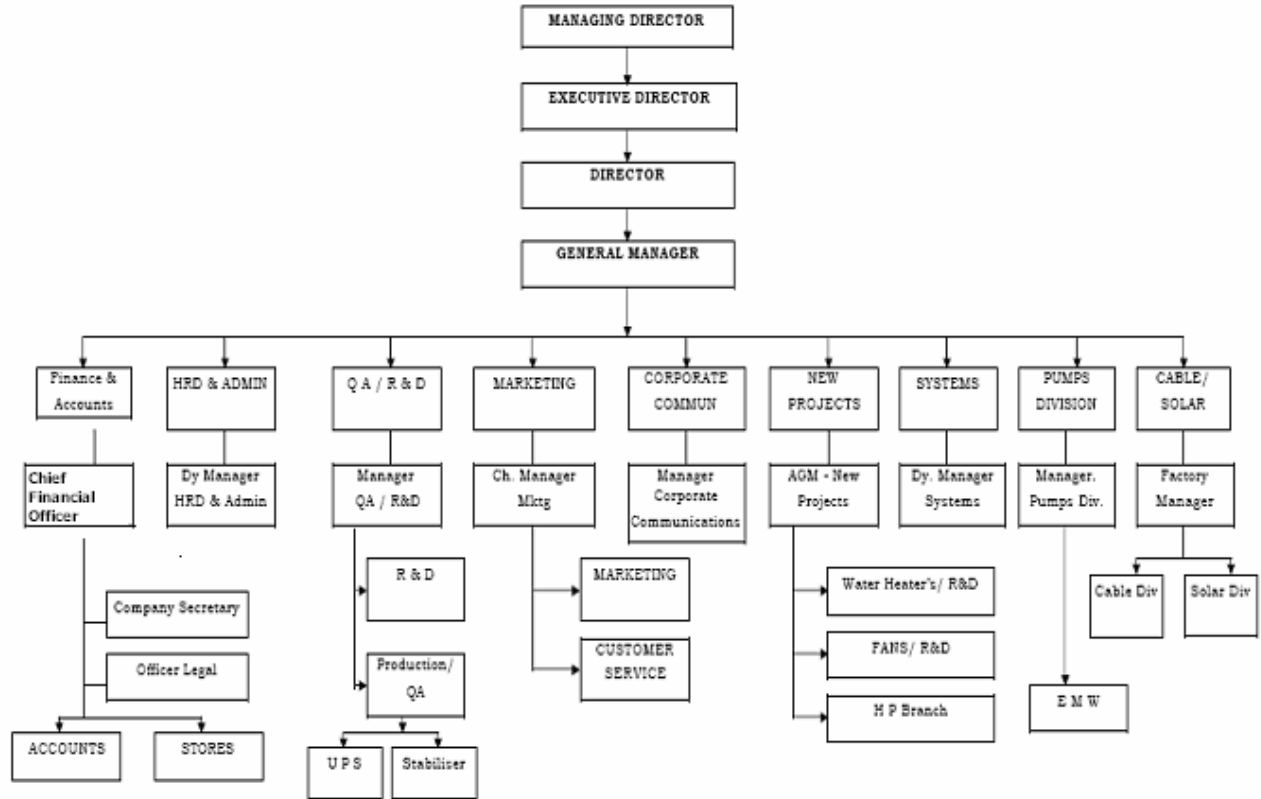
Our Company has not entered into any contract, agreement or arrangement during the preceding 2 years from the date of this Prospectus in which the Directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements or are proposed to be made to them.

Changes in Board of Directors of the Company during the last three years

There are no changes in the Board of Directors of the Company in the last three years other than the resignation of Mrs. Sheela Kochouseph Chittilappilly due to personal reasons with effect from August 16, 2007 and induction of Mr. P.G.R. Prasad and Mr. C.J. George as Additional Directors in compliance with corporate governance clause with effect from August 16, 2007.

Management Organization Structure

MANAGEMENT ORGANISATION CHART



Key Managerial Personnel

S. No	Name and Designation	Age	Qualification	Experience (yrs)	Gross Remuneration Per Annum (Rs.)	Date of Appointment	Details of previous Employment
1.	Mr. Antony Sebastian K. General Manager	47	Diploma in Electronics DPM, G.D.M.M	22 years	7,73,643	21.06.1985	Engg. Trainee – Waves Electronics Pvt. Ltd.
2.	Mr. Murlidharan M.V. Chief Manager – Marketing	48	B.Sc, PGDMM	25 years	5,90,463	01.08.1985	Sales Representative – Premier Biscuits (P) Ltd.
3.	Mr. Nandakumar T Chief Financial Officer	38	B.Com, A.C.A.	10 years	6,04,983	28.04.2006	Sr. Manager – The Dhanalakshmi Bank Ltd
4.	Mr. Abie Abraham Manager – Pumps Division	36	B. Tech	11 years	4,93,803	24.04.1997	Graduate Apprentice-VSSC – ISRO
5.	Mr. Jibu Paul Manager- Marketing & Comm.	36	B.Tech, M.B.A	14 years	5,00,403	10.06.1996	Advt. Executive – Anna Aluminum Ltd
6.	Mr. Sivadas. I Manager – QA and R&D	42	D.EE, BBA, M.Sc (TQM)	20 years	4,93,803	17.08.1987	Technician Apprentice – HMT
7.	Mr. Sreekumar A Factory Manager	35	B.E EMBA	13 years	4,63,349	03.03.1999	Asst. Manager – Escon Generators Ltd.
8.	Mr. Jayraj Chakyat Deputy Manager – HRD & Admin.	37	B.Sc, PGDPM&IR, DCPA,DISM M.B.A	11 years	3,86,403	01.07.2005	Asst. Manager – KTC Automobiles Pvt. Ltd
9.	Mr. Ravindran C.P Deputy Manager - Systems.	53	B.A, Diploma in Eco, PGDCMgt, DCP &PCA	24 years	3,80,789	01.02.1997	Manager – Software Consultancy Services
10.	Ms. Jayasree K Company Secretary	34	B.Com, ACS	2 years	3,61,248	03.10.2006	Company Secretary – Interworld Digital Ltd.

1. The persons mentioned above are in the employment of our Company as permanent employees.
2. None of the key personnel mentioned above are related to the Promoters/Directors of the Company.
3. No director or member of Senior Management Team has been selected pursuant to any arrangement/ understanding with major shareholders/ customers/ suppliers.
4. Further, the key managerial personnel as disclosed above are not key managerial personnel as defined under Accounting Standard 18.

Shareholding of Key Managerial Personnel

Name	Position	No. of Shares held
Antony Sebastian K	General Manager	28,090
M.V. Muralidharan	Chief Manager – Marketing	22,310
Nandakumar T	Chief Financial Officer	330
Abie Abraham	Manager – Pump Division	7,090
Jibu Paul	Manager – Marketing Communications	7,980
I. Sivadas	Manager – QA & Rand D	15,950
Sreekumar. A	Factory Manager	4,090
Ravindran C.P	Dy. Manager – Systems	5,450
Jayaraj Chakyat	Dy. Manager – HRD and Admin.	450
Jayasree K	Company Secretary	170

Bonus or Profit Sharing Plan for Key Managerial Personnel

No portion of the compensation was paid pursuant to a bonus or profit sharing plan.

Changes in our Key Managerial Employees during the last three years

The changes in our Key Managerial Employees during the last three years are as follows:

Name	Date of Appointment/ Cessation	Designation	Reason
Mr.Surendranadhan T.V.D	24.02.2006	AGM- Finance	Resignation
Mr. Jayraj Chakyat	01.07.2005	Dy. Manager – HRD & Admin	Appointed – to meet business needs
Mr. Nandakumar T	28.04.2006	Chief Financial Officer	Appointed – to meet business needs
Ms. Jayasree K	03.10.2006	Company Secretary	Appointed – to meet business needs

Employees Stock Option/ Stock Purchase Scheme

As on date, our Company does not have any Employee Stock Option Scheme or other similar scheme giving options in our Equity Shares to our employees.

Payment of benefit to officers of the Company

There is no payment or benefit to be given to the officers of our Company other than their remuneration or salary nor do we intend to make such payment/give such benefit other than remuneration or salary to any officer.

Interest of Key Managerial Personnel

All our key managerial personnel may be deemed to be interested to the extent of the remuneration and other benefits in accordance with their terms of employment for services rendered as officers or employees to our Company. Further, all Employees may also be deemed to be interested to the extent of Equity Shares held by them and if any shares may be subscribed for and allotted to them out of the present Issue, they will be deemed to be interested to the extent of their shareholding and / or dividends paid or payable on the same.

OUR PROMOTERS

(i) Mr. Kochouseph Chittilappilly



Mr. Kochouseph Chittilappilly, aged 57 years, is a post graduate in Science majoring in Physics from Calicut University. He started his career as a Supervisor in an electronics company, where he worked for three years. In the year 1977, he started a SSI Unit engaged in the manufacturing and selling of Electronic Voltage stabilizers.

He is one of our founder Promoters and has motivated our Company to succeed in this business. He has been the Managing Director of our Company since its inception and has taken our Company to its current levels of stature and recognition with his experience and vision.

He is the recipient of numerous awards, which were bestowed on him for his exemplary performance in business. Among them are Business Man of the Millennium 2000 from Rashtra Deepika, Tourism Man of the year from “Destination Kerala and Samman Pathra Award for top income tax payer from Hon’ble Union Minister of State for Finance. As the Managing Director, Mr. Kochouseph has been the main driving force behind the company’s sustained growth.

Identification	Details
PAN	ABTPK4822C
Passport No.	Z 1254515
Voter ID No.	LNH2107803
Driving License No.	1/2119/1976
Bank Account No.	State Bank of Travancore, Kaloor Account No. : 57002569755

(ii) Ms. Sheela Kochouseph Chittilappilly



Ms. Sheela Kochouseph, aged 53 years, is a B.Sc, Home Science graduate from University of Calicut. Mrs. Sheela Kochouseph was earlier on the Board of Directors of V-Guard but recently resigned. She is currently designated as the Managing Director of V-Star Creations Private Limited and Vintes Solutions Private Limited. She was the recipient of the “Best Entrepreneur” by the Indian Junior Chamber in the year 1999.

Identification	Details
PAN	ACMPK3764H
Passport No.	E 7695762
Voter ID No.	LNH2107829
Driving License No.	7/5823/1982
Bank Account No.	State Bank of Travancore, Kaloor Account No. : 57002569915

Declaration

We confirm that the permanent account number, bank account details and passport numbers, Voter id details and Driving License no. of Mr. Kochouseph Chittilappilly and Mrs. Sheela Kochouseph Chittilappilly will be submitted to the Stock Exchanges at the time of filing the Draft Red Herring Prospectus with them. Further, our Promoters have not been declared as willful defaulters by RBI or any other government authority and there are no violations of securities laws committed by our promoters in the past nor any such proceedings are pending against our promoters.

Relationship of Promoters to each other and to our Directors

Sr. No.	Name of Director	Status	Relationship
1.	Mr. Kochouseph Chittilappilly	Promoter/Managing Director	Husband of Mrs. Sheela Kochouseph Chittilappilly Father of Mr. Mithun Chittilappilly
2.	Mrs. Sheela Kochouseph Chittilappilly	Promoter	Wife of Mr. Kochouseph Chittilappilly Mother of Mr. Mithun Chittilappilly
3.	Mr. Mithun K.Chittilappilly	Executive Director	Son of Mr. Kochouseph Chittilappilly and Mrs. Sheela Kochouseph Chittilappilly
4.	Mr. K. Vijayan	Whole-time Director	Not related to any Promoter or Director
5.	Mr. Krishna Iyer	Non- Executive Director	Not related to any Promoter or Director
6.	Mr C.J. George	Independent Director	Not related to any Promoter or Director
7.	Mr. P.G.R. Prasad	Chairman & Independent Director	Not related to any Promoter or Director

Interest of Promoters

The aforementioned Promoters are interested to the extent of their shareholding in our Company. Further, our Promoters who are also the Directors of our Company may be deemed to be interested to the extent of fees, if any payable to them for attending meetings of the Board or a Committee thereof as well as to the extent of other remuneration, reimbursement of expenses payable to them.

Promoters may also be deemed to be interested to the extent of lease rents received by Mr. Kochouseph Chittilappilly, one of our Promoter Director, by way of agreements dated 02.04.2007. Our Promoter Mr. Kochouseph Chittilappilly has leased two premises 44/1037, L.F.C.Road, Kaloor, Kochi 17 and 648/B Binnamangala 1st Phase, Indira Nagar 1 Stage, Bangalore to our Company for period of four years. According to the terms of the agreement, our Company is required to pay Rs. 60, 000/- and Rs. 1, 50,000/- per month respectively towards rent.

Our promoters do not have any interest in any property acquired by our company in a period of two years before filing this Prospectus with SEBI or proposed to be acquired by us as on the date of filing this Prospectus with SEBI.

The following Companies/firms/ventures are promoted by the promoters and they may be deemed to be interested in them:

Name of Concern	Type of Concern
M/s. V-Star Creations Pvt. Ltd.	Private Limited Company
M/s. Veega Holidays and Parks Pvt. Ltd.	Private Limited Company
M/s. Wonderla Holidays Pvt. Ltd.	Private Limited Company
M/s. Vintes Solutions Pvt. Ltd.	Private Limited Company
M/s. Pearlspot Resorts Ltd.	Limited Company
M/s. Electro Controls	Proprietary Concern

Except as disclosed above and in Related Party Transactions on page no. 150 under the section titled "Financial Statements", the Promoters of our Company have no interest other than reimbursement of expenses incurred, normal remuneration or benefits, if any.

Common Pursuits

There are no common pursuits among our Company and our Group/Associate Companies.

Payment or benefit to promoters of our Company

The promoters may be deemed to be interested to the extent of shares held by them, their friends, or relatives, and benefits arriving from their holding directorship in our Company except as given below.

Mr. Kochouseph Chittilappilly, by agreements dated 02.04.2007, leased two premises 44/875, L.F.C.Road, Kaloor, Kochi 17 and 648/B, Binnamangala 1st Phase, Indira Nagar 1 Stage, Bangalore to our Company for period of Forty Eight months. According to the terms of the agreement, our Company is required to pay Rs. 60,000/- and Rs. 1,50,000/- per month respectively towards rent.

No amount or benefit has been paid or given to our Company's Promoters since the incorporation of our Company nor is intended to be paid or given to any Promoter except as their normal remuneration and /or reimbursements for services as Directors of our Company or otherwise in accordance with applicable laws except for an amount of Rs. 1000 lakhs paid to Mr. Kochouseph Chittilappilly towards the transfer of the trademark "V-Guard" in the name of our company pursuant to an agreement for assignment dated 1st August, 2005.

Related Party Transactions to be taken from Financial Statements

Please refer section titled "Financial Statements" on Page no. 122 of this Prospectus.

Currency of Presentation

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

Throughout this Prospectus, all figures have been expressed in Lacs / Lakhs. The word "Lac" / "Lakh" means "One Hundred Thousand", the word "Million (mn)" means "Ten Lac", the word "Crore" means "Ten Million" and the word "Billion (bn)" means "One Hundred Crore".

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

Dividend Policy

The declaration and payment of dividends will be recommended by our Board of Directors and shareholders, in their discretion, and will depend on a number of factors, including but not limited to the earnings, capital requirements and overall financial condition.

The dividends declared by our Company during the last five fiscal have been presented below.

Particulars	Fiscal 2007	Fiscal 2006	Fiscal 2005	Fiscal 2004	Fiscal 2003
Face value of Equity shares (In. Rs.)	10/-	10/-	10/-	10/-	10/-
Dividend (Rs. In lakhs)	840	300	300	300	232.07
Dividend %	40	100	100	100	100
Dividend per Equity Share (Rs.)	4	10	10	10	10

Note: The amounts paid as dividends in the past are not necessarily indicative of our dividend policy or dividend amounts, if any, in the future. Future dividends will depend upon our revenues, profits, cash flows, financial condition, capital requirements and other factors.

SECTION V – FINANCIAL STATEMENTS

AUDITORS' REPORT

To

The Board of Directors

V-Guard Industries Limited
L.F.C Road, Kaloor
Kochi – 682 017

- A. a) We have examined the annexed financial information of V-Guard Industries Limited (formerly known as V-Guard Industries Private Limited), (“the company”) annexed to this report which have been prepared in accordance with the requirements of
- (i) Part B (1) of Part II of Schedule II to the Companies Act, 1956 (‘the Act’);
 - (ii) The Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 (‘the SEBI Guidelines’) issued by the Securities and Exchange Board of India (‘SEBI’) on January 19, 2000, as amended, in pursuance to Section 11 of the Securities and Exchange Board of India Act, 1992.
 - (iii) The terms of reference received from the Company, requesting us to carry out work, proposed to be included in the Draft Red Herring Prospectus / Red Herring Prospectus / Prospectus (hereinafter referred to as “Offer Document”) of the Company in connection with its proposed Public Issue(referred to as ‘the Issue’).

Financial information as per audited financial statement:

We report that the restated assets and liabilities of the company as at March 31, 2003, 2004, 2005, 2006, 2007 and August 31, 2007 are as set out in Annexure - 1 to this report after making such adjustments/restatements and regrouping as in our opinion are appropriate and are subject to the Significant Accounting Policies as appearing in Annexure - 4 and Notes to the Statements appearing in Annexure - 5 to this report.

We report that the restated profits/losses of the Company for the financial years ended March 31, 2003, 2004, 2005, 2006, 2007 and for the period ended August 31, 2007 are as set out in Annexure - 2 to this report. These profits/losses have been arrived at after charging all expenses including depreciation and after making such adjustments/ restatements and regrouping as in our opinion are appropriate and are subject to the Significant Accounting Policies, appearing in Annexure - 4 and Notes to the Statements appearing in Annexure - 5 to this report.

- B. We have examined the following financial information relating the company proposed to be included in the Offer Documents, which has been approved by you and are annexed to this report:
- I. Statement of Cash Flow as appearing in Annexure - 3 to this report;
 - II. Statement of Related Parties transactions enclosed as Annexure - 6 to this report.
 - III. Statement of Secured Loans as appearing in Annexure - 7 to this report.
 - IV. Statement of Unsecured Loans as appearing in Annexure - 8 to this report;
 - V. Details of Loans and Advances as appearing in Annexure-9 to this report.
 - VI. Statement of Debtors enclosed as Annexure - 10 to this report;
 - VII. Statement of Investments as appearing in Annexure-11 to this report;
 - VIII. Details of Contingent Liabilities as appearing in Annexure - 12 to this report;
 - IX. Accounting Ratios as appearing in Annexure - 13 to this report;
 - X. Capitalization Statement as appearing in Annexure - 14 to this report;
 - XI. Statement of Operational income as appearing in Annexure -15 to this report;
 - XIII. Statement of Other Income as appearing in Annexure - 16 to this report;

- XIV. Statement of Cost of goods sold as appearing in Annexure – 17 to this report;
 - XV. Statement of Tax Shelters as appearing in Annexure - 18 to this report;
 - XVI. Statement showing rates and amount of dividend as appearing in Annexure-19 to this report;
 - XVII. Schedule for reserves & surplus as appearing in Annexure-20 to this report;
- C. a) In our opinion the financial information of the Company as stated in Para A and B above read with Significant Accounting Policies enclosed in Annexure - 4 to this report, after making adjustments/restatements and regroupings as considered appropriate and subject to certain matters as stated in Notes to the Statements enclosed in Annexure - 5 to this report, has been prepared in accordance with Part II of Schedule II of the Act and the SEBI Guidelines.
- b) This report should not be in any way construed as a re-issuance or redrafting of any of the previous audit reports issued by us or by other auditors nor should this report be construed as a new opinion on any of the financial statements referred to herein.
- c) This report is intended solely for your information and for inclusion in the Offer Document in connection with the specific Public Offer of the Company and is not be used, referred to or distributed for any other purpose without our prior written consent.
- D. The financial information of the Company for the years ended 31st March 2003 to 2007 have been audited by S.B. Billimoria & Company, Chartered Accountants, whose reports have been considered for preparing this report. (The undersigned is a partner of both S.B. Billimoria & Co. and Deloitte Haskins & Sells).

For **Deloitte Haskins & Sells**
Chartered Accountants

M. Ramachandran
Partner
Membership No.16399

Place : Kochi
Date : 14th January, 2008

ANNEXURE- 1

STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

Assets and Liabilities of the Company at the financial years ended March 31, 2003 to 2007 and as at August 31, 2007, regrouped wherever necessary, and read with significant accounting policies, notes on accounts and the notes to adjusted accounts are set out below.

(Rupees in lakhs)

	PARTICULARS	As at August 31, 2007	AS AT THE YEAR ENDED				
			2007	2006	2005	2004	2003
A.	FIXED ASSETS:						
	Gross Block	4,943.49	4,889.47	4,437.42	3,184.75	2,825.49	2,239.66
	Less: Depreciation	(1,322.90)	(1,181.62)	(908.60)	(678.45)	(525.68)	(410.07)
	NET BLOCK	3,620.59	3,707.85	3,528.82	2,506.30	2,299.81	1,829.59
	Capital Work in Progress	525.42	299.35	188.37	27.64	95.97	93.92
	Total	4,146.01	4,007.20	3,717.19	2,533.94	2,395.78	1,923.51
B.	INVESTMENTS	-	-	660.00	560.00	370.00	260.00
C.	CURRENT ASSETS, LOANS & ADVANCES						
	Inventories	4,172.00	3,099.44	2,070.65	1,658.71	1,706.22	915.86
	Sundry debtors	3,385.90	2,714.48	1,449.75	1,212.98	951.20	1,088.51
	Cash and bank balances	1,162.54	144.44	33.05	74.05	92.58	115.06
	Loans and advances	1,825.12	1,623.20	574.61	403.00	358.35	674.52
	Total	10,545.56	7,581.56	4,128.06	3,348.74	3,108.35	2,793.95
D.	LIABILITIES & PROVISIONS						
	Secured loans	3,377.95	3,606.77	2,867.92	1,965.78	1,701.69	1,274.23
	Unsecured loans	-	-	158.93	119.27	88.37	60.10
	Current liabilities	2,630.70	2,451.79	1,515.53	1,069.44	1,127.42	609.26
	Provisions	2,409.86	1,303.05	690.09	657.92	582.64	861.99
	Deferred tax provisions (Liabilities/Assets)	404.99	409.21	378.00	316.32	278.10	231.77
	Total	8,823.50	7,770.82	5,610.47	4,128.73	3,778.22	3,037.35
E.	NETWORTH (A+B+C-D)	5,868.07	3,817.94	2,894.78	2,313.95	2,095.91	1,940.11
F.	REPRESENTED BY						
	Share capital	2,184.75	2,139.58	300.00	300.00	300.00	232.07
	Reserves and surplus	3,683.32	1,678.36	2,594.78	2,014.08	1,807.07	1,730.23
	Less : Miscellaneous expenses not written off/ adjusted	-	-	-	0.13	11.16	22.19
	NET WORTH	5,868.07	3,817.94	2,894.78	2,313.95	2,095.91	1,940.11

The accompanying Statement of Adjustments to Audited Profit and Loss Account, Adjustments to audited assets and liabilities, Significant Accounting Policies (Annexure 4) and Notes on Accounts (Annexure 5) are an integral part of this statement

ANNEXURE- 2

STATEMENT OF PROFIT AND LOSSES ACCOUNT, AS RESTATED

The Profit and Loss Statements of the Company for five financial years ended March 31 of 2003 to 2007 and for the period ended August 31,2007, read with significant accounting policies, notes on accounts and the notes to adjusted accounts are set out below.

(Rupees in lakhs)

PARTICULARS	For the period ended August 31, 2007	FOR THE YEAR ENDED MARCH 31,				
		2007	2006	2005	2004	2003
INCOME						
Sale of manufactured goods	3,402.51	5,941.83	4,526.81	3,421.06	2,870.20	2,031.95
Less: Excise duty	(457.14)	(694.56)	(549.56)	(441.23)	(380.87)	(284.50)
Net sales	2,945.37	5,247.27	3,977.25	2,979.83	2,489.33	1,747.45
Sale of traded goods	8,005.24	16,980.21	12,995.55	10,431.71	10,029.10	9,314.01
Total sales	10,950.61	22,227.48	16,972.80	13,411.54	12,518.43	11,061.46
Other income	38.65	84.17	74.05	52.91	51.30	56.79
Total	10,989.26	22,311.65	17,046.85	13,464.45	12,569.73	11,118.25
EXPENDITURE						
Cost of goods sold	7,464.37	14,441.38	11,126.06	8,879.04	8,493.40	7,388.10
Employees costs	594.06	984.75	715.00	562.93	546.49	446.26
Administrative and other expenses	468.42	796.07	567.31	478.11	453.52	393.41
Selling and distribution expenses	985.82	3,360.87	2,725.67	2,237.21	2,045.90	1,815.70
Total	9,512.67	19,583.07	15,134.04	12,157.29	11,539.31	10,043.47
PROFIT BEFORE INTEREST, DEPRECIATION AND TAX	1,476.59	2,728.58	1,912.81	1,307.16	1,030.42	1,074.78
Interest and financial charges	174.80	364.19	253.94	278.64	209.11	191.67
Depreciation	142.56	294.49	233.01	160.33	143.22	102.42
NET PROFIT BEFORE TAX	1,159.23	2,069.90	1,425.86	868.19	678.09	780.69
Taxation						
Current tax	(403.00)	(670.00)	(420.00)	(278.41)	(217.50)	(270.00)
Tax relating to years prior to 2003	-	-	-	-	(1.69)	-
Fringe benefit tax	(11.00)	(19.00)	(21.39)	-	-	-
Deferred tax	4.22	(31.21)	(61.69)	(38.21)	(46.33)	(20.72)
NET PROFIT AFTER TAX	749.45	1,349.69	922.78	551.57	412.57	489.97
Add: Exceptional item	2,277.92	491.70	-	-	-	-
Add: Depreciation of earlier years		-	-	-	-	-
NET PROFIT AFTER TAX AND	3,027.37	1,841.39	922.78	551.57	412.57	489.97

ADJUSTMENTS (A)						
Add / (Less): Impact of material adjustments for restatement in corresponding years (B)	-	-	-	(2.48)	2.71	1.67
ADJUSTED PROFIT (A + / (-) B)	3,027.37	1,841.39	922.78	549.09	415.28	491.64
Add: Opening balance of P&L A/c. brought forward	948.37	2,064.78	1,579.08	1,432.07	1,405.23	1,436.44
Deferred tax for earlier years*		-	-	-	-	(211.05)
NET PROFIT AVAILABLE FOR APPROPRIATION	3,975.74	3,906.17	2,501.86	1,981.16	1,820.51	1,717.03
Capitalisation of accumulated profits for issue of bonus shares	-	1,800.00	-	-	-	-
Transferred to General Reserve	305.00	200.00	95.00	60.00	50.00	50.00
Appropriations for dividend	873.90	840.00	300.00	300.00	300.00	232.07
Tax on dividend	148.52	117.81	42.08	42.08	38.44	29.73
BALANCE CARRIED TO SUMMARY OF ASSETS AND LIABILITIES	2,648.32	948.36	2,064.78	1,579.08	1,432.07	1,405.23

The accompanying statement of adjustments to Audited Profit and Loss Account, Significant Accounting Policies (Annexure 4) and Notes on Accounts (Annexure 5) are an integral part of this statement.

The Company adopted Accounting Standard 22, (AS 22)- Accounting for Taxes on Income issued by The Institute of Chartered Accountants of India for the first time in preparing the financial statements for the year ended March 31, 2003. Hence, deferred tax liability for earlier years amounting to Rs.211.05 lacs is adjusted against balance in the Profit & Loss account for the year ended March 31, 2003.

STATEMENT OF ADJUSTMENTS TO AUDITED PROFIT AND LOSS ACCOUNTS

(Rupees in lakhs)

Particulars	For the period ended August 31, 2007	Year ended March 31				
		2007	2006	2005	2004	2003
Profit for the year / period		1,823.93	920.48	551.57	431.32	492.89
Add / (Less) adjustment for						
a) Excess/(short) provision for income tax	-	(2.54)	2.30	(2.48)	1.04	1.67
b) Bad debts written off	-	-	-	-	2.92	(2.92)
c) Provision for doubtful capital advance	-	20	-	-	(20)	-
Adjusted profit	-	1,841.39	922.78	549.09	415.28	491.64

STATEMENT OF ADJUSTMENTS TO AUDITED ASSETS AND LIABILITIES

(Rupees in lakhs)

Particulars		For the period ended August 31, 2007	Year ended March 31				
			2007	2006	2005	2004	2003
1)	Current liabilities	-	-	6.46	(33.05)	(28.62)	(22.64)
2)	Provisions	-	2.54	(8.76)	35.52	27.58	20.97
3)	Receivables	-	-	-	(1.41)	(16.23)	(1.85)
4)	Loans and advances	-	-	-	1.41	16.23	(1.07)
5)	Capital work in progress	-	-	(20)	(20)	(20)	-

Note: Increase/(Decrease)

Treatment of various items adjusted in the re-stated Profit and Loss accounts

a) Provision for tax of earlier years and Excess/(short) provision for income tax

Excess or short provision of taxes have been adjusted in the year to which they relate.

b) Bad debts written off

Bad debts written off is adjusted in the year in which the receivables have arisen.

c) Provision for doubtful advance

This is adjusted in the year in which advance was given instead of the year in which advance was considered, doubtful.

Material regrouping in re-stated assets and liabilities

- a) Service charges receivables have been grouped under "Receivables" for the years ended March 31, 2005, 2006 and 2007 whereas the same were grouped under "Loans and Advances" for the years ended March 31, 2003 and 2004. The service charges receivable upto 2004 has now been re-grouped under receivables.
- b) Other receivables and advance to suppliers were grouped under 'Receivables' during the year ended March 31, 2005 and 2004 respectively. This has now been grouped under 'Loans and advances' in line with the grouping for the subsequent financial years.
- c) Provision for leave encashment has been grouped under 'Provisions' for the years ended March 31, 2006 and 2007 whereas the same was grouped under 'Current Liabilities' for the years ended March 31, 2003, 2004 and 2005. Provision for leave encashment upto 2005 has now been re-grouped under 'Provisions'.
- d) Provision for gratuity was grouped under Provisions during the year ended March 31, 2006. This has now been grouped under 'Current Liabilities' in line with the grouping for the subsequent financial year.

ANNEXURE - 3

CASH FLOW STATEMENT

(Rupees in Lakhs)

PARTICULARS	For the period ended August 31, 2007	FOR THE YEAR ENDED MARCH 31,				
		2007	2006	2005	2004	2003
CASH FLOW FROM OPERATING ACTIVITIES:						
Net Profit before tax and extraordinary items	1,159.23	2,069.90	1,425.86	868.19	678.09	780.69
Adjustments for :						
Depreciation	142.56	294.49	233.01	160.33	143.22	102.42
Amortization	-	-	-	10.90	10.90	10.90
Interest expenses	174.80	364.19	253.94	267.74	198.21	180.77
Amortization of preliminary expenses	-	-	0.13	0.13	0.13	0.13
Dividend income	-	(26.00)	(26.00)	-	-	-
Income from investments	-	-	-	-	(0.82)	(9.67)
Provision for doubtful advances	-	-	-	-	20.00	-
Loss/(Profit) on sale of fixed assets	0.89	2.26	(0.32)	2.40	1.27	(0.28)
Direct taxes paid	(237.17)	(668.63)	(363.92)	(295.94)	(211.51)	(250.68)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	1,240.31	2,036.21	1,522.70	1,013.75	839.49	814.28
Adjustments for :						
Trade and other receivables	(671.42)	(1,264.72)	(236.77)	(261.78)	137.31	(6.53)
Inventories	(1,072.56)	(1,028.79)	(411.94)	47.51	(790.36)	(135.72)
Trade payables	176.53	955.58	452.75	(50.12)	525.38	22.07
Loans and advances	35.24	(273.48)	(88.50)	37.61	(50.76)	(12.93)
NET CASH FROM OPERATING ACTIVITIES	(291.90)	424.80	1,238.24	786.97	661.06	681.17
CASH FLOW FROM INVESTING ACTIVITIES:						
Purchase of fixed Assets	(530.55)	(601.70)	(1,419.12)	(304.34)	(647.17)	(303.49)
Proceeds on disposal of fixed assets	3,219.06	14.96	3.18	3.45	10.41	0.29
Purchase of investments	-	-	(100.00)	(190.00)	(110.00)	-
Sale of investments	-	1,260.00	-	-	-	-
Direct taxes paid on capital gains	-	(108.30)	-	-	-	-
Dividend income		26.00	26.00	-	-	-

Income from investments	-	-	-	-	0.82	9.67
NET CASH (USED) / GENERATED FROM INVESTMENT ACTIVITIES	2,688.51	590.96	(1,489.94)	(490.89)	(745.94)	(293.53)
CASH FLOW FROM FINANCING ACTIVITIES:						
Issue of Equity share	45.17	39.57	-	-	67.93	-
Proceeds from borrowings – Secured loans	(226.52)	729.60	901.63	258.87	427.46	(134.58)
Proceeds from borrowings – Unsecured loans	-	(153.06)	49.72	29.33	20.91	(27.76)
Dividend paid	(873.90)	(1,020.00)	(420.00)	(300.00)	(232.07)	-
Dividend taxes paid	(148.52)	(143.06)	(58.92)	(38.44)	(29.73)	-
Financing charges	(174.74)	(357.42)	(261.73)	(264.37)	(192.10)	(175.56)
NET CASH (USED) / GENERATED FROM FINANCING ACTIVITIES	(1,378.51)	(904.37)	210.70	(314.61)	62.40	(337.90)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,018.10	111.39	(41.00)	(18.53)	(22.48)	49.74
Cash and Cash equivalents (Opening)	144.44	33.05	74.05	92.58	115.06	65.32
Cash and Cash equivalents (Closing)	1,162.54	144.44	33.05	74.05	92.58	115.06
Cash in hand	24.53	28.30	2.66	10.28	29.30	24.43
Balances with Bank	1,138.01	116.14	30.39	63.77	63.28	90.63
Total	1,162.54	144.44	33.05	74.05	92.58	115.06

Note: The above cash flow statement has been prepared under the "indirect Method" as set out in the Accounting Standard - 3 on cash flow statement issued by the Institute of Chartered Accountants of India.

ANNEXURE – 4

STATEMENT OF ACCOUNTING POLICIES DURING THE FINANCIAL YEAR ENDED ON MARCH 31, 2003, 2004, 2005, 2006, 2007 AND FOR THE PERIOD ENDED AUGUST 31, 2007

1. SIGNIFICANT ACCOUNTING POLICIES:

(a) Accounting convention

The financial statements are prepared under historical cost convention, on accrual basis of accounting and in accordance with the requirements of Companies Act, 1956 and Accounting Standards issued by the Institute of Chartered Accountants of India referred to in Section 211 (3C) of the Companies Act, 1956.

(b) Use of Estimates

The preparation of the financial statements in conformity with the accounting standards generally accepted in India, requires the management to make estimates that affect the reported amount of assets and liabilities, disclosure of contingent liabilities as at the date of the financial statement and reported amounts of revenues and expenses for the year. Actual results could differ from these estimates.

(c) Fixed Assets:

Fixed Assets are stated at cost less accumulated depreciation. The cost of assets comprises purchase value (net of CENVAT credit) and other attributable costs of bringing the assets to working condition for the intended use.

(d) Intangible Assets

Acquisition cost of trademark comprises of purchase cost and other expenses incurred in connection with its acquisition.

(e) Borrowings Costs:

Borrowing costs attributable to acquisition or construction of qualifying assets are capitalised as part of the cost of assets up to the date such assets are ready for its intended use. Other borrowing costs are recognized as expense in the period in which they are incurred.

(f) Depreciation/Amortisation:

- a) Depreciation on assets taken over on 1st April 1996, from the erstwhile sole proprietorship is provided on Straight Line Method based on the remaining useful life of the assets as estimated by an independent valuer. The rates of depreciation fall within the following ranges after considering the remaining useful life of assets.

Asset group	Range
Plant & Machinery	5.00% - 5.55%
Office Equipment	5.00% - 5.88%
Furniture & Fixtures	6.67%-10.00%
Vehicles	11.11%

- i) Depreciation on assets acquired by the Company after 1.4.1996 is provided for on Straight Line Method, on pro-rata basis, at the rates specified in Schedule XIV to the Companies Act, 1956, from the first day of the month in which the asset is put to commercial use. Depreciation has been provided @ 100% in respect of assets whose value does not exceed Rs.5,000/-, purchased or put to use during the year.

- iii) Value of trademark acquired is amortised over a period of ten years.

(g) Investments:

Long term investments in unquoted equity shares are stated at cost net of permanent diminution in their value.

(h) Inventories:

- i) Finished goods are valued at lower of cost including excise duty payable at the time of removal of goods wherever applicable and net realizable value. Cost is computed under weighted average method and includes attributable direct costs and production overheads.
- ii) Work-in-progress is valued at lower of cost and net realizable value. Cost includes attributable direct costs and production overheads incurred up to the respective stage of completion.
- iii) Other items of inventory are valued at lower of cost and net realizable value. Cost is computed under weighted average method.

(i) Excise duty:

Excise duty is accounted as and when finished goods are removed from the factory godown. Provision is made for excise duty payable on stock of finished goods awaiting despatch at the year-end.

(j) Retirement Benefits:

The Company's contribution to defined contribution schemes such as provident and family pension funds are charged to Profit and Loss Account of the period in which they are incurred.

The Company also provides gratuity benefit to its employees, which is in the nature of defined benefit scheme. The liability for gratuity is funded with Life Insurance Corporation of India and the annual contributions are charged to Profit and Loss Account. At each balance sheet date, the Company obtains an actuarial valuation from the said Corporation and the shortfall, if any, in the fund balance on that date is also charged to Profit and Loss Account. During the period ended August 31,2007, Company has provided gratuity liability based on valuation by an independent actuary as per revised AS-15.

Leave encashment liability, as at the balance sheet date, is determined and accounted on the basis of leave to the credit of the employees as per the leave encashment policy of the Company. During the period ended August 31,2007 Company has provided leave encashment liability based on valuation by an independent actuary as per revised AS-15.

(k) Research & Development:

Expenditure on research and development is charged to profit and loss account. Assets acquired for research and development are capitalised and depreciated in the same manner as other assets.

(l) Revenue Recognition:

- i) Revenue from sales is recognised when the title to goods is transferred to the buyers.
- ii) Dividend income is accounted for when right to receive dividend is established.

(m) Foreign Exchange Transactions:

Foreign exchange transactions are recorded at the rate of exchange prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currency are translated at year-end rates. Exchange loss/gain, if any, is charged / credited to the profit & loss account.

(n) Preliminary Expenses:

Preliminary expenses are amortised over a period of 10 years from the date of commencement of commercial activities in 1996-97.

(o) Unamortised Financial Charges:

The prepayment premium paid on foreclosure of term loan from Industrial Development Bank of India is amortised over a period of 5 years from 2000-2001. The unamortized balance is carried under 'Miscellaneous expenditure to the extent not written off / adjusted'.

(p) Taxes on Income:

Current tax is determined as the amount of tax payable in respect of taxable income for the period under the provisions of the Income Tax Act, 1961.

Deferred tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are recognised and carried forward only to the extent there is reasonable certainty that sufficient future taxable income will be available against which such asset items can be realized.

ANNEXURE – 5

NOTES TO STATEMENT OF ASSETS & LIABILITIES AND PROFIT & LOSS ACCOUNT

1. **Authorised and Paid –up capital**

As on date of signing accounts, for the period ended August 31, 2007, the Company has an Authorised Capital of Rs.3,000 lakhs (divided into 300 lakh Equity Shares of Rs.10 each) and Paid-up Capital of Rs.2,184.75 lakhs (divided into 218.48 lakh Equity Shares of Rs.10 each, fully paid-up) out of which capital of Rs.1,800 lakhs (180 lakh Equity Shares of Rs.10 each) were issued as fully paid-up bonus shares by capitalization of distributable profit.

2. **Change in Status and Name**

On August 1, 2007, the Company changed its status from 'Private Limited' to 'Public Limited' by duly complying with the provisions of Section 31 of the Companies Act, 1956 and the Registrar of Companies has issued fresh certificate of incorporation on August 1, 2007 to this effect. Presently, the name of the Company is "V-Guard Industries Ltd."

3. **Security details for loans:**

b) Term loan of Rs.700/- lakhs from Dhanalakshmi Bank Ltd.

Secured by equitable mortgage by deposit of title deeds of 8.50 acres of land situated at K.G. Chavadi, Ettimadai Village, Coimbatore and 19 cents and 6 sq.ft. of land situated at 241A, Mettupalayam Road, Coimbatore and hypothecation by way of first charge on plant, machinery, tools, accessories, equipments, furniture and fixtures, present and future, of the company at its cable division at K.G. Chavadi, Coimbatore. The above loan is further secured by personal guarantees of Sri. Kochouseph Chittilappilly, Managing Director and Smt. Sheela Kochouseph, then Director of the Company, resigned on August 16, 2007. During the period April 07 to August 07, the loan was repaid and charge relating to the loan has been cancelled.

c) Term loan of Rs.370/- lakhs from Dhanalakshmi Bank Ltd.

Secured by hypothecation by way of first charge on the plant and machinery, tools and accessories in respect of specific assets financed by the bank, namely (a) 2 x 230 KW Wind Mills situated at Dharapuram Taluk, Erode, Tamil Nadu, (b) Machinery and equipment in respect of Solar Water Heater Unit at K.G Chavadi, Coimbatore and (c) Office cum godown building at Mansoorabad Village, Renga Reddy District, Andhra Pradesh and Equitable Mortgage of 4 acres of land relating to the Wind Mills, at Erode, Tamil Nadu and 2091.5 sq. mtrs of land at Mansoorabad Village in Andhra Pradesh. The loans are further secured by personal guarantees of Shri. Kochouseph Chittilappilly, Managing Director and Smt. Sheela Kochouseph, then Director of the company, resigned on August 16, 2007.

d) Term loan of Rs.100/- lakhs from Dhanalakshmi Bank Ltd.

Secured by equitable mortgage of 106.424 cents of land at Edappally South Village, Kanayannur Taluk, Vennala Desam, together with godown with an area of 1578.40 sq mtr. The loan is further secured by personal guarantees of Sri. Kochouseph Chittilappilly, Managing Director and Smt. Sheela Kochouseph, then Director of the company, resigned on August 16, 2007.

e) Term loan of Rs.1000/- lakhs from The State Bank of India

Secured by (a) charge over the registered Trade Mark "V-GUARD" and (b) exclusive charge over the fixed assets, land and building, namely (i) Plant and Machinery in the trading division having establishments at Ernakulam, Bangalore, Coimbatore and Hyderabad, (ii) Factory building and plant and machinery at Solar Water Heater Division, (iii) 47.737 cents of land at Sastha Temple Road, Kaloor, 113.293 cents of land at

High School Road, Vennala, 152.206 cents of land at Bye Pass Road, Vennala (Subsequently released by the Bank on July 3, 2007 before sale of this property), 1306 cents of land at K.G Chavadi, Coimbatore, 12.52 cents of land at Mettupalayam Road, Coimbatore. The loan is further secured by personal guarantees of Sri. Kochouseph Chittilappilly, Managing Director and Smt. Sheela Kochouseph, then Director of the company, resigned on August 16, 2007.

f) Term Loan of Rs.800/- lakhs from The State Bank of India

Secured by (a) charge over the assets acquired / constructed out of bank finance and extension of equitable mortgage over 47.737 cents of land at Sastha Temple Road, Kaloor, 113.293 cents of land at High School Road, Vennala, 152.206 cents of land at Bye Pass Road, Vennala (Subsequently released by the Bank on July 3, 2007 before sale of this property), 1306 cents of land at K.G Chavadi, Coimbatore, 12.52 cents of land at Mettupalayam Road, Coimbatore. The loan is further secured by personal guarantees of Sri. Kochouseph Chittilappilly, Managing Director and Smt. Sheela Kochouseph, then Director of the company, resigned on August 16, 2007.

g) Term loan from ICICI bank Limited

Secured by Equitable Mortgage by deposit of Title Deeds of the immovable properties of the Company situated at K G Chavadi, Ettimadai village, Coimbatore, 241 A Mettupalayam Road, Coimbatore, Elamkulam and Edappilly South villages in Ernakulam and a First Charge on all the movable properties of the Company including Company's movable plant and machinery, spares, tools and accessories both present and future subject to prior changes, if, any, created in favour of the Company's bankers on the Company's stocks of raw materials, semifinished and finished goods, consumables and stores, book debts and other movables for working capital loan availed by the Company. The above loan is further secured by personal guarantees of Shri. Kochouseph Chittilappilly, Managing Director and Smt. Sheela Kochouseph, then Director of the Company. During the year 2004-05, the loan was repaid and charge relating to the same has been cancelled.

h) Medium term loan from Lakshmi General Finance Limited, ICICI Bank Limited and Sundaram Finance Limited are secured by hypothecation of vehicles financed by the respective lenders.

4. Working capital loan from State Bank of India, Dhanalakshmi Bank Ltd., Citi Bank NA and Standard Chartered Bank PLC.

Secured by hypothecation by way of first charge on all current assets of the company present and future including stock of goods, book debts and all other movable assets including document of title to goods, third charge on fixed assets of the company, on *pari-passu basis*. The loan is further secured by personal guarantees of Shri. Kochouseph Chittilappilly, Managing Director and Smt. Sheela Kochouseph, then Director of the company, resigned on August 16, 2007.

i) Company has availed bill-discounting facilities of Rs.500 lakhs from Small Industries Development Bank of India (SIDBI), Rs.500 lakhs from State Bank of India and Rs.500 lakhs from Standard Chartered Bank for discounting of suppliers bills. The limit with SIDBI is secured by a second charge by way of hypothecation of all the movable assets including movable plant, machinery, spares, tools, accessories, equipments, computers etc., both present and future and also by personal guarantee of Shri. Kochouseph Chittilappilly, Managing Director of the Company. The limits with State bank of India and Standard Chartered Bank are secured by way of extension of securities provided for working capital loan.

5. **Investments**

Long Term Investments represent, investments in Equity shares of Veega Holidays & Parks Private Limited Rs.260 lakhs and in Wonderla Holidays Private Limited for Rs. 400 lakhs, being Companies under the same management. During the year 2006-2007, the Company has sold the whole of the above investments for Rs.780/- lakhs and Rs.480/- lakhs respectively, after approval from shareholders. The profit on sale (net of tax) is disclosed as an exceptional item on the face of Profit and Loss account.

6. **Current Assets, Loans & Advances and Current Liabilities:**

- a) In the opinion of the Board, the Current Assets, Loans & Advances are approximately of the value stated and are realizable in the ordinary course of business. The Provision for all known liabilities is adequate.
- b) Balances of sundry debtors, sundry creditors, and loans and advances are subject to confirmation and reconciliation. Consequential adjustment thereof, if any, will be given effect into the books of accounts in the year of such adjustment.

7. a) Contingent liabilities not provided for:-

(Rupees in lakhs)

Particulars	As at August 31,2007	As at March 31,2007	As at March 31,2006	As at March 31,2005	As at March 31,2004	As at March 31,2003
Pending sales tax matters	164.99	167.63	167.63	163.46	240.87	238.33
Entry tax on goods to local area.	5.45	5.45	5.45	-	-	-
Electricity tax under dispute	-	-	1.86	-	-	-
Open letters of credit for import purchase	10.24	7.79	-	-	-	-

- b) Corporate guarantee given in favour of banks for loans advanced to Wonderla Holidays Private Limited, a company in which three of the directors are interested:

(Rupees in lakhs)

Particulars	As at August 31,2007	As at March 31,2007	As at March 31,2006	As at March 31,2005	As at March 31,2004	As at March 31,2003
Cumulative value of guarantee	-	5,100	4,500	3,800	-	-

8. **Contracts remaining to be executed and not provided for:**

(Rupees in lakhs)

Particulars	As at August 31,2007	As at March 31,2007	As at March 31,2006	As at March 31,2005	As at March 31,2004	As at March 31,2003
Estimated amount of contracts remaining to be executed on capital amount and not provided for (net of advances)	1,786.91	1,120.07	42.70	176.00	172.00	33.56

9. **Quantitative Particulars**

- Particulars in respect of opening stock, closing stock and turnover of manufactured goods:

Particulars	Units	Opening Stock		Net Turnover		Closing Stock	
		Qty.	Value (Rs. In lakhs)	Qty.	Value (Rs.in lakhs)	Qty.	Value (Rs.in lakhs)
April 2007-August 2007							

Particulars	Units	Opening Stock		Net Turnover		Closing Stock	
		Qty.	Value (Rs. In lakhs)	Qty.	Value (Rs.in lakhs)	Qty.	Value (Rs.in lakhs)
a) PVC Insulated Cables	K.mts	6,623	386.80	35058	2,376.67	9474	631.87
b) Solar Water Heater	Nos.	646	83.95	1905	395.74	1130	135.90
c) Pumps	Nos.	2,314	109.45	2617	154.71	3182	180.89
d) Others*	-	-	-		18.25		
			580.20		2945.37		948.66
2006-07							
a) PVC Insulated Cables	K.mts	6,678	349.71	58,332	3,939.47	6,623	386.80
b) Solar Water Heater	Nos.	221	28.44	4,533	943.37	646	83.95
c) Pumps	Nos.	1,711	65.97	4,947	293.12	2,314	109.45
d) Others*		-	-	-	71.31	-	-
Total			444.12		5,247.27		580.20
2005-2006							
a) PVC Insulated Cables	K.mts	7,772	341.26	69,547	3,131.70	6,678	349.71
b) Solar Water Heater	Nos.	61	9.15	3,417	540.05	221	28.44
c) Pumps	Nos.	1,068	45.09	4,738	240.24	1,711	65.97
d) Other Items*		-	-	-	65.26	-	-
Total			395.50		3,977.25		444.12
2004-2005							
a) PVC Insulated Cables	K.mts	6,954	238.62	65,918	2,515.04	7,772	341.26
b) Solar Water Heater	Nos.	102	13.45	1,330	242.76	61	9.15
c) Pumps	Nos.	615	20.29	2,919	161.01	1,068	45.09
d) Other Items*		-	-	-	61.02	-	-
Total			272.36		2,979.83		395.50
2003-04							
a) PVC Insulated Cables	K.mts	6,896	197.72	71,747	2,167.91	6,954	238.62
b) Solar Water Heater	Nos.	-	-	1,064	168.61	102	13.45
c) Pumps	Nos.	-	-	1,104	49.12	615	20.29
d) Other Items*		-	-	-	103.69	-	-
Total			197.72		2,489.33		272.36
2002-03							
a) PVC Insulated Cables	K.mts	5,849	180.14	61,145	1,680.18	6,896	197.72
b) Solar Water Heater	Nos.	-	-	-	-	-	-
c) Pumps	Nos.	-	-	-	-	-	-
d) Other Items*		-	-	-	67.27	-	-
Total			180.14		1,747.45		197.72

- Quantitative particulars in respect of opening, closing stocks and turnover of 'Other items' could not be furnished on account of diverse nature of such goods.
- Particulars in respect of opening stock, purchases and closing stock of traded goods.**

Period ended August 31, 2007

Particulars	Stabilisers		Pumps		Other Items*	
	Qty (Nos)	Value (Rs. In lakhs)	Qty (Nos)	Value (Rs. In lakhs)	Qty (Nos)	Value (Rs. In lakhs)
Opening Stock	144,453	889.05	11,465	322.21	-	585.13
Purchases	515,657	2,842.25	75,638	1,681.99	-	1,507.81
Net Sales	469,878	4,172.14	54,306	1,682.03	-	2,151.07
Closing Stock	190,232	1,240.80	32,797	914.67	-	457.30

Financial Year 2006 – 2007

Particulars	Stabilisers		Pumps		Other Items*	
	Qty (Nos)	Value (Rs. In lakhs)	Qty (Nos)	Value (Rs. In lakhs)	Qty (Nos)	Value (Rs. In lakhs)
Opening Stock	76,688	402.75	14,867	360.07	--	371.14
Purchases	1,139,992	6,246.89	121,797	2,762.79	--	2,478.83
Net Sales	1,072,227	9,508.65	125,199	4,043.46	--	3,428.10
Closing Stock	144,453	889.05	11,465	322.21	--	585.13

Financial Year 2005 – 2006

Particulars	Stabilisers		Pumps		Other Items*	
	Qty (Nos)	Value(Rs in lakhs)	Qty (Nos)	Value (Rs in lakhs)	Qty (Nos)	Value (Rs in lakhs)
Opening Stock	81,039	413.57	13,205	326.27	--	199.68
Purchases	943,545	4,664.54	105,167	2,206.97	--	1,469.43
Net Sales	947,896	7,742.39	103,505	3,189.95	--	2,063.21
Closing Stock	76,688	402.75	14,867	360.07	--	371.14

Financial Year 2004 – 2005

Particulars	Stabilisers		Pumps		Other Items*	
	Qty (Nos)	Value (Rs in lakhs)	Qty (Nos)	Value (Rs in lakhs)	Qty (Nos)	Value (Rs in lakhs)
Opening Stock	57,752	319.65	9,803	222.45	-	194.31

Purchases	797,193	3,777.13	91,722	1,955.21	-	997.71
Net Sales	773,906	6,239.74	88,320	2,736.13	-	1,455.84
Closing Stock	81,039	413.57	13,205	326.27	-	199.68

Financial Year 2003 – 2004

Particulars	Stabilisers		Pumps		Other Items*	
	Qty (Nos)	Value (Rs in lakhs)	Qty (Nos)	Value (Rs in lakhs)	Qty (Nos)	Value (Rs in lakhs)
Opening Stock	36,392	214.18	9,926	210.64	-	128.76
Purchases	788,138	3,743.52	85,561	1,865.70	-	961.87
Net Sales	766,778	6,139.36	85,684	2,604.30	-	1,285.44
Closing Stock	57,752	319.65	9,803	222.45	-	194.31

Financial Year 2002 – 2003

Particulars	Stabilisers		Pumps		Other Items*	
	Qty (Nos)	Value (Rs in lakhs)	Qty (Nos)	Value (Rs in lakhs)	Qty (Nos)	Value (Rs in lakhs)
Opening Stock	39,619	195.98	5,240	118.71	-	145.66
Purchases	777,233	3,621.01	73,928	1,493.94	-	909.28
Net Sales	780,460	6,086.10	69,242	1,998.15	-	1,229.76
Closing Stock	36,392	214.18	9,926	210.64	-	128.76

* Quantitative particulars in respect of stocks, purchases and sales of 'Other items' could not be furnished on account of diverse nature of such goods.

10. Raw Material Consumption

(A)

For the Years/period	Copper		PVC		Others*		Total
	Qty (Kgs.)	Value (Rs. In Lakhs)	Qty (Kgs.)	Value (Rs. In Lakhs)	Qty (Kgs.)	Value (Rs. In Lakhs)	Value (Rs in Lakhs)
April 07- August 07	517,599	1,785.89	384,517	191.89	-	364.57	2,342.35
2006-2007	752,196	2,459.74	547,654	264.63	-	662.97	3,387.34
2005-2006	903,470	1,888.94	626,069	295.07	-	442.46	2,626.47
2004-2005	907,679	1,596.73	598,223	300.06	-	273.92	2,170.71
2003-2004	1,006,764	1,315.89	673,239	316.89	-	297.02	1,929.80
2002-2003	800,296	888.39	503,223	235.48	-	61.85	1,185.72

* Quantitative particulars in respect of 'Other' raw material consumed could not be furnished on account of diverse nature of such goods.

(B)

For the Years	Imported		Indigenous		Total
	Value (Rs. In Lakhs)	%	Value (Rs. In Lakhs)	%	Value (Rs. In lakhs)
April 07-August 07	43.45	2	2,298.90	98	2,342.35
2006-2007	116.31	3	3,271.03	97	3,387.34
2005-2006	64.63	2	2,561.84	98	2,626.47
2004-2005	5.84	0.3	2,164.87	99.73	2170.71
2003-2004	-	-	-	-	-
2002-2003	-	-	-	-	-

11. **Remuneration paid to Directors**

Salaries and Allowances include the following remuneration paid to Directors including Managing Director)
(Rupees in lakhs)

For the Years	Managing Director		Directors	
	Salary	Perquisites *	Salary	Perquisites *
April 07 –August 07	22.95	0.08	4.34	1.83
2006-2007	54.00	0.52	6.73	2.79
2005-2006	42.00	1.00	5.13	0.25
2004-2005	42.00	1.15	10.11	0.28
2003-2004	42.00	0.81	5.09	0.21
2002-2003	42.00	0.91	4.36	0.15

*Perquisites have been valued in accordance with the Income Tax Rules, 1962.

12. **Salary and Allowances paid to R&D Staff**

The salary and allowances of R&D staff included under R&D expenses for the various years is as follows:

For the Years	Amount (Rs in lakhs)
April 07 – August 07	26.51
2006-2007	50.93
2005-2006	32.03
2004-2005	23.65
2003-2004	22.63
2002-2003	20.54

13. **Audit fee paid to Statutory Auditors**

Legal and professional charges include the following amounts relating to statutory auditors:

(Rupees in lakhs)

Particulars	April 07- August 07	2006-07	2005-06	2004-05	2003-04	2002-03
a) Audit fees	-	6.00	3.20	2.80	2.80	2.80
b) Tax audit fee	-	1.50	0.90	0.90	0.90	0.50
c) Sales tax audit fee	-	-	-	-	0.75	-
d) Reimbursement of out of pocket expenses	0.23	0.36	0.60	0.78	0.44	0.68
e) Other services	-	0.55	0.10	-	-	0.18
f) Service tax	-	1.02	0.51	0.39	0.35	0.26
Total	0.23	9.43	5.31	4.87	5.24	4.42

14. **Details of production:**

Particulars in respect of Licensed / Installed capacity (as certified by management and relied upon by auditors) and actual production:

PVC Insulated cables:

Particulars	August 2007	2006-07	2005-06	2004-05	2003-04	2002-03
	Qty (Mts.)	Qty (Mts.)	Qty (Mts.)	Qty (Mts.)	Qty (Mts.)	Qty (Mts.)
Licensed installed capacity	62,070,000	148,968,000	148,968,000	148,968,000	148,968,000	135,000,000
Actual production (in 1 and 1.5 sq mm dia.)	47,036,542	70,177,384	84,578,464	83,781,618	92,015,596	75,802,349

Note: As the cables are of different sizes, total production has been restated to a uniform unit of measurement.

Solar water heaters:

Particulars	April 07- August 07	2006-07	2005-06	2004-05	2003-04	2002-03
	Qty (Nos.)	Qty (Nos.)	Qty (Nos.)	Qty (Nos.)	Qty (Nos.)	Qty (Nos.)
Installed capacity	3,217	7,720	5,150	5,150	3,220	-
Actual production	2,386	4,959	3,599	1,291	1,166	-

Printed Circuit Boards

Particulars	April 07- August 07	2006-07	2005-06	2004-05	2003-04	2002-03
	Qty (Nos.)	Qty (Nos.)	Qty (Nos.)	Qty (Nos.)	Qty (Nos.)	Qty (Nos.)
Installed capacity	62,500	150,000	150,000	150,000	150,000	150,000
Actual production	-	597	439	5,919	14,765	8,562

15. **CIF Value of Imports:**

(Rupees in lakhs)

Particulars	April 07- August 07	2006-07	2005-06	2004-05	2003-04	2002-03
Raw materials and components	27.82	131.56	59.54	10.97	1.54	0.05
Capital goods	-	2.21	25.23	-	-	3.03
R & D expenses	-	0.22	-	-	-	-
Finished goods	-	-	18.81	-	-	-
Total	27.82	133.99	103.58	10.97	1.54	3.08

16. **Expenditure in Foreign Currency:**

(Rupees in lakhs)

Particulars	April 07- August 07	2006-07	2005-06	2004-05	2003-04	2002-03
Travelling expenses	1.82	0.23	0.44	6.05	-	1.07
Air freight on samples	-	-	-	-	0.13	-
Foreign branch expenses	-	-	-	-	-	7.36
Total	1.82	0.23	0.44	6.05	0.13	8.43

17. **Earnings in Foreign Currency:**

(Rupees in lakhs)

Particulars	April 07- August 07	2006-07	2005-06	2004-05	2003-04	2002-03
F.O.B value of exports	-	3.62	5.30	2.18	-	9.63

18. **Disclosures relating to SSI & SME**

The names of small scale industrial (SSI) undertakings whose balances are outstanding for more than 30 days for each of the years are as follows:

As at	Name of the SSI
31.08.2007	Jayaram Engineering Tools, S Martin, Associate Poly Printers, Nirmal Industries, Sri Ragavendra Control Systems, Tusker Paper Boxes(P) Ltd, Aristo Metal Industries, Sigma Trading Corporation, Solid State Systems Private Ltd, Parameswari Enterprises, M M Containers (P) Ltd, Electromark Devices, India Fabs, Innova Printing & Packaging, J Series Potentiometer, S V Rubber Industries, Sharp Liqtech, Sri SLV Enterprises, Swarna Electricals, The Rivera Pumps India (P) Ltd.
31.03.2007	Calyx International
31.03.2006	House of Cartons India (P) Ltd., Zion Plastics, Parackal Wood Packers, Rashmi Industries, SV Rubber Industries, Swarna Electricals, Swastik Fastners, JJ Powder Coating.
31.03.2005	Santha Engineering Products, Karthikeyan Industries, Hindustan Foundary, En El Engineering Works, Ganapathy Engineering Works, Poly Craft, Kavitha Agencies, Swarna Electricals, Covai Air Products, Sree Vinayaka, Midas India, Indian Diamond Wire Die Industry, Premier Equipments.
31.03.2004	Carton World
31.03.2003	Yash Industries

The disclosure relating to small scale industrial undertakings is based on information compiled by the management on enquiries made with the creditors.

The Company has not received any intimation from its vendors regarding their status under Micro, Small & Medium Enterprises Development Act, 2006 and hence disclosures, if any, required under the said Act have been made, only to the extent available.

19. **Details of interest on unsecured loan paid to Managing Director**

For the Years	Amount (Rs in lakhs)
April 07 - August 07	-
2006 – 2007	4.60
2005 – 2006	3.36
2004 – 2005	4.37
2003 – 2004	6.11
2002 – 2003	-

20. **Note on Cash Flow Statement**

- The Cash Flow Statement has been prepared under the indirect method as set out in the Accounting Standard – 3 on “Cash Flow Statements” issued by the Institute of Chartered Accountants of India.
- Fixed deposits included in cash and cash equivalents, which have been given as security against guarantees and Letter of credit issued by State Bank of India and Dhanalakshmi Bank Ltd., and not available for use by the company are as follows:

As at	Amount (Rs in lakhs)
August 31,2007	16.73
March 31,2007	14.56
March 31,2006	6.18
March 31,2005	13.01
March 31,2004	12.44
March 31,2003	11.89

21. Interest on Borrowed Funds Capitalised

The details of interest on borrowed funds for construction of building which have been capitalized are as follows:

For the Years/period	Amount (Rs in lakhs)
April 07 to August 07	14.11
2006-2007	-
2005-2006	1.37
2004-2005	2.51
2003-2004	-
2002-2003	-

22. Segmental Information

- Business segments have been identified in line with Accounting Standards on Segment Reporting (AS-17) taking into account the organization structure, outsourcing and in-house manufacturing of the products.
- The Company has considered business segment as the primary segment for the purpose of disclosure.
- Types of products in each Business Segment:

Business Segment	Types of Products
Trading	Voltage Stabilizers, Pumps, Water Heaters, UPS, Motor starters, Water purifiers, Water level controllers etc.
Manufacturing	XII. PVC Insulated cables. XIII. Others – Pumps, Solar water heaters, Printed circuit boards, Windmill energy.

- The Segment revenues, results, assets and liabilities include the respective amounts identifiable to each of the segment and amounts allocated on a reasonable basis.

Period Ended August 31, 2007

(Rupees in Lakhs)

	Trading	Manufacturing- PVC insulated cables	Others	Consolidated
REVENUE:				
External sales	8,006.06	2,390.94	553.61	10,950.61
Inter segment sales	-	-	-	-
Total Revenue	8,006.06	2,390.94	553.61	10,950.61
RESULT:				
Segment result	1,033.98	226.11	77.02	1,337.11
Other income	19.95	1.00	1.27	22.22

	Trading	Manufacturing- PVC insulated cables	Others	Consolidated
Unallocated corporate income	-	-	-	0.60
Unallocated corporate expenses	-	-	-	41.73
Operating Profit	1,053.93	227.11	78.29	1,318.20
Financial expenses				174.80
Interest income				15.83
Provision for taxes				409.78
Profit after tax before exceptional item				749.45
Profit on sale of land(net of tax)				2,277.92
Net Profit				3,027.37
OTHER INFORMATION:				
Segment assets	4,992.95	2,849.19	1,098.03	8,940.17
Unallocated corporate assets				5,751.40
Total assets	4,992.95	2,849.19	1,098.03	14,691.57
Segment liabilities	742.98	328.59	173.86	1,245.43
Unallocated corporate liabilities				7,173.08
Total liabilities	742.98	328.59	173.86	8,418.51
Capital expenditure	335.47	126.80	68.28	530.55
Depreciation	35.08	49.14	16.61	100.83
Unallocated Depreciation	-	-	-	41.73
Non cash expenses other than depreciation	-	-	-	-

Financial Year 2006-2007 & 2005-2006

(Rupees in Lakhs)

	Trading		Manufacturing				Consolidated	
			PVC Insulated Cables		Others			
	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06
REVENUE:								
External sales	16,980.21	12,995.55	3,996.90	3,131.70	1,250.37	845.55	22,227.48	16,972.80
Inter segment sales	-	-	-	-	-	-	-	-
Total revenue	16,980.21	12,995.55	3,996.90	3,131.70	1,250.37	845.55	22,227.48	16,972.80
RESULT:								
Segment result	1,969.04	1,310.24	334.76	247.36	146.27	132.31	2,450.07	1,689.91
Other income	32.93	32.24	2.05	1.87	7.80	6.59	42.78	40.70
Unallocated corporate income	-	-	-	-	-	-	10.40	3.56
Unallocated corporate expenses	-	-	-	-	-	-	100.15	84.16
Operating profit	2,001.97	1,342.48	336.81	249.23	154.07	138.90	2,403.10	1,650.01

	Trading		Manufacturing				Consolidated	
			PVC Insulated Cables		Others			
	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06
Financial expenses	-	-	-	-	-	-	364.19	253.94
Interest income	-	-	-	-	-	-	4.99	3.79
Dividend income	-	-	-	-	-	-	26.00	26.00
Provision for taxes	-	-	-	-	-	-	720.21	503.08
Profit from ordinary activities	2,001.97	1,342.48	336.81	249.23	154.07	138.90	1,349.69	922.78
Exceptional Item – Profit on sale of long term investments (net of tax)	-	-	-	-	-	-	491.70	-
Net Profit	2,001.97	1,342.48	336.81	249.23	154.07	138.90	1,841.39	922.78
OTHER INFORMATION:								
Segment assets	3,731.74	4,939.58	2,638.93	1,926.96	926.48	605.16	7,297.15	7,471.69
Unallocated corporate assets	-	-	-	-	-	-	4,183.33	1,033.56
Total assets	3,731.74	4,939.58	2,638.93	1,926.96	926.48	605.15	11,480.48	8,505.25
Segment liabilities	493.44	3,264.10	489.86	133.30	191.22	196.58	1,174.52	3,593.98
Unallocated corporate liabilities	-	-	-	-	-	-	6,078.81	1,638.49
Total liabilities	493.44	3,264.10	489.86	133.30	191.22	196.58	7,253.33	5,232.47
Capital expenditure	395.32	1,362.39	57.91	20.02	128.49	36.73	581.72	1,419.14
Depreciation	68.84	46.04	88.35	112.86	37.15	7.36	194.35	166.25
Unallocated depreciation	-	-	-	-	-	-	100.14	66.76
Non-cash expenses other than depreciation	-	-	-	-	-	-	-	0.13

Financial Year 2004-2005 & 2003-2004

(Rupees in Lakhs)

	Trading		Manufacturing				Consolidated	
			PVC Insulated Cables		Others			
	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04
REVENUE:								
External sales	10,431.71	10,029.10	2,515.04	2,167.91	464.79	321.42	13,411.54	12,518.43
Inter segment sales	-	-	-	-	-	-	-	-
Total revenue	10,431.71	10,029.10	2,515.04	2,167.91	464.79	321.42	13,411.54	12,518.43
RESULT:								
Segment result	994.47	895.26	126.38	16.13	52.28	-0.84	1,173.13	910.55
Other income	29.15	25.65	1.23	1.72	-	0.48	30.38	27.85
Unallocated corporate income	-	-	-	-	-	-	11.17	13.40
Unallocated corporate expenses	-	-	-	-	-	-	79.21	74.65
Operating profit	1,023.62	920.91	127.61	17.85	52.28	-0.36	1,135.47	877.15
Financial expenses	-	-	-	-	-	-	278.64	209.11
Interest income	-	-	-	-	-	-	11.36	9.23
Dividend income	-	-	-	-	-	-	-	0.82
Provision for taxes	-	-	-	-	-	-	319.10	262.81
Net Profit	1,023.62	920.91	127.61	17.85	52.28	-0.36	549.09	415.28
OTHER INFORMATION:								
Segment assets	3,209.59	2,645.45	1,852.18	2,390.70	530.04	271.91	5,591.81	5,308.06
Unallocated corporate assets	-	-	-	-	-	-	851.00	577.23
Total assets	3,209.59	2,645.45	1,852.18	2,390.70	530.04	271.91	6,442.81	5,885.29
Segment liabilities	1,985.54	1,781.14	293.11	1,049.44	213.86	27.15	2,492.51	2,857.73
Unallocated corporate liabilities	-	-	-	-	-	-	1,319.90	642.39
Total liabilities	1,985.54	1,781.14	293.11	1,049.44	213.86	27.15	3,812.41	3,500.12
Capital expenditure	242.22	267.11	35.91	387.51	26.22	86.47	304.35	741.09
Unallocated capital expenditure	-	-	-	-	-	-	-	-

	Trading		Manufacturing				Consolidated	
			PVC Insulated Cables		Others			
	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04
Depreciation	42.16	50.68	112.02	86.17	6.16	6.36	160.33	143.22
Non-cash expenses other than depreciation	-	-	-	-	-	-	11.03	11.03

Financial Year 2002-2003

(Rupees in Lakhs)

		Manufacturing		
		PVC Insulated Cables	Others	
REVENUE:				
External sales	9,314.01	1,680.18	67.27	11,061.46
Inter segment sales	-	-	-	-
Total revenue	9,314.01	1,680.18	67.27	11,061.46
RESULT:				
Segment result	889.72	69.28	5.14	964.14
Other income	23.13	0.45	-	23.58
Unallocated corporate income	-	-	-	12.29
Unallocated corporate expenses	-	-	-	48.57
Operating profit	912.85	69.73	5.14	951.44
Financial expenses	-	-	-	191.67
Interest income	-	-	-	11.25
Dividend income	-	-	-	9.67
Provision for taxes	-	-	-	289.05
Net profit	912.85	69.73	5.14	491.64
OTHER INFORMATION:				
Segment assets	2,350.61	1,796.48	18.28	4165.37
Unallocated corporate assets				834.28
Total assets	2,350.61	1,796.48	18.28	4,999.65
Segment liabilities	1296.70	609.43	-	1906.13
Unallocated corporate liabilities	-	-	-	899.45
Total liabilities	1,296.70	609.43	-	2,805.58
Capital expenditure	219.04	84.46	-	303.50
Depreciation	48.79	53.63	-	102.42
Non cash expenses other than depreciation	-	-	-	11.03

The Company's operations are mainly in India. Accordingly separate secondary segment information is not applicable.

23. **Earnings Per Share**

Particulars	31 st August 2007	31 st March 2007	31 st March 2006	31 st March 2005	31 st March 2004	31 st March 2003
(A) Weighted average number of equity shares of Rs.10/- each						
Number of shares at the beginning of the year (In lakhs)	213.96	210.00	210.00	210.00	203.21	203.21
Number of shares at the end of the year/period (In	218.47	213.96	210.00	210.00	210.00	203.21
Weighted average number of Equity Shares outstanding during the year (In lakhs)	217.81	210.04	210.00	210.00	203.23	203.21
(B) Net Profit after tax adjustments attributable to equity shareholders (Rs.in Lakhs)	3,027.37	1,841.39	922.78	549.09	415.28	491.64
Basic/ Diluted earnings per share of Rs.10/- each (B/A) (in Rs.)	13.90	8.77	4.39	2.61	2.04	2.42

Note:

- Effect of 180 lakhs shares, issued as fully paid bonus shares on September 9, 2006, is given for calculation of EPS on all reported years. Number of shares outstanding as on March 31, 2004 includes 6.79 lakhs equity shares issued on 31.03.2004.
- Earnings per share for the year 2006-07 and period ended August 31,2007 include profit of exceptional nature on sale of investments of Rs.491.70 lakhs (net of tax) or Rs.2.34 per share and on sale of land of Rs.2,272.92 lakhs(net of tax) or Rs.10.44 per share respectively.
- Earnings per share has been computed as per Accounting Standard 20 issued by The Institute of Chartered Accountants of India.

24. **Taxes on Income:**

In Terms of Accounting Standard on “Accounting for Taxes on Income” (AS 22) the company has recognised net Deferred Tax Liabilities/Assets as on 31st March, 2003, 31st March, 2004, 31st March, 2005, 31st March, 2006 ,31st March 2007 and 31st August 2007 are as follows:

(Rupees in Lakhs)

Deferred Tax Liability / Assets	For the period ended August 31, 2007	For the Financial year ended March 31,				
		2007	2006	2005	2004	2003
On account of depreciation	441.60	445.82	405.95	339.84	294.24	249.02
On account of other disallowable expenses &	(36.61)	(36.61)	(27.95)	(23.52)	(16.14)	(17.25)

income						
Deferred Tax Liability/(Assets) [Net]	404.99	409.21	378.00	316.32	278.10	231.77

- a) Provision for taxation for the year has been made in accordance with the provisions of the Income Tax Act, 1961.
- b) Provision for Fringe Benefit Tax for the year ending March 31, 2006 , March 31, 2007 and period ended August 31,2007 has been made on the basis of expenditure incurred on the taxable heads of expenses.

25. **Foreign Currency Exposure:**

The year-end foreign currency exposure, which is not hedged by derivative instrument or otherwise is as follows:

Year	Currency	Amount	Indian Rupees	Nature
31.08.2007	US Dollar	448	0.18 (Lakhs)	Payable
31.03.2007	US Dollar	7841	3.44 (Lakhs)	Payable
31.03.2006	-	-	-	-
31.03.2005	-	-	-	-
31.03.2004	-	-	-	-
31.03.2003	UAE Dirhams	24502	3.16 (Lakhs)	Receivable

ANNEXURE – 6

STATEMENT OF RELATED PARTY TRANSACTION

a) The Related Parties of the Company are as follows:

(i)	Associate companies	Veega Holidays & Parks Private. Limited, Wonderla Holidays Private Limited and V-Star Creations Private Limited
(ii)	Key management personnel	Kochouseph Chittilappilly, Managing Director
(iii)	Relatives of Key management personnel	Sheela Kochouseph (wife), Arun K.Chittilappilly and Mithun K.Chittilappilly (sons)
(iv)	Entities in which the Key management personnel and his relatives have substantial interest	Veega Holidays & Parks Private Limited, Wonderla Holidays Private Limited, V-Star Creations Private Limited, Electro Controls, Vintes Solutions Private Limited

b) The nature and volume of the transactions of the Company during the 5 year period, with the related parties are as follows:

(a) Associate Companies:

Particulars	April 07 to August 07	2006-07	2005-06	2004-05	2003-04	2002-03
<i>Transactions during the year</i>						
Rent received from V-Star Creations Private Limited	0.40	0.76	0.36	0.36	0.61	0.63
Corporate Guarantee Fee received from Wonderla Holidays Private Limited	-	0.86	0.66	0.76	-	-
Dividend received from Veega Holidays & Parks Private Limited	-	26.00	26.00	-	-	-
Investments in Wonderla Holidays Private Limited	-	-	100.00	190.00	110.00	-
Cumulative value of Corporate guarantee provided to Wonderla Holidays Private Limited	-	5,100.00	4,500.00	3,800.00	-	-

(b) Key Management Personnel:

Particulars	April 07 to August 07	2006-07	2005-06	2004-05	2003-04	2002-03
<i>Transactions during the year</i>						
Sale of Investments	-	420.00	-	-	-	-
Salary & Benefits	23.03	54.52	43.00	43.15	42.81	42.91
Royalty	-	-	30.92	71.85	66.56	58.80
Rent Paid	11.28	15.60	15.60	15.60	15.60	15.60
Interest on Unsecured Loan	-	4.60	3.36	4.37	6.11	2.88
Dividend paid	251.89	305.86	89.96	89.95	80.01	-
Trademark acquired	-	-	1000.00	-	-	-

Share Capital	-	539.76	-	-	9.93	-
Unsecured Loans:						
- Availed	-	714.72	340.03	121.00	135.01	30.00
- Repaid		837.53	279.66	70.03	148.10	57.73
Personal Guarantee provided during the year	-	2,500.00	1,400.00	1,000.00	750.00	-
Cumulative value of personal guarantees / Collateral securities provided	6,370	7,070.00	4,570.00	3,570.00	2,570.00	1,900.00
<i>Balance at the year end</i>						
Unsecured Loans	-	-	(122.81)	(59.45)	(4.59)	(17.68)

(c) Relatives of Key Management Personnel:

Particulars	April 07 to August 07	2006-07	2005-06	2004-05	2003-04	2002-03
<i>Transactions during the year</i>						
Salary and benefits	0.77					
Sale of Investments	-	840.00	-	-	-	-
Rent Paid	1.75	4.95	7.20	7.20	7.20	7.20
Interest on Unsecured Loan	-	4.38	3.25	13.57	10.93	4.94
Dividend paid	579.64	714.03	210.01	210.01	152.01	-
Share Capital (Bonus Shares)	-	1,260.06	-	-	58.00	-
Unsecured Loans:						
- Availed	-	1,154.67	145.00	210.00	192.01	-
- Repaid		1,190.79	171.60	246.00	160.42	-
Personal Guarantee provided during the year	-	2,500.00	1,400.00	1,000.00	750.00	-
Cumulative value of personal guarantees / Collateral securities provided	5,870.00	6,570.00	4,070.00	3,570.00	2,570.00	1,900.00
<i>Balance at the year end</i>						
Unsecured Loans	-	-	(36.12)	(59.82)	(83.77)	(42.42)

Note:

- (a) No amounts pertaining to the related parties have been written off / written back during any of the 5 years.
(b) The details of actual liability against personal guarantees including collateral security of personal properties for each of the 5 years and broken period ended August 31, 2007 are as follows:

For the Years	Amount (Rs in lakhs)
April 07 to August 07	4,137.79
2006-2007	4,553.43
2005-2006	3,284.50
2004-2005	2,258.64
2003-2004	1,691.91
2002-2003	1,274.23

- a. Key Management Personnel has substantial interest in all the associate companies.
b. The above disclosure is as per Accounting Standard-18 issued by the Institute of Chartered Accountants of India.

ANNEXURE – 7

STATEMENT OF SECURED LOANS

A. Details of Security for Loans:

(Rupees In lakhs)

Particulars of Loan	Bank	Nature of Loan	Sanctioned Amount	Amount outstanding on 31.08.07	Rate of Interest P.A. (%)	Re-payment of Terms (period)	Securities Offered
Corporate Loans / Term Loans from Banks	State Bank of India	Term loan	1,000.00	720.00	11.25%	5 years	(a) charge over the registered Trade Mark “V-GUARD” [Pending registration in the name of Company] and (b) exclusive charge over the fixed assets, land and building, namely (i) Plant and Machinery in the trading division having establishments at Ernakulam, Bangalore, Coimbatore and Hyderabad, (ii) Factory building and plant and machinery at Solar Water Heater Division, (iii) 47.737 cents of land at Sastha Temple Road, Kaloor, 113.293 cents of land at High School Road, Vennala, 152.206 cents of land at Bye Pass Road, Vennala (subsequently released by the bank on July 3, 2007 before sale of property), 1306 cents of land at K.G Chavadi, Coimbatore, 12.52 cents of land at Mettupalayam Road, Coimbatore. The loan is further secured by personal guarantees of Sri. Kochouseph Chittilappilly, Managing Director and Smt. Sheela Kochouseph, then Director of the company, who resigned on August 16, 2007.
	State Bank of India	Term loan	800.00	300.00	11.25%	66 months	(a) charge over the assets acquired / constructed out of bank finance and extension of equitable mortgage over 47.737 cents of land at Sastha Temple Road, Kaloor, 113.293 cents of land at High School Road, Vennala, 152.206 cents of land at Bye Pass Road, Vennala

							(subsequently released by the bank on July 03, 2007 before sale of the property), 1306 cents of land at K.G Chavadi, Coimbatore, 12.52 cents of land at Mettupalayam Road, Coimbatore.
	Dhana-lakshmi Bank Limited	Term Loan	190.00	102.16	11.50%	7 years	a) secured by hypothecation by way of first charge on the plant and machinery, tools and accessories in respect of specific assets financed by the bank, namely (a) 2 x 230 KW Wind Mills situated at Dharapuram Taluk, Erode, Tamil Nadu, (b) Machinery and equipment in respect of Solar Water Heater Unit at K.G Chavadi, Coimbatore and (c) Office cum godown building at Mansoorabad Village, Renga Reddy District, Andhra Pradesh and Equitable Mortgage of 4 acres of land relating to the Wind Mills, at Erode, Tamil Nadu and 2091.5 sq. mtrs of land at Mansoorabad Village in Andhra Pradesh. The loans are further secured by personal guarantees of Shri. Kochouseph Chittilappilly, Managing Director and Smt. Sheela Kochouseph, then Director of the company, who resigned on August 16, 2007.
	Dhana-lakshmi Bank Limited	Term Loan	180.00	101.02	11.50%	7 years	
	Dhana-lakshmi Bank Limited	Term Loan	100.00	82.08	11.50%	7 years	Secured by equitable mortgage of 106.424 cents of land at Edappally South Village, Kanayannur Taluk, Vennala Desam, together with godown with an area of 1578.40 sq mtr.
Working Capital/ Cash Credit Facility	Dhana-lakshmi Bank Limited	Cash Credit	500.00	356.60	11.50%	On demand	Secured by hypothecation by way of first charge on all current assets of the company present and future including stock of goods, book debts and all other movable assets including document of title to
	State Bank of India	Cash Credit	1,000.00	708.48	11.50%	On demand	

	State Bank of India	Limit for Purchase Bills discounting	500.00	See Note No.1	-	On demand	goods, on pari-passu basis. The loan is further secured by personal guarantees of Shri. Kochouseph Chittilappilly, Managing Director and Smt. Sheela Kochouseph, then Director of the company, who resigned on August 16, 2007.
	Standard Chartered Bank	Overdraft	400.00	119.58	9.80%	On demand	
	Standard Chartered Bank	Limit for Purchase Bills discounting	500.00	See Note No.2	-	On demand	
	CITI Bank	Cash Credit	600.00	447.29	11%	On demand	
	CITI Bank	Short term demand loan	400.00	400.00	9%	On demand	
Hire purchase loans	Sundaram Finance Limited	Vehicle loan	65.00	28.08	7.75% / 11.25%	36 months	Secured by hypothecation of vehicles financed by the lender.

Note: 1) Total value of purchase bills discounted is Rs.446.90 lakhs (Grouped under Current Liabilities)
2) Total value of purchase bills discounted is Rs.259.69 lakhs (Grouped under Current Liabilities)

B. SUMMARY OF LOAN BALANCES

(Rupees In lakhs)

Particulars	For the period ended August 31, 2007	For the financial year ended March 31,				
		2007	2006	2005	2004	2003
1. Corporate Loans / Term Loans from Banks						
From Banks						
State Bank of India(SBI)	1,020.00	1,060.00	920.00	-	-	-
ICICI Bank Limited	-	-	-	2.51	809.78	1,000.00
Dhanalakshmi Bank Ltd(DLB)	285.26	526.43	835.85	1,046.90	190.00	-
Interest accrued and due	9.75	9.11	-	5.22		
Sub Total	1,315.01	1,595.54	1,755.85	1,054.63	999.78	1,000.00
2. Working Capital/ Cash Credit Facility						
Cash Credit - DLB	356.60	293.28	155.83	391.87	701.91	274.23
Cash Credit - SBI	708.48	800.62	898.63	12.90	-	-
SBI - Short Term Demand Loan		-	-	500.00	-	-
Cash Credit - Standard	119.58	348.93	-	-	-	-

chartered Bank						
Cash Credit - CITI Bank	447.29	525.12	-	-	-	-
Short term demand loan-CITI Bank	400.00					
Interest Accrued and Due	2.91	5.86	5.73			
Sub Total	2,034.86	1,973.81	1,060.19	904.77	701.91	274.23
3. Car Loan						
Sundaram Finance Limited	28.08	37.42	51.88	6.38	-	-
Sub Total	28.08	37.42	51.88	6.38	-	-
TOTAL SECURED LOANS	3,377.95	3,606.77	2,867.92	1,965.78	1,701.69	1,274.23

ANNEXURE – 8

STATEMENT OF UNSECURED LOANS

(Rupees in lakhs)

Particulars	For the period ended August 31, 2007	For the Financial year ended March 31,				
		2007	2006	2005	2004	2003
From directors	-	-	142.76	95.19	4.59	17.68
From share holders (Note 1)	-	-	10.29	8.15	83.78	42.42
Interest accrued and due	-	-	5.88	15.93	-	-
Total	-	-	158.93	119.27	88.37	60.10

Note: Loans taken are 'on call', there are no stipulation regarding their repayments.

ANNEXURE – 9

STATEMENT OF LOANS AND ADVANCES

(Rupees in lakhs)

Particulars	For the period ended August 31, 2007	For the Financial year ended March 31,				
		2007	2006	2005	2004	2003
Advance recoverable in cash or in kind	400.75	435.76	176.22	89.31	133.68	89.64
Deposits	39.76	40.00	26.06	24.46	17.71	10.98
Advance tax and Tax Deducted at Source	1,384.61	1,147.44	372.33	289.23	206.96	573.90
Total	1,825.12	1,623.20	574.61	403.00	358.35	674.52

There are no beneficiaries of loans and advances of the company, who are in any way related to the promoter / director of the company as on 31.08.2007.

Loans and advances as on August 31, 2007 include advances to the following top five suppliers:

Name of the supplier	Rs. in lakhs
Kraft Electrical Appliances	30.00
Taian Topsun Import and Export	22.32
Sterlite Industries (India) Limited	13.80
Hindalco Industries Limited	4.38
Aerowin international	0.50

None of the above is related to the directors or promoters of the Company.

ANNEXURE – 10

DETAILS OF SUNDRY DEBTORS

(Rupees in Lakhs)

Particulars	For the period ended August 31, 2007	For the Financial year ended March 31,				
		2007	2006	2005	2004	2003
Considered Good						
More than six months	54.17	37.94	35.90	20.40	16.42	-
Less than six months	3,331.73	2,676.54	1,413.85	1,192.58	934.78	1,088.51
Considered Doubtful						
More than six months	-	-	-	-	-	-
Less: Provision for Doubtful Debts	-	-	-	-	-	-
Total	3,385.90	2,714.48	1,449.75	1,212.98	951.20	1,088.51

There are no beneficiaries of debtors of the company, who are in any way related to the promoter / director of the company as on 31.08.2007 except Penuvel Agencies, (Proprietorship).

Top ten customers as on 31.08.2007

Name of the customer	Rs. in lakhs
Saz Associates	142.93
Evergreen Enterprises	121.97
Electrical Trade Links	114.59
RK Distributors	106.07
Plaza Electronics	101.60
Aishwarya Enterprises	100.78
Shenoy & Morayi	100.13
Asian Marketing Agencies	98.57
Priya Agencies	98.17
V-two Distributors	91.77

None of the above customers is related to the directors or promoters of the company.

ANNEXURE 11

STATEMENT OF INVESTMENTS

(Rupees in lakhs)

Particulars	For the period ended August 31, 2007	For the Financial year ended March 31,				
		2007	2006	2005	2004	2003
Quoted	-	-	-	-	-	-
Unquoted -Investments in Group Companies						
Veega Holidays & Parks Private Limited	-	-	260	260	260	260
Wonderla Holidays Private Limited	-	-	400	300	110	-
Total Investments	-	-	660	560	370	260

ANNEXURE – 12

STATEMENT OF CONTINGENT LIABILITIES

(Rupees in lakhs)

Particulars	For the period ended August 31, 2007	For the Financial year ended March 31,				
		2007	2006	2005	2004	2003
Indent letter of Credit	10.24	7.79	-	-	-	-
Pending sales tax matters	164.99	167.63	167.63	163.46	240.87	238.33
Electricity tax	-	-	1.86	-	-	-
Entry tax	5.45	5.45	5.45	-	-	-
Cumulative value of Corporate guarantee	-	5,100.00	4,500.00	3,800.00	-	-
Total	180.68	5,280.87	4,674.94	3,963.46	240.87	238.33

ANNEXURE – 13

ACCOUNTING RATIOS

Particulars	For the period ended August 31, 2007	For the Financial year ended March 31,				
		2007	2006	2005	2004	2003
Earning Per Share (EPS)(Basic/Diluted) (Rs.) [a/b]	13.90	8.77	4.39	2.61	2.04	2.42
Cash Earning Per Share (Rs.) [c/b]	14.53	10.32	5.80	3.61	3.13	3.08
Return on Net Worth (%) [a/d %]	51.59	48.23	31.88	23.73	19.81	25.34
Net Asset Value Per Share (Rs.) [e/b]	26.94	18.18	13.78	11.02	10.31	9.55

Notes:

1.

(Rupees in lakhs)

Particulars	For the period ended August 31, 2007	For the Financial year ended March 31,				
		2007	2006	2005	2004	2003
Net Profit after tax adjustments [a]	3,027.37	1,841.39	922.78	549.09	415.28	491.64
Weighted Average No. of Equity Shares [b]	217.81	210.04	210.00	210.00	203.23	203.21
Cash Earning [c]	3,165.71	2,167.09	1,217.61	758.67	635.86	625.81
Net Worth [d]	5,868.07	3,817.94	2,894.78	2,313.95	2,095.91	1,940.11
Net Asset [e]	5,868.07	3,817.94	2,894.78	2,313.95	2,095.91	1,940.11

2. Cash Earning = Net Profit after tax adjustments add Depreciation, Preliminary Expenses written off, Provisions for doubtful debts and advances and Deferred Tax Liability.

Net Worth = Equity Share Capital plus Reserves & Surplus less Miscellaneous Expenditure to the extent not written off.

Net Asset = Equity Share Capital plus Reserves & Surplus less Miscellaneous Expenditure to the extent not written off.

3. Effect of 18,000,000 shares, issued as fully paid bonus shares on September 9, 2006, is given for calculation of EPS on all reported years.

4. Earnings per share for the year 2006-07 and period ended August 31,2007 include profit of exceptional nature on sale of investments of Rs.491.70 lakhs (net of tax) or Rs.2.34 per share and on sale of land of Rs.2,277.92 lakhs(net of tax) or Rs.10.44 per share ,respectively.

ANNEXURE – 14

CAPITALISATION STATEMENT

(Rupees in lakhs)

Particulars	Pre-issue as at 31.08. 2007	Post-issue
Shareholders' Funds:		
-Share Capital	2,184.75	2,984.75
-Reserves	3,683.32	9,443.32
Less: Miscellaneous Expenditure to the extent not written off	-	-
Total Shareholders funds (A)	5,868.07	12,428.07
Borrowings:		
Secured		
- Short Term Debt	2,297.78	2,297.78
- Long Term Debt	1,080.17	1,080.17
Unsecured Debts	-	-
Total Debt (B)	3,377.95	3,377.95
Total Debt/Equity Ratio (B/A)	0.58	0.27
Long Term Debt/Equity ratio	0.18	0.09

*** **Note:** Long term debt is debt with a tenure of more than one year.

- Secured Debt as on last audited financial statement is taken for post issue also.

ANNEXURE -15

STATEMENT OF OPERATIONAL INCOME

(Rupees in lakhs)

Particulars	For the period ended August 31, 2007	For the Financial year ended March 31,				
		2007	2006	2005	2004	2003
Sale of manufactured goods	3,490.45	6,114.83	4,725.56	3,576.88	2,993.92	2,119.68
Less: Trade discount	(87.94)	(173.00)	(198.75)	(155.82)	(123.72)	(87.73)
Less: Excise duty	(457.14)	(694.56)	(549.56)	(441.23)	(380.87)	(284.50)
Net manufactured sales (A)	2,945.37	5,247.27	3,977.25	2,979.83	2,489.33	1,747.45
Sale of traded goods	8,686.19	17,154.54	13,682.15	10,966.60	10,541.08	9,789.67
Less: Traded discount	(680.95)	(1020.48)	(686.60)	(534.89)	(511.98)	(475.66)
Net traded sales (B)	8,005.24	16,980.21	12,995.55	10,431.71	10,029.10	9,314.01
Total sales (A+B)	10,950.61	22,227.48	16,972.80	13,411.54	12,518.43	11,061.46

ANNEXURE – 16

OTHER INCOME

(Rupees in lakhs)

Particulars	For the period ended August 31, 2007	For the Financial year ended March 31,					Nature of income	Related or not related to business
		2007	2006	2005	2004	2003		
Interest received	15.83	4.99	3.79	11.35	9.24	11.25	Recurring	Related
Sales tax refund	-	-	2.90	10.42	13.40	12.29	Non-recurring	Related
Service charges	14.37	28.72	20.35	19.02	12.59	12.54	Recurring	Related
Mould hire charges	5.82	12.64	10.75	8.93	9.06	8.61	Recurring	Related
Profit on sale of assets	-	-	0.32	-	-	0.28	Non-recurring	Related
Dividend from investments	-	26.00	26.00	-	0.82	9.67	Non-recurring	Related
Miscellaneous receipts	2.63	11.82	9.94	3.19	6.19	2.15	Non-recurring	Related
Total	38.65	84.17	74.05	52.91	51.30	56.79	-	-

The classification of income into recurring and non-recurring is based on the current operations and business activity of the Company.

ANNEXURE -17

COST OF GOODS SOLD

(Rupees in lakhs)

Particulars	For the period ended August 31, 2007	For the Financial year ended March 31,				
		2007	2006	2005	2004	2003
Raw materials consumed/Traded	8,472.35	15,279.30	11,212.78	8,850.99	9,010.18	7,402.45
Manufacturing and trading expenses	125.77	203.44	167.69	153.25	125.54	96.24
Stock variance	(1,133.75)	(1041.36)	(254.41)	(125.20)	(642.32)	(110.59)
COST OF GOODS SOLD	7,464.37	14,441.38	11,126.06	8,879.04	8,493.40	7,388.10

ANNEXURE – 18

TAX SHELTER STATEMENT

(Rupees in lakhs)

Particulars	For the period ended August 31, 2007	For the Financial year ended March 31,				
		2007	2006	2005	2004	2003
Profit before Tax as per books	1,159.23	2049.90	1,425.86	868.19	695.17	783.61
Profit on sale of long term non-trade investments	2,970.74	600				
Normal tax rates	33.99%	33.66%	33.66%	36.5925%	35.875%	36.75%
Notional tax at normal rates (A)	394.02	690.00	479.94	317.69	249.39	287.98
Permanent differences						
Other Adjustments/Disallowances	13.99	(6.60)	(6.79)	10.47	4.18	0.27
Total(B)	13.99	(6.60)	(6.79)	10.47	4.18	0.27
Timing Differences						
Difference between tax depreciation and book depreciation	12.42	(106.57)	(196.10)	(137.78)	(143.68)	(70.10)
Other Adjustments	-	25.66	9.68	21.03	36.31	13.92
Total ©	12.42	(80.91)	(186.42)	(116.75)	(107.37)	(56.18)
Net Adjustments (B+C)	26.41	(87.51)	(193.21)	(106.28)	(103.19)	(55.91)
Tax expense/(savings) thereon(D)	8.98	(29.45)	(65.03)	(38.89)	(37.02)	(20.54)
Total taxation E=(A+D)	403.00	660.55	414.91	278.80	212.37	267.44
Tax on long term capital gains	692.82	108.30	-	-	-	-
Total tax	1095.82	768.85	414.91	278.80	212.37	267.44
Tax expense recognized	1095.82	778.30	420.00	278.41	217.50	270.00
Tax as per return of income	-	-	414.91	278.80	212.37	267.44
Interest u/s 234B & 234C of IT Act	-	-	3.84	-	1.31	0.96

The statement of tax shelter has been prepared based on returns of income filed by the Company with the Income tax authorities, except for the period ended August 31,2007 and year ended March 31, 2007 and not based on restated profits as per Annexure I. The statement of tax shelter for the period ended August 31,2007 and year ended March 31, 2007 is based on computation of tax under the Income Tax Act, 1961 since the return of income is yet to be filed. The effect of assessment/appellate orders have not been considered for the above statement.

ANNEXURE 19

RATES AND AMOUNT OF DIVIDEND

Particulars	For the period ended August 31, 2007	For the Financial year ended March 31,				
		2007	2006	2005	2004	2003
Equity share capital						
Number of equity shares of Rs.10/- each	21,847,520	21,395,760	21,000,000	21,000,000	21,000,000	20,320,700
Rate of dividend	40%	40%	100%	100%	100%	100%
Dividend amount (Rs. In lakhs)	873.90	840	300	300	300	232.07
Tax on dividend (Rs. In lakhs)	148.52	117.81	42.08	42.08	38.44	29.73

ANNEXURE 20

DETAILS OF RESERVES AND SURPLUS

(Rupees in lakhs)

Particulars	For the period ended August 31, 2007	For the Financial year ended March 31,				
		2007	2006	2005	2004	2003
General Reserve	1035.00	730.00	530.00	435.00	375.00	325.00
Profit and Loss Account	2,648.32	948.36	2,064.78	1,579.08	1,432.07	1,405.23
Total	3,683.32	1,678.36	2,594.78	2,014.08	1,807.07	1,730.23

FINANCIAL INFORMATION OF GROUP COMPANIES/OTHER VENTURES PROMOTED BY THE PROMOTERS

1. VEEGA HOLIDAYS AND PARKS PRIVATE LIMITED

Veega Holidays and Parks Pvt. Ltd. was incorporated on 3rd February 1998 as a Public limited company under the Companies Act, 1956. The company subsequently got converted to a private limited company on 4th July 2001 with the main object to carry on the business of purchase, construct, erect, acquire Entertainment Parks, Amusement Parks, Theme Parks, Water Parks, Science Parks etc.

The promoters of Veega Holidays and Parks Pvt.Ltd are holding 100% of the equity capital of the company. The details of promoters are as below:

- Mr Kochouseph Chittilappilly
- Mrs.Sheela Kochouseph
- Mr.Arun .K. Chittilappilly

Board of Directors as on March 31, 2007

The Board of Directors is as under

Name of Directors	Designation
Mr. Kochouseph Chittilappilly	Chairman and Managing Director
Mrs. Sheela Kochouseph Chittilappilly	Director
Mr. K. Vijayan	Director
Mr. Arun K. Chittilappilly	Director
Mrs. Priya Arun Chittilappilly	Director
Mr. Mithun K. Chittilappilly	Director
Mr. B. Jayaraj	Director

Business Activity

The company is engaged in the business of setting up and managing amusement park, theme parks and water parks.

Shareholding Pattern as on March 31, 2007

Name of Shareholder	No. of Equity Shares	% of Total
Mr. Kochouseph Chittilappilly	3205000	40.063%
Mrs. Sheela Kochouseph	1984700	24.809%
Mr. K. Vijayan	100	0.001%
Mr. Mithun K Chittilappilly	1805000	22.563%
Mr. Arun K Chittilappilly	1005100	12.564%
Mr. Jayaraj	100	0.001%
Total	8000000	100%

Financial Performance

The audited financial performance of Veega Holidays and Parks Pvt.Ltd for the last three financial years is as given below:

(Rs. in lakhs)

For the year ended March 31	FY 2007	FY 2006	FY 2005
Sale of Products	145.25	122.01	132.68
Operating Income	2157.89	1950.54	1907.91
Total Income	2330.11	2097.29	2062.73
Profit Before Tax (PBT)	470.32	435.57	425.80
Profit After Tax (PAT)	301.37	277.49	264.04
Equity Share Capital	800.00	800.00	800.00
Reserves and Surplus	1232.02	1023.05	836.78
Dividend (%)	10%	10%	10%
Earning Per Share (Rs.)	3.77	3.47	3.30
Net Worth	2032.02	1823.06	1636.78
Book Value per share (Rs.)	25.40	22.79	20.46

The equity shares of Veega Holidays and Parks Private Limited are not listed. It has not completed any public or rights issue in the preceding three years.

2. WONDERLA HOLIDAYS PRIVATE LIMITED

Wonderla Holidays Private Limited was incorporated on 18th November 2002 as a private limited company under the Companies Act, 1956 with the main object to purchase, construct, erect, acquire Entertainment Parks, Amusement Parks, Theme Parks, Water Parks, Science Parks, Museums etc. Planetariums, Art galleries, Souvenir shops, Boutiques, Sports Complex including Water Sports.

The details of promoters are as below:

- Mr. Kochouseph Chittilappilly
- Mrs. Sheela Kochouseph
- Mr. Arun K Chittilappilly

Board of Directors as on March 31, 2007

Name of Directors	Designation
Mr. Kochouseph Chittilappilly	Chairman and Managing Director
Mr. Arun Kochouseph Chittilappilly	Director
Mrs. Sheela Kochouseph Chittilappilly	Director
Mr. K. Vijayan	Director
Mrs. Priya Arun Chittilappilly	Director
Mr. Mithun K. Chittilappilly	Director
Mr. B. Jayaraj	Director

Business Activity

The company is engaged in the business of setting up and managing amusement park, theme parks and water parks.

Shareholding Pattern as on March 31, 2007

Name of Shareholder	No. of Equity Shares	% of Total
Mr. Kochouseph Chittilappilly	1,499,900	10.00
Mrs. Sheela Kochouseph	2,400,000	16.00
Mr. K. Vijayan	100	Negligible
Mr. Mithun K Chittilappilly	500,000	3.33
Mr. Arun K Chittilappilly	5,100,000	34.00
Mrs. Priya Arun Chittilappilly	1,500,000	10.00
M/s. Veega Holidays & Parks Private Limited	4,000,000	26.67
Total	15000000	100.00

Financial Performance

The audited financial performance of WonderLa Holidays Private Limited for the last three financial years is as given below:

For the year ended March 31,	FY 2007	FY 2006	FY 2005
Sale of Products	296.21	95.06	--
Operating Income	2749.08	1078.43	--
Total Income	3074.64	1183.63	--
Profit/ (Loss) Before Tax	(456.98)	(506.61)	--
Loss After Tax	(399.43)	(728.70)	--
Equity Share Capital	1500.00	1500.00	1000.00
Reserves and Surplus	--	--	--
Dividend (%)	--	--	--
Earning Per Share (Rs.)	(2.66)	(6.96)	--
Net Worth	--	--	--
Book Value per share (Rs.)	--	--	--

The equity shares of WonderLa Holidays Private Limited are not listed. It has not completed any public or rights issue in the preceding three years.

3. V-STAR CREATIONS PRIVATE LIMITED

V-Star Creations was originally incorporated on 1st December 1994 as a Partnership firm registered under the Partnership Act 1940. V-Star Creations Private Limited was incorporated on 16th May 1996 as a private limited company under the Companies Act, 1956 with a main object to manufacture, import and export, wholesale and retail in men's, women's and children's clothing and wearing apparel of every kind.

The details of promoters are as below:

- Mr Kochouseph Chittilappilly
- Mrs. Sheela Kochouseph

Board of Directors as on March 31, 2007

Name of Directors	Designation
Mrs. Sheela Kochouseph Chittilappilly	Chairman and Managing Director
Mr. Kochouseph Chittilappilly	Director

Business Activity:

The Company is engaged in the business of manufacturing and selling of readymade garments and undergarments.

Shareholding Pattern as on March 31, 2007

Name of Shareholder	No. of Equity Shares	% of Total
Mr. Kochouseph Chittilappilly	540,100	44.94%
Mrs. Sheela Kochouseph	171,000	14.23%
Mr. Mithun K Chittilappilly	239,800	19.95%
Mr. Arun K Chittilappilly	251,000	20.88%
Total	1,201,900	100.00%

Financial Performance

The audited financial performance of V-Star Creations Private Ltd for the last three financial years is as given below:

(Rs. in lakhs)

For the year ended March 31,	FY 2007	FY 2006	FY 2005
Sales	1529.87	1086.03	1028.37
Total Income	1539.19	1104.76	1048.25
Profit Before Tax (PBT)	98.29	30.89	31.50
Profit/Loss After Tax (PAT)	60.12	17.14	30.57
Equity Share Capital	120.19	120.19	120.19
Reserves and Surplus	61.96	1.83	-
Dividend (%)	-	-	-
Earning Per Share (Rs.)	5.00	1.43	2.54
Net Worth	182.01	121.85	104.88
Book Value per share (Rs.)	15.14	10.14	8.73

The equity shares of V-Star Creations Private Limited are not listed. It has not completed any public or rights issue in the preceding three years.

4. PEARLSPOT RESORTS LIMITED

Pearlspot Resorts Limited was incorporated on 8th January, 1993 as a limited company under the Companies Act, 1956 with the main object of establishing, taking on lease, or otherwise acquiring, conducting, managing and running restaurants, cafes, refreshment rooms, lodging houses, caravan sites, holiday resorts, tourist centres, housekeepers, caterers, swimming pools, ball rooms, conference halls, cinema theatres etc.

The details of promoters are as under:

Mr. G. Prabhakar Kamath
Mr. K. Ranjit
Mr. K.M. Radhakrishnan
Mr. S. Gopakumar
Mr. Kochouseph Chittilappilly
Mr. G.S. Venugopal
Mr. P.A. Jayachandran
Mr. Sasikumar G Nair
Mr. G.G.K. Nair
Ms. Shobha Janardhanan

Board of Directors as on March 31, 2007

Name of Directors	Designation
Mr. G. Prabhakar Kamath	Managing Director
Mr. K. Ranjit	Joint Managing Director
Mr. K.M. Radhakrishnan	Director
Mr. S. Gopakumar	Director
Mr. Kochouseph Chittilappilly	Director
Mr. G.S. Venugopal	Director
Mr. P.A. Jayachandran	Director
Mr. Sasikumar G Nair	Director
Mrs. M.L. Janardanan	Director
Mr. G. Gopalakrishnan Nair	Director

Business Activity

The company is engaged in the business of setting up and managing Resorts.

Shareholding Pattern as on March 31, 2007

Name of Shareholder	No. of Equity Shares	% of Total
Promoters Holding		
Mr.G.Prabhakar Kamath	265,130	11.23
Mr.K.Ranjith	202,500	8.58
Mr.K.M.Radhakrishnan	73,000	3.09
Mr.G.S.Venugopal	76,000	3.22
Mr.S.Gopakumar	96,317	4.08
Mr.P.A.Jayachandran	200,000	8.47
Mr. Kochouseph Chittilappilly	248,500	10.53
Sasikumar Gopinathan Nair	250,000	10.59
Mr.G.Gopalakrishnan Nair	250,000	10.59
Muthulatchumi/Archana/Aarti Janardhanan	250,000	10.59
Sub Total	1,911,447	80.99
Non Promoters Holding	448,553	19.01
Total	2,360,000.00	100.00

Financial Performance

The audited financial performance of Pearlspot Resorts Limited for the last three financial years is as given below:

(Rs. in lakhs)

For the year ended March 31,	FY 2007	FY 2006	FY 2005
Income from Operations	183.59	158.78	138.23
Total Income	205.73	180.27	141.78
Profit Before Tax (PBT)	28.73	16.85	(26.79)
Profit/Loss After Tax (PAT)	1.05	1.31	(21.05)
Equity Share Capital	236.00	226.04	226.04
Reserves and Surplus	--	--	--
Dividend (%)	--	--	--
Earning Per Share (Rs.)	0.04	0.058	(0.93)
Net Worth	85.47	74.35	68.08
Book Value per share (Rs.)	3.62	3.29	3.01

The equity shares of Pearlspot Resorts Limited are not listed. It has not completed any public or rights issue in the preceding three years.

5. VINTES SOLUTIONS PRIVATE LIMITED

Vintes Solutions Private Limited was incorporated on 10th August, 2007 as a private limited company registered under the Companies Act, 1956 with a main object to carry on the business of providing outsourcing services for all processes, sub processes, transaction activities and all other work performed by business in various industries within India and across the world.

The details of promoters are as below:

- Mrs. Sheela Kochouseph

Board of Directors as on September 30, 2007

Name of Directors	Designation
Mrs. Sheela Kochouseph Chittilappilly	Managing Director
Mr. Mithun Chittilappilly	Director
Antony Sebastian. K	Director

Business Activity:

The Company is engaged in the business of providing outsourcing services for processes, sub processes and other transactions and activities performed by business in various industries.

Shareholding Pattern as on September 30, 2007

Name of Shareholder	No. of Equity Shares	% of Total
Mrs. Sheela Kochouseph	45,000	50.00%
Mr. Mithun K Chittilappilly	45,000	50.00%
Total	90,000	100.00%

Financial Performance

As the company is incorporated in the year 2007, there are no financial data available.

The equity shares of Vintes Solutions Private Limited are not listed.

Sole Propertorship

6. M/s ELECTRO CONTROL

Electro control is Sole Propertorship Concern started by Mrs. Sheela Kochouseph Chittilappilly on 23rd January 1985. Electro Controls is engaged in the manufacturing of metal cabinets and accessories used in Electronic Voltage Stabilizers and UPS.

Financial Performance

The audited financial performance of Electro control for the last three financial years is as given below:

(Rs. in lakhs)

For the year ended March 31,	FY 2007	FY 2006	FY 2005
Sale of Manufactured Goods	135.99	123.04	75.80
Sale of Traded Goods	0.46	--	--
Total Income	138.49	124.65	77.00
Profit After Tax (PAT)	24.00	17.31	9.53
Proprietor's Capital	71.32	47.32	43.01
Reserves and Surplus	1.57	1.57	1.57

Common pursuits:

There are no common pursuits among our Company and its Group/Associate Companies.

Sick Companies/BIFR proceedings

None of the above companies have become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 or is under winding up.

Disassociation of Promoters

Our Promoters have not disassociated from any of the Companies/firms during preceding three years.

Struck off from the Register of Registrar of Companies

None of the Group Companies have been struck off from the Register of the relevant Registrar of Companies.

Changes in Accounting Policies in the last three years

There has been no change in accounting policies in the last three years.

Management's Discussion and Analysis of the Financial Conditions

You should read the following discussion and analysis of our Company's financial condition and results of operations together with our restated financial statements included in this Prospectus. You should also read the section titled 'Risk Factors' beginning on page no. x of this Prospectus, which discusses a number of factors and contingencies that could impact our financial condition, results of operations and cash flows. The following discussion relates to our Company and is based on our Company's restated financial statements, which have been prepared in accordance with Indian GAAP, the accounting standards referred to in Section 211 (3C) of the Companies Act and the other applicable provisions of the Companies Act. The following discussion is also based on internally prepared statistical information and on publicly available information. Our Company's fiscal year ends on March 31, so all references to a particular fiscal year of the Company are to the 12-month period ended March 31. Certain industry, technical and financial terms used in this discussion shall have the meanings ascribed to them in the section titled 'Definitions and Abbreviations' of this Prospectus.

Overview

Our company is one of the growing industrial houses in Kerala engaged in the manufacturing and marketing of various electrical and electronic products.

The Business was set up by Mr. Kochoseph Chittilappily and commenced its operations in 1977 as a SSI unit with manufacturing and marketing of Voltage Stabilizers under the brand name "V-Guard".

Established with a capital of 1 lakhs rupees, two workers and an average production of 50 voltage stabilizers a month, the company now has diversified into a multi-product company which now manufactures and markets Electronic Voltage Stabilizers, Monobloc, Jet, Submersible pumps and Electric Motors, Insulated Electrical Cables (House Wiring, & Industrial), Electric Storage & Instant Water Heaters, Solar Water Heaters, UPS, Electric Fans and is also in generation of Power in a small way.

Our Products are not only well recognized in all the southern states of the country, mainly being Kerala, Tamil Nadu, Karnataka, and Andhra Pradesh but are also enjoying demand across the market. This recognition arises out of the fact that consumers recognize our brand "V-Guard" because of its quality as well as our presence in the market for about thirty years. We have attained over 3 decades of experience in this business and are proceeding forward towards realizing our vision to make V-Guard a trusted house-hold name in electrical, electro-mechanical and electronic home appliances.

We presently have eighteen branches including our head office located in Cochin, spread across 14 states and the Union Territory of Delhi. We have recently ventured into states of Maharashtra, Haryana, Madhya Pradesh, Orissa, Himachal Pradesh, Chattisgarh, Uttar Pradesh, Gujarat, Punjab and Rajasthan

As on 31st March, 2007 and 31st August 2007, our total sales were Rs.22227.48 lakhs and Rs.10,950.61 lakhs respectively. Our Company has been making profits and has been paying dividends consistently since last 5 years.

At V-Guard, success is measured in terms of customer satisfaction and quality that is built into every product. The value of commitment to quality is also cherished by each of the 876 staff members and is consciously upheld by a network of over 7000 retail dealers and 111 distributors spread all over India.

The Promoters of our company have also ventured into business areas of Amusement Park, Fashion Accessories and BPO services by incorporating four entities namely Veega Holidays and Parks Pvt. Limited, Wonderla Holidays Private Limited, V-Star Creations Private Limited and Vintes Solutions Private Limited.

PRODUCTS

Products marketed under the brand name 'V-GUARD' are:

- Electronic Voltage Stabilizers
- Monobloc, Jet, Submersible pumps and Electric Motors.

- Insulated Electrical Cables (House Wiring & Industrial)
- Electric Storage & Instant Water Heaters
- Solar Water Heaters.
- UPS.
- Electric Fans.
- Generation of power through wind mills.

The products are not only well recognized in all southern states and especially in Kerala, but also enjoy good demand in markets across India.

Our company was also into marketing of products namely water level controllers, wall clocks, electric motor starters and Water purifiers, which were discontinued recently.

OUR MARKET AND MARKETING & DISTRIBUTION

At our Company, with more than three decades experience in this business, we understand the ever changing needs and demands of our customers. We have got a technically skilled and motivated sales team who understand changing customer requirements and shifting customer preferences. They give base level feedback to our Company which forms the foundation for devising various promotional schemes and programmes etc.

The majority of the products of our Company are marketed through 111 Distributors attached to eighteen branches (18) including our Head Office, situated at Cochin, Coimbatore, Bangalore, Hyderabad, Bhubaneswar, Hubli, New Delhi, Pune, Gurgaon, Vadodara, Bhopal, Vijaywada, Kala Amb, Ghaziabad, Chennai, Raipur, Ludhiana and Jaipur. More than 7000 dealers across India sell our products in the retail market. For products like solar water heater they are also sold through Direct Marketing Agents (DMAs), taking into consideration the special marketing efforts required and the pre and post installation supervision.

Key Factors influencing results of operations

The key factors influencing our results of operations, profitability and cash flow are listed below:

Raw material prices

We have no control on the prices of our basic raw material viz. copper. The prices of Copper could fluctuate due to uncertain prices world over. In the recent past, there have been wide fluctuations in the prices of copper both at domestic and international levels. Such fluctuations in prices of raw material and our inability to negotiate at optimum market rates may affect our profitability. In case we are unable to procure the requisite quantities on a timely basis and at reasonable prices, this may have an adverse impact on our reputation and may affect our future growth.

Competition

Manufacturers are facing intense competition from domestic and foreign brands, which results in high promotion costs and shrinking profit margins. The products markets are highly competitive. The industry is experiencing rapid changes that are affecting the competitive landscape. These changes may result in larger competitors with significant resources.

While we have historically been able to provide our products and services in our principal markets at competitive prices and on a cost-efficient basis, there can be no assurance that we will be able to do so in the future, as our competitors may be able to offer products and services that are more effective than ours.

Growing competition may force us to reduce the prices of our products, which may reduce our revenues and margins and/or decrease our market share, any of which could have a material adverse effect on our business, financial condition and results of operations.

Dependence on markets in the states of Kerala, Andhra Pradesh, Karnataka and Tamil Nadu for our products

Our initial focus was on developing our markets in the states of *Kerala, Andhra Pradesh, Karnataka and Tamil Nadu*. These states still contribute a very significant percentage of our revenues *i.e.* 44.53%, 11.70%, 20.20% and 19.24% of our total revenues for the FY 2006-2007. Further, 41.48 %, 19.09 % and 20.09 % of our total revenues for the FY 2006-2007 have accrued from three products, *viz.* Stabilizers, pumps and cables respectively. Our business, results of operations and financial condition may be adversely affected if one or more of the following factors occur:

- a. Negative demand for our products in these states
- b. Our competitors' further penetration in these states
- c. Enactment of any legislation which may not be favourable to our industry in these states

Ability to attract, recruit and retain Key personnel.

The business we operate in is highly specialized in nature due to the technical know-how required and the available, especially skilled technical and marketing, talent pool is limited. Further, each of our products has various models which are customized as per customer preferences. It takes substantial time and resource to train human resource talent to understand consumer behaviour and their preferences. The Company's success on a large scale depends upon its senior management, Directors and key personnel and its ability to attract and retain them. Our future performance will depend upon the continued services of senior management, Directors and key personnel. Qualified & experienced people are in demand, and in the light of paucity of talented manpower, salary expectations are growing faster than revenue growth & hence retaining key personnel and recruiting fresh talent will be the challenges the company will have to face.

For a detailed discussion on the factors that affect our results of operations, please refer to the chapter titled "Risk Factors" on page x of this Prospectus.

COMPONENTS OF REVENUE AND EXPENDITURE

Revenues

Our Companies total income consists primarily of revenues from sales operations and other income. Our Company's sales income principally consists of income from manufacturing and income from trading. The other income component consists primarily of income from service charge and dividends on investment.

The break up of our Total Income is as given below:

(Rs. In lakhs)

PARTICULARS	For the period ended August 31, 2007	FOR THE YEAR ENDED MARCH 31,				
		2007	2006	2005	2004	2003
INCOME						
Sale of manufactured goods	3,402.51	5,941.83	4,526.81	3,421.06	2,870.20	2,031.95
Less: Excise duty	(457.14)	(694.56)	(549.56)	(441.23)	(380.87)	(284.50)
Net sales	2,945.37	5,247.27	3,977.25	2,979.83	2,489.33	1,747.45
Sale of traded goods	8,005.24	16,980.21	12,995.55	10,431.71	10,029.10	9,314.01
Total sales	10,950.61	22,227.48	16,972.80	13,411.54	12,518.43	11,061.46
Other income	38.65	84.17	74.05	52.91	51.30	56.79
Total	10,989.26	22,311.65	17,046.85	13,464.45	12,569.73	11,118.25

Sales Revenue

Our company's sources of revenue are primarily from sale of traded goods income and sale of manufactured goods which contributed Rs. 16980.21 lakhs and 5941.83 lakhs respectively.

The following is the sales mix in terms of value and percentage of the total sales of our company for different products.

Products	2006-07		2005-06		2004-05	
	Sales (Rs. In lakhs)	% of contribution	Sales (Rs. In lakhs)	% of contribution	Sales (Rs. In lakhs)	% of contribution
Stabilizer	9508.54	41.48%	7742.6	44.19%	6244.74	45.08%
Cable	4605.11	20.09%	3713.52	21.19%	2951.15	21.30%
Pump	4376.12	19.09%	3465.87	19.78%	2925.57	21.12%
Electric Water Heater	1661.08	7.25%	1103.69	6.30%	768.64	5.55%
Solar water eaters.	943.90	4.12%	544.88	3.11%	243.34	1.76%
UPS	795.77	3.47%	453.52	2.59%	342.82	2.47%
Fan	576.64	2.52%	87.26	0.50%	0	0.00%
Other Products	454.89	1.98%	411.02	2.35%	376.51	2.72%
Total	22922.04	100.00%	17522.36	100.00%	13852.77	100.00%
Less Excise Duty	694.56	--	549.56	--	441.23	--
Total	22227.48		16972.80		13411.54	

Other Income

The other income component consists primarily of income from service charge and dividends on investment.

Sundry Debtors

(Rupees in Lakhs)

Particulars	For the period ended August 31, 2007	For the Financial year ended March 31,				
		2007	2006	2005	2004	2003
Considered Good						
More than six months	54.17	37.94	35.90	20.40	16.42	-
Less than six months	3,331.73	2,676.54	1,413.85	1,192.58	934.78	1,088.51
Considered Doubtful						
More than six months	-	-	-	-	-	-
Less: Provision for Doubtful Debts	-	-	-	-	-	-

Total	3,385.90	2,714.48	1,449.75	1,212.98	951.20	1,088.51
Debtor Turnover ratio	9.55	11.05	11.01	11.36	11.53	11.56
Average Collection period (in days)	38	33	33	32	32	32

There has been no significant variation in the debtor's turnover ratio for the past 5 years as seen above.

EXPENDITURE

Our Company's operating expenditure consists of (i) Cost of Goods Sold (ii) selling and distribution expenses (iii) employee costs (iv) Administrative and other expenses (v) Interest and financial charges and (vi) Depreciation.

Cost of Goods Sold includes (i) cost of Raw materials for goods manufactured (ii) cost of purchases for the goods traded (iii) manufacturing expenses which include power and fues, consumables, packing expenses, factory expenses, labour charges etc. and increase/ decrease in stocks.

Selling and Distribution Expenses includes (i) discount and incentives (ii) advertisement and sales promotion (iii) sales tax, turnover tax, (iv) Gifts and compliments and (v) commission to consignment agent etc.

Employee Costs includes (i) salaries and wages (ii) Bonus and ex-gratia (iii) contribution to provident and other funds (iv) Gratuity and (v) staff welfare expenses.

Administrative and other expenses includes expenses like (i) rent (ii) insurance (iii) printing and stationery (iv) traveling expenses (v) R&D expenses (vi) repairs & maintenance (vii) bank charges etc.

Interest and financial charges includes interest on fixed loans and (ii) other interest

Depreciation includes depreciation on (i) plant & machinery and (ii) trademark (iii) Building and (iv) Vehicles

Our Growth Path

The table below sets forth information regarding our income, expenditure and profits for the indicated period as a percentage of Total Income:

Particulars	Period Ended 31.08.07	Fiscal 2007	% of Total Income	Fiscal 2006	% of Total Income	Fiscal 2005	% of Total Income	Fiscal 2004	% of Total Income
INCOME									
Net Sales of Manufactured Goods	2,945.37	5,247.27	23.52	3,977.25	23.33	2,979.83	22.13	2,489.33	19.80
Sale of Traded Goods	8,005.24	16,980.21	76.10	12,995.55	76.23	10,431.71	77.48	10,029.10	79.79
Total sales	10,950.61	22,227.48	99.62	16,972.80	99.57	13,411.54	99.61	12,518.43	99.59
Other Income	38.65	84.17	0.38	74.05	0.43	52.91	0.39	51.30	0.41
TOTAL INCOME	10989.26	22,311.65	100.00	17,046.85	100	13,464.45	100.00	12,569.73	100
EXPENDITURE									
Cost of Goods Sold	7464.37	14,441.38	64.73	11,126.06	65.27	8,879.04	65.94	8,493.40	67.57
Employee Cost	594.06	984.75	4.41	715.00	4.19	562.93	4.18	546.49	4.35
Administrative & Other Expenses	468.42	796.07	3.57	567.31	3.33	478.11	3.55	453.52	3.61
Selling & Distribution Expenses	985.82	3,360.87	15.06	2,725.67	15.99	2,237.21	16.62	2,045.90	16.28

Finance Charges	174.80	364.19	1.63	253.94	1.49	278.64	2.07	209.11	1.66
Depreciation	142.56	294.49	1.32	233.01	1.37	160.33	1.19	143.22	1.14
TOTAL	9,830.03	20,241.75	90.72	15,620.99	91.64	12,596.26	93.55	11,891.64	94.61
Profit Before Tax	1159.23	2,069.90	9.28	1,425.86	8.36	868.19	6.45	678.09	5.39
Current Tax	(403.00)	(670.00)	3.00	(420.00)	2.46	(278.41)	2.07	(219.19)	1.74
Fringe Benefit Tax	(11.00)	(19.00)	0.09	(21.39)	0.13	0	0.00	0	0.00
Deffered Tax	4.22	(31.21)	0.14	(61.69)	0.36	(38.21)	0.28	(46.33)	0.37
Net Profit After Tax	749.45	1,349.69	6.05	922.78	5.41	551.57	4.10	412.57	3.28
Exceptional Items	2277.92	491.70	--	--	--	--	--	--	--
Net Profit After Tax and Adjustments	3027.37	1841.39	6.05	922.78	5.41	551.57	4.10	412.57	3.28

The table below sets forth information regarding our income, expenditure and profits for the indicated period giving the Year on Year (YoY) increase/ decrease:

Particulars	Period Ended 31.08.07	Fiscal 2007	YoY Increase/ Decrease	Fiscal 2006	YoY Increase/ Decrease	Fiscal 2005	YoY Increase/ Decrease	Fiscal 2004
<u>INCOME</u>								
Net Sales of Manufactured Goods	2,945.37	5,247.27	31.93%	3,977.25	33.47%	2,979.83	19.70%	2,489.33
Sale of Traded Goods	8,005.24	16,980.21	30.66%	12,995.55	24.58%	10,431.71	4.01%	10,029.10
Total sales	10,950.61	22,227.48	30.96%	16,972.80	26.55%	13,411.54	7.13%	12,518.43
Other Income	38.65	84.17	13.67%	74.05	39.95%	52.91	3.14%	51.30
TOTAL INCOME	10989.26	22,311.65	30.88%	17046.85	26.61%	13,464.45	7.12%	12,569.73
<u>EXPENDITURE</u>								
Cost of Goods sold	7464.37	14,441.38	29.80%	11,126.06	25.31%	8,879.04	4.54%	8,493.40
Employee Cost	594.06	984.75	37.73%	715.00	27.01%	562.93	3.01%	546.49
Administrative & Other Expenses	468.42	796.07	40.32%	567.31	18.66%	478.11	5.42%	453.52
Selling & Distribution Expenses	985.82	3,360.87	23.30%	2,725.67	21.83%	2,237.21	9.35%	2,045.90
Finance Charges	174.80	364.19	43.42%	253.94	-8.86%	278.64	33.25%	209.11
Depreciation	142.56	294.49	26.39%	233.01	45.33%	160.33	11.95%	143.22
TOTAL	9,830.03	20,241.75	29.58%	15,620.99	24.01%	12,596.26	5.93%	11,891.64
Profit Before Tax	1159.23	2,069.90	45.17%	1,425.86	64.23%	868.19	28.03%	678.09
Current Tax	(403.00)	(670.00)	59.52%	(420.00)	50.86%	(278.41)	27.02%	(219.19)
Fringe Benefit Tax	(11.00)	(19.00)	11.17%	(21.39)	0.00%	0	0.00%	0
Deferred Tax	4.22	(31.21)	49.41%	(61.69)	61.45%	(38.21)	(17.53%)	(46.33)
Net Profit After Tax	749.45	1,349.69	46.26%	922.78	67.30%	551.57	33.69%	412.57
Exceptional Items	2277.92	491.70	--	--	--	--	--	--
Net Profit After Tax and Adjustments	3027.37	1841.39	99.54%	922.78	67.30%	551.57	33.69%	412.57

Comparison of Financial Year ended March 31, 2007 with March 31, 2006

Income

Total Income increased by 5,264.80 lakhs or 30.88 % to 22,311.65 lakhs in the fiscal year ended March 31, 2007. This rise is due to the fact that the sales have increased from 16,972.80 lakhs to 22,227.48 lakhs attributing to a percentage increase of 30.96 %.

Sales revenue

Total sales have increased by 5,254.68 or 30.96% from Rs. 16972.80 lakhs in the Fiscal year ended march 31, 2006 to 22,227.48 lakhs in the fiscal year ended 31 March, 2007. The increase can be attributable to the fact that the company's key product i.e. stabilizers attained sales of 9508.54 lakhs which is 41.48% of the total sales made during the year and 55.99% of the total sales of traded goods. The Company added new branches in Gurgaon, Ghaziabad, Baroda, Bhopal, Pune and Vijayawada in addition to the branches already established which helped to setup a well connected marketing network throughout the country, which resulted in increased sales. Further, all-round improvements in the performance of other products of the company have resulted in the increase of sales over the previous year.

Other Income

Other Income has increased by Rs. 10.12 lakhs or 13.67% from Rs. 74.05 lakhs to Rs. 84.17 lakhs in the fiscal year 2006-07 due to the increase in income generated through service charge and mould hire charges.

Expenditure

Expenditure has increased by Rs. 4,620.76 lakhs or 29.58% from Rs. 15,620.99 lakhs to Rs. 20,241.75 lakhs for the fiscal year ended March 31, 2007.

The increase in overall expenditure can be attributable to the fact that the demand for the products had increased leading to an increase in production/sourcing which had a direct influence on the cost of goods sold which increased to the tune of Rs. 3315.32 lakhs or 29.80%. Also, an increase in the manufacturing and trading cost, employee cost, administrative expenses, selling & distribution expenses and financial charges had a significant hand to play in the overall increase in the expenditure. The increase in financial charges is due to the increase in loan amount.

Cost of Goods Sold

The cost of goods sold has increased by Rs. 3315.32 lakhs or 29.80% from Rs. 11126.06 lakhs for the fiscal year ended March 31, 2006 to Rs. 14441.38 for the fiscal year ended March 31, 2007.

This increase in cost of goods sold can be attributable to the quantum increase in goods purchased/ manufactured by our company. The sale of products of the company has increased by 30.96% to Rs. 22227.48 lakhs for the fiscal year ended march 31, 2007 from 16972.80 lakhs for the fiscal year ended March 31, 2006.

Research and Development Expenditure

Our company had incurred a cost amounting to Rs. 61.43 lakhs on research and development that has been included in the Administrative and other expenses. This expenditure forms 0.30 % of the total expenditure and 7.72 % of the total Administrative and other expenses.

Employee cost and Administrative Expenses

These expenses have increased by Rs. 269.75 lakhs or 37.73% from Rs. 715.00 lakhs to Rs. 984.75 lakhs for the fiscal year ended march 31, 2007 and Rs. 228.76 lakhs or 40.32 % from Rs. 567.31 lakhs to 796.07 lakhs for the fiscal year ended 31 March 2007, for Employee costs and administrative expenses respectively.

With the company's foray into the northern states and its expansion in its current geography, the company increased its human resource pool (from 521 in the financial year 2005-06 to 697 in the financial year 2006-07), particularly in the marketing department and its technical department which has led to the growth in the business, thereby increasing the incidental expenses on salaries, traveling, R&D, insurance and other office expenses etc.

Selling & Distribution expenses

The selling and distribution expenses have increased by 635.20 lakhs or 23.30 % from Rs. 2725.67 lakhs for the fiscal year ended 31 March, 2006 to Rs. 3360.87 lakhs for the fiscal year ended 31 March, 2007.

With the company's increased efforts to augment its growth by strengthening its brand visibility, there was a significant increase in its advertising and promotional expense, which includes advertising in print and visual media, hoardings, wall paintings, sponsorships etc, discount and incentive schemes and other various schemes that involve giving gifts and compliments etc.

Net Profit after tax and extraordinary items

The net profit after tax before extraordinary items has increased by Rs. 426.91 lakhs or 46.26% from Rs. 922.78 lakhs for the fiscal year ended 31 March, 2006 to Rs. 1349.69 for the fiscal year ended 31st March, 2007. This increase can mainly be attributable to an analogous increase in the sales.

The net profit after tax and extraordinary items was at 1841.39 lakhs for the financial year ended 31st March, 2007 which includes an extraordinary item amounting to Rs. 491.70 lakhs. This extraordinary income has arisen due to sale of investments in Veega Holidays & Parks Pvt. Limited and in Wonderla Holidays Pvt. Limited.

Comparison of Financial Year ended March 31, 2006 with March 31, 2005

Income

Total Income increased by 3,582.40 lakhs or 26.61 % to 17,046.85 lakhs in the fiscal year ended March 31, 2006. This rise can be attributable to the fact that sales have increased from 13,411.54 lakhs to 16,972.80 lakhs attributing to a percentage increase of 26.55 % and increase in other income from 52.91 lakhs to 74.05 lakhs or an increase of 39.95%.

Sales revenue

Total sales have increased by 3,561.26 or 26.55% from Rs. 13,411.54 lakhs in the Fiscal year ended march 31, 2005 to 16,972.80 lakhs in the fiscal year ended 31 March, 2006. The increase can be attributable to the fact that sales of our company's products i.e. stabilizers, pumps and cables had increased. Also, sales of our Solar Water heaters had doubled during the year. The Company added new branches in Bhubaneswar, Hubli that helped us generate more sales. Further, all-round improvements in the performance of other products of the company also have resulted in the increase of sales over the previous year.

Other Income

Other Income has increased by Rs. 21.14 lakhs or 39.95% from Rs. 52.91 lakhs to 74.05 lakhs lakhs in the fiscal year 2005-06.

Expenditure

Expenditure has increased by Rs. 3024.73 lakhs or 24.01% from Rs. 12,596.26 lakhs to Rs. 15,620.99 lakhs for the fiscal year ended March 31, 2006.

The increase in overall expenditure can be attributable to the fact that cost of goods sold had increased by 25.31% that is from 8879.04 lakhs to 11126.06 lakhs. Also, employee costs, administrative and selling and distributable expenses have increased. Also, an increase in the depreciation had a hand to play in the overall increase in the expenditure.

Cost of Goods Sold

The cost of goods sold has increased by Rs. 2247.02 lakhs or 25.31% from Rs. 8879.04 lakhs for the fiscal year ended March 31, 2005 to Rs. 11,126.06 for the fiscal year ended March 31, 2006.

This increase in cost of goods sold can be attributable to the quantum increase in goods purchased/ manufactured by our company. The sale of products of the company has increased by 26.55% to Rs. 16972.80 lakhs for the fiscal year ended March 31, 2006 from 13411.54 lakhs for the fiscal year ended March 31, 2005.

Research and Development Expenditure

Our company had incurred a cost amounting to Rs. 41.72 lakhs on research and development that has been included in the Administrative and other expenses. This expenditure forms 0.26 % of the total expenditure and 7.35 % of the total Administrative and other expenses.

Employee cost and Administrative Expenses

These expenses have increased by Rs. 152.07 lakhs or 27.01% from Rs. 562.93.00 lakhs to Rs. 715.00 lakhs for the fiscal year ended March 31, 2006 and Rs. 89.20 lakhs or 18.66 % from Rs. 478.11 lakhs to Rs. 567.31 lakhs for the fiscal year ended 31 March 2006, for Employee costs and administrative expenses respectively.

With our company spreading its wings in different territories by increasing the number of branches and appointing new distributors and dealers, additional staff was recruited to cater to these extended geographical areas. Also due to demand for our products the company increased its human resource pool (from 451 in the financial year 2004-05 to 521 in the financial year 2005-06), particularly in the marketing department which has led to the growth in the business, thereby increasing the incidental expenses on salaries, traveling, insurance and other office expenses etc.

Selling & Distribution expenses

The selling and distribution expenses have increased by 488.46 lakhs or 21.83 % from Rs. 2237.21 lakhs for the fiscal year ended 31 March, 2005 to Rs. 2725.67 lakhs for the fiscal year ended 31 March, 2006.

With the increase in sales, the discounts and incentives to dealers and distributors increased. Also, there was a moderate increase in advertising and promotional expense which led to an overall increase of 21.83% in selling and distribution expenses.

Net Profit after tax and extraordinary items

The net profit after tax increased by Rs. 371.21 lakhs or 67.30% from Rs. 551.57 lakhs for the fiscal year ended 31 March 2005 to Rs. 922.78 for the fiscal year ended 31st March, 2006. This increase can mainly be attributable to a corresponding increase in the sales.

The Net Profit after tax as a percentage of total income has increased to 5.41% for the fiscal year ended 31 March 2006 against 4.10% of total income for the fiscal year ended 31 March 2005. This increase can be attributable to the savings in cost of goods sold and selling and distribution expenses as a percentage to total income which decreased from 65.94% to 65.27% and 16.61% to 15.98% respectively.

Comparison of Financial Year ended March 31, 2005 with March 31, 2004

Income

Total Income increased by 894.72 lakhs or 7.12 % to 13,464.45 lakhs in the fiscal year ended March 31, 2005. This rise is due to the fact that the sales have increased from 12,518.43 lakhs to 13,411.54 lakhs attributing to a percentage increase of 7.13 %.

Sales revenue

Total sales have increased by 893.11 or 7.13% from Rs. 12,518.43 lakhs in the Fiscal year ended March 31, 2004 to 13,411.54 lakhs in the fiscal year ended 31 March, 2005. The increase can be attributable to the fact that there had been improvements in the sales of all products of the company.

Other Income

There was a marginal increase in Other Income by Rs. 1.61 lakhs or 3.14% from Rs. 51.30 lakhs in the fiscal year ended March 31, 2004 to Rs. 52.91 lakhs in the fiscal year ended March 31, 2005 due to the increase in income generated through service charges.

Expenditure

Expenditure has increased by Rs. 704.62 lakhs or 5.93% from Rs. 11891.64 lakhs to Rs. 12596.26 lakhs for the fiscal year ended March 31, 2005.

The increase in overall expenditure can be attributable to the fact that the proportionate increase in cost of production and other direct expenses are in line with the marginal increase in sales. Also, an increase in the selling & distribution expenses and financial charges has contributed to the increase.

Cost of Goods Sold

The cost of goods sold has increased by Rs. 385.64 lakhs or 4.54% from Rs. 8493.40 lakhs for the fiscal year ended March 31, 2004 to Rs. 8879.04 for the fiscal year ended March 31, 2005.

This marginal increase in cost of goods sold is due to the increased purchase cost and due to the price variation in the principle raw material i.e. copper.

Employee cost and Administrative Expenses

These expenses have increased by Rs. 16.44 lakhs or 3.01% from Rs. 546.49 lakhs to Rs. 562.93 lakhs for the fiscal year ended March 31, 2005 and Rs. 24.59 lakhs or 5.42 % from Rs. 453.52 lakhs to 478.11 lakhs for the fiscal year ended 31 March 2005, for Employee costs and administrative expenses respectively.

This marginal increase in employee costs is because of annual increment given to employees and due to addition in work force. The increase in administrative expenses can be attributable to proportionate increase in sales.

Selling & Distribution expenses

The selling and distribution expenses have increased by 191.31 lakhs or 9.35 % from Rs. 2045.90 lakhs for the fiscal year ended 31 March, 2004 to Rs. 2237.21 lakhs for the fiscal year ended 31 March, 2005.

With the introduction of new technology added to solar water heaters, there was an increase in advertising and promotional expense which included discount and incentive schemes and other various schemes that involve giving gifts and compliments etc, as we increased our marketing efforts to create market awareness about this new technology.

Net Profit after tax and extraordinary items

The net profit after tax has increased by Rs. 139.00 lakhs or 33.69% from Rs. 412.57 lakhs for the fiscal year ended 31 March 2004 to Rs. 551.57 for the fiscal year ended 31st March, 2005. This increase can mainly be attributable to savings made in the cost of goods sold. During the fiscal year ended March 31, 2005 the cost of goods sold as a percentage to total sales reduced by 1.63 % to 65.94% as compared to 67.57% during the immediate preceding year.

Significant increase/decrease in the Assets and Liabilities as at 31st March, 2007 as compared to the Assets and Liabilities as at 31st March, 2006.

Investments

The investments at at 31st March, 2007 were nil compared to the balance of Rs. 660 lakhs as at 31st March, 2006. During the year 2006-2007, our company had sold investment in the equity shares of M/s Veega Holidays & Parks Private Limited and M/s Wonderla Holidays Private Limited and earned a profit of Rs. 491.70 lakhs (net of tax).

Inventories

The inventories have increased by Rs. 1028.79 lakhs or 49.68% from Rs. 2070.65 lakhs as at 31st March 2006 to Rs. 3099.44 as at 31st March, 2007. This increase can mainly be attributable to fact that there was an increase in sales and increase in the number of branches. Therefore our company had to keep more in the form of inventories.

Sundry Debtors

The Sundry Debtors have increased by Rs. 1264.73 lakhs or 87.24 % from Rs. 1449.75 lakhs as at 31st March 2006 to Rs. 2714.48 as at 31st March, 2007. This increase is due to the increase in sales.

Loans and Advances

Loans and Advances have increased by Rs. 1048.59 lakhs or 182.49 % from Rs. 574.61 lakhs as at 31st March 2006 to Rs. 1623.20 as at 31st March, 2007. This increase can mainly be attributable to the advance income tax paid.

Share capital

The share capital of our company has increased considerably from Rs. 300.00 lakhs to Rs. 2139.58 lakhs. Our Company, on 9th September, 2006 issued bonus shares to its members in the ratio of Six Equity Share for every one Equity Share held by members. A total of 1,80,00,000 equity shares were issued. (For further details on increase in share capital, please refer to heading titled ‘*Capital Structure*’ beginning on page no. 14 of this Prospectus.)

Significant increase/ decrease in the Assets and Liabilities as at 31st March, 2006 as compared to the Assets and Liabilities as at 31st March, 2005.

Fixed Assets (Gross Block)

Gross block has increased by Rs. 1252.67 lakhs or 39.33% from Rs. 3184.75 lakhs as at 31st March 2005 to Rs. 4437.47 as at 31st March, 2006. This increase can mainly be attributable to the fact that our company had acquired the trademark “V-Guard” from our Promoter, Mr. Kochouseph Chittilappilly, for a consideration of 1000 lakhs.

Capital Work in Progress

The capital work in progress amounting to Rs. 188.37 lakhs as on March 31, 2006 represents amount incurred towards construction activity of Distribution Centre in Cochin.

Secured Loans

The increase in secured loans by Rs. 902.14 lakhs from Rs. 1965.78 as at 31st March, 2005 to Rs. 2867.92 as at 31st March, 2006 was due to additional term loan taken by our company from State Bank of India for the purchase of the trade mark “V-Guard”

Cash Flows

The table sets forth our Company’s Cash flows for the period indicated:

Particulars	Fiscal Year Ended				
	31-03-07	31-03-06	31-03-05	31-03-04	31-03-03
Net Cash from Operating Activities	424.80	1,238.24	786.97	661.06	681.17
Net Cash (Used) / Generated from Investment Activities	590.96	(1,489.94)	(490.89)	(745.94)	(293.53)
Net Cash (Used) / Generated from Financing Activities	(904.37)	210.70	(314.61)	62.40	(337.90)
Net Increase/ (decrease) in Cash and Cash Equivalents	111.39	(41.00)	(18.53)	(22.48)	49.74

Cash Flow from Operating Activities

Our Company's net cash from operating activities in the fiscal year ended March 31, 2007 was Rs. 424.80 lakhs. This decrease from the previous year can mainly be attributable to fact that there was a substantial increase in trade receivables, inventories and increase in loans and advances. These were partially offset by an increase in current liabilities of Rs. 955.57 lakhs.

Our Company's net cash from operating activities in the fiscal year ended March 31, 2006 was 1,238.24 lakhs which was at an increase of 57.34% over the previous year. This increase from the previous year can be attributable to the net profits achieved by our company.

Our Company's net cash from operating activities in the fiscal year ended March 31, 2005 was Rs. 786.97 lakhs, which was at an increase of 19.04% over the previous year. This increase from the previous year can be attributable to the net profits achieved by our company.

Cash flow from Investment Activities

Our Company's net cash from investing activities was Rs. 590.96 lakhs, Rs. (1489.94) lakhs, Rs. (490.89) lakhs and Rs. (745.94) lakhs in Fiscal 2007, 2006, 2005 and 2004, respectively.

Our Company's net cash from investing activities reflects investments consisting of (i) purchase of fixed assets; (ii) proceeds on disposal of fixed assets; (iii) purchase/sale of investments (iv) dividend income (v) direct taxes paid on capital gains and (vi) Income from Investments.

The positive cash flow from investing activities in fiscal year ended 31 March, 2007 is due to the inflow from sale of investment amounting to 1260.00 lakhs and 26.00 lakhs received by dividend income.

The net cash flow from investment activities in fiscal year ended 31 March, 2006 was negative to the extent of 1489.94 lakhs due to purchase of trade mark "V-Guard" from Mr. Kochouseph Chittilappilly for a consideration of 1000.00 lakhs which has grouped under purchase of fixed assets.

Cash Flow from Financing Activities

The net cash outflow from financing activities during the fiscal year ended 31 March, 2007 was Rs. -904.37 lakhs. The factors contributing to this are payments of dividend and dividend tax, financing charges and repayment of unsecured loans amounting to a total of 1673.54 lakhs as against an inflow of Rs. 769.17 lakhs generated by way of issue of shares and bank borrowings.

The net cash inflow from financing activities during the fiscal year ended 31 March, 2006 was Rs. 210.70 lakhs. This is due to the fact that the total inflow from financing activities was Rs. 951.35 lakhs which includes increased borrowings by way of secured and unsecured loans from banks and directors respectively as against a total outflow of Rs. 740.65 lakhs.

The net cash outflow from financing activities during the fiscal year ended 31 March, 2005 was Rs. 314.61 lakhs. This outflow can be attributable to payments of dividend and dividend tax, financing charges amounting to a total of 602.81 lakhs as against an inflow of Rs. 288.20 lakhs generated by way of bank borrowings and borrowings from Directors.

Indebtedness

As of August 31, 2007, our Company had secured indebtedness of Rs. 3,377.95 lakhs. For a description of the restrictive covenants of such indebtedness, please refer to the section titled “Notes to Capital Structure” beginning on page no. 14 of this Prospectus.

We have recently enhanced our credit facility from the existing Rs.1000 lakhs to Rs.2000 lakhs from Citibank vide deed of modification dated November 13, 2007. The purpose of this facility is to finance our working capital requirements. The rate of interest is 11.00% p.a. The facility is secured by hypothecation by way of first charge on all current assets of the company, including stock of goods, book debts and third charge on all fixed assets including land & building and plant & machinery. The loan is further secured by personal guarantees of Mr. Kochouseph Chittilappilly, Managing Director and Smt. Sheela Kochouseph, then Director of our company resigned on August 16, 2007.

For details on other loans taken by our company, please refer annexure titled “Statement of Secured Loans” on page no. 152 under section titled “Financial Statements” beginning on page no. 122 of this Prospectus.

Contingent Liabilities

As of August 31, 2007, our Company’s contingent liabilities consist of: (i) Pending sales tax matters (ii) Entry tax on goods to local area (iii) Open letters of credit for import purchase. As of August 31, 2007, our Company had an aggregate amount of Rs. 180.68 lakhs in contingent liabilities outstanding, which comprised of: (i) Rs. 164.99 lakhs towards pending sales tax matters (ii) Rs. 5.45 lakhs towards Entry tax on goods to local area (iii) Rs. 10.24 lakhs towards Open letters of credit for import purchase.

SWOT ANALYSIS

Our Company believes that identification of SWOTs is essential because subsequent steps in the process of planning for achievement of the selected objective are to be derived from the analysis.

STRENGTHS

Our presence in the industry for around three decades

We have been present in this industry for the last 3 decades which has helped us in understanding ever-changing needs and demands of our customers. On account of this long-standing presence in the Indian market and with constant improvement in performance of our products, augmented with quality, consumers recognize our brand, we believe that we enjoy considerable brand equity and reliability in the market.

Management Expertise

Our promoter directors have considerable experience and expertise in their domain. We have a professionally managed team with technical experts in respective fields and as more specifically detailed in the paragraph on ‘Key Managerial Personnel’ on page no. 116 of this Prospectus. The day to day affairs of our Company are looked after by qualified and experienced key personnel from varied areas, under the supervision of our Managing Director.

Strong Dealer Network

Our Promoters have an understanding of the trade segment of the market. Through this understanding, we have been able to establish a strong dealer network countrywide, enabling its products to reach the small consumers easily. Our sales are through the Distribution Network that has been developed over a period of last thirty years. Presently we

have around 111 distributors and more than 7000 dealers across the nation. Further, our capabilities in after sales service is what makes us apart from other players in the industry we operate in.

Diversified client base

Our Company caters to various customers of small and big size. Customers are based in different geographical locations and are from various backgrounds. Our strategy to cater our products to a wider arena of customers insulates us from dependency on any particular class, area of customers.

Diversified product base enabling De-risking of the Business Model

Our revenue stream comes from diverse domains, which in turn reduces the company's dependence on a particular product. This ability to diversify the revenue streams and also to retain various clients differentiates us from most of our competitors

Quality and ISO Certification

The Cable manufacturing unit, Solar Water Heater unit and our R&D Division of our Company are having certification of ISO 9001:2000 by DNV (Det Norske Veritas). Since our Company is dedicated towards quality of products, processes and inputs, we get repetitive orders from our customers as we are capable of meeting our quality standards thereby enabling us to maintain our brand image in the market

Financial Credentials

The Sales of our Company has grown from Rs. 11061.46 Lakhs as on March 2003 to Rs. 22227.48 Lakhs as on March 2007 at a CAGR of 19.06 %. Our Company has been making profits and been paying dividends consistently since last 5 years. The Profit after tax of our Company has grown from Rs.489.97 Lakhs on March 2003 to Rs.1349.69 Lakhs in March 2007 at a CAGR of 28.83 %.

Challenges

This may seem a concern to populous at large but we have effectively worked it out to our advantage.

➤ *Concentration of Business mainly in the Southern States.*

As a part of strategy, we have operated in the specific targeted markets and in such markets we have consistently kept our presence. We have been highly focused on our markets in the states of Kerala, Andhra Pradesh, Karnataka and Tamil Nadu considering logistic advantages like freight, transportation and competitive manufacturing capacities which contributes more than 90% of our revenues. Our object of the issue to set up a manufacturing unit in Uttaranchal justifies our call to expand in the northern states and move on to become a national player in years to come. Moreover our presence in the southern states over three decades has reflected in a Brand Value which we plan to ripen on a national level.

➤ *The Company is yet to venture into export market.*

Though our product are competitive enough to venture into any global market, but huge market potential in the domestic market which is still to be explored is lucrative enough to restrict us to see global platform in the immediate future.

Opportunities:

➤ *Wide North Indian and Export markets are available for future expansion.*

Huge market potential in the domestic market and global market which is still to be explored is a driving force to establish our mark on a global platform in the near future. Our Competitive pricing, Established brand, Exhaustive distribution network and over three decades of experience justifies our confidence to achieve and conquer the same.

➤ ***Value Added Products and New Product can be introduced***

Our Strong Established Distribution Network and Brand Image will help us to canalize newer products, product lines which are being continuously developed in our R&D and product development department, thereby creating a ready made platform

Threats:

➤ ***High market competition especially in the area of Pumps and Cables.***

Though we experience cut throat competition in pumps and cables segment on a broader scale where we see competing against the majors like KSB Pumps, Kirlosker Pumps, Finolex, etc. but we have been successful to create our niche area/market which we are confident to persist on a pan-India level.

➤ ***Changes in government policies may have direct impact on the profitability***

We currently take advantage of excise duty exemption provided to our product i.e Solar Water Heaters, the withdrawal of which may impact our profitability. An increase in any of taxes or levies or the imposition of new taxes or levies in the future may have an adverse impact on our Company's business and financial condition.

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

We are exposed to market risk like equity risk and inflation.

Equity price risk

Equity price risk arises when we are exposed to changes in the fair value of any traded equity instruments that we may hold due to changes in the equity markets. Our exposure to changes in equity prices is not material to our financial position or results of operations.

Inflation

In recent years, although India has experienced fluctuation in inflation rates, inflation has not had material impact on our Company's business and results of operations. According to the Office of the Economic Advisor, Department of Industrial Policy and Promotion, the inflation rate in India was approximately 3.4%, 5.4%, 6.4%, 4.5% and 5.9% in the Fiscal 2003, 2004, 2005, 2006 and 2007 respectively.

OTHER INDUSTRY AND COMPANY SPECIFIC INFORMATION

INFORMATION REQUIRED AS PER CLAUSE 6.10.5.5 (A) OF THE DIP GUIDELINES

Unusual or Infrequent Events or Transactions

Except as described in the chapter titled '*Risk Factors*' beginning on page no. x of this Prospectus, there have been no other events or transactions to our knowledge, which may be described as "unusual" or "infrequent".

Known Trends or Uncertainties

Except as described in the chapter titled '*Risk Factors*' beginning on page no. x of this Prospectus there are no known trends or uncertainties that have or had or expected to have any material adverse impact on our revenues or income from continuing operations.

Significant economic changes that materially affected or are likely to effect income from continuing operations

There are no significant economic changes that materially affected or likely to affect income from existing operations.

Future Relationship between Cost and Income

Except as described in the chapters titled 'Risk Factors', 'Business Overview' and 'Management's Discussion and Analysis of Financial Condition and Results of Operations' beginning on page nos. x, 62 and 170 of this Prospectus, to our knowledge there are no known factors that will have a material adverse impact on our operations and finances.

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;

Our Company has been periodically introducing new products that have been contributing significantly for the growth in sales which is also supplemented by increased volume in the off take of products by the existing customers.

Seasonality of Business

There is no seasonality of business in the activities of our Company.

Total turnover of each major industry segment in which the company operated

Products and their Contribution to Sales for the last three years

Products	2006-07		2005-06		2004-05	
	Sales (Rs. In lakhs)	% of contribution	Sales (Rs. In lakhs)	% of contribution	Sales (Rs. In lakhs)	% of contribution
Stabilizer	9508.54	41.48%	7742.6	44.19%	6244.74	45.08%
Cable	4605.11	20.09%	3713.52	21.19%	2951.15	21.30%
Pump	4376.12	19.09%	3465.87	19.78%	2925.57	21.12%
Electric Water Heater	1661.08	7.25%	1103.69	6.30%	768.64	5.55%
Solar water Heaters.	943.90	4.12%	544.88	3.11%	243.34	1.76%
UPS	795.77	3.47%	453.52	2.59%	342.82	2.47%
Fan	576.64	2.52%	87.26	0.50%	0	0.00%
Other Products	454.89	1.98%	411.02	2.35%	376.51	2.72%
Total	22922.04	100.00%	17522.36	100.00%	13852.77	100.00%
Less Excise Duty	694.56	--	549.56	--	441.23	--
Total	22227.48		16972.80		13411.54	

Status of any publicly announced new products or business segment

We have not publicly announced any new products or business segments.

Any significant dependence on a single or few suppliers or customers;

We market our products through distributors and through direct sales and are not dependent on a single customer.

Significant Developments after the Date of the Last Financial Statement

Except as detailed below, in the opinion of the Board of Directors, there have not arisen, since the date of the last financial statements any circumstances that materially or adversely affect or are likely to affect the profitability of our Company or our ability to pay material liabilities within the next twelve months:-

1) Our Company has entered into a lease cum sale agreement dated 11th June 2007 with Karnataka Industrial Area Development Board (“KIADB”) for the transfer of Plot No. 16C in Survey No. 35 and 36, in Kumbalagodu I Phase Industrial Area within the village limits of Kumbalagodu, Kengery Hobli, Bangalore South taluk, Bangalore Urban District of an extent of 4915 sq. mts. or thereabouts. By this agreement our Company was given the lease for a period of two years. As per the agreement KIADB shall sell the property to our company during the currency of the lease period or at the end of two years or the extended period, if our company has performed all the conditions of the lease and has not committed any breach thereof or has the right to forfeit 25% of the allotment consideration paid, together with rents payable, interest due and payable on the unpaid rents and earnest money deposit if any terms and conditions of the lease is breached. In addition, the Company will not be entitled to any compensation by KIADB on account of building constructed thereon or any improvements made on the plot.

For details on the above mentioned agreement, please refer heading titled “Other Agreements” beginning on page 103 of this Prospectus.

Competitive Conditions

For information regarding competition, please refer to page no. 82 under the heading titled ‘*Our Competition*’ in the chapter titled ‘*Business Overview*’ and to risk factor no. o in the chapter titled ‘*Risk Factors*’ beginning on page no. x of this Prospectus.

SECTION VI – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION, MATERIAL DEVELOPMENTS AND OTHER DISCLOSURES

Except as described below, there are no outstanding litigations, suits, civil or criminal prosecutions, proceedings before any judicial, quasi-judicial, arbitral or administrative tribunals, including pending proceedings for violation of statutory regulations or, alleging criminal or economic offences or tax liabilities or any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (i) of Part 1 of Schedule XIII of the Companies Act) against our Company, our Directors, our Promoters and our Promoter Group Entities that would have a material adverse effect on our business. Further there are no defaults, non-payments or overdue of statutory dues and institutional/bank dues that would have a material adverse effect on our business.

This section has been divided into seven parts

Part 1 Contingent Liabilities of our Company

Part 2 Litigation relating to our Company

Part 3 Litigation against our Directors

Part 4 Litigation relating to our Promoter and Promoter Group Companies

Part 5 Penalties imposed in past cases

Part 6 Amounts owed to Small Scale Undertakings

Part 7 Material Developments

PART 1 – CONTINGENT LIABILITIES OF OUR COMPANY

Contingent liabilities

As of August 31, 2007, our Company's contingent liabilities consist of: (i) Pending sales tax matters (ii) Entry tax on goods to local area (iii) Open letters of credit for import purchase. As of August 31, 2007, our Company had an aggregate amount of Rs. 180.68 lakhs in contingent liabilities outstanding, which comprised of: (i) Rs. 164.99 lakhs towards pending sales tax matters (ii) Rs. 5.45 lakhs towards Entry tax on goods to local area (iii) Rs. 10.24 lakhs towards Open letters of credit for import purchase.

Part 2 - LITIGATION RELATING TO OUR COMPANY

I. CASES FILED BY OUR COMPANY

A. Civil Cases

Sl. No.	Reference to Case No.	Opposite Party	Gist of the case
1	O S No. 353 of 2005 Additional District Court Ernakulam	ICICI Bank Ltd. Chennai	<p>Our Company is the Plaintiff, which has filed the suit against ICICI Bank Ltd., for the recovery of Rs.43,33,064/-being the premium paid by the Company for the foreclosure of the term loan of Rs.12 crores availed by the Company from ICICI Bank Ltd. ICICI Bank is contesting the claim.</p> <p>The Plaintiff adduced evidence on 01-02-2008. The last date of hearing was on 21-02-2008. The suit now stands posted for the defendants' evidence and hearing on 24-03-08.</p>

B. Criminal Cases

Sl. No.	Reference to Case No.	Opposite Party	Gist of the case
1	C C No. 24697 of 2006 9th Additional Chief Metropolitan Magistrate, Bangalore	A.Mukesh, Bangalore	Our Company has filed a complaint before the police station at Chickpet , Bangalore, against one Mr.Mukesh who was selling spurious products with the Company's trade mark on them. After investigations, the Police filed a criminal complaint in the court of the 9 th Additional Chief Metropolitan Magistrate, Bangalore. against Mukesh for offences under section 51 (1)(B) and 63 of Copy Rights Act, The last date of hearing was on 25.02.2008.and the next date of hearing is on 7.03.2008

Pending Sales tax disputes

Pending disputes in respect of Sales Tax Acts are tabulated below.

Name of statutes	Period to which the amount relates	Amount disputed (Rs. in lakhs)	Gist of the case and the Forum where pending
Kerala General Sales Tax Act	1988-89 to 1994-95	30.62	<p>The Company filed an appeal before the Hon'ble Supreme Court against the Common Judgment dated 04.09.2003 of the Hon'ble High Court Of Kerala in TRC No.26/96,20&24/96&338/00.The above said cases were filed against the assessment for the years 1988-'89 to '94-'95 for four consecutive years. The challenge is on the liability to tax under. Sec.5A of KGST Act on the transfer of goods purchased from exempted units. The same issue is also the subject matter of Sales Tax Revision Petitions filed by the Company before the Hon'ble High Court of Kerala at Ernakulam, for the assessment years 1992 – 1995, which fact was also mentioned in the appeals filed before the Hon'ble Supreme Court.</p> <p>The total claim is for Rs.62,39,451 out of which Rs.26,68,719 has been paid under protest. The Hon'ble Supreme Court by its interim order dated 02.05.2005 stayed all further proceedings of the above said assessment years for which appeals have been filed and ordered the Company to pay 50% of the total claim to get stay. The payment was effected on 27.05.2005. Pending before the Hon'ble Supreme Court. The date of hearing of the case is not fixed.</p>
Kerala General Sales Tax Act	1994-95	1.58	<p>During the year 1994-95 VAT was first introduced in State of Kerala. The amount of VAT was to be calculated at the prescribed rates on the difference between the sales value and the purchase value. The Company had paid purchase tax on the purchases made. For the purpose of calculation of VAT, the Company was directed to pay VAT on the aggregate value of the purchases including the amount of purchase tax paid on the purchases.</p> <p>The Company has filed an appeal against this for disputed amount</p>

			of Rs.4,67,244/-. During the course of hearing of the appeal, the Company paid Rs 3,09,104/-. The case is pending for disposal with Deputy Commissioner of Appeals, Ernakulam. The date of hearing of the case is not fixed
Kerala General Sales Tax Act	1997-98	10.55	Department of Sales tax, Ernakulam has raised a demand of 2% as last point tax on goods transferred to branches and Consignment Agents during the year 2001 with retrospective effect from the year 1997-98. Aggrieved by the demand, the Company filed petition before the Hon'ble High Court of Kerala and obtained an interim stay of the demand. The date of hearing not yet fixed.
Kerala General Sales Tax Act	1998-99 & 99-00	9.11	The Company filed an appeal against the demand made by the Sales-tax Officer, Special Circle III, Ernakulam, for payment of Rs.9.11 lakh as interest for delay in payment of Sales tax dues. The matter is pending before Deputy Commissioner (Appeals), Cochin.
Andhra Pradesh General Sales Tax Act	2002-03	1.52	The dispute relates to inclusion of an excess of Rs.16, 01,080/- in the net turnover by the Department. . The excess turnover is assessed on the Company. The disputed tax amount is Rs.173862/-. The amount due after the amount paid under protest is Rs.1.52 lakhs. The matter is pending before Deputy Commissioner (Appeals), Hyderabad.
Kerala Tax on Entry of goods into Local Areas Act, 1994	2005-06	5.45	The Company imported a BMW Car model 530D and apprehending the levy of entry tax under Kerala Tax on Entry of goods into Local Areas Act, 1994 filed the writ petition before the Hon'ble High Court of Kerala. Charging of entry tax on the entry of the car has stayed by the Hon'ble High Court of Kerala until further orders. The matter is pending before Honble High Court of Kerala. Date of hearing is not yet fixed.

II. CASES FILED AGAINST OUR COMPANY

A. Civil cases

Sl. No.	Reference to Case No.	Opposite Party	Gist of the case
1	O S No. 1398/2006, Munsif Court, Ernakulam	Faseela and Najeeb	The Plaintiffs, Faseela A.M.& Najeeb, Bakkattil house, Vennala, Ernakulam have filed a case against our Company seeking injunction from carrying any piling work on our Company's land located at High school Road, Vennala P.o., Vennala in a manner which will cause damage to plaint schedule building, which is adjacent to the Company's land. Injunction was granted, which was later modified to read as follows: "The respondents are restrained from doing any piling work except under manually operated augur method", The suit has since been dismissed by the Munsif Court, Ernakulam, as not pressed by the Plaintiffs. Copy of the order dismissing the suit is awaited.
2	O .S. No.864 of 2002, Munsiff Court , Tiruchi	Sri Devi Enterprises, Partnership firm	The Plaintiffs, Sri Devi Enterprises, Partnership firm, Tiruchi have filed a suit seeking declaration that they are the sole distributors of Company's products in Trichy, Cuddalore, Perambalur and Ariyalur and for an injunction restraining our Company from appointing any other distributor in the above places. An injunction

			<p>was granted in favour of the Plaintiffs by the Munsiff Court, Tiruchi. On appeal by the Company against the granting of such injunction, the Hon'ble High Court of Madras vacated the injunction, with a direction to the Munsiff Court, Tiruchi to dispose of the case expeditiously. The case is pending before the Munsiff Court, Tiruchi. The last date of hearing was on 30.11.2007 on Munsiff, Tiruchi and the next date of hearing is on 10.04.2008.</p>
3	O.S No. 4734 of 2004, City Civil Court, Bangalore	Mr. Shankara Gowda and Mr. Vishakante Gowda	<p>Mr. Shankara Gowda, Mr. Vishakante Gowda and Mr. S N Putte Gowda are brothers.</p> <p>By an Agreement dated 31.07.2003, one Mr. S N Putte Gowda, one of the brothers had agreed to sell to our Company a land of an extent of 1 acre and 33 guntas of which he was the owner. Subsequently partition suit was filed by Mr. Shankara Gowda and Mr. Vishakante Gowda, two of the brothers above named, inter alia, against the Company on the ground that the land agreed to be sold by Mr. Putte Gowda was a joint family property, in which they also had a share. The claim is being contested by the Company. The Agreement with Mr. Putte Gowda provides for settlement of disputes through arbitration, which our Company proposes to invoke. The last date of hearing was on 16-02-2008 and next date of hearing is on 21-06-2008</p>
4	Appeal No. 19 of 2006 Principal Civil Judge (Sr. DN) Hassan	Mr. Rengaraj of Hassan	<p>Mr. Rengaraj of Hassan is the Plaintiff, who has filed a civil suit O S No. 287 of 2003 against our Company before the Civil Judge (Jr. DN), Hassan claiming damages of Rs. 10,000/- for supply of defective Monoblock Pumpset. The suit was dismissed by the court. Against such dismissal, the Plaintiff has filed an appeal before Principal Civil Judge (Sr. DN) Hassan. The last date of hearing was on 08.02.2008 and next date of hearing is on 12.03.2008</p>
5	R F A No. 408 of 2007 Hon'ble High Court of Kerala at Ernakulam	Premier Elemec Systems Private Ltd., New No.2, Old No. 41, Saravana Street T Nagar Chennai 600 017.	<p>The Company registered the design of its V Guard stabilizer in its name under Design Act and got the registration No. 187578 from the Controller of Design, Calcutta. Premier Elemec Systems Pvt. Ltd. ("Premier"). Premier is in the business of manufacturing and marketing stabilizer with the brand name "Premier". St. George Electricals, carrying on business at Kochi is the authorized dealer cum retailer for Premier. Since the design of the stabilizer manufactured and marketed under the name "Premier" through St. George Electricals was an imitation of the Company's design and such practice was likely to cause confusion in the mind of the general public and such an imitation being fraudulent and illegal, the Company filed a suit being Original Suit No. 3 of 2004 in the Court of the District Judge, Ernakulam against Premier and St. George Electricals, seeking a permanent prohibitory injunction restraining Premier</p>

			<p>and St. Geroge Electricals from fraudulently imitating the registered design of the Company's stabilizer with Design Registration No. 187578.</p> <p>The suit was contested by Premier and St. George Electricals. The District Court, Ernakulam, by its decree and judgment dated 20th July, 2007 decreed the suit in favour of the Company by which Premier and St. George Electricals, who were defendants in the suit were restrained by a permanent prohibitory injunction from fraudulently or obviously imitaqting the resigtered design of the Company's staqbiliers with design registration No. 187578.</p> <p>Aggrieved by the abovesaid decree and judgment of the District Court, Premier has filed a Regular First Appeal before the Hon'ble High Court of Kerala at Ernakulam being R F A No 408 of 2007. The Company is the First Respondent in the RFA while St. George Electricals is the Second Respondent.</p> <p>The date of hearing is not yet fixed.</p>
--	--	--	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

A 1. Consumer Dispute cases

Sl. No.	Reference to Case No.	Opposite Party	Gist of the case
1	Appeal No. 121 of 2007 State Commission Consumer Disputes Redressal Forum Sambalpur, Orissa	Mr. Prasantha Rath of Shenapali, Orissa.	One Prasantha Rath of Shenapali, District Sambalpur filed a complaint under Consumer Protection Act against the Company and two others viz. 1. M/S Alpha Marketing, Mission Road Near Ashapally School,Sambalpur, 2.M/sPradhan,BiyutBhandar,Golebazar,Sambalpur, who are our distributor and dealer respectively , for deficiency of service and non replacement of defective V Guard pump set during warranty period and claimed a compensation of Rs.22,450/-. The District Consumer Disputes Rederessal Forum, Sambalpur, by its order dated 15 th March 2007, directed the Opposite Parties to pay to the Complainant an amount of Rs.1500/- as compensation and to replace the defective pump set. Against the order, the Company had filed an appeal before the State Consumer Disputes Redressal Commission Orissa. The State Commission by its order dated 24 th May 2007, had admitted the appeal and has stayed the operation of the order of the District Forum until further orders. The appeal is pending for hearing before the State Commission Consumer Disputes Redressal Forum Sambalpur, Orissa.

2	Appeal No.860 of 2002 Consumer Disputes Redressal Forum, Ernakulam	Mr. Sankarakutty of Viyyur Thrissur	<p>One Mr. Sankarakutty of Viyyur , Thrissur filed a petition before District Consumer Disputes Redressal Forum, Thrissur, claiming compensation against the Managing Director of the Company and M/S Modern Equipments, 23/484, M.G.Road, Thrissur, who are a dealer of the Company. As per the complaint, the stabilizer (a product of the Company) bought by the Complainant has ruined his TV set on account of poor quality of the stabilizer. The District Forum passed an order directing the respondents to pay to the complainant an aggregate amount of Rs.23, 740/-. Against this order, the respondents in the above petition filed an appeal before the State Forum. The State Forum has stayed the order of the District Forum, subject to the Appellants in the appeal, depositing with the District Forum the sum of Rs.23,740/-. The amount has since been deposited by the Appellants, who were respondents before the District Forum. The date of hearing is not yet fixed.</p> <p>The case is basically against the Company, represented by the Managing Director, since the product was that of the Company.</p>
---	--------------------------------------------------------------------	-------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

B. Criminal cases

Sl. No.	Reference to Case No.	Opposite Party	Gist of the case
1	Writ Petition No. 23471 of 2001, Andhra Pradesh High Court	State of Andhra Pradesh	State Appellate authority has passed an order against the company for alleged violation of Standard Weights and Measures (Packaged Commodities) Rules, in exhibiting on the products (stabilizer) dual prices in affixing a sticker over the printed price. Against this order our company has filed a Writ Petition before the Hon'ble Andhra Pradesh High Court. The Hon'ble Andhra Pradesh High Court had stayed the order of the Appellate Authority. The date of hearing of the Writ Petition is not fixed.

III TRADEMARK OPPOSITIONS FILED BY OUR COMPANY

Sl. No.	Reference to Application No.	Opposite Party	Gist of the opposition
1	Application No. 700957 in Class 9 Advertised in Trademark Journal No.1374 regular August 16, 2007	M/s Sunpower and Controls, No-60 Military quarters, Coimbatore - 641043	Application No. 700957 in class 9 for the registration of the mark "safeguard" in the name of R.Varadaraj trading as M/s Sunpower and Controls No-60 Military quarters, Coimbatore -641043 was advertised in Trademark Journal No.1374 Regular August 16, 2007.V-Guard Industries Ltd has filed a notice of opposition dated January 22, 2008 to the said application for registration since the same is desceptively similar to its mark.The matter is pending

2	Application No.1395601 in class 9 advertised in trademark journal No.1350 regular dated November 10, 2006	Mr.Vargheese Varkey, Flat No.FF-6-A-26,Vasanth Nagar, Palarivattam PO, Cochin - 682025	Application No.1395601 in class 9 for the registration of the mark "Winner" in the name of Mr. Mr.Vargheese Varkey, Flat No.FF-6-A-26,Vasanth Nagar, Palarivattam PO, Cochin – 682025 was advertised in the trademarks journal no.1350 regular dated November 10, 2006.V-Guard Industries Ltd has filed a notice of opposition dated February 5, 2007 to the said application for registration.The applicant has not filed any counter statement within the prescribed period.Awaiting communication of orders from the Regsity to that effect.
---	-----------------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

PART 3 – LITIGATION AGAINST OUR DIRECTORS

There are no litigations pending against any of our Directors except for the proceedings initiated by SEBI against Geojit Financial Services Ltd, a company promoted by one of our Independent Directors Mr. C.J. George.

(i) Proceedings now pending

On 7th January 2000, SEBI conducted an inspection of the books and records of Geojit Financial Services Ltd. Based on the inspection, an enquiry has been initiated against Geojit Financial Services Ltd. for alleged non-reporting of off the floor trades and for dealing with unregistered intermediaries while conducting business through Cochin Stock Exchange Ltd.

(ii) Proceedings which are disposed off:

Date of Inspection	Action taken by SEBI	Remarks
08.01.2003	Censure dated 08.02.2006 issued by SEBI for the violations noticed during the inspection.	Rectified the observations noted during the inspection.
27.01.2004	SEBI issued a warning not to repeat the irregularities noticed during the inspection.	Rectified the observations noted during the inspection
15.03.2005	SEBI issued a warning not to repeat the irregularities noticed during the inspection.	Rectified the observations noted during the inspection
30.01.2006	SEBI issued a warning not to repeat the irregularities noticed during the inspection.	Rectified the observations noted during the inspection and report submitted to SEBI.

PART 4 – LITIGATION RELATING TO OUR PROMOTERS AND PROMOTER GROUP ENTITIES

I. CASES FILED BY THE PROMOTER GROUP ENTITIES

Filed by Veega Holidays and Parks Private Ltd.

A. Civil cases and Tax Matters

Sl. No.	Reference to Case No.	Opposite Party	Gist of the case
---------	-----------------------	----------------	------------------

1	IT NS 65	Commissioner of Income Tax (Appeal)	Veega Holidays and Parks Private Ltd. has filed an appeal before the Appellate Tribunal, Cochin Bench, Cochin, against the order passed by the Commissioner of Income-tax (Appeals), Kochi. The Assessing Officer has assessed the income of the Assessee for the Assessment year 2003 – 2004, at Rs.56, 29,340/- against the income declared by the assessee at Rs.42, 45,452. Against this assessment, the assessee filed an appeal before the Commissioner of Income tax (Appeals) – II, Kochi, who has partly allowed the appeal. The assessee has now filed the appeal before Appellate Tribunal, Cochin Bench, Cochin. In the appeal, the assessee has questioned the arbitrary disallowance of Marketing and Sales Promotional Expenses of Rs.7, 59,739/- and the arbitrary disallowance of festival expenses of Rs.70, 852/-. Pending for hearing. Date of hearing is not yet fixed.
2.	ITA No.99/R-I/E/CIT/06-07	Assistant Commissioner of Income tax, Circle 1 (3), Range –I, Ernakulam.	Veega Holidays and Parks Private Ltd. has filed an appeal before the Commissioner of Income tax (Appeals), Ernakulam, against the Assessment Order dated 23.11.2006 passed by the Assistant Commissioner of Income tax , Circle 1 (3), Range –I, Ernakulam, demanding a sum of Rs.17,23,869/- for the Assessment Year 2004-2005. A notice of demand dated 23.11.2006 for payment of the abovesaid amount has been issued to Veega Holidays and Parks Private Ltd. The appeal was preferred which was partly allowed by the commissioner of Income Tax (appeals) Kochi by order dated 29-11-07.Out of the total disallowance of Rs.36,78,006/- ,disallowance of Rs.14,53,427/- was set aside.
3	Appeal against demand notice dated 28.12.2007 for the Assessment Year 2005 – 2006 before The Commissioner of Income Tax(Appeals)	Assistant Commissioner of Income Tax, Circle 1 (3), Ernakulam	Veega Holidays and Parks Private Ltd. has been served with a notice of demand dated 28.12.2007 by Assistant Commissioner of Income tax , Circle 1 (3), Range –I, Ernakulam,, demanding payment of Rs.10,74,254/- for the Assessment Year 2005 – 2006. The said demand notice was received by Veega Holidays and Parks Private Ltd. on 7.01.2008.The company has filed an appeal before the commissioner of Income Tax (Appeals) challenging the disallowance of Interest of Rs.21,34,895 and disallowance of depreciation of Rs.2,50,697/-. Date of hearing is not yet fixed.

Filed by Wonderla Holidays Private Ltd.

A. Civil cases and Tax Matters

Sl.	Reference to Case No.	Opposite Party	Gist of the case
-----	-----------------------	----------------	------------------

No.			
1	Appeal filed under Karnataka Sales Tax Act against the order passed for the Assessment Year 2004 – 2005	Joint Commissioner of Commercial Taxes – Transition II, Bangalore 560 020.	Wonderla Holidays Private Ltd. has filed an appeal before the Joint Commissioner of Commercial Taxes (Appeals), Bangalore Division, against the order of Assistant Commissioner of Commercial Taxes – Transition 11, Bangalore by which the Assistant Commissioner levied a Special Entry Tax amounting to Rs.4,36,794/- on the assessee for the Assessment Year 2004 – 2005 and had also levied a penalty of Rs. 2,00,000/- under section 6 (1) of Special Entry Tax of 2004, read with section 12 (4) of Karnataka Sales Tax Act, 1952. The appeal is pending for hearing.
2	Appeals filed under Karnataka Entertainment Tax Act	Karnataka Appellate Tribunal, Bangalore	Wonderla Holidays Private Ltd. has filed several appeals before the Karnataka Appellate Tribunal, Bangalore against the orders passed by the Entertainment Tax Officer, Transition-13, Bangalore, demanding, under section 4E of the Karnataka Entertainment Tax Act, 1958, arrears of entertainment tax for the period September 2005 to March 2007. Pending the hearing of the appeals the Company has been served recovery notices dated 08.01.2008 demanding an aggregate sum of Rs.7,17,54,480/- towards arrears of entertainment tax for the above period and interest of Rs. 1,46,86,688/- till 10.12.2007. The department had issued a notice to the bankers of Wonder la Hoildays Private Ltd to paythe departttment the balance standing to its accounts as on 7-02-2008 in pursuance of which the banks paid Rs.14,00,254/-.The said garnishee notice was revoked their after. Subsequently, an amount of Rs.1 crore was paid by the company towards the above on 14-02-2008.

Filed by V-Star Creations Private Ltd

A .Civil Cases

Sl. No.	Reference to Case No.	Opposite Party	Gist of the case
---------	-----------------------	----------------	------------------

1	<p>Appeal No.E/500/2006 Customs, Excise, and Service Tax Appellate Tribunal, (South Zonal Bench), K.G.Road, Bangalore</p>	<p>The Assistant Commissioner (Asmt) - III, Spl.Crl-III, Ernakulam.</p>	<p>V-Star Creations Private Ltd was issued a Show Cause Notice (SCN) dated 5.3.2004 as to why:</p> <p>(i) Central Excise duty amounting to Rs.38,66,382/- for clearances made during March 2001 and April 2001 should not be recovered from the Company under proviso to Section 11A of the Central Excise Act, 1944</p> <p>(ii) interest at the appropriate rate should not be recovered as per Section 11 AB of the Central Excise Act 1944 and</p> <p>(iii) penalty should not be imposed on them under provisions of Section 11AC of the Central Excise Act, 1944.</p> <p>The Company filed its reply to the SCN. However, the Additional Commissioner of Customs and Central Excise, Cochin has confirmed the demand made in the SCN and also imposed a penalty of Rs.23,19,829/- under section 11AC of Central Excise Act of 1944. Against this order, the Company has filed an appeal before the Customs, Excise and Service Tax Appellate Tribunal, South Zonal Bench, Bangalore. By its order dated 11th August 2006, the Tribunal stayed the recovery of the amount, subject to the Company depositing Rs. 5 lakhs within a period of three months. The amount was deposited on 9.11.2006.</p> <p>The appeal was heard and allowed on 30.01.2008. Awaiting copies of orders.</p>
2	<p>Appeal dated 31-03-04 before the Deputy Commissioner (Appeals of Sales Tax), Department of Commercial Taxes, Ernakulam.</p>	<p>The Assistant Commissioner (Asmt) - III, Spl.Crl-III, Ernakulam</p>	<p>The Company has filed an appeal against the order dated 7.3.2004 passed by the Assistant Commissioner (Assmt.) III, Spl. III, Ernakulam, by which the Assistant Commissioner has determined the taxable turnover for the Assessment year 1999/2000 at Rs.4,74,99,940, as against the taxable turnover of Rs.4,72,65,994/- declared by the assessee. The Assistant Commissioner, while determining the taxable turnover has disallowed, inter alia, the non-taxable sales return of Rs.3, 44,108.29. Against this order, the Company has filed the appeal before the Deputy Commissioner (Appeals), Department of Commercial Taxes, Ernakulam. The grounds of appeal also challenged the levy of interest of Rs.16, 211/- from 1999 onwards.</p> <p>The date of hearing is not yet fixed.</p>

3	Appeal dated 16-12-2004 (Assessment Year 2001-02) before the appellate assistant commissioner ,Department of Commercial taxes ,Ernakulam	The Sales Tax Officer (E), O/o The Deputy Commissioner Commercial Taxes, Trivandrum.	A notice was issued by the Sales Tax Inspector, Sales Tax Checkpost, Amaravila for alleged contravention of the provisions of Section 29 (2) of KGST Act, 1963, for transporting sewing and cutting machines from the State of Tamil Nadu to Kochi, without proper documents. A sum of Rs.13, 822/- was collected as security deposit and the vehicle carrying the goods was allowed to proceed. Subsequently notices were issued to the Company and Mehala Machines India Ltd., the Consignor of the above goods for production of proper documents proving the genuiness of the transaction. Mehala Machines India Ltd., in their reply confirmed the genuiness of the transaction and stated that by oversight the KGST and CST registration numbers have not been stated in the invoice. After a personal hearing, the Sales Tax Officer (E), by his order dated 13.9.2004, has converted the amount of security deposit already collected into a penalty. The appeal has been filed against this order of Sale Tax Officer (E).The date of hearing is not yet fixed.
---	------------------------------------------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

B. Criminal Cases

Sl. No.	Reference to Case No.	Opposite Party	Gist of the case
1	Criminal Appeal No.13 of 2007 Sessions Judge Thoudupuzha	Senior Inspector Legal Metrology Thoudupuzha	A complaint has been filed in the Magistrate's court for alleged violation of the provisions of sec 33(1), 39, Standard Weights and Measures Act and 6(1)d, 23(1) Standard Weights and Measures Rules, in respect of affixing price stickers over the pre-printed price on packaged products. The lower Court had imposed a fine of Rs.2000/- on each of the accused. Against this order, V Star Creations Private Limited filed an appeal before the Sessions Judge, Thoudupuzha. The appeal stands allowed by virtue of Judgement dated 15-01-2008.Awaiting issuance of certified copy of the judgement.

B.1 Cases under Sec 138 of The Negotiable Instrument Act

V-Star Creations Private Limited has filed complaints under the relevant provisions of the Negotiable Instruments Act for dishonour of cheques issued in favour of the Company towards discharge of the legal liability to the Company. Following are the details of such complaints.

Sl. No.	Reference to Case No.	Opposite Party	Details of cheques which were dishonoured
---------	-----------------------	----------------	-------------------------------------------

1	CC NO. 749/03 & 750/03 Before the Judicial First Class Magistrate Court, Ernakulam.	Suseela Proprietrix VISHNU TEXTILES, MAITHANAM, VARKALA, TRIVANDRAM, 695 141	The following cheques when presented for payment were dishonored. <table border="0"> <thead> <tr> <th><i>Cheque No</i></th> <th><i>Date</i></th> <th><i>Amount(Rs.)</i></th> </tr> </thead> <tbody> <tr> <td>598460</td> <td>10/03/2003</td> <td>48029/-</td> </tr> <tr> <td>430434</td> <td>05/02/2003</td> <td>46879/-</td> </tr> <tr> <td>598459</td> <td>25/02/2003</td> <td>41702/-</td> </tr> <tr> <td>430413</td> <td>15/12/2003</td> <td>143290/-</td> </tr> <tr> <td>430433</td> <td>25/01/2003</td> <td>42472/-</td> </tr> </tbody> </table> Warrant has been issued by the Court. The case was posted on 30-01- 2008. The case now stands converted as ' long pending case' , since the accused is absconding.	<i>Cheque No</i>	<i>Date</i>	<i>Amount(Rs.)</i>	598460	10/03/2003	48029/-	430434	05/02/2003	46879/-	598459	25/02/2003	41702/-	430413	15/12/2003	143290/-	430433	25/01/2003	42472/-
<i>Cheque No</i>	<i>Date</i>	<i>Amount(Rs.)</i>																			
598460	10/03/2003	48029/-																			
430434	05/02/2003	46879/-																			
598459	25/02/2003	41702/-																			
430413	15/12/2003	143290/-																			
430433	25/01/2003	42472/-																			
2	CC 1138/04, Judicial First class Magistrate Court , Ernakulam	Shamsudeen Proprietor SHERIF TEXTILE READYMADE, KALLAMBALAM P.O., TRIVANDRAM-695 605	The following cheque, when presented for payment, were dishonored <table border="0"> <thead> <tr> <th><i>Cheque No.</i></th> <th><i>Date</i></th> <th><i>Amount</i></th> </tr> </thead> <tbody> <tr> <td>6347129</td> <td>28/07/2003</td> <td>86829/-</td> </tr> </tbody> </table> Warrant has been issued by the Court. The case is adjourned to 04.09.2008	<i>Cheque No.</i>	<i>Date</i>	<i>Amount</i>	6347129	28/07/2003	86829/-												
<i>Cheque No.</i>	<i>Date</i>	<i>Amount</i>																			
6347129	28/07/2003	86829/-																			
3	ST No. 1185 of 2005 Judicial First class Magistrate Court - IV , Kochi ST NO. 1185/05	1. METRO SILKS & SAREES, CHENDAMANGALAM JN. NORTH PARAVUR 2. Mr. Joemon Managing Partner Metro Silks and Sarees CHENDAMANGALAM JN. NORTH PARAVUR	The following cheques when presented for payment were dishonored. <table border="0"> <thead> <tr> <th><i>Cheque No.</i></th> <th><i>Date</i></th> <th><i>Amount</i></th> </tr> </thead> <tbody> <tr> <td>1813638</td> <td>09/11/04</td> <td>5000</td> </tr> <tr> <td>1813637</td> <td>04/11/04</td> <td>5000</td> </tr> </tbody> </table> The last date of hearing was on 06-02- 2008. The case is adjourned to 03.05.2008 to be posted before the Adalat For settlement.	<i>Cheque No.</i>	<i>Date</i>	<i>Amount</i>	1813638	09/11/04	5000	1813637	04/11/04	5000									
<i>Cheque No.</i>	<i>Date</i>	<i>Amount</i>																			
1813638	09/11/04	5000																			
1813637	04/11/04	5000																			
4	S T No.1186 of 2005 Judicial First class Magistrate Court - IV , Kochi	1. METRO SILKS & SAREES, CHENDAMANGALAM JN. NORTH PARAVUR 2. Mr. Joemon Managing Partner Metro Silks and Sarees CHENDAMANGALAM JN. NORTH PARAVUR	The following cheques, when presented for payment were dishonored. <table border="0"> <thead> <tr> <th><i>Cheque.No.</i></th> <th><i>Date</i></th> <th><i>Amount</i></th> </tr> </thead> <tbody> <tr> <td>1812510</td> <td>15/10/04</td> <td>10000</td> </tr> <tr> <td>1812511</td> <td>20/10/04</td> <td>8677</td> </tr> </tbody> </table> The last date of hearing was on 06-02- 2008. The case is adjourned to 03.05.2008 to be posted before the Adalat for settlement	<i>Cheque.No.</i>	<i>Date</i>	<i>Amount</i>	1812510	15/10/04	10000	1812511	20/10/04	8677									
<i>Cheque.No.</i>	<i>Date</i>	<i>Amount</i>																			
1812510	15/10/04	10000																			
1812511	20/10/04	8677																			

5	ST NO. 1187/05 Chief Judicial Magistrate Court Ernakulam	1. METRO SILKS & SAREES, CHENDAMANGALAM JN. NORTH PARAVUR 2. Mr. Joemon Managing Partner Metro Silks and Sarees CHENDAMANGALAM JN. NORTH PARAVUR	The following cheques when presented for payment were dishonored. <table border="1"> <thead> <tr> <th><i>Cheque.No.</i></th> <th><i>Date</i></th> <th><i>Amount</i></th> </tr> </thead> <tbody> <tr> <td>1812505</td> <td>22/09/04</td> <td>10000</td> </tr> <tr> <td>1812506</td> <td>27/09/04</td> <td>10000</td> </tr> <tr> <td>1811873</td> <td>23/09/04</td> <td>6826</td> </tr> </tbody> </table> The last date of hearing was on 06-02-2008. The case is adjourned to 03.05.2008 to be posted before the Adalat for settlement	<i>Cheque.No.</i>	<i>Date</i>	<i>Amount</i>	1812505	22/09/04	10000	1812506	27/09/04	10000	1811873	23/09/04	6826
<i>Cheque.No.</i>	<i>Date</i>	<i>Amount</i>													
1812505	22/09/04	10000													
1812506	27/09/04	10000													
1811873	23/09/04	6826													
6	ST NO. 1189/05 Chief Judicial Magistrate Court Ernakulam	1. METRO SILKS & SAREES, CHENDAMANGALAM JN. NORTH PARAVUR 2. Mr. Joemon Managing Partner Metro Silks and Sarees CHENDAMANGALAM JN. NORTH PARAVUR	The following cheques when presented for payment were dishonored <table border="1"> <thead> <tr> <th><i>Cheque.No.</i></th> <th><i>Date</i></th> <th><i>Amount</i></th> </tr> </thead> <tbody> <tr> <td>1812507</td> <td>01/10/04</td> <td>10000</td> </tr> <tr> <td>1812508</td> <td>06/10/04</td> <td>10000</td> </tr> <tr> <td>1812509</td> <td>11/10/04</td> <td>10000</td> </tr> </tbody> </table> The last date of hearing was on 06-02-2008. The case is adjourned to 03.05.2008 to be posted before the Adalat for settlement	<i>Cheque.No.</i>	<i>Date</i>	<i>Amount</i>	1812507	01/10/04	10000	1812508	06/10/04	10000	1812509	11/10/04	10000
<i>Cheque.No.</i>	<i>Date</i>	<i>Amount</i>													
1812507	01/10/04	10000													
1812508	06/10/04	10000													
1812509	11/10/04	10000													
7. a	ST No. 1466 of 2005 Judicial First class Magistrate Court -IV , Kochi	1. METRO SILKS & SAREES, T.B. JUNCTION, MUVATTUPUZHA- 686 661 Ph:- 0485 2837499 2. Mr. Betty Managing Partner, METRO SILKS & SAREES, T.B. JUNCTION, MUVATTUPUZHA- 686 661	The following cheques, when presented for payment, were dishonored. <table border="1"> <thead> <tr> <th><i>Cheque.No.</i></th> <th><i>Date</i></th> <th><i>Amount</i></th> </tr> </thead> <tbody> <tr> <td>287442</td> <td>05/11/04</td> <td>11744</td> </tr> <tr> <td>287446</td> <td>25/11/04</td> <td>11744</td> </tr> <tr> <td>287447</td> <td>30/11/04</td> <td>11744</td> </tr> </tbody> </table> The case was posted on 03.02.2008. It is now adjourned to 31-03-2008 for settlement.	<i>Cheque.No.</i>	<i>Date</i>	<i>Amount</i>	287442	05/11/04	11744	287446	25/11/04	11744	287447	30/11/04	11744
<i>Cheque.No.</i>	<i>Date</i>	<i>Amount</i>													
287442	05/11/04	11744													
287446	25/11/04	11744													
287447	30/11/04	11744													
7. b	ST No.119 of 2006 Judicial First class Magistrate Court - IV Kochi	1. METRO SILKS & SAREES, T.B. JUNCTION, MUVATTUPUZHA- 686 661 Ph:- 0485 2837499 2. Mr. Betty Managing Partner, METRO SILKS & SAREES, T.B. JUNCTION, MUVATTUPUZHA- 686 661	The following cheques, when presented for payment, were dishonored. <table border="1"> <thead> <tr> <th><i>Cheque.No.</i></th> <th><i>Date</i></th> <th><i>Amount</i></th> </tr> </thead> <tbody> <tr> <td>287448</td> <td>05/12/07</td> <td>11744</td> </tr> <tr> <td>287449</td> <td>10/12/04</td> <td>11744</td> </tr> </tbody> </table> The case is now adjourned to 02-04-2008 for return of warrant.	<i>Cheque.No.</i>	<i>Date</i>	<i>Amount</i>	287448	05/12/07	11744	287449	10/12/04	11744			
<i>Cheque.No.</i>	<i>Date</i>	<i>Amount</i>													
287448	05/12/07	11744													
287449	10/12/04	11744													
7.c	ST No.120 of 2006 Judicial First class Magistrate Court –III Kochi.	1. METRO SILKS & SAREES, T.B. JUNCTION, MUVATTUPUZHA- 686 661 Ph:- 0485 2837499 2. Mr. Betty Managing Partner, METRO SILKS & SAREES, T.B. JUNCTION, MUVATTUPUZHA- 686 661	The following cheque when presented for payment were dishonored. <table border="1"> <thead> <tr> <th><i>Cheque.No.</i></th> <th><i>Date</i></th> <th><i>Amount</i></th> </tr> </thead> <tbody> <tr> <td>287440</td> <td>25/10/04</td> <td>11744</td> </tr> </tbody> </table> The case is now adjourned to 02-04-2008 for return of warrant	<i>Cheque.No.</i>	<i>Date</i>	<i>Amount</i>	287440	25/10/04	11744						
<i>Cheque.No.</i>	<i>Date</i>	<i>Amount</i>													
287440	25/10/04	11744													

8	<p>ST No.656 of 2006 ST No. 856 of 2006 ST No.272 of 2006 Judicial First class Magistrate Court - III KOCHI</p>	<p>Mr. Faizal Sardar VANESSA CHURIDHAR KENDRA ADUKKATH COMPLEX, NEAR TEL. EXCHANGE RAMANATTUKARA, KOZHIKODE,</p>	<p>The following cheques when presented for payment, were dishonored</p> <table border="1"> <thead> <tr> <th><i>Cheque.No.</i></th> <th><i>Date</i></th> <th><i>Amount</i></th> </tr> </thead> <tbody> <tr> <td>439186</td> <td>01.07.05</td> <td>15115</td> </tr> <tr> <td>439187</td> <td>25 .06.05</td> <td>6830</td> </tr> <tr> <td>439182</td> <td>25 .04.05</td> <td>1163</td> </tr> <tr> <td>439181</td> <td>20 .04.05</td> <td>3931</td> </tr> <tr> <td>439175</td> <td>10 .12.04</td> <td>18225</td> </tr> <tr> <td>439176</td> <td>24.12.04</td> <td>15605</td> </tr> <tr> <td>439177</td> <td>31.12.04</td> <td>11415</td> </tr> </tbody> </table> <p>ST No. 656/06 - Awaiting return of warrant. The last date of hearing was 07.01.2008.The next date of hearing is 21.04.2008</p> <p>ST No. 856/06 Posted for appearance of accused. The last date of hearing was 24.12.2007.The next date of hearing is 01.03.2008</p> <p>ST No. 272/06 - Awaiting return of warrant. The last date of hearing was 13.02.2008.The next date of hearing is 19-05-2008.</p>	<i>Cheque.No.</i>	<i>Date</i>	<i>Amount</i>	439186	01.07.05	15115	439187	25 .06.05	6830	439182	25 .04.05	1163	439181	20 .04.05	3931	439175	10 .12.04	18225	439176	24.12.04	15605	439177	31.12.04	11415
<i>Cheque.No.</i>	<i>Date</i>	<i>Amount</i>																									
439186	01.07.05	15115																									
439187	25 .06.05	6830																									
439182	25 .04.05	1163																									
439181	20 .04.05	3931																									
439175	10 .12.04	18225																									
439176	24.12.04	15605																									
439177	31.12.04	11415																									
9	<p>ST No. 646 of 2006 Judicial First class Magistrate Court - III KOCHI</p>	<p>Mr. Rahim Proprietor KANYA WOMEN SHOPPE, Heera Chambers, M.G. Road Pazhavangadi, Trivandrum</p>	<p>The following cheque when presented for payment was dishonored.</p> <table border="1"> <thead> <tr> <th><i>Cheque.No.</i></th> <th><i>Date</i></th> <th><i>Amount</i></th> </tr> </thead> <tbody> <tr> <td>023841</td> <td>20/08/2005</td> <td>76278</td> </tr> </tbody> </table> <p>The accused has paid an aggregate amount of Rs.30, 000/- till October 2007. The company filed the application to withdraw the above complaint on 09.01.2008 before the court, since the matter was settled.The Learned Megistrate has passed orders on the same, dismissing the complaint for non- prosecution.</p>	<i>Cheque.No.</i>	<i>Date</i>	<i>Amount</i>	023841	20/08/2005	76278																		
<i>Cheque.No.</i>	<i>Date</i>	<i>Amount</i>																									
023841	20/08/2005	76278																									

10	ST No. 520 of 2006 ST No. 521 of 2006 ST No. 522 of 2006 Judicial First class Magistrate Court IV, Kochi	1. M/s. Shoba , MAIN ROAD, KANHANGAD KASARAGOD DIST. 2. Mr. Abdulla Partner M/s. Shoba , MAIN ROAD, KANHANGAD KASARAGOD DIST. 3. Mrs. Busara Partner M/s. Shoba , MAIN ROAD, KANHANGAD KASARAGOD DIST. 4. Mrs. Bleva Fathima Partner M/s. Shoba , MAIN ROAD, KANHANGAD KASARAGOD DIST.	The following cheques, when presented for payment, were dishonored <i>Cheque.No. Date Amount</i> 544598 21/03/05 20000/- 544599 28/03/05 19000/- 544600 03/04/05 19003/- 544595 28/02/05 20000/- 544596 07/03/05 20000/- 544597 14/03/05 20000/- 767573 30/06/05 100000/- ST No. 520/2006- Awaiting return of warrant. The case stands posted on 17.05.2008 ST-521/2006 - Awaiting return of warrant. The case stands posted on 17.05.2008 ST-522/2006- The case stands posted on 17.05.2008
11	CC 857/2006 -Judicial First Class Magistrate Court III Kochi (earlier CC 377/2006- Judicial First Class Magistrate Court III Kochi)	1.KALIMA SILKS A.M. Road, Perumbavur Ernakulam 2. Mr. Ibrahim Kalima Silks A M Road Perumbavur Ernakulam 3. Mr. Rahim Kalima Silks A M Road Perumbavur Ernakulam	The following cheque, when presented for payment, was dishonored <i>Cheque.No. Date Amount</i> 267955 15/7/2005 5000/- The last date of hearing was on 24/12/2007.The case stands adjourned to 21.04.2008
12	ST NO.308/2004 - Judicial First class Magistrate Court III, Kochi (earlier) ST NO. 2989/2004 ST NO. 434/2005 Judicial First class Magistrate Court III, Kochi	Madhusudhan H. Vadkar Proprietor ARAVIND APPARELS, Dargigadi Road, Shimoga-577 201	The following cheques issued by Aravind Apparels were dishonored <i>Cheque.No. Date Amount</i> 477220 19/2/2004 5699/- 477225 25/05/2004 5699/- 0476101 20/06/2004 5000/- 0476102 20/07/2004 5000/- 0476103 10/08/2004 4706/- ST NO.308/2004 – Pending before the court. ST NO. 434/2005 – Hearing of the complaint is over. Awaiting order on the complaints.

Cases filed by Pearl Spot Resorts Limited

A. Civil Case

S.No	Reference to Case No.	Opposite party	Gist of the case
1	W.P.No(C) .8432/07 before the Hon'ble High Court of Kerala.	Commissioner & Secretary, Revenue Dept, State of Kerala.	<p>A Writ Petition has been filed seeking a clarification as to whether the Company is permitted to construct approach road for giving access to the cottages to be built.</p> <p>As per the Government Order issued in 1996, the Company was permitted to construct the cottages. The Company has constructed few cottages in one area and the balance is to be constructed in another area, where laying of approach road is necessary.</p> <p>The Revenue Divisional Officer has stayed the laying of approach road and hence the Writ Petition has been filed, seeking a clarification.</p> <p>The Respondent is yet to file the reply. Date of hearing has not yet fixed.</p>

B. Criminal Case

S.No	Reference to Case No.	Opposite party	Gist of the case
1	CMP No.3292/05 and CC.No.365/05 Judicial First Class Magistrate Court at Devikulam	M/S Indian Holidays represented by; Mr.Soby Kurian,Chirakkal house,Poochakkal,Chert hala.	The case filed u/s 138,142 of Negotiable Instrument Act for dishonouring cheque of Rs.200000/- The case is pending and the opposite party has paid the company in part and now Rs. 75000/- is pending which is being paid in installment.

II. CASES FILED AGAINST THE PROMOTER GROUP ENTITIES

Filed Against Veega Holidays and Parks Private Ltd.

A. Civil cases

Sl. No.	Reference to Case No.	Opposite Party	Gist of the case
1	Writ Petition No.1107 of 2007	Mr Vijesh Vijayan of Kottapuram, Thrissur	One Vijesh Vijayan of Kottapuram, Thirussur filed the Writ Petition in the Hon'ble High Court of Kerala against (i)State of Kerala (ii) Kunnatahunadu Gram Panchayat (iii) Sub Inspector, Kunnathanadu Police Station and (iv)Managing Director of Veega Holidays and Parks Private Ltd.,claiming, interalia, compensation of Rs.17,25,000/- on account of injury allegedly caused to him while participating in a ride at the water pool in the bucket shower area on 22.12.2002 and for cancellation of license granted to Veega Holidays Private Ltd. The claim is being contested. The Writ Petition is pending hearing. The date of hearing not fixed.

B. Criminal Cases

Sl. No.	Reference to Case No.	Opposite Party	Gist of the case
1	C C No.756 of 2005 Court of Judicial First Class Magistrate Kollencherry	Office of Inspector Legal Metrology Department Perumbavoor	A complaint has been filed against Veega Holidays & parks Pvt Ltd. for alleged violation of the provisions under the sec.4(1) of Standard Weights and Measures Act 1976, in respect of an advertisement issued by the company wherein the height was not been indicated as per the provisions of the Act. The last date of the hearing was on 19.02.2008 and the case now stands adjourned for trial to 12-08-2008.

Show Cause Notice received from Joint Commissioner, Central Excise

Sl No.	Reference No. of Show Cause Notice	By whom issued	Gist of the Show Cause Notice
1.	Show Cause Notice No. 144 of 2007 dated 26.10.2007	Joint Commissioner Office of the Commissioner of Central Excise & Customs, Cochin Commissionerate C R Building I S Press Road	The Joint Commissioner issued to Veega Holidays & Parks Private Ltd. ("the Company") a Show Cause Notice ("SCN"). It has been alleged in the SCN as follows: (i) The Company has been providing the taxable services under the category of "Advertising Agency Services" as well as "Business Support Services".

		<p>Cochin 682 018.</p>	<p>(ii) For payment of service tax the company has obtained Service Tax Registration No. AAACV7975JST001) in September 2006 and paid service tax for the period from the said date.</p> <p>(iii) the Company appears to have violated the provisions of Sections 68, 69 and 70 of the Finance Act, 1994 in as much as it has suppressed the value of taxable services rendered by it under the category of “Advertising Agency Services” during the period prior to September 2006 and have evaded service tax payable on the taxable value of services and have not filed statutory returns relating to the said period.</p> <p>In the circumstances, the Company was asked to show cause as to why:</p> <ul style="list-style-type: none"> (i) An amount of Rs.5,85,176/- being service tax and education cess under the category of “Advertising Agency Services” for the period from November 2002 to December 2006 and Rs.6,75,633/- being the service tax and education cess under the category of “Business Support Services” should not be demanded and recovered under Section 73 of the Finance Act, 1994 (ii) Service tax of Rs.5,39,445/- and education cess of Rs.7,580/- for the period from 1.11.2002 to 31.3.2006 deposited by the Company during the course of investigation of the case, should not be appropriated against the service tax and education cess proposed to be demanded and confirmed vide the SCN (iii) Interest at the appropriate rates on the amount of service tax evaded, should not be demanded (iv) An amount of Rs.1,65,383/- paid by the Company towards interest on services tax deposited by it during the course of investigation of the case should not be appropriated against the interest proposed to be demanded vide the SCN (v) Penalty under section 76, 77 and 78 of the Finance Act, 1994 should not be imposed on the Company for delay in payment of service tax, non filing of ST-3 Returns and for willful suppression of value of taxable service with intent to evade service tax. <p>The Company was asked to send its reply to the SCN within 30 days of the receipt of the SCN. The company has preferred a reply to the said notice. The matter is pending. The company has been called for a hearing on 26-02-2008.</p>
--	--	------------------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Filed against Wonderla Holidays Private Ltd

A. Civil Cases and Tax Matters

Sl. No.	Reference to Case No.	Opposite Party	Gist of the case
1	<u>Demand notice from Commercial Taxes Department</u>	Entertainment Tax Officer, Office of the Commercial Tax officer, Transition -13, Bangalore	Wonderla Holidays Private Ltd. has been served a demand notice dated 08.01.2008 by the Entertainment Tax Officer, Transition -13, Bangalore for a sum of Rs.1,41,76,616/- being the arrears of entertainment tax payable for the period from April 2007 to August 2007 and interest of Rs. 9,89,298/ till 10.12.2007. The total amount demanded under this notice is Rs.1,51,65,814/. The notice was received by Wonderla Holidays Private Ltd. on 09.01.2008.

Filed against V Star Creations Private Ltd

B. Civil Cases and Tax Matters

Sl. No.	Reference to Case No.	Opposite Party	Gist of the case
1	Order No.2305 0587/02-03 dt.30-11-06	Assistant Commissioner of Commercial Taxes, Special Circle-III, Ernalkulam	The Assistant Commissioner of Commercial Taxes, Special Circle-III, Ernalkulam has made a demand of Rs.1,35,668/- being the balance of tax payable by the assessee, after determining taxable turnover for the financial year at Rs. 6,93,45,710/- against the taxable turnover of Rs.6,74,91,815.48 declared by the assessee. The company has approached the authority seeking to revise the said demand. The matter is pending..

Part 5 – PENALTIES IMPOSED IN PAST CASES

No penalties have been imposed on our Company in the last five years.

Part 6 - AMOUNTS OWED TO SMALL SCALE UNDERTAKINGS

As on August 31, 2007, except as enumerated below, our Company does not owe a sum exceeding Rs. 1 lakh to any small scale undertaking which is outstanding for more than 30 days:

Sr.No	Names of Creditors	Amount in Rs. lakhs
1.	Aristo Metal Industries	1.06

Part 7 - MATERIAL DEVELOPMENTS

Except as mentioned under the sub heading ‘Significant Developments after the Date of the Last Financial Statement’ on page no. 186 under the heading ‘Information Required As Per Clause 6.10.5.5 (A) Of The SEBI (DIP)

Guidelines’ in the chapter titled ‘*Mangement’s Discussion and Analysis of Financial Condition and Results of Operations*’ beginning on page no. 170 of this Prospectus, in the opinion of the Board of Directors of our Company, there have not arisen since the date of the last financial statements disclosed in this Prospectus, any circumstances that materially or adversely affect or are likely to affect the profitability of our Company to pay our material liabilities within the next twelve months.

GOVERNMENT/STATUTORY AND OTHER BUSINESS APPROVALS

On the basis of the major approvals enumerated below, our Company can undertake its current business activities. Further, no major approvals are required from any Government authority to continue these activities, save and except as mentioned below.

It must be distinctly understood that, in granting these approvals, the Government of India does not take any responsibility for our financial soundness or for the correctness of any of the statements made or opinions expressed in this behalf. We have not applied for most of the licenses/permissions/approvals in relation to our proposed activities for which funds are being raised through this Issue.

Our Company has received the following material government approvals / licenses / permissions:

I.GENERAL APPROVALS

Certificate of Incorporation dated February 12, 1996 issued in the name of 'V-GUARD INDUSTRIES LIMITED' bearing registration no. 09-10010 of 1996 by ROC, Cochin.

Certificate of Incorporation dated November 15, 2001 issued in the name of 'V-GUARD INDUSTRIES PRIVATE LIMITED' bearing registration no. U31200KL 1996PTC010010 by ROC, Cochin.

Fresh Certificate of Incorporation dated August 01, 2007 issued in the name of 'V-GUARD INDUSTRIES LIMITED' bearing registration no. U31200KL 1996PLC010010 by RoC, Cochin.

The Permanent Account Number AAACV5492Q is issued by Income Tax department under the Income Tax Act 1961.

II. APPROVALS SPECIFIC TO THE COMPANY

1. Approvals received by the company

a) Cochin- Head Office

S.No	Name of the license/ approval/ certificate	Number of License/Registration	Granting Authority	Valid Upto
1	Corporation Working License under Kerala Municipality Act,1994 for 44/1037 ,LFC Road, Kaloor, Cochin	C16/31/2007-08	Secretary , Corporation of Cochin	March 31, 2008
2	Tax Deduction Account Number under Income Tax Act, 1961	CHNV00267B	Income Tax Department, Cochin	Until Cancelled
3	Service Tax Registration Number under sec 69 of Finance Act 1994	AAACV5492QST006	Superintendent of Central Excise, Cochin	Until Cancelled
4	Tax Identification Number Registration under Kerala Value Added Tax Rules, 2005	32070494845C	Assistant Commissioner, Commercial Taxes, Cochin	Until Cancelled
5	Central Sales Tax Registration Number Sec 16 of Kerala Value Added Tax 2003	0704C009484	Assistant Commissioner, Kerala Value Added Taxes, Cochin	Until Cancelled

6	Provident Fund Registration Number under Provident Fund and Miscellaneous Provision Act, 1952	KR/10905	Assistant Provident Fund Commissioner, Cochin	Until Cancelled
7	Employee State Insurance Registration Number under Employee State Insurance Act 1948	54-5520-102/Ins.IV	Assistant Director, Thrissur	Until Cancelled
8	Importer Exporter Code from Ministry of Commerce	1092006311	Joint Director General of Foreign Trade, Cochin	Until Cancelled
9	Permanent Account Number under Income Tax of 1961	AAACV5492Q	Income Tax Department, Cochin	Until Cancelled
10	Registration Number under Kerala Shops & Establishment Act, 1960	K-111EW	Assistant Labour Officer, Cochin	December 31, 2008

b) QA & RD Division- Cochin

S.No	Name of the license/ approval/ certificate	Number of License/Registration	Granting Authority	Valid Upto
1	Corporation Working License under Kerala Municipality Act, 1994 for 44/636 Sastha Temple Road, Kaloore, Cochin	C16/32/2007-08	Secretary, Corporation of Cochin	March 31, 2008
2.	ISO 9001-2000 from Det Norske Veritas for R & D Division	2621-2007-AQ-IND-NABCB	Management Representative, DNV Certification, Chennai	March 30, 2010

c) Vennala - Cochin

S.No	Name of the license/ approval/ certificate	Number of License/Registration	Granting Authority	Valid Upto
1	Corporation Working License under Kerala Municipality Act, 1994 for 33/2905 E 1 Vennala High School Road, Vennala, Cochin	C14-33	Secretary, Corporation of Cochin	March 31, 2008

d) Pump Division - Cochin

S.No	Name of the license/ approval/ certificate	Number of License/Registration	Granting Authority	Valid Upto
1	Corporation Working License under Kerala Municipality Act, 1994 for 33/336A1 Vennala High School Road, Vennala, Cochin	C14-33-17826	Secretary, Corporation of Cochin	March 31, 2008

1. Importer Exporter Code from Ministry of Commerce is approved to be used by the following branches-

- QA & RD Division at Sastha Temple Road, Cochin
- Vennala High School Road ,Cochin
- Pump Division, Vennala High School Road, Cochin
- Coimbatore Branch
- Solar & Cable Division at Coimbatore
- EMW at Coimbatore
- Banglore
- Delhi
- Ghaziabad
- Chennai
- Hubli
- Raipur
- Kala amb
- Vijaywada
- Pune
- Hyderabad
- Bhuvaneswar
- Vadodara
- Gurgaon
- Bhopal

2. The Tax Deduction Account Number CHNV00267B issued by Income Tax Department, Cochin under Income Tax Act, 1961 is common for all the branches, Factory and Godown in Cochin.

3. Service Tax Registration Number AAACV5492ST006 issued by Superintendent of Central Excise, Cochin under sec 69 of Finance Act 1994 is common head office, QA & RD division at Sastha temple Road, Vennala and the Pump Division in Cochin.

4. Tax Identification Number Registration number 32070494845C issued by Assistant Commissioner, Commercial Taxes, Cochin under Kerala Value Added Tax Rules, 2005 is common for head office, QA & RD division at Sastha temple Road, Vennala and the Pump Division in Cochin.

5 Central Sales Taxes Registration Number 0704C009484 issued by Assistant Commissioner, Kerala Value Added Taxes, Cochin under Sec 16 of Kerala Value Added Tax 2003 is common for head office, QA & RD division at Sastha temple Road, Vennala and the Pump Division in Cochin.

6. Provident Fund Registration Number KR/10905 granted by Assistant Provident Fund Commissioner, Cochin under Provident Fund and Miscellaneous Provision Act, 1952 covers the employees of the head office, QA & RD division at Sastha temple Road, Vennala and the Pump Division in Cochin and Vadodara

7. Employee State Insurance Registration Number 54-5520-102/Ins.IV granted by Assitant Director, Thrissur under Employee State Insurance Act 1948 covers the employees of the head office, QA & RD division at Sastha temple Road, Vennala and the Pump Division in Cochin

e) Coimbatore- Branch Office

S.No	Name of the license/ approval/ certificate	Number of License/Registration	Granting Authority	Valid Upto
1	Corporation Registration Number for No. 241, Mettupalayam Road, Coimbatore under	4318/94-95/A41	Corporation Officer, Coimbatore	Until Cancelled

2	Registration Number under Shops & Establishment Act , 1960	950/2001	Assistant Inspector Labour , Coimbatore	Until Cancelled
3	Tax Deduction Account Number under Income Tax Act, 1961	CMBV03031A	Income Tax officer, Coimbatore	Until Cancelled
4	Service Tax Registration Number under sec 69 of Finance Act 1994	AAACV5492QST001	Supertident of Central excise, Coimbatore	Until Cancelled
5	Tax Identification Number Registration under Tamil Nadu Value Added Tax Rules, 2006	33282023503	Commercial Tax Officer, Coimbatore	Until Cancelled
6	Central Sales Tax Registration Number under Central Sales Tax Rules, 1957	685314	Commercial Tax Officer, Coimbatore	Until Cancelled
7	Provident Fund Registration Number under Provident Fund and Miscellaneous Provision Act,1952	TN/CB/45022	Regional Provident Fund Comissioner , Coimbatore	Until Cancelled
8	Employee State Insurance Registration Number under Employee State Insurance Act 1948	54/5520/102B	Deputry Director,ESI, Coimbatore	Until Cancelled
9	Fire License under Sec 13 of Taamil Nadu Fire Service Act 1985	2211/C1/2001	Division fire Officer , Coimbatore	Until Cancelled
10	Genset Tax Registration under rule 5 of Electricity Rule , 2003-Certificate for Registration of captive generating plant.	554/2003/CBE	Electrical Inspector, 2003	Until Cancelled
11	Certificate of registration under rule 35 of the Standard Weight & Measure(Packed Comodities) rule , 1977	TN/63/07/200	Controller of Legal Metrology, Chennai	Until Cancelled

f) Solar & Cable Division- Coimbatore

S.No	Name of the license/ approval/ certificate	Number of License/Registration	Granting Authority	Valid Upto
1	Service Tax Registration Number under sec 69 of Finance Act 1994	AAACV5492QST004	Superintend of Central excise, Coimbatore	Until Cancelled
2	Excise Registration Number under Rule 9 of Central excise Rules 2001	AAACV5492QXM 001	Superintend of Central excise, Coimbatore	Until Cancelled
3	Provident Fund Registration Number under Provident Fund and Miscellaneous	01/TN/CB/45472	Assistant Provident Fund Commissioner , Coimbatore	Until Cancelled

	Provision Act,1952			
	Employee State Insurance Registration Number under Employee State Insurance Act 1948	54-5520-102-A(CBE)	Deputy Director, ESI, Coimbatore	Until Cancelled
5	Factory License under Tamil Nadu Factories Rules 1950	CB8973	Deputy Factory Inspector, Coimbatore	December 31, 2008
6	ISO 9001-2000 from Det Norske Veritas for Cable Division	04324-2006-AQ-BOM-RvA	Management Representative, DNV Certification, Chennai	May 26, 2009
7	Ministry for Non-Conventional Energy-MNES Approval to include the name of list of eligible manufacturers for ETC based solar water heating system		Ministry for Non-Conventional Energy, Delhi	September 30, 2008
8	ISO 9001-2000 from Det Norske Veritas for Solar Division	04324/1-2006-AQ-BOM-RvA	Management Representative, DNV Certification, Chennai	May 26, 2009
9	Registration Certificate under section 7(2) of the Contract Labour (registration and abolition) Act, 1970	Ref No. 178/CBE	Deputy Chief Inspector of Factories, Coimbatore	March 31, 2008
10	Pollution Control Board certificate under Pollution Control Board Certificate under Water & Air(P &OP) Act 1981	DEE/CBE-0898/AE-IV/W	District Environmental Engineer, TamilNadu Pollution Control Board, Coimbatore	March 31, 2009
11	Electricity Connection from Tamil Nadu Electricity Board	Service No. 208	Superintendent Engineer, CEDC/ South Coimbatore	--
12	Factory registration Number	B/3801/99	Deputy Chief inspector of Factories, Coimbatore	Untill Cancelled
13	Contract Labour License under section 12(1) of the Contract Labour (Regulation and Abolition) Act, 1970 and Central Rules 1971 issued to Mr. M.Lakshoman ,Premier Resources Syndicate for employing twenty five workers for undertaking loading, unloading,	181/2006	Inspector of Factories, II Circle, Coimbatore	December 31, 2008

	housekeeping & machine cleaning works.			
--	----------------------------------------	--	--	--

g) EMW- Electro Mechanical Works – Coimbatore

S.No	Name of the license/ approval/ certificate	Number of License/Registration	Granting Authority	Valid Upto
1	Service Tax Registration Number under sec 69 of Finance Act 1994	AAACV5492QST013	Assistant Commissioner of Central Excise, Coimbatore	Until Cancelled
2	Excise Registration Number under Rule 9 of the Central Excise Rules, 2002	AAACV5492QXM 003	Assistant Commissioner of Central Excise, Coimbatore	Until Cancelled

1. Tax Deduction Account Number CMBV03031A issued by Income Tax officer, Coimbatore under Income Tax Act, 1961 is common for Cable & Solar Division and EMW at Coimbatore.
2. Tax Identification Number Registration number 33282023503 issued by Commercial Tax Officer, Coimbatore under Tamil Nadu Value Added Tax Rules, 2006 is common for Cable & Solar Division , EMW at Coimbatore and Chennai.
3. Central Sales Tax Registration Number 685314 issued by Commercial Tax Officer, Coimbatore under Central Sales Tax Rules, 1957 is common for Cable & Solar Division, EMW at Coimbatore and Chennai.
4. Provident Fund Registration Number TN/CB/45472 allotted by Assistant Provident Fund Commissioner, Coimbatore under Provident Fund and Miscellaneous Provision Act,1952 covers the employees of Coimbatore Branch office , EMW divisions at Coimbatore and Chennai.
5. Employee State Insurance Registration Number 54/5520/102B allotted by Deputy Director, ESI, Coimbatore covers the employees at coimbatore branch office and employees at EMW Division under Employee State Insurance Act 1948

h) Bangalore Branch Office

S.No	Name of the license/ approval/ certificate	Number of License/Registration	Granting Authority	Valid Upto
1	Registration Number under Karnataka Shops & Commercial Establishment Act ,1961	80/CE/374	Inspector, Karnataka Shops & Commercial Establishment	December 31, 2008
2	Tax Deduction Account Number under Income Tax Act, 1961	BLRV00685G	Income Tax officer, Bangalore	Until Cancelled
3	Service Tax Registration Number under sec 69 of Finance Act 1994	AAACV5492QST001	Supertinent of Service Tax, Bangalore	Until Cancelled

4	Provisional Tax Identification Number Registration under Karnataka Value Added Tax Rules, 2006	29060085533	Deputy Commissioner of Commercial Taxes, Banglore	Until Cancelled
5	Central Sales Tax Registration Number under Central Sales Tax Rules, 1957	950075	Commercial Tax Officer, Banglore	Until Cancelled
6	Provident Fund Registration Number under Provident Fund and Miscellaneous Provision Act, 1952	KN/WF/35600	Regional Provident Fund Commissioner, Whitefield, Banglore	Until Cancelled
7	Employee State Insurance Registration Number under Employee State Insurance Act 1948	545520102(BLR)	Assitant Director, Employee State Insurance, Banglore	Until Cancelled

i) Hubli Branch Office

S.No	Name of the license/ approval/ certificate	Number of License/Registration	Granting Authority	Valid Upto
1	Registration Number under Karnataka Shops & Commercial Establishment Act , 1961	20/W.NO/109	Inspector, Karnataka Shops & Commercial Establishment	December 31, 2010
2	Tax Deduction Account Number under Income Tax Act, 1961	BLRV05777C	Income Tax officer, Banglore	Until Cancelled
3	Service Tax Registration Number under sec 69 of Finance Act 1994	AAACV5492QST008	Supertindent of Central excise, Hubli	Until Cancelled

1. Tax Identification Number Registration number 29060085533 allotted by Deputy Commissioner of Commercial Taxes, Banglore under Karnataka Value Added Tax Rules, 2006 is common for both Bangalore & Hubli.
2. Central Sales Tax Registration Number 950075 issued by Commercial Tax Officer, Banglore under Central Sales Tax Rules, 1957 is common for both Bangalore & Hubli.
3. Provident Fund Registration Number KN/WF/35600 issued by the Regional Provident Fund Comissioner, Whitefield, Banglore covers employees of Banglore & Hubli under Provident Fund and Miscellaneous Provision Act, 1952.
4. Employee State Insurance Registration Number 545520102(BLR) allotted by Assitant Director, Employee State Insurance, Banglore under Employee State Insurance Act 1948 covers employees of Banglore & Hubli.
5. Branch certificate registration no.29060085533 under Karnataka Value Added Tax Rules, 2006 I common for both Hubli and Banglore and it stands valid till it is cancelled.

j) Hyderabad- Branch office

S.No	Name of the license/ approval/ certificate	Number of License/Registration	Granting Authority	Valid Upto
1	Registration Number, under Rule 3 of Andhra Pradesh State Tax on Professions, Trades, Callings & Employments Act, 1987	SAR/01/1/PT1003/05-06	Deputy Commercial Tax Officer, Hyderabad	Until Cancelled
2	Tax Deduction Account Number under Income Tax Act, 1961	HYDV00646C	Income Tax officer, Hyderabad	Until Cancelled
3	Service Tax Registration Number under sec 69 of Finance Act 1994	AAACV5492QST003	Supertinent of Central excise, Hyderabad	Until Cancelled
4	Tax Identification Number Registration under Andhra Pradesh Value Added Tax Act, 2005	28580204554	Commercial Tax Officer, Hyderabad	Until Cancelled
5	Central Sales Tax Registration Number under Central Sales Tax Rules, 1957	28580204554	Commercial Tax Officer, Hyderabad	Until Cancelled
6	Provident Fund Registration Number under Provident Fund and Miscellaneous Provision Act, 1952	AP/HY/37857	Assistant Provident Fund Commissioner, Hyderabad	Until Cancelled
7	Employee State Insurance Registration Number under Employee State Insurance Act 1948	AP/Ins.V/54-5520-102(A)	Deputy Director, Employee State Insurance, Hyderabad	Until Cancelled
8	Certificate of registration under Andhra Pradesh Shops and Establishment Act, 1988	ACL-II-RR/41/2005	Assisstant Commissioner of Labour, Rangareddy District	December 31, 2008

k) Vijayawada- Branch office

S.No	Name of the license/ approval/ certificate	Number of License/Registration	Granting Authority	Valid Upto
1	Registration Number, under Rule 3 of Andhra Pradesh State Tax on Professions, Trades ,Callings & Employments Act, 1987	SAR/01/1/PT1003/05-06	Deputy Commercial Tax Officer, Hyderabad	Until Cancelled
2	Service Tax Registration Number under sec 69 of Finance Act 1994	AAACV5492QST010	Assistant Commissioner of Central Excise, Vijayawada	Until Cancelled
3	Trade Licenses under Andhra Pradesh Industrial Infrastructure Corporation, Industrial Local Authority	154	Commissioner , Industrial Area Local Authority, Vijayawada	March 31, 2008

4	Employee State Insurance Registration Number under Employee State Insurance Act 1948	54-5520-102 (Vijaywada)	Joint Director, Employee State Insurance Corporation, Vijaywada	Until Cancelled
5	Certificate of Registration under The Andhra Pradesh Shops & establishments Act , 1988	481/L0 - II	Labour Officer, Vijayawada	Until Cancelled

1. Tax Deduction Account Number HYDV00646C issued by Income Tax officer, Hyderabad under Income Tax Act, 1961 is common for Hyderabad & Vijaywada.
2. Tax Identification Number Registration number 28580204554 issued by Commercial Tax Officer, Hyderabad under Andhra Pradesh Value Added Tax Act, 2005 is common for Hyderabad & Vijaywada.
3. Central Sales Tax Registration Number SAR/01/1/2727/05-06 issued by Commercial Tax Officer, Hyderabad under Central Sales Tax Rules, 1957, is common for both Hyderabad & Vijaywada.
4. Employee State Insurance Registration Number AP/Ins.V/54-5520-102 (A) issued by Deputy Director, Employee State Insurance, Hyderabad under Employee State Insurance Act 1948 covers employees of Hyderabad and Ghaziabad.
5. Provident Fund Registration Number AP/HY/37857 allotted by Assistant Provident Fund Commissioner, Hyderabad under Provident Fund and Miscellaneous Provision Act,1952 covers employees of Hyderabad, Vijayawada, Madhya Pradesh, Delhi, Bhuvaneswar, Pune, Gurgoan, Himachal Pradesh, Raipur,Bhopal ,Uttar Pradesh and Kashipur.

l) Bhopal, Madhya Pradesh – Branch office

S.No	Name of the license/ approval/ certificate	Number of License/Registration	Granting Authority	Valid Upto
1	Registration Number under Shops & Commercial Establishment Act , 1961	40907/BPL/CE/2007	Chief officer, Bhopal	December 31, 2011
2	Tax Identification Number Registration under Madhya Pradesh Value Added Tax Act, 2005	23953806305	VAT Officer, Bhopal	Until Cancelled
3	Central Sales Tax Registration Number under Central Sales Tax Rules, 1957	23953806305	VAT Officer, Bhopal	Until Cancelled
4	Employee State Insurance Registration Number under Employee State Insurance Act 1948	MP/18-54-5520-102/BPL	Assistant Director, Indore	Until Cancelled
5	Tax Deduction Account Number under Income Tax Act, 1961	BPLV01523E	Income Tax Department	Until Cancelled

m) Vadodara -Branch office

S.No	Name of the license/ approval/ certificate	Number of License/Registration	Granting Authority	Valid Upto
1	Tax Identification Number Registration under Gujarat Value Added Tax Act, 2003	24191800817	Commercial Tax Officer, GVAT	Until Cancelled
2	Central Sales Tax registration Number under Central Sales Tax Rules, 1957	24691800817	Commercial Tax Officer, GVAT	Until Cancelled
3	Employee State Insurance Registration Number under Employee State Insurance Act 1948	54-5520-102(BDR)(GRW)	Deputy Director, ESI Corporation, Baroda	Until Cancelled
4	Tax Deduction Account Number under Income Tax Act, 1961	BRDV01199C	Income Tax Department	Until Cancelled
5	Registration under Bombay Shop & Establishment Act 1948 – Vadodara Municipal Corporation	B-26/9849	Inspector, Bombay Shop & Establishment Act 1948 – Vadodara Municipal Corporation	2010

n) Delhi -Branch office

S.No	Name of the license/ approval/ certificate	Number of License/Registration	Granting Authority	Valid Upto
1	Tax Identification Number Registration under sec 41 of Delhi Sales Tax Act, 1975	LC/042/07110260517 /0403	Sales Tax Officer, Delhi	Until Cancelled
2	Central Sales Tax Registration Number under Central Sales Tax Rules, 1957	LC/042/1000260517 /0403	Sales Tax Officer, Delhi	Until Cancelled

o) Bhubaneswar -Branch office

S.No	Name of the license/ approval/ certificate	Number of License/Registration	Granting Authority	Valid Upto
1	Registration Number under Orissa Shops & Commercial Establishment Act, 1956	II-2185	Asst. Labour Officer, Bhubaneswar	December 31, 2008
2	Tax Deduction Account Number under Income Tax Act, 1961	BBNV00179E	Income Tax Officer, Bhubaneswar	Until Cancelled
3	Service Tax Registration Number under sec 69 of Finance Act 1994	AACV5492QST007	Supertinent of Central excise, Bhubaneswar	Until Cancelled

4	Tax Identification Number Registration under sec 26 of Orissa Value added Tax Act, 2004	21131117076	Assistant Commissioner of Sales Tax, Bhubaneswar	Until Cancelled
5	Central Sales Tax Registration Number under Central Sales Tax Rules, 1957	21131117076	Sales Tax Officer, Bhubaneswar	Until Cancelled
6	Employee State Insurance Registration Number under Employee State Insurance Act 1948	OR/REV/54-5520-102(44-BBSR)	Deputy director, ESI, Bhubaneswar	Until Cancelled

p) Pune -Branch office

S.No	Name of the license/ approval/ certificate	Number of License/Registration	Granting Authority	Valid Upto
1	Tax Deduction Account Number under Income Tax Act, 1961	PNEV05908A	Income Tax Officer, Pune	Until Cancelled
2	Service Tax Registration Number under sec 69 of Finance Act 1994	AAACV5492QST009	Supertindent of Central excise, Pune	Until Cancelled
3	Tax Identification Number Registration under sec 26 of Maharastra Value Added Tax Act	27290012835V	VAT Officer, Pune	Until Cancelled
4	Central Sales Tax Registration Number under Central Sales Tax Rules, 1957	27290012835C	VAT Officer, Pune	Until Cancelled
5	Empolyer Professional Tax under Maharastra State Tax on Profession, Trades, Calling and Employments Act , 1975	2/217/18/1784	Professional Tax Officer, Pune	Until Cancelled
6	Employees Professional Tax under Maharastra State Tax on Profession, Trades, Calling and Employments Act , 1975	2/217/11718	Professional Tax Officer, Pune	Until Cancelled
7	NOC from Gram Panchyat Wadaki Gaon	Letter dated August 27 th , 2006	Village development Officer,NOC from Gram Panchyat Wadaki Gaon	Until Cancelled

q) Gurgoan -Branch office

S.No	Name of the license/ approval/ certificate	Number of License/Registration	Granting Authority	Valid Upto
1	Tax Deduction Account Number under Income Tax Act, 1961	RTKVO1882G	Income Tax officer, Gurgoan	Until Cancelled

2	Tax Identification Number Registration under sec 11 of Harayana Value Added Tax Act, 2003	6331929540	Assessing Authority, Gurgoan	Until Cancelled
3	Central Sales Tax Registration Number under Central Sales Tax Rules, 1956	6331929540	Assessing Authority, Gurgoan	Until Cancelled
4	Service Tax - Certificate of Registration under Sec 69 of the Finance Act, 1994	AAACV5492QST012	Officer, Central excise, Gurgaon	Until Cancelled
5	Employee State Insurance Registration Number under Employee State Insurance Act 1948	13/54-5520-102/ H- 1488	Deputy Regional Director, Gurgaon	Until Cancelled
6	Registration u/s 13 of Punjab Shops & Commercial Establishment Rule Act, 1958	GGM/2007/6/220	Inspector, Shops & Establishments, Gurgaon	March 31, 2010

r) Kala amb, Himachal Pradesh -Branch office

S.No	Name of the license/ approval/ certificate	Number of License/Registration	Granting Authority	Valid Upto
1	Tax Identification Number Registration under Himachal Value Added Tax Act	4420	Assessing Authority, Nahan	Until Cancelled
2	Central Sales Tax Registration Number under Central Sales Tax Rules, 1957	7836	Assessing Authority, Nahan	Until Cancelled
3	Employee State Insurance Registration Number under Employee State Insurance Act 1948	HP/14(238)/54-5520-102	Deputy Director, Employee State Insurance, Parwanoo	Until Cancelled

s) Raipur -Branch office

S.No	Name of the license/ approval/ certificate	Number of License/Registration	Granting Authority	Valid Upto
1	Registration Number under Shop & Establishment Act, 1958	9171/RPR/CE/2107	Director, Shops & commercial establishment	Until Cancelled
2	Tax Identification Number Registration under Chatisgarh Value Added Tax Act, 2005	22771305615	VAT Officer, Raipur	Until Cancelled

3	Central Sales Tax Registration Number under Central Sales Tax Rules, 1957	22771305615	VAT Officer, Raipur	Until Cancelled
---	---------------------------------------------------------------------------	-------------	---------------------	-----------------

t) Chennai -Branch office

S.No	Name of the license/ approval/ certificate	Number of License/Registration	Granting Authority	Valid Upto
1	Registration Number under Tamil Nadu Industrial Establishment Act, 1958	307/2007	Assitant Inspector of Labour, St.Thomas Mount, Chennai	Until Cancelled
2	Tax Deduction Account Number under Income Tax Act, 1961	CHEVO8539G	Income tax Officer , Chennai	Until Cancelled
3	Service Tax Registration Number under sec 69 of Finance Act 1994	AAACV5492QST011	Superintend of Central Excise, Chennai	Until Cancelled
4	Employee State Insurance Registration Number under Employee State Insurance Act 1948	TN/54-5520-102/B.O/Guindy	Deputy director, Employee State Insurance, Chennai	Until Cancelled

u) Ghaziabad, Uttar Pradesh -Branch office

S.No	Name of the license/ approval/ certificate	Number of License/Registration	Granting Authority	Valid Upto
1	Tax Identification Number Registration under Uttar Pradesh Trade Tax Act, 1948	GC -0139970	Trade Tax officer, Gaziabad	Until Cancelled
2	Central Sales Tax Registration Number under Central Sales Tax Rules, 1957	GC 5099437	Trade Tax officer, Gaziabad	Until Cancelled

v) Jaipur

S.No	Name of the license/ approval/ certificate	Number of License/Registration	Granting Authority	Valid Upto
1	Tax Identifical Number - Value Added Tax under Rajashtan Value Added Tax Act, 2003	08644050290	Assisstant Commercial Tax officer, Jaipur	Until Cancelled
2	Tax Deduction Account Number under Income Tax Act, 1961	JPRV02700F	Income Tax Department, Jaipur	Until Cancelled
3	Central Sales Tax Registration Number under Central Sales Tax Rules, 1957	08644050290	Assisstant Commercial Tax officer, Jaipur	Until Cancelled

4	Service Tax Registration Number under sec 69 of Finance Act 1994	AAACV5492QST015	Supertinent Officer, Central Excise Range, Jaipur	Until Cancelled
5	Registration under Rajasthan Shops & Commercial Establishment Act, 1958	SH/111/R-14D/p-15/2008	Instructor, Shops & Commercial Establishment Department	December 31, 2009

w) Ludhina

S.No	Name of the license/ approval/ certificate	Number of License/Registration	Granting Authority	Valid Upto
1	Tax Deduction Account Number under Income Tax Act, 1961	JLDV01405F	Income Tax Department, Ludhiana	Until Cancelled
2	Service Tax Registration Number under Finance Act 1994	AACV5492QST014	Supertinent , Central Excise Range –IV, Diision –III, Ludhina	Until Cancelled
3	Tax Identifical Nunber - Value Added Tax under Punjab Value Added Tax Act, 2005	03922041688	Excise Taxation Officer, Ludhina	Untill Cancelled
4	Trade License by Municipal Corporation, Ludhina	B- XXXV- 977/I B.R.S	Inspector, Municipal Corporation, Ludhina	March 2008

Registered Trade Marks

We sell our products under the brand name ‘V-Guard’. Our promoter Mr. Koucheseph Chittilappilly as the absolute owner of the Trade Mark “V Guard” had registered the Trade Mark in his name in various classes under the relevant provisions of Trade Mark Act 1999 as amended from time to time. Mr. Koucheseph Chittilappilly had also made applications for registration of the above Trade Mark in various other classes which are are pending registration.

Our company pursuant to an agreement for assignment dated 1st August, 2005 paid a consideration of Rs. 1000 lakhs to Mr. Kochouseph Chittilappilly, Managing Director of our company, towards transfer of the trademark “V-Guard” in our company’s name. Prior to this, our company was using the trademark “V-Guard” on our products pursuant to royalty agreements entered into with Mr. Kochouseph Chittilappilly dated 28th May, 1996, 31st August, 1998, 1st April, 2001 and 16th June, 2004.

Further, in accordance with the Trade Marks Act, 1999, an Assignment Deed dated 12th November, 2007 assigning the Trade Mark in favour of our Company has been executed. Our company, *vide* applications dated 12th November 2007 has applied to the Trade Mark Registry for registering our company as the subsequent proprietor of the trademark which are already registered in the name of Mr. Kochouseph Chittilappilly and for substituting the name of our company as the applicant in respect of the trademarks under various classes which are pending registration.

Trade Marks registered in the name of Mr. Kochouseph Chittilappilly and which have been assigned in the name of our company is as under:

Trade Mark Number	Trade Mark Registered/ Trade Mark name	Date of Application/ Effective Date of Registration	Authority	Class	Validity
1160077	V-Guard	19/12/2002	Trade Mark Registry Chennai	9	10 years from the date of effective registration (Subject to renewal)

Trade Mark Number	Trade Mark Registered/ Trade Mark name	Date of Application/ Effective Date of Registration	Authority	Class	Validity
1148398	V-Guard	6/11/2002	Trade Mark Registry Chennai	2	10 years from the date of effective registration (Subject to renewal)
1148399	V-Guard	6/11/2002	Trade Mark Registry Chennai	3	10 years from the date of effective registration (Subject to renewal)
1148400	V-Guard	6/11/2002	Trade Mark Registry Chennai	4	10 years from the date of effective registration (Subject to renewal)
1148402	V-Guard	6/11/2002	Trade Mark Registry Chennai	6	10 years from the date of effective registration (Subject to renewal)
1148403	V-Guard	6/11/2002	Trade Mark Registry Chennai	8	10 years from the date of effective registration (Subject to renewal)
1148404	V-Guard	6/11/2002	Trade Mark Registry Chennai	10	10 years from the date of effective registration (Subject to renewal)
1148405	V-Guard	6/11/2002	Trade Mark Registry Chennai	11	10 years from the date of effective registration (Subject to renewal)
1148408	V-Guard	6/11/2002	Trade Mark Registry Chennai	15	10 years from the date of effective registration (Subject to renewal)
1148411	V-Guard	6/11/2002	Trade Mark Registry Chennai	18	10 years from the date of effective registration (Subject to renewal)
1148412	V-Guard	6/11/2002	Trade Mark Registry Chennai	19	10 years from the date of effective registration (Subject to renewal)
1148413	V-Guard	6/11/2002	Trade Mark Registry Chennai	20	10 years from the date of effective registration (Subject to renewal)
1148414	V-Guard	6/11/2002	Trade Mark Registry Chennai	21	10 years from the date of effective registration (Subject to renewal)
1148415	V-Guard	6/11/2002	Trade Mark Registry Chennai	22	10 years from the date of effective registration (Subject to renewal)
1148417	V-Guard	6/11/2002	Trade Mark Registry Chennai	24	10 years from the date of effective registration (Subject to renewal)
1148418	V-Guard	6/11/2002	Trade Mark Registry Chennai	25	10 years from the date of effective registration (Subject to renewal)
1148419	V-Guard	6/11/2002	Trade Mark Registry Chennai	26	10 years from the date of effective registration (Subject to renewal)
1148421	V-Guard	6/11/2002	Trade Mark Registry Chennai	28	10 years from the date of effective registration (Subject to renewal)
1148422	V-Guard	6/11/2002	Trade Mark Registry Chennai	29	10 years from the date of effective registration (Subject to renewal)
1148423	V-Guard	6/11/2002	Trade Mark Registry Chennai	30	10 years from the date of effective registration (Subject to renewal)
1148425	V-Guard	6/11/2002	Trade Mark Registry Chennai	32	10 years from the date of effective registration (Subject to renewal)
1148426	V-Guard	6/11/2002	Trade Mark Registry Chennai	33	10 years from the date of effective registration (Subject to renewal)
1148427	V-Guard	6/11/2002	Trade Mark Registry Chennai	34	10 years from the date of effective registration (Subject to renewal)
593377	V-Guard	--	Trade Mark Registry Chennai	7	10 years from the date of effective registration (Subject to renewal)

2. Licenses / Approvals for which fresh applications/applications for renewal have been made but yet not received by our Company:

a) Cochin - Head Office

S.No	Name of the license/ approval/ certificate	Granting Authority	Application Date
1	Renewal of Factory License under Factories Act , 1948	The Additional Inspector of Factories & Boilers, Ernakulam	October 26, 2007

b) QA & RD Division

S.No	Name of the license/ approval/ certificate	Granting Authority	Application Date
1	Renewal of Factory License under Factories Act , 1948	The Additional Inspector of Factories & Boilers, Ernakulam	October 26, 2007

c) EMW - Coimbatore

Sl.No	Name of the license/ approval/ certificate	Granting Authority	Application Date
1	Renewal of Factory License under Factories Act , 1948	The Additional Inspector of Factories & Boilers, Ernakulam	October 16, 2007

d) Applications dated November 12, 2007 to the Trade Mark Registry for registering our Company as a subsequent proprietor of the trade marks under the brand name 'V-Guard' which are already registered in the name of Mr. Kochouseph Chittilappilly and for substituting the name of our company as the applicant in respect of the trademarks under various classes which are pending registration.

e) Applications dated December 12, 2000, October 13, 2006 and July 19, 2007 to the Trade Mark Registry for registering in the name of our company, the trade marks under various classes i.e. 9, 14, 39, 35, 36, 37, 38, 40, 41, 42 under the brand name 'V-Guard'.

f) Application dated January 01, 2008 to the Controller of Designs, Patent office, Kolkatta for registering the Design of Water Heaters in the name of our Company, V-Guard Industries Limited under class no. 23-03 of Design Act , 2000.

4. The company is in the process of applying the following licenses and approvals

a) Madhya Pradesh - Bhopal

Service Tax Registration Number under sec 69 of Finance Act 1994

b) Vadodara

Service Tax Registration Number under sec 69 of Finance Act 1994

c) Delhi

Shop & Establishment Registration Number/NOC from MCD
Tax Deduction Account Number under Income Tax Act, 1961

d) Raipur

Tax Deduction Account Number under Income Tax Act, 1961

e) Ghaziabad, Uttar Pradesh

Registration Number

Tax Deduction Account Number under Income Tax Act, 1961

f) Ludhiana

Shop & establishment Registration Number

Trade License under Municipal Corporation

III. APPROVALS IN RELATION TO OBJECTS OF THE ISSUE

The objects of this Issue other than meeting Issue expenses, as contained on page no. 27 of this Prospectus, are as follows:

1. Setting up of facilities for Cable manufacturing in Coimbatore and Uttaranchal
2. Setting up of Enameling plant at Coimbatore
3. Setting up Development and Pilot Production Plants for Water Heaters, Fans and Pumps at Himachal Pradesh and Coimbatore
4. Investment for setting up Service and Distribution Centers at Bangalore, Hubli and Vijaywada.

1) Licenses / Approvals which have been received by our Company for:-

a) Setting up of facilities for Cable manufacturing in Coimbatore and Uttaranchal

S.No	Name of the license/ approval/ certificate	Number of License/Registration	Granting Authority	Valid Upto
1	Value Added Tax under Uttaranchal Value Added Tax Ordinance, 2005	05007721613	Assistant Commissioner, Kashipur	Until Cancelled
2	Mutation application to Sub- Registry Office. The Tasildhara Magistrate will hear the company on January 25, 2008	-	Tasildhara Magistrate, Kashipur	-

3) The Company has received the Zoning certificate from Housing and Urban Development (UD4-1) department for - Conversion of Agriculture land to Industrial Land by G.O 2D.No.101 from the Section Officer, Local Planning authority, Coimbatore for an area measuring 8.30 acres which would be used by the company for Setting up of facilities for Cable manufacturing unit, enamelling plant and for setting up Development and Pilot Production Plants for Water Heaters, Fans and Pumps at Coimbatore

b) Setting up Development and Pilot Production Plants for Water Heaters, Fans and Pumps at Coimbatore

S.No	Name of the license/ approval/ certificate	Number of License/Registration	Granting Authority	Valid Upto
1	Building Permit from Coimbatore Town Planning Authority	572/2007	Officer, Coimbatore Town Planning Authority	September 14, 2010

c) Setting up Development and Pilot Production Plants for Water Heaters and Fans at Himachal Pradesh

S.No	Name of the license/ approval/ certificate	Number of License/Registration	Granting Authority	Valid Upto
1	District Industry center Provisional registration Number under Land reforms & Tenancy Act 1972	02/010/12/000/55	Chief Commissioner, DIC, Nahan	Until Permanent Registration
2	Essentiality Certificate by Director of Industries, Himachal Pradesh	(14)-EC-17/2005	Director of Industries, Himachal Pradesh	Until Cancelled
3	Permission for installing a Industrial Unit	Rev-B-F(10)-347/2007	Deputy Secretary (Revenue) Governement of Himachal Pradesh	April 04, 2008
4	No Objection Certificate from Gram Panchayat, Kaalaamb	-	President, Gram Panchayat , Kaalaamb	-

d) Setting up Service and Distribution Centers at Bangalore & Vijayawada

S.No	Name of the license/ approval/ certificate	Number of License/Registration	Granting Authority	Valid Up to
1	Building Permit from The Karnataka Industrial Areas Development Board	KIADB/DO-11592/2007-08	Development Officer, The Karnataka Industrial Areas Development Board	June 05, 2008
2	Mutation Certificate from Registration & Stamps Department , Andhra Pradesh	10932	Sub- Registrar, Registration & Stamps Department , Andhra Pradesh	-

2. Licenses / Approvals for which fresh applications have been made but yet not received by our Company

a) Setting up of facilities for Building Cable Factory in Uttaranchal

Sl.No	Name of the license/ approval/ certificate	Granting Authority	Application Date
1	Temporary Electricity Connection at Kashipur	The Executive Engineer, Kashipur	January 07, 2008
2	Industrial Entrepreneurs Memorandum under Industries (Development & regulation) Act 1951	Secretariate for Industrial Estate	October 24, 2007
3	No Objection Certificate for cable factory, Uttarakhand Environment Protection and Pollution Control	The Regional Manager Uttarakhand Environment Protection and Pollution Control Board	January 10, 2008

	Board		
--	-------	--	--

b) Setting up Development and Pilot Production Plants for Water Heaters, Fans and Pumps at Himachal Pradesh

I.No	Name of the license/ approval/ certificate	Granting Authority	Application Date
1	Approval of Building map for Industries	The Chairman, Area Deveoplment Authority, Nahan	January 09, 2008

Our company further requires other licenses, approvals and registrations which would be applied for at the appropriate stage of development of each project. We have listed above key approvals that have been obtained or applied for by us.

IV. APPROVALS FOR THE ISSUE

- a) The Board of Directors has, pursuant to a resolution passed at its meeting held on May 29, 2007 has authorized the Issue, subject to the approval by the shareholders of our Company under section 81 and other applicable provisions of the Companies Act, 1956
- b) The shareholders have authorized the issue, pursuant to a resolution dated July 16, 2007 under section 81 and other applicable provisions of the Companies Act, 1956
- c) Approval from the National Stock Exchange Limited dated December 24 , 2007
- d) Approval from the Bombay Stock Exchange Limited dated December 18, 2007

SECTION VII: OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for This Issue

Our Board of Directors have, pursuant to a resolution passed at its meeting held on 29th May, 2007 authorized the Issue, subject to the approval of the shareholders of our Company under Section 81 and other applicable provisions of the Companies Act, 1956.

Our shareholders have authorized the Issue by a special resolution adopted pursuant to Section 81 and other applicable provisions of the Companies Act, 1956 passed at the Annual General Meeting held on 16th July, 2007.

We have also obtained all necessary contractual approvals required for the Issue. For further information, see “Government/Statutory and other Business Approvals” on page no. 207 of this Prospectus.

Prohibition by SEBI

Our Company, our Directors, our Promoters, other companies promoted by our Promoters and companies with which our Directors are associated as directors have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

Further, our Promoters or their relatives have confirmed that they have not been detained as willful defaulters by the RBI or any other government authority and there are no violations of securities laws committed by them in the past or are pending against them. Our Company or entities of our Group do not appear on the RBI defaulter list, nor are there any violations of securities laws committed by them in the past or pending against them.

ELIGIBILITY FOR THIS ISSUE

Our Company is eligible for the Issue as per Clause 2.2.1 of the SEBI Guidelines as explained under:

- Our Company has net tangible assets of at least Rs.3 crores in each of the preceding three full years (of 12 months each), of which not more than 50% is held in monetary assets and is compliant with Clause 2.2.1(a) of the SEBI DIP Guidelines;
- Our Company has a track record of distributable profits as per Section 205 of Companies Act, 1956 for at least three out of the immediately preceding five years and is compliant with Clause 2.2.1(b) of the SEBI DIP Guidelines;
- Our Company has a Pre-Issue net worth of not less than Rs.100 Lakhs in each of the three preceding full years and is compliant with Clause 2.2.1(c) of the SEBI DIP Guidelines;
- Our Company has not changed its name during the last one year and is compliant with Clause 2.2.1(d) of the SEBI DIP Guidelines except for the deletion of the word “Private” on conversion of our Company from Private Limited to Limited.
- The proposed Issue size would not exceed five times the pre-issue net worth as per the audited accounts for the last FY and is compliant with Clause 2.2.1(e) of the SEBI DIP Guidelines;

The net tangible assets, monetary assets, net profits (as restated) and net worth (as restated) as derived from the financial statements (restated), included in this Prospectus under the section titled “Financial Statements” as at, and for the last five years ended March 31, 2007 and the period ended 31st August, 2007 as per our Statutory Auditors Certificate dated 17th October, 2007 is set forth below:

	(Rupees in lakhs)					
Particulars	31.08.'07	31.03.'07	31.03.'06	31.03.'05	31.03.'04	31.03.'03
Net tangible assets	13,898.77	10,754.23	7,570.58	6,442.68	5,874.13	4,977.46
Monetary assets	6,373.56	4,482.12	2,057.41	1,690.03	1,402.13	1,878.09
Distributable profit after tax excluding extra ordinary item.	749.45	1,349.69	922.78	549.09	415.28	491.64
Networth	5,868.07	3,817.94	2,894.78	2,313.95	2,095.91	1,940.11
Monetary assets as a % of net tangible assets.	45.86	41.68	27.18	26.23	23.87	37.73

Notes:

1. Net tangible assets include written down value of fixed assets (including capital work-in-progress but excluding revaluation reserves, if any), investments and current assets, but exclude intangible assets as defined in Accounting Standard 26 issued by Institute of Chartered Accountants of India.
2. Monetary Assets include the sum of Cash on hand, Balance with Scheduled Bank in Current Accounts, Fixed Deposits, Sundry Debtors and Loans and Advances.
3. Distributable profit has been defined in terms of Section 205 of the Companies Act, 1956.
4. Networth has been defined as the aggregate of equity share capital and reserves, excluding miscellaneous expenditure not written off, if any.

If the number of allottees in the proposed Issue is less than 1,000 allottees, we shall forthwith refund the entire subscription amount received. If there is a delay beyond fifteen (15) days after we become liable to pay the amount, we shall pay interest at the rate of fifteen percent (15%) per annum for the delayed period.

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 THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THIS ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGER, ANAND RATHI FINANCIAL SERVICES LIMITED, HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000, IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGER ANAND RATHI FINANCIAL SERVICES LIMITED, HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED NOVEMBER 19, 2007 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992, WHICH READS AS FOLLOWS:

1. **WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE.**
2. **ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, IT'S DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THIS ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY.**

WE CONFIRM THAT:

- a) **THE DRAFT RED HERRING PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THIS ISSUE;**
- b) **ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
- c) **THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE.**
- d) **WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID.**
- e) **WHEN UNDERWRITTEN, WE SHALL SATISFY OURSELVES ABOUT THE NET WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.**
- f) **WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SECURITIES PROPOSED TO FORM PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN, WILL NOT BE DISPOSED/ SOLD/ TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THIS DRAFT RED HERRING PROSPECTUS.**

ALL LEGAL REQUIREMENTS PERTAINING TO THIS ISSUE WILL BE COMPLIED WITH AT THE TIME OF FILING OF THE PROSPECTUS WITH THE REGISTRAR OF COMPANIES, KERALA AT KOCHI, IN TERMS OF SECTION 56, SECTION 60 AND SECTION 60(B) OF THE COMPANIES ACT.

THE FILING OF THE DRAFT 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 OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED OFFER. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE BRLM, ANY IRREGULARITIES OR LAPSES IN THE DRAFT RED HERRING PROSPECTUS.

General Disclaimer

Investors may note that our Company, our Directors and BRLM accept no responsibility for statements made otherwise than in this Prospectus or in the advertisements or any other material issued by or at instance of our Company and the BRLMs and anyone placing reliance on any other source of information would be doing so at his or her own risk.

The BRLM accept no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into between the BRLM and us and the Underwriting Agreement to be entered into between the Underwriter(s) and us.

Our Company and the BRLM shall make all information available to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports or at bidding centers etc.

Neither our Company nor the Syndicate is liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

Further, our Company and the BRLM undertake to update the Red Herring Prospectus and keep the public informed of any material changes till the listing and trading commencement.

Caution

Investors bid in the Issue will be required to confirm and will be deemed to have represented to our Company and the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares and will not offer, sell, pledge or transfer the Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares. Our Company and the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares.

Disclaimer in Respect of Jurisdiction

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks subject to RBI permission), trusts registered under the Societies Registration Act, 1860, as amended from time to time, or any other trust law and who are authorized under their constitution to hold and invest in shares) and to NRIs, FIIs and Foreign Venture Capital Funds Registered with SEBI. This Prospectus does not, however, constitute an offer to sell or an invitation to subscribe to shares Issued hereby in any other jurisdiction to any person to whom it is unlawful to make an Issue or invitation in such jurisdiction. Any person into whose possession this Prospectus comes is required to inform himself or her self 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 Cochin (Kerala), 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 Prospectus has been filed with SEBI for observations and SEBI has given its observations in the due course. Accordingly, the Equity Shares, represented thereby may not be issued or sold, directly or indirectly, and this Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”) or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, “U.S. persons” (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold (i) in the United States to “qualified institutional buyers”, as defined in Rule 144A of the Securities Act in reliance on Rule 144A under the Securities Act, and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act. 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.

Further each bidder where required agrees that such bidder will not sell or transfer any equity shares or create any economic interest therein, including any off-shore derivative instrument, such as participatory notes, issued

against the equity shares or any similar security, other than pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with applicable laws and legislation in each jurisdiction, including India.

Disclaimer Clause of CRISIL

A CRISIL IPO grading is a one-time assessment and reflects CRISIL's current opinion on the fundamentals of the graded equity issue in relation to other listed equity securities in India. A CRISIL IPO grading is neither an audit of the issuer by CRISIL nor is it a credit rating. Every CRISIL IPO grading is based on the information provided by the issuer or obtained by CRISIL from sources it considers reliable. CRISIL does not guarantee the completeness or accuracy of the information on which the grading is based. A CRISIL IPO grading is not a recommendation to buy / sell or hold the graded instrument; it does not comment on the issue price, future market price or suitability for a particular investor.

CRISIL is not responsible for any errors and especially states that it has no financial liability whatsoever to the subscribers / users / transmitters / distributors of CRISIL IPO gradings.

Disclaimer Clause of the Bombay Stock Exchange Limited

As required, a copy of the Draft Red Herring Prospectus has been submitted to BSE. The Bombay Stock Exchange Limited ("BSE") has given by its letter No. DCS/IPO/MT/IPO-IP/1495/2007-08 dated December 18, 2007 permission to the Company to use BSE's name in the offer document as one of the stock exchanges on which our Company's securities are proposed to be listed. BSE has scrutinized this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to our Company. BSE does not in any manner:

1. Warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or
2. Warrant that this company's securities will be listed or will continue to be listed on BSE; or
3. 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 BSE. 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 BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Disclaimer Clause of the National Stock Exchange of India Limited

As required, a copy of the Draft Red Herring Prospectus has been submitted to National Stock Exchange of India Limited ("NSE"). NSE has given *vide* its letter No. NSE/LIST/63136-Q dated December 24, 2007, permission to our Company to use the NSE's name in this offer document as one of the stock exchanges on which our Company's securities are proposed to be listed subject to, our Company fulfilling the various criteria for listing including the one related to paid up capital (i.e. the paid up capital shall not be less than Rs. 100 million and market capitalization shall not be less than Rs. 250 million at the time of the listing). NSE has scrutinized this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to our Company. 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 our Company's securities will be listed or will continue to be listed on NSE; 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.

Every person who desires to apply for or otherwise acquire any securities of the Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against NSE whatsoever by reason of any

loss which may be suffered by such person consequent to or in connection with such subscription or acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Undertaking from the Promoters and Directors

Our Company accepts full responsibility for the accuracy of the information given in this Prospectus and confirms that to the best of their knowledge and belief, there are no other facts, their omission of which make any statement in the Prospectus misleading and they further confirm that they have made all reasonable inquiries to ascertain such facts. The Company further declares that the Stock Exchanges to which an application for official quotation is proposed to be made do not take any responsibility for the financial soundness of the Issue or for the price at which the Equity Shares are offered or for the correctness of the statement made or opinions expressed in the Prospectus. Our Promoters/Directors declare and confirm that no information/material likely to have a bearing on the decision of investors in respect of the Equity Shares offered in terms of the Red Herring Prospectus has been suppressed, withheld and/or incorporated in the manner that would amount to misstatement, misrepresentation and in the event of its transpiring at any point of time till allotment/refund, as the case may be, that any information/material has been suppressed /withheld and/or amounts to a misstatement/ misrepresentation, the Promoters/ Directors undertake to refund the entire application monies to all the subscribers within 7 days thereafter without prejudice to the provisions of Section 63 of the Companies Act.

Filing

A copy of the Draft Red Herring Prospectus has been filed with Corporation Finance Department of SEBI at Plot No.C4-A,'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, Company Law Bhawan, BMC Road, Thrikkakara, Kochi, Kerala.

Listing

Initial applications have been made to the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited for permission to deal in and for an official quotation of our Equity Shares. The Bombay Stock Exchange Limited ("BSE") shall be the Designated Stock Exchange.

If the permission to deal in and for an official quotation of our Equity Shares is not granted by any of the Stock Exchanges mentioned above, our Company will forthwith repay, without interest, all moneys received from the applicants in pursuance of the Red Herring Prospectus. If such money is not repaid within eight days after the day from which our Company become liable to repay it (i.e. from the date of refusal or within 70 days from the Bid/Issue Closing Date, whichever is earlier), then the Company, and every Director of the Company who is an officer in default shall, on and from such expiry of eight days, be jointly and severally liable to repay that money with interest as prescribed under Section 73 of the Companies Act.

We 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 seven working days of finalization and adoption of the Basis of Allotment for this Issue.

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**

- (a) otherwise induces a company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name,

Shall be punishable with imprisonment for a term which may extend to five years.”

Consents

Consents in writing from:

- i. the Directors
- ii. the Promoters
- iii. the Company Secretary
- iv. the Compliance Officer
- v. the Auditors
- vi. Bankers to our Company and Bankers to this Issue*,
- vii. Book Running Lead Manager to this Issue and Syndicate Members*
- viii. Escrow Collection Banks*
- ix. Registrar to this Issue
- x. Legal advisor to this Issue and
- xi. M/s. Roy Antony and Architects, a Chartered Engineer

to act in their respective capacities, have been obtained and filed along with a copy of the Red Herring Prospectus with the RoC at Kerala 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 this Prospectus for registration with the RoC.

* - Consents from Bankers to the Issue, Syndicate Member(s) and Escrow Collection Banks have been obtained prior to filing Prospectus with the RoC. Other consents mentioned hereinabove have been obtained prior to filing of the Red Herring Prospectus with SEBI.

M/s. Deloitte Haskins & Sells, the Statutory Auditors of our Company have given their written consent to the inclusion of their report in the form and context in which it appears in this Prospectus and such consent and report has not been withdrawn upto the time of delivery of this Prospectus for registration with RoC.

M/s. Deloitte Haskins & Sells, the Statutory Auditors of our Company have given their written consent to the tax benefits accruing to our Company and our members in the form and context in which it appears in this Prospectus and such consent and report has not been withdrawn upto the time of delivery of this Prospectus for registration with RoC.

CRISIL Limited, the agency engaged by us for the purpose of obtaining IPO grading in respect of this Issue, has given its written consent to the inclusion of its report in the form and context in which it will appear in this Prospectus and such consent and report will not be withdrawn up to the time of delivery of the Red Herring Prospectus and the Prospectus to the RoC.

Expert Opinion

Except as mentioned in the chapters titled ‘*Objects of this Issue*’ and ‘*Statement of Tax Benefits*’ and the section titled ‘*Financial Statements*’, beginning on page nos. 27, 43 and 122 respectively, we have not obtained any expert opinions.

Expenses of the Issue

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

<i>(Rs. in lakhs)</i>				
Sr No	Particulars	Amount	As a % of the Issue Size	As a % of the total issue expenses

1	Fees to Book Running Lead Manager	73.71	1.12	15.14
2	Fees to Registrar to the Issue	10.53	0.16	2.16
3	Fees to Legal Advisors to the Issue	8.43	0.13	1.73
4	Fees to Auditors	14.98	0.23	3.08
5	Underwriting and Selling Commission	128.99	1.97	26.49
6	Printing and Stationery	120.61	1.84	24.77
7	Advertising Expenses	100.15	1.53	20.57
8	IPO Grading Expenses	6.29	0.10	1.29
9	Other Expenses (including filing fees, listing fees, depository charges etc)	22.49	0.34	4.61
10	Contingencies	0.77	0.01	0.16
	Total	486.95	7.43	100.00

All expenses with respect to the Issue will be borne by our Company. So far, our Company has incurred a sum of Rs. 78.60 lakhs towards issue expenses.

Fees Payable to the Book Running Lead Manager

The total fees payable to the Book Running Lead Manager (including underwriting commission and selling commission) and the Syndicate Member will be as per the Mandate Letter dated 1st June, 2007 with the BRLM issued by our Company, a copy of which is available for inspection at our registered office.

Fees Payable to the Registrar to the Issue

The fees payable to the Registrar to the Issue will be as per the Memorandum of Understanding dated 1st October, 2007, a copy of which is available for inspection at our registered office.

Adequate funds will be provided to the Registrar to the Issue to enable them to send refund orders or allotment advice by registered post.

Underwriting Commission, Brokerage and Selling Commission

The underwriting commission and selling commission for the Issue is as set out in the Syndicate Agreement amongst our Company, the BRLM and Syndicate Members. The underwriting commission shall be paid as set out in the Syndicate Agreement based on the Issue Price and amount underwritten in the manner mentioned in this Prospectus.

Previous Rights and Public Issues

We have not made any previous rights and public issues since inception, and are an “Unlisted Company” in terms of the SEBI Guidelines and this Issue is an “Initial Public Offering” in terms of the SEBI Guidelines.

Issues otherwise than for Cash

Except as stated in the chapter titled ‘*Capital Structure*’ beginning on page no. 14 of this Prospectus, we have not issued any Equity Shares for consideration other than for cash.

Commission and Brokerage on Previous Issues

We have not made any previous public issues. Therefore, no sum has been paid or is payable as commission or brokerage for subscribing to or procuring for, or agreeing to procure subscription for any of the Equity Shares of our Company since its inception.

Particulars in Regard to the Company and Other Listed Companies under the Same Management within the meaning of Section 370(1)(B) of the Companies Act, 1956, which made any Capital Issue during last three years

There are no listed companies under the same management within the meaning of section 370 (1)(B) of the Companies Act that made any capital issue during the last three years.

Promises v. Performance

Our Company is an “Unlisted Company” in terms of the SEBI Guidelines, and this Issue is an “Initial Public Offering”. Our Company has not made any public issues in the past. Therefore, data regarding promise versus performance is not applicable to us.

Outstanding Debentures or Bonds

As on the date of filing of this Prospectus, the Company does not have any outstanding Debenture or Bond Issue.

Outstanding Preference Shares

As on the date of filing of this Prospectus, the Company does not have any outstanding preference shares.

Stock Market Data for our Equity Shares

This being an initial public offering of our Company, the Equity Shares of our Company are not listed on any stock exchange.

Option to Subscribe

Equity Shares being offered through the Red Herring Prospectus can be applied for in dematerialized form only.

Mechanism for Redressal of Investor Grievances

The memorandum of understanding between the Registrar to this Issue and us will provide for retention of records with the Registrar to this Issue for a period of at least one year from the last date of dispatch of the letters of allotment, demat credit and refund orders to enable the investors to approach the Registrar to this Issue for redressal of their grievances.

All grievances relating to this Issue may be addressed to the Registrar to this Issue, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the bank branch or collection center where the application was submitted.

Disposal of Investor Grievances by the Company

We estimate that the average time required by us or the Registrar to this Issue for the redressal of routine investor grievances will be seven business days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

We have constituted a Share Transfer / Shareholders Grievance Committee of the Board *vide* resolution passed at the Board Meeting held on August 16, 2007. The composition of the Investors Grievances Committee is as follows:

Name of the Director	Designation in the Committee	Nature of Directorship
Mr. R. Krishna Iyer	Chairman	Non – Executive Director
Mr. P.G.R. Prasad	Member	Independent Director
Mr. C.J. George	Member	Independent Director

For further details, please refer to the chapter titled ‘*Our Management*’ beginning on page 106 of this Prospectus.

We have appointed Mr. T. Nandakumar as the Compliance Officer and he may be contacted in case of any pre issue or post-issue related problems. He can be contacted at V-Guard Industries Ltd, L.F.C Road, Kaloor, Cochin-682017. Phone No.:+91-0484-2539911, 2530912. Fax: +91-0484-2539958. E-mail: ipo@vguard.in

Investors can contact the Compliance Officer or the Registrar in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of allocation, credit of allotted Equity Shares in the respective beneficiary account or refund orders, etc.

Changes in Auditors during the last three financial years and reasons therefore

Our Auditors for the year ended March 31, 2007 were M/s. S.B. Billimoria & Co. Subsequently in a resolution passed by the Shareholders at the Annual General Meeting dated 16th July, 2007, our Auditors were changed to M/s. Deloitte Haskins & Sells, who are the Auditors of our Company till date.

Capitalisation of Reserves or Profits during the last five years

The details regarding capitalisation of reserves are enumerated in the chapter titled '*Capital Structure*' beginning on page no. 14 of this Prospectus. Other than as mentioned therein, we have not capitalized any of our reserves.

Revaluation of Assets

Our Company has not revalued its assets since inception.

SECTION VIII – ISSUE RELATED INFORMATION

TERMS OF THIS ISSUE

The Equity Shares being issued are subject to the provisions of the Companies Act, the Memorandum and Articles of the Company, the terms of the Red Herring Prospectus, Bid-cum-Application Form, the Revision Form, the CAN and other terms and conditions as may be incorporated in the allotment advice, and other documents/certificates that may be executed in respect of this Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to this Issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, Reserve Bank of India, Stock Exchanges, Registrar of Companies and/or other authorities, as in force on the date of this Issue and to the extent applicable.

Authority for the Present Issue

Our Board of Directors have, pursuant to a resolution passed at its meeting held on 29th May, 2007 authorized the Issue, subject to the approval of the shareholders of our Company under Section 81 and other applicable provisions of the Companies Act, 1956.

Our shareholders have authorized the Issue by a special resolution adopted pursuant to Section 81 and other applicable provisions of the Companies Act, 1956 passed at the Annual General Meeting held on 16th July, 2007.

Ranking of Equity Shares

The Equity Shares being issued shall be subject to the provisions of our Memorandum and Articles of Association and shall rank *pari passu* in all respects with the other existing Equity Shares of the Company including rights in respect of dividend. The Allottees will be entitled to dividend or any other corporate benefits, if any, declared by the Company after the date of Allotment.

Mode of Payment of Dividend

We shall pay dividend to our shareholders as per the provisions of the Companies Act, 1956.

Face Value and Issue Price

The Equity Shares with a face value of Rs. 10 each are being issued in terms of this Prospectus at a price of Rs. 82 per share. At any given point of time, there shall be only one denomination for the Equity Shares of the Company, subject to applicable laws.

Compliance with SEBI Guidelines

We 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 and Articles of Association of the Company.

For further details on the main provisions of the Company's Articles of Association dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation/splitting, see "Main Provisions of the Articles of Association of our Company" beginning on page 272 of this Prospectus.

Market Lot

In terms of Section 68B of the Companies Act, the Equity Shares of the Company shall be allotted only in dematerialized form. In terms of existing SEBI Guidelines, the trading in the Equity Shares of the Company shall only be in dematerialized form for all investors.

Since trading of our Equity Shares will be in dematerialized mode, the tradable lot is one equity share. Allocation and allotment of Equity Shares through this Issue will be done only in electronic form in multiples of one Equity Shares to the successful Bidders subject to a minimum Allotment of 80 Equity Shares to the successful bidders.

Jurisdiction

The jurisdiction for the purpose of this Issue is with competent courts/authorities in Cochin (Kerala) India.

Nomination Facility to the Investor

In accordance with Section 109A of the Companies Act, the sole or first bidder, along with other joint bidder(s), may nominate any one person in whom, in the event of the death of sole bidder or in case of joint bidder(s), death of all the bidders, as the case may be, the Equity Shares transferred, 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/ transfer/ alienation of equity share(s) by the person nominating.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- a. to register himself or herself as the holder of the Equity Shares; or
- b. to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the allotment of Equity Shares in this Issue will be made only in dematerialized mode, there is no need to make a separate nomination with us. Nominations registered with respective depository participant of the applicant would prevail. If the investors require to change the nomination, they are requested to inform their respective depository participant.

Minimum Subscription

If the Company does not receive the minimum subscription of 90% of the Issue amount including devolvement of the Syndicate Member, if any, within 60 days from the Bid/Issue Closing Date, the Company shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after the Company becomes liable to pay the amount, the Company shall pay interest as per Section 73 of the Companies Act.

If the number of allottees in the proposed Issue is less than 1000 allottees, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 15 days after the Company becomes liable to pay the amount, the Company shall pay interest at the rate 15% per annum for the delayed period.

Withdrawal of the Issue:

Our Company in consultation with the BRLM, reserves the right not to proceed with the Issue at anytime after the Bid/Issue Opening date but before Allotment, without assigning any reason thereof.

Arrangements for Disposal of Odd Lots

The Company's shares will be traded in dematerialized form only and therefore the marketable lot is one (1) share. Therefore, there is no possibility of odd lots.

Restriction on Transfer And Transmission of Shares

Nothing contained in the Articles of Association of the Company shall prejudice any power of the Company to refuse to register the transfer of any share.

No fee shall be charged for sub-division and consolidation of share certificates (physical form), debenture certificates and detachable warrants and for sub-division of letters of allotment and split, consideration, renewal and pucca transfer receipts into denomination corresponding to the market units of trading.

Application by Non Residents/NRIs/FIIs

There is no reservation for Non Residents, NRIs, FIIs and Foreign Venture Capital Funds and all Non Residents, NRI's, FII's and Foreign Venture Capital Fund applicants will be treated on the same basis with other categories for the purpose of allocation.

As per the policy of the RBI, Overseas Corporate Bodies cannot participate in the Issue.

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (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 of benefit of, "U.S. Persons" (as defined in the Regulation S of the Securities Act), except pursuant to any exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

ISSUE STRUCTURE

Public Issue of 80,00,000 equity shares of Rs. 10 each for cash at a price of Rs. 82 per equity share (including a share premium of Rs. 72 per equity share) for cash aggregating to Rs.6560.00 lakhs (the “issue”) out of which 4,00,000 equity shares have been reserved for Eligible Employees of our Company (“Employee Reservation Portion”). The net offer to the public shall be 76,00,000 equity shares of Rs.10 each for cash at a price of Rs. 82 per equity share (including a share premium of Rs. 72 per equity share) for cash aggregating to Rs. 6232.00 lakhs (the “net offer to public”). The issue will constitute 26.80 % of the fully diluted post issue paid-up capital of our Company and the net offer to public will constitute 25.46 % of the fully diluted post issue paid –up capital of our Company.

The Issue is being made through the 100% Book Building Process:

	Employees	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares	4,00,000	38,00,000	11,40,000	26,60,000
Percentage of Issue Size available for allocation	Upto 5.00 % of the Issue Size	Upto 50% of the Issue (of which 5% shall be reserved for Mutual Funds) Mutual Funds participating in the 5% reservation in the QIB Portion (i.e. 1,90,000 Equity Shares) will also be eligible for allocation in the remaining QIB Portion. The unsubscribed portion, if any, in the Mutual Fund reservation will be available to QIBs.	Not less than 15% of the Net Issue to Public.	Not less than 35% of the Net Issue.
Basis of allocation if respective category is oversubscribed	Proportionate	Proportionate	Proportionate	Proportionate
Minimum Bid	80 Equity Shares and multiple of 80 Equity Shares thereafter	Such number of Equity Shares that the Bid Amount exceeds Rs. 100,000 and in multiples of 80 Equity Shares thereafter	Such number of Equity Shares that the Bid Amount exceeds Rs 100,000 and in multiples of 80 Equity Shares thereafter.	80 Equity Shares and in multiples of 80 Equity Share thereafter
Maximum Bid	Not exceeding 4,00,000 Equity Shares	Not exceeding the size of the Net Issue to Public subject to regulations as applicable to the bidder.	Not exceeding the size of the Net Issue to Public subject to regulations as applicable to the bidder.	Such number of Equity Shares whereby Bid Amount does not exceed Rs. 100,000
Mode of Allotment	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.
Trading Lot/ Market Lot	One Equity Share	One Equity Share	One Equity Share	One Equity Share
Who can Apply	Eligible Employees of our Company	Public financial institutions, as specified in Section 4A of the Companies Act; scheduled commercial banks,	Resident Indian individuals, HUF (in the name of Karta), companies,	Individuals (including NRIs and HUFs in the name of Karta)

	Employees	QIBs	Non-Institutional Bidders	Retail Individual Bidders
		mutual funds, foreign institutional investor registered with SEBI, multilateral and bilateral development financial institutions, Venture Capital Funds registered with SEBI, Foreign Venture Capital investors registered with SEBI, State Industrial Development Corporations, permitted insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 2,500 Lacs and pension funds with minimum corpus of Rs. 2,500 Lacs in accordance with applicable law.	corporate bodies, NRIs, Scientific Institutions, societies and trusts	applying for Equity Shares such that the Bid Amount does not exceed Rs. 100,000 in value.
Terms of Payment	Margin Amount applicable to Eligible Employees at the time of submission of Bid cum Application Form to the Member of Syndicate.	Margin Amount applicable to QIB Bidders at the time of submission of Bid cum Application Form to the Member of Syndicate.	Margin Amount applicable to Non-institutional Bidder at the time of submission of Bid cum Application Form to the Member of Syndicate.	Margin Amount applicable to Retail Individual Bidder at the time of submission of Bid cum Application Form to the Member of Syndicate.
Margin Amount	Full Bid Amount on Bidding	Atleast 10% of the Bid Amount in respect of bids placed by QIB Bidder on Bidding.	Full Bid Amount on Bidding	Full Bid Amount on Bidding.

Notes: Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in any category would be allowed to be met with spillover inter-se from any of the other categories, at the sole discretion of our Company, the BRLM and subject to applicable provisions of the SEBI Guidelines.

If the aggregate demand by Mutual Funds is less than 1,90,000 Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the QIB portion and be allocated proportionately to the QIB Bidders in proportion to their bids.

The un-subscribed portion, if any, out of the Equity Shares reserved for allotment to Eligible Employees will be added back to the net issue to Public and the same would be allocated proportionately by our Company in consultation with the BRLM.

Bidding period/Issue period

BID / ISSUE OPENED ON	February 18, 2008
BID / ISSUE CLOSED ON	February 21, 2008

Bids and any revision in Bids will be accepted **only between 10 a.m. and 3 p.m.** (Indian Standard Time) during the Bid/Issue Period as mentioned above at the bidding centres mentioned in the Bid cum Application Form **except that on the Bid/Issue Closing Date, Bids shall be accepted only between 10 a.m. and 1 p.m.** (Indian Standard Time) and uploaded until:

- (i) 5.00 p.m. in case of Bids by QIB Bidders, Non-Institutional Bidders and Employees bidding under the Employee Reservation Portion where the Bid Amount is in excess of Rs. 100,000 and
- (ii) until such time as permitted by the BSE and the NSE, in case of Bids by Retail Individual Bidders and Employees Bidding under the Employee Reservation Portion where the Bid Amount is up to Rs. 100,000. Due to limitation of time available for uploading the Bids on the Bid/Issue Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/Issue Closing Date and, in any case, no later than 1.00 p.m (Indian Standard Time) on the Bid/Issue Closing Date.

Bidders are cautioned that in the event a large number of Bids are received on the Bid/Issue Closing Date, as is typically experienced in public offerings, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded will not be considered for allocation under the Issue. Bids will be accepted only on Business Days.

Investors please note that as per letter no. List/smd/sm/2006 dated July 03, 2006 and letter no. NSE/IPO/25101-6 dated July 06, 2006 issued by BSE and NSE respectively, Bids and any revision in Bids shall not be accepted on Saturdays and Holidays as declared by the exchanges.

Our Company reserves the right to revise the Price Band during the Bidding Period in accordance with SEBI Guidelines. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band.

In case of revision in the Price Band, the Issue Period will be extended for three additional days after revision of Price Band subject to the Bidding Period/Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding Period/Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a press release, and also by indicating the change on the web sites of the BRLMs and at the terminals of the Syndicate.

ISSUE PROCEDURE

Book Building Procedure

The Issue is being made through the 100% Book Building Process wherein upto 50% of the Net Issue shall be available for allocation to QIBs on a proportionate basis, out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds. Further, not less than 35% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders and not less than 15% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders, subject to valid Bids being received at or above the Issue Price.

Bidders are required to submit their Bids through the members of the Syndicate. We, in consultation with the BRLMs reserve the right to reject any QIB Bid procured by any or all members of the Syndicate provided the rejection is at the time of receipt of such Bid and the reason for rejection of the Bid is communicated to the Bidder at the time of rejection of the Bid. 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 Equity Shares will be allotted to successful Bidders only in the dematerialized form. Bidders will not have the option of getting allotment of the Equity Shares in physical form. The Equity Shares on allotment shall be traded only in the dematerialized segment of the Stock Exchanges.

Bid-cum-Application Form

Bidders shall only use the specified Bid-cum-Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of the Red Herring Prospectus. 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 Confirmation of Allocation Note (“CAN”), and filing of the Prospectus with the Registrar of Companies, the Bid-cum-Application Form shall be considered as the Application Form. Upon completing and submitting the Bid-cum-Application Form to a member of the Syndicate, the Bidder is deemed to have authorized the Company to make the necessary changes in the Red Herring Prospectus and the Bid-cum-Application Form as would be required for filing the Prospectus with the Registrar of Companies and as would be required by Registrar of Companies 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
Indian public or NRI applying on a non-repatriation basis	White
Non-residents, NRIs, FIIs, Foreign Venture Capital Fund registered with SEBI, Multilateral and Bilateral Development Financial Institutions applying on repatriation basis	Blue
Eligible Employees	Pink

Who can Bid

1. Indian nationals resident in India who are majors, in single or joint names (not more than three);
2. Hindu Undivided Families or 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 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 the Equity Shares;
4. FIIs registered with SEBI.
5. Indian Mutual Funds registered with SEBI;
6. Indian Financial Institutions, commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to RBI regulations, as applicable);

7. Venture Capital Funds registered with SEBI;
8. Foreign Venture Capital Investors registered with SEBI;
9. State Industrial Development Corporations;
10. Multilateral and bilateral development financial institutions;
11. Eligible NRIs and other Non Residents including FIIs on a repatriation basis or non-repatriation basis subject to applicable laws; and
12. Insurance companies registered with the Insurance Regulatory and Development Authority;
13. Provident funds with minimum corpus of Rs. 2500 lakh and who are authorized under their constitution to hold and invest in Equity Shares;
14. Pension funds with minimum corpus of Rs. 2500 lakh and who are authorized under their constitution to hold and invest in Equity Shares;
15. Trust/ society registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts/ society and who are authorized under their constitution to hold and invest in Equity Shares; and
16. Scientific and/ or industrial research organizations authorized to invest in Equity Shares.
17. Persons otherwise eligible to invest under all applicable laws, rules, regulations and guidelines.

As per existing regulations, OCBs cannot Bid in this Issue.

Note: The BRLMs and the Syndicate Members shall not be entitled to participate in this Issue in any manner except towards fulfilling their underwriting obligation. However, associates and affiliates of each of the BRLMs and Syndicate Members are entitled to Bid and subscribe to Equity Shares in this Issue either in the QIB Portion or in the Non-Institutional Portion as may be applicable to such investors, where the allotment will be on a proportionate basis. Such bidding and subscription may be on their own account or on behalf of their clients.

Notwithstanding the aforesaid, in the Employee Reservation Portion, Bids can only be submitted by the Eligible Employees.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limit or maximum number of Equity Shares that can be held by them under applicable law, rules, regulations, guidelines and approvals.

APPLICATION 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 1,90,000 Equity Shares, allocation shall be made to Mutual Funds on proportionate basis to the extent of the Mutual Funds Portion. The remaining demand by Mutual Funds shall, as part of the aggregate demand by QIB Bidders, be made available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Fund Portion.

The Bids made by the asset management companies or custodian of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made.

As per the current regulations, the following restrictions are applicable for investments by Mutual Funds:

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up capital carrying voting rights.

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.

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 mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

The Bids made by the asset management companies or custodians of mutual funds shall specifically state the names of the concerned schemes for which the Bids are made. In case of a Mutual Fund a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made.

APPLICATION BY NRIs

Bid cum Application forms has been made available for NRIs at the Registered Office of our Company and at the office of members of the syndicate.

NRI applicants may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for allotment on repatriation basis. The NRIs who intend to make payment through Non-Resident Ordinary (NRO) Account shall use the form meant for Resident Indians (white in colour). All instruments accompanying bids shall be payable in Mumbai only.

APPLICATION BY FIIs

As per current regulations, the following restrictions are applicable for investment by FIIs:

No single FII can hold more than 10% of the post-issue paid-up capital of the Company (i.e. 10% of 2,98,47,520 equity shares of Rs. 10 each). In respect of an FII investing in the Equity Shares of the Company on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued capital or 5% of the total issued capital of the company in case such sub-account is a foreign corporate or an individual.

As of now, the aggregate FII holding in our company cannot exceed 24% of the total issued capital of the Company, with the approval of our Board of Directors and our shareholders by way of a special resolution, the aggregate FII holding can go up to 100%. However, as on this date no such resolution has been recommended to the shareholders of our Company for adoption.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations 1995, as amended, an FII or its sub account may issue, deal or hold, off shore derivative instruments such as Participatory Notes, equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed in any stock exchange in India only in favour of those entities which are regulated by any relevant regulatory authorities in the countries of their incorporation or establishment subject to compliance of “know your client” requirements. An FII or sub-account shall also ensure that no further downstream issue or transfer of any instrument referred to hereinabove is made to any person other than a regulated entity.

Bids by NRIs or FIIs on Repatriation Basis

Bids and revision to bids must be made:

- On the bid-cum-application form or revision form, as applicable (Blue in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
- In a single or joint names (not more than three).
- Bids by NRIs for a Bid amount of up to less than Rs. 1,00,000 would be considered under the Retail Individual Bidders Portion for the purpose of allocation and Bids for a Bid amount of more than or equal to Rs. 1,00,000 would be considered under Non-Institutional Bidder Portion for the purposes of allocation; by FIIs or Foreign Venture Capital Fund, Multilateral and Bilateral Development Financial Institutions for a minimum of such number of Equity Shares and in multiples of 80 Equity Shares thereafter so that the Bid amount exceeds Rs. 1,00,000; for details, please refer to the sub-section titled “Maximum and Minimum Bid Size” in chapter titled “Issue Procedure” beginning on page 242 of this Prospectus.

- In the names of individuals or in the names of FIIs or in the names of Foreign Venture Capital Fund, Multilateral and Bilateral Development Financial Institutions but not in the names of minors, firms or partnerships, foreign nationals or their nominees or OCB's.

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 payable upon submission of the Bid cum Application Form or Revision Form 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/speed 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.

There is no reservation for Non Residents, NRIs, FIIs and Foreign Venture Capital Funds and all Non Residents, NRI, FII and Foreign Venture Capital Fund applicants will be treated on the same basis with other categories for the purpose of allocation.

APPLICATION BY SEBI REGISTERED VENTURE CAPITAL FUNDS AND FOREIGN VENTURE CAPITAL INVESTORS

As per the current regulations, the following restrictions are applicable for investments by SEBI registered Venture Capital Funds and Foreign Venture Capital Investors:

The SEBI (Venture Capital) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, the holding by any individual venture capital fund or foreign venture capital investor registered with SEBI should not exceed 33.33% of the corpus of the venture capital fund/ foreign venture capital investor. The aggregate holdings of venture capital funds and foreign venture capital investors registered with SEBI could, however, go up to 100% of our Company's paid-up equity capital.

The above information is given for the benefit of the Bidders. Our Company and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of the 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, and our Company and the BRLMs shall on no grounds whatsoever be liable for or responsible for any breach of applicable regulations by any investor or category of investors.

Maximum and Minimum Bid Size

- (a) **For Retail Individual Bidders:** The Bid must be for a minimum of 80 Equity Shares and in multiples of 80 Equity Shares thereafter, subject to maximum Bid amount of Rs. 1,00,000. In case of revision of Bids, the Retail Bidders have to ensure that the Bid Amount does not exceed Rs. 1,00,000. In case the maximum Bid amount is more than Rs. 100,000 due to revision of the Bid or revision of price band or on exercise of the option, then the same would be considered for allocation under the Non-Institutional Bidders category. The Cut-off option is 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 Bidders):** The Bid must be for a minimum of such Equity Shares such that the Bid Amount exceeds Rs. 1,00,000 and in multiples of 80 Equity Shares thereafter. A Bid cannot be submitted for more than the size of the Issue. However, the maximum Bid by a QIB should not exceed the investment limits prescribed for them by the regulatory or statutory authorities governing them. Under existing SEBI guidelines, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date and is required to pay the QIB margin upon submission of the bid.

In case of revision of bids, the Non Institutional Bidders who are individuals have to ensure that the Bid Amount is greater than Rs. 1,00,000. In case the Bid Amount reduces to Rs. 1,00,000 or less due to a revision

in Bids or revision of price band, the same would be considered for allocation under the Retail portion. Non Institutional Bidders and QIB Bidders are not allowed to Bid at 'Cut-Off'.

Bidders are advised to ensure that any single bid from them does not exceed the investment limit or maximum number of equity shares that can be held by them under applicable law or regulation or as specified in the Red Herring Prospectus.

- (c) **For Employee Reservation Portion:** The Bid must be for a minimum of 80 Equity Shares and in multiple of 80 Equity Shares. The maximum bid in this category cannot exceed 4, 00,000 Equity Shares. Bidders in the Employee Reservation Portion applying for a maximum Bid in any of the Bidding Options not exceeding Rs. 1, 00,000 may bid at "Cut-off".

No promoters or persons belonging to the promoter group are part of the Eligible Employees in the Employee Reservation Portion.

Information for Bidders

- (a) Our Company has filed the Red Herring Prospectus with the Registrar of Companies, Kerala atleast 3 days before the bid/ issue opening date.
- (b) The members of the Syndicate have circulated copies of the Red Herring Prospectus along with the Bid-cum-Application Form to potential investors.
- (c) Any investor (who is eligible to invest in our Equity Shares) who liked to obtain the Red Herring Prospectus and/ or the Bid-cum-Application Form have obtained the same from our registered office or from any of the BRLMs/Syndicate Members.
- (d) Investors who are interested in subscribing for our Company's Equity Shares should approach any of the BRLMs or Syndicate Member or their authorized agent(s) to register their Bid.
- (e) The Bids should be submitted on the prescribed Bid-cum-Application Form only. Bid-cum-Application Forms should bear the stamp of the members of the Syndicate. Bid-cum-Application Forms, which do not bear the stamp of the members of the Syndicate, will be rejected.

Method and Process of Bidding

- a) Our Company and the BRLMs have declared the Bid/Issue Opening Date, Bid/Issue Closing Date and Price Band at the time of filing the Red Herring Prospectus with Registrar of Companies, Kerala and also published the same in three widely circulated newspapers (one in English, Hindi and Malayalam). This advertisement shall contain the minimum disclosures as prescribed under Schedule XX-A of the SEBI Guidelines. The BRLMs and Syndicate Members shall accept Bids from the Bidders during the Issue Period in accordance with the terms of the Syndicate Agreement.
- b) The Bidding Period shall be a minimum of three working days and shall not exceed seven working days. In case the Price Band is revised, the revised Price Band and Bidding Period will be published in two national newspapers (one each in English and Hindi) by indicating on the websites of the BRLMs and at the terminals of the members of the Syndicate. The Bidding Period may be extended, if required, by an additional three working days, subject to the total Bidding Period not exceeding 10 working days.
- c) Investors who are interested in subscribing for our Equity Shares should approach any of the members of the Syndicate or their authorised agent(s) to register their Bid. QIB Bidders shall register their bids only through a BRLM.
- d) Each Bid-cum-Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph entitled "Bids at Different Price Levels" below on page 247 of this Prospectus) 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.

- e) 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. Submission of a second Bid-cum-Application Form to either the same or to another member of the Syndicate 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 “Build up of the Book and Revision of Bids” on page of 250 this Prospectus.
- f) During the Bidding Period, Bidders may approach the members of the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients / investors who place orders through them and shall have the right to vet the Bids.
- g) Along with the Bid-cum-Application Form, all Bidders will make payment in the manner described under the paragraph “Terms of Payment” on page no. 248 of this Prospectus.
- h) The Syndicate Member will enter each bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip, (“TRS”), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid-cum-Application Form. It is the responsibility of the Bidder to obtain the TRS from the members of the Syndicate.

Bids at Different Price Levels and Revision of Bids

- (a) The Price Band has been fixed at Rs. 80 to Rs. 85 per Equity Share of Rs. 10 each, Rs. 80 being the Floor Price and Rs. 85 being the Cap Price. The Bidders can bid at any price within the Price Band, in multiples of Re 1. In accordance with SEBI Guidelines, the Company in consultation with the BRLMs can revise the Price Band by informing the Stock Exchanges, releasing a press release, disclosure on the website of the members of the Syndicate, if any and notification on the terminal of the members of the Syndicate. In case of a revision in the Price Band, the Issue will be kept open for a period of three additional working days after the revision of the Price Band, subject to the total Bidding Period not exceeding ten working days.
- (b) Our Company in consultation with BRLM can finalize the Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation, to the Bidders. The Price Band can be revised during the Bidding Period in which case the maximum revisions on either side of the Price Band shall not exceed 20% of the Cap Price and the Floor Price disclosed in the Red Herring Prospectus.
- (c) The Bidders can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. **Retail Individual may bid at “Cut-off”. However, bidding at “Cut-off” is prohibited for QIB or Non Institutional Bidders and such Bids from QIBs and Non-Institutional Bidders shall be rejected.**
- (d) Retail Individual Bidders, who bid at the Cut-Off agree that they shall purchase the Equity Shares at the Issue price. Retail Individual Bidders bidding at Cut-Off shall submit the Bid-cum-Application form with cheque/demand draft for the Bid Amount based on the Cap of the Price Band in with the Syndicate Members. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders who bid at the Cut-Off Price (i.e. the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), Retail Individual Bidders shall receive the refund of the excess amounts from the respective Refund Account.
- (e) In case of revision in the Price Band, the Issue Period will be extended for three additional working days after revision of Price Band subject to a maximum of ten working days. Any revision in the Price Band and the revised Bidding/Issue Period, if applicable, will be widely disseminated by notification to BSE and NSE, by issuing a public notice in three widely circulated newspapers (one English newspaper, one Hindi newspaper and one

regional language newspaper), and also by indicating the change on the websites of the BRLMs, and at the terminals of the Syndicate Member(s) and the Bidding Period shall be extended for a further period of three working days.

- (f) In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall be within the range of Rs. 5,000 to Rs. 7,000. The Issuer Company in consultation with the BRLM shall stipulate the minimum application size (in terms of number of shares) falling within the aforesaid range of minimum application value.
- (g) In case of an upward revision in the Price Band announced as above, Retail Individual Bidders, who had bid at Cut Off Price could either (i) revise their Bid or (ii) make additional payment based on the cap of the revised Price Band (such that the total amount i.e. original bid amount plus additional payment does not exceed Rs. 1,00,000, 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. 100,000, the Bid will be considered for allocation under the Non Institutional 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 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.
- (h) 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.

Option to Subscribe

Equity Shares being offered through the Red Herring Prospectus can be applied for in dematerialized form only. Bidders will not have an option of getting the allotment in physical form. The equity shares, on allotment shall be traded only in the dematerialized segment of the Stock Exchanges.

Escrow Mechanism

Escrow Account for the Issue:

Our Company and members of the Syndicate shall open Escrow Accounts with one or more Escrow Collection Banks in whose favor the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the bid. Cheques or demand drafts received for the full Bid amount from Bidders in a certain category would be deposited in the Escrow Account. The monies in the Escrow Accounts shall be maintained by the Escrow Collection Banks for and on behalf of the bidders. The Escrow Collection Banks shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the monies from the Escrow Account to the Public Issue Account and the Refund Account with the Bankers to the Issue as per the terms of the Escrow Agreement. Payments of refunds to the Bidders shall also be made from the Escrow 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, the Registrar to the Issue, BRLM to facilitate collections from the Bidders.

Terms of Payment and Payment into the Escrow Accounts

Each Bidder shall provide the applicable Margin Amount, and shall, with the submission of the Bid cum Application Form draw a cheque or demand draft for the maximum amount of his/her Bid in favour of the Escrow Account of the Escrow Collection Bank(s) (See "Payment Instructions" on page 258) and submit the same to the member of the Syndicate to whom the Bid is being submitted. The Bidder may also provide the applicable Margin Amount by way of an electronic transfer of funds through the RTGS mechanism. Each QIB shall provide their QIB Margin Amount only

to a BRLM. Bid-cum-Application Forms accompanied by cash/Stock invest/money order shall not be accepted. The Margin Amount based on the Bid Amount has to be paid at the time of submission of the Bid cum Application Form.

The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold the monies for the benefit of the Bidders until such time as the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds equivalent to the size of the issue from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account. The balance amount after transfer to the Public Issue Account shall be transferred to the Refund Account maintained by the refund banker.

Each category of Bidders i.e. QIBs, Non-Institutional Bidders, Employee Reservation Portion and Retail Individual Bidders would be required to pay their applicable Margin Amount at the time of the submission of the Bid-cum-Application Form. The Margin Amount payable by each category of Bidders shall be uniform across all the bidders in the same category. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Amount, any difference between the amount payable by the Bidder for Equity Shares allocated at the Issue Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in-Date, which shall be a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLM. If the payment is not made favoring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled. However, if the applicable margin amount for bidder is 100%, the full amount of payment has to be made at the time of submission of the Bid-Cum-Application Form.

Where the Bidder has been allocated lesser number of Equity Shares than he or she had bid for, the excess amount paid on bidding, if any, after adjustment for allocation, will be refunded to such Bidder within 15 days from the Bid/Issue Closing Date, failing which our Company shall pay interest at 15% per annum for any delay beyond the periods as mentioned above.

Electronic Registration of Bids

- (a) The members of the Syndicate will register the Bids using the on-line facilities of NSE and BSE. There will be at least one on-line connectivity in each city, where a Stock Exchange is located in India and where Bids are being accepted.
- (b) NSE and BSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the Syndicate Member and their authorized agents during the Bidding Period. Syndicate members 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 Closing Date, the Members of the Syndicate shall upload the Bids till such time as may be permitted by the Stock Exchanges.
- (c) BSE and NSE will aggregate demand and price for Bids registered on their electronic facilities on a regular basis and display graphically the consolidated demand at various price levels. This information can be accessed on BSE's website at "www.bseindia.com" or on NSE's website at "www.nseindia.com".
- (d) At the time of registering each Bid, the Syndicate members shall enter the following details of the investor in the on-line system:
 - Name of the investor (Investors should ensure that the name given in the Bid cum Application form is exactly the same as the Name in which the Depository Account is held. In case, the Bid cum Application Form is submitted in joint names, investors should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form)
 - Investor Category such as Individual, Corporate or Mutual Fund, etc.
 - Number of Equity Shares bid for
 - Bid price
 - Bid-cum-Application Form number
 - Whether payment is made upon submission of Bid-cum-Application Form
 - Margin amount; and

- Depository Participant Identification Number and Client Identification Number of the demat account of the Bidder
- (e) 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 request and obtain the TRS from the members of the Syndicate.** The registration of the Bid by the Syndicate Member does not guarantee that the Equity Shares shall be allocated either by the Syndicate Member or our Company.
- (f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- (g) Consequently, all or any of the members of the Syndicate has also the rights to accept the bid or reject it with out assigning any reasons, in case of QIBs. In case of Non-Institutional Bidders, Employee Reservation Portion and Retail Individual Bidders, Bids would not be rejected except on the technical grounds listed on Page 261 in this Prospectus.
- (h) It is to be distinctly understood that the permission given by NSE and BSE to use their network and software of the Online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company, BRLM are cleared or approved by NSE and BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, our Promoters, our management or any scheme or project of our Company.
- (i) It is also to be distinctly understood that the approval given by NSE and BSE should not in any way be deemed or construed that this Prospectus has been cleared or approved by the NSE and BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the NSE and BSE.
- (j) Bids not uploaded to the online IPO system of NSE/BSE shall not be considered for allocations / allotment.

Build Up of the Book and Revision of Bids

- (a) Bids registered by various Bidders through the members of the Syndicate shall be electronically transmitted to the NSE or BSE mainframe on a regular basis.
- (b) The book gets built up at various price levels. This information will be available with the BRLM on a regular basis.
- (c) The Price Band can be revised during the bidding period, in which case the bidding period shall be extended further for a period of three days, subject to the total bidding period not exceeding three working days. The Cap on the price band shall not be more than 20% of the floor of the price band. Subject to compliance with the immediately preceding sentence, the floor of price band can move up or down to the extent of 20% of the floor of the price band disclosed in the Red Herring Prospectus.
- (d) Any revision in the price band will be widely disseminated by informing the Stock Exchanges, by issuing a Public Notice in two national newspapers (one each in English and Hindi) and one local newspaper and also indicating the change on the relevant websites and the terminals of the members of the syndicates.
- (e) 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.
- (f) Revisions can be made in both the desired number of Equity Shares and the bid price by using the Revision Form. Apart from mentioning the revised options in the revision form, the Bidder must also mention the details of all the options in his or her Bid-cum-Application Form or earlier Revision Form. For example, if a Bidder has bid for three options in the Bid-cum-Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being changed, in the

Revision Form. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate.

- (g) 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 through whom he or she 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.
- (h) 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. In case of QIBs, the members of the Syndicate shall collect the payment in the form of cheque or demand draft or electronic transfer of funds through RTGS for the incremental amount in the QIB margin, if any, to be paid on account of the upward revision of bid at the time of one or more revision by the QIB bidders.
- (i) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the Syndicate Member. **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.**
- (j) Only bids that are uploaded to the online IPO system of NSE/ BSE shall be considered for allocation / allotment. In case of discrepancy of data between NSE or BSE and the Syndicate Member, the decision of the BRLM based on physical records of Bid-cum-Application Forms shall be final and binding to all concerned.

Price Discovery and Allocation

- (a) After the Bid/Issue Closing Date, the BRLM will analyze the demand generated at various price levels and discuss pricing strategy with us.
- (b) Our Company in consultation with the BRLM shall finalise the “Issue Price” and the number of Equity Shares to be allotted in each investor category.
- (c) The allocation for QIBs, upto 50% of the Net Issue, of which 5% shall be reserved for Mutual Funds would be proportionate. The allocation to Non-Institutional Bidders and Retail Individual Bidders of not less than 15% and 35% of the Net Issue, respectively, would be on proportionate basis, in consultation with Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price. There is a reservation for the Employees of our Company to the extent of 4,00,000 Equity Shares which would be allotted on the proportionate basis.
- (d) Under subscription, if any, in any category would be allowed to be met with spill over from any of the other categories at the discretion of the Company and the BRLM in accordance with applicable laws, rules, regulations and guidelines. However, if the aggregate demand by Mutual Funds is less than 5% of the QIB Portion, the balance Equity Shares from the portion specifically available for allocation to Mutual Funds in the QIB Portion will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders in proportion to their Bids. For further details please refer chapter titled “Issue Procedure – Basis of Allotment or Allocation” beginning on page 265 of the Prospectus.
- (e) Any under subscription in equity shares reserved for allocation to eligible employees would be treated as a part of the net offer to public and allocated in accordance with the basis of allotment described in the chapter titled “Issue Procedure – Basis of Allotment or Allocation” beginning on page 265 of this Prospectus.
- (f) The BRLM, in consultation with us, shall notify the Syndicate Member of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.
- (g) We reserve the right to cancel the Issue any time after the Bid/Issue Opening Date but before allotment without assigning any reasons whatsoever.

- (h) Allocation to QIBs, Non-residents, FIIs and NRIs applying on repatriation basis will be subject to the terms and conditions stipulated by the RBI, FIPB, if any, while granting permission for allotment of equity shares to them.
- (i) In terms of SEBI Guidelines, QIB Bidders shall not be allowed to withdraw their Bid after the closure of Bidding.
- (j) The allotment details shall be put on the website of the Registrar to the Issue.

Signing of Underwriting Agreement and RoC Filing

- (a) We, the BRLM have entered into an Underwriting Agreement on finalisation of the Issue Price and allocation(s) to the QIB Bidders.
- (b) After signing the Underwriting Agreement, we have updated and filed the updated Red Herring Prospectus with Registrar of Companies, Kerala, 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 Roc

Our Company will file a copy of the Prospectus with the Registrar of Companies, Kerala at Cochin in terms of Section 56, Section 60 and Section 60B of the Companies Act.

Announcement of Pre-Issue Advertisement

Subject to Section 66 of the Companies Act, the Company shall after receiving final observations, if any, on the Red Herring Prospectus from SEBI, publish an advertisement, in the form prescribed by the SEBI DIP Guidelines in an English national daily with wide circulation, one Hindi National newspaper and one regional language newspaper.

Advertisement regarding Issue Price and Prospectus

Subject to Section 66 of the Companies Act, our Company shall after receiving final observations, if any, on this Red Herring Prospectus from SEBI, publish an advertisement, in the form prescribed by the SEBI Guidelines in an English national daily with wide circulation, one Hindi national newspaper and one Regional language newspaper.

Issuance of Confirmation of Allocation Note

After the determination of Issue Price, the following steps would be taken

- (a) Upon approval of the basis of allotment by the Designated Stock Exchange, the BRLMs or 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 allocation 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 Individual and Non-Institutional Bidders. However, Bidders should note that our Company shall ensure that the date of Allotment of the Equity Shares to all Bidders, in all categories, shall be done on the same date.
- (b) The BRLMs or members of the Syndicate would despatch a CAN to their Bidders who have been allocated Equity Shares in the Issue. The despatch 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 Allocation Amount payable into the Escrow Account by the Pay-in Date specified in the CAN.
- (c) 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 despatch 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.

Notice to QIBs: Allotment Reconciliation

After the Bid/Issue Closing Date, an electronic book will be prepared by the Registrar on the basis of Bids uploaded on the BSE/NSE system. Based on the electronic book, QIBs may be sent a CAN, indicating the number of Equity Shares that may be allocated to them. This CAN is subject to the basis of final Allotment, which will be approved by the Designated Stock Exchange and reflected in the reconciled book prepared by the Registrar. Subject to SEBI Guidelines, certain Bid applications may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciliation and basis of Allotment as approved by the Designated Stock Exchange. As a result, a revised CAN may be sent to QIBs, and the allocation of Equity Shares in such revised CAN may be different from that specified in the earlier CAN. QIBs should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN, for any increased allocation of Equity Shares. The CAN will constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the QIB to pay the entire Issue Price for all the Equity Shares allocated to such QIB. The revised CAN, if issued, will supersede in entirety the earlier CAN.

Designated Date and Allotment of Equity Shares

- (a) We shall ensure the allotment of Equity Shares is done within 15 days of Bid/Issue Closing Date. After the funds are transferred from the Escrow Account to the Public Issue Account and the refund account on the Designated Date, we would ensure the credit to the successful bidders depositories account of the allotted Equity Shares to the allottees within two working days of the date of allotment. In case we fail to make allotment within 15 days of the Bid/ Issue Closing Date, interest would be paid to the investors @15% p.a.
- (a) All allottees will receive credit for the Equity Shares directly in their depository account. **As per SEBI Guidelines, equity Shares will be issued only in the dematerialized form to the allottees.** Allottees will have the option to re-materialize the Equity Shares so allotted, if they so desire, as per the provisions of the Companies Act and the Depositories Act.
- (b) Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be credited to their depository account to them pursuant to allotment in this Issue.

GENERAL INSTRUCTIONS

Do's:

- a) Check if you are eligible to apply having regard to applicable laws, rules, regulations, guidelines and approvals and the terms of this Prospectus;
- b) Complete the Bid-cum-Application Form(White or Blue or Pink in Colour, as the case may be) after reading all the instructions carefully;
- c) Ensure that the details about Depository Participant and beneficiary account are correct as Equity Shares will be allotted in the dematerialized form only;
- d) Ensure that the Bids are submitted at the bidding centers only on forms bearing the stamp of a member of the Syndicate;
- e) Ensure that you have been given a TRS for all your Bid options;
- f) Submit Revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;

- g) Ensure that the bid is within price band;
- h) Ensure that DP account is activated;
- i) 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, investors should ensure that the Depository Account is also held in the same sequence as they appear in the Bid-cum- Application Form;
- j) Each of the Bidders, should mention their Permanent Account Number (PAN) allotted under the IT Act. Every Applicant in this issue should hold a valid PAN Card and must quote a valid PAN number while making an application in this issue. Without this information the documents will be considered incomplete and are liable to be rejected. **It is to be specifically noted that Bidders should not submit their GIR number instead of the PAN as the bid is liable to be rejected on this ground.**
- k) If you have mentioned “applied for” or “not applicable” in the Bid-cum-Application Form in the section dealing with PAN number ensure that you submit Form 60 or 61, as the case may be, together with permissible documents as address proof; and
- l) Ensure that demographic details (as defined hereinbelow) are updated, true and correct in all respects.

Dont’s:

- a) Do not Bid for lower than the minimum Bid size;
- b) Do not Bid/ revise Bid price to less than the lower end of the price band or higher than the higher end of the price band;
- c) Do not Bid on another Bid-cum-Application Form after you have submitted a Bid to the member of the Syndicate;
- d) Do not pay the Bid amount in cash, through stock invest, by money order or by postal order;
- e) Do not send Bid-cum-Application Forms by post; instead submit the same to members of the Syndicate only;
- f) Do not Bid at cut off price (for QIBs and non-institutional bidders);
- g) 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; or under terms of the Red Herring Prospectus.
- h) Do not submit GIR number instead of PAN as Bid is liable to be rejected on this ground;
- i) Do not submit the Bid without the QIB Margin Amount incase of a Bid by a QIB; and
- j) Do not bid an amount exceeding Rs. 1,00,000 in case of a bid by a Retail Individual Bidder

Instructions for Completing the Bid-cum-Application Form

Bidders can obtain Bid-cum-Application Forms and / or Revision Forms from the BRLM or Syndicate Member.

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 (white colour for resident Indians and blue for Non-residents including NRIs, FIIs, Foreign Venture Capital Fund/Multilateral and Bilateral Development Financial Institutions applying on repatriation basis and pink for eligible employees.)
- (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.
- (c) The Bids from the Retail Individual Bidders must be for a minimum of 80 Equity Shares and in multiples of 80 thereafter subject to a maximum Bid amount of Rs. 100,000.
- (d) For Non-institutional and QIB Bidders, Bids must be for a minimum of such number of equity shares such that the Bid Amount exceeds Rs. 1,00,000 and in multiples of 80 Equity Shares thereafter. 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.
- (e) For Employee Reservation Portion, the bid must be for a minimum of 80 equity shares and in multiples of 80 thereafter, subject to a maximum of 4,00,000 equity shares.
- (e) In single name or in joint names (not more than three) and in the same order as their depository participant details.
- (f) Thumb impressions and signatures other than in the languages specified in the eighth schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Bids by Employees of the Company

1. Bids by the Eligible Employees of the company shall be made only in the prescribed Bid-cum-Application Form or Revision Form, (i.e. Pink colour Bid-cum-Application Form marked “Employees”). Eligible Employees should mention their Employee ID at the relevant place in the Bid-cum-Application Form.
2. The sole/first bidder should be an Eligible Employee.
3. Employees will have to Bid like any other Bidder. Only those Bids, which are received at or above the Issue Price, would be considered for allocation under this category.
4. Eligible Employees who apply or bid for securities of or for a value of not more than Rs. 1, 00,000 in any of the bidding options can apply at Cut-Off. This facility is not available to other eligible employees whose minimum bid amount exceeds Rs. 1, 00,000.
5. The maximum bid in this category can be 4, 00,000 Equity Shares.
6. If the aggregate demand in this category is less than or equal to 4,00,000 Equity Shares at or above the Issue Price, full allocation shall be made to the Employees of the Company to the extent of their demand. Under-subscription in this category would be added to any other category at the sole discretion of our company in consultation with the BRLM.
7. If the aggregate demand in this category is greater than 4,00,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis subject to a minimum of 80 Equity Shares. For details on the method of proportionate basis of allotment, please refer to sub-section titled “Basis of Allotment or Allocation” in chapter titled “Issue Procedure” beginning on page no. 242 of this Prospectus.

8. Bid/ Application by Eligible Employees can be made also in the Net Issue and such bids shall not be treated as multiple bids.

Bidder's Bank Details

Bidders should note that on the basis of name of the Bidders, 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 Bidders bank account details, including the nine digit Magnetic Ink Character Recognition ("MICR") code as appearing on a cheque leaf. These bank account details would be printed on the refund order, if any, to be sent to Bidders or used for sending the refund through direct credit or ECS. 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 credit of refunds to Bidders at the Bidders sole risk and neither the BRLM nor the Bank shall have any responsibility and undertake any liability for the same.

Bidder's Depository Account Details

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.

Bidders should note that on the basis of name of the Bidders, 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 demographic details of the Bidders such as address, bank account details for printing on refund orders or giving credit through ECS or direct credit and occupation ("Demographic Details"). Hence, Bidders should carefully fill in their Depository Account details in the Bid-cum-Application Form.

These demographic details would be used for all correspondence with the Bidders including mailing of the refund orders/ CANs/allocation advice and printing of bank particulars on the refund order and the demographic details given by Bidders in the Bid-cum-Application Form would not be used for these purposes by the Registrar.

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/allocation advice/CANs would be mailed at the address of the Bidder as per the demographic details received from the Depositories. Bidders may note that delivery of refund orders/allocation advice/CANs may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid-cum-Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk and neither the Escrow Collection Bank 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 of refunds through electronic mode as detailed in the Red Herring Prospectus, Bidders may note that refunds may get delayed if the bank particulars obtained from the depository participant are incorrect.

In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Bidders (including the order of names of joint holders), 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 made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum and Articles of Association and/or Bye Laws must be lodged along with the Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In case of the Bids made pursuant to a power of attorney by FIIs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

In case of Bids made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In case of Bids made by provident funds with minimum corpus of Rs. 2500 Lakh and pension funds with minimum corpus of Rs. 2500 Lakh, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged along with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In case of Bids made by Mutual Funds registered with SEBI, Venture Capital fund registered with SEBI and Foreign Venture Capital Fund registered with SEBI, a certified copy of the SEBI registration certificate must be submitted with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

We, in our absolute discretion, reserve 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 that we may deem fit.

Our Company in its absolute discretion, reserve the right to permit the holder of the power of attorney to request the registrar that for the purpose of printing particulars on the refund order and mailing of the refund order / CANs/ Allocation Advice, the demographically 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 shall use demographically details as given in the Bid-cum-Application Form instead of those obtained from depositories.

Bids by Non Residents, NRIs, FIIs and Foreign Venture Capital Funds Registered with SEBI on a Repatriation Basis

Bids and revision to Bids must be made:

- (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).
- (c) NRIs for a Bid Amount of up to Rs. 1,00,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Amount of more than Rs. 1,00,000 would be considered under Non-Institutional Portion for the purposes of allocation; by FIIs for a minimum of such number of Equity Shares and in multiples of 80 thereafter that the Bid Amount exceeds Rs. 1,00,000. For further details, please refer to the paragraph titled '*Maximum and Minimum Bid Size*' beginning on page no. 245 of this Prospectus;

- (d) In the names of individuals, or in the names of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.
- (e) 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 despatched 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.

Our Company does not require approvals from FIPB for the transfer of Equity Shares in this Issue to eligible NRIs, FIIs, foreign venture capital investors registered with SEBI and multilateral and bilateral development financial institutions. As per the RBI regulations, OCBs are not permitted to participate in the Issue.

There is no reservation for Non Residents, NRIs, FIIs and foreign venture capital funds and all Non Residents, NRI, FII and foreign venture capital funds applicants will be treated on the same basis with other categories for the purpose of allocation.

The Equity Shares have not been registered under the US Securities Act and are not being sold in the US. The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "US Securities Act"), or any state securities laws in the United States and may not be offered or sold within the United States, (as defined in Regulation S under the US Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. Accordingly, the Equity Shares will be offered and sold only outside the United States in offshore transactions in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales occur.

Payment Instructions

We shall open an Escrow Account with the Escrow Collection Bank(s) for the collection of the Bid Amounts payable upon submission of the Bid-cum-Application Form and for amounts payable pursuant to allocation in the Issue.

Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation as per the following terms:

Payment into Escrow Account:

- (a) The Bidders shall along 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.
- (b) In case the above Margin Amount paid by the Bidders during the Bidding Period is less than the Issue Price multiplied by the Equity Shares allocated to the Bidder, the balance amount shall be paid by the Bidders into the Escrow Account within the period specified in the CAN which shall be subject to a minimum period of two days from the date of communication of the allocation list to the Syndicate Member by the BRLM.
- (c) The payment instruments for payment into the Escrow Account should be drawn in favour of:
- (i) In case of Resident QIB Bidders: "**Escrow Account – VIL – Public Issue – QIB - R**"
 - (ii) In case of Non- Resident QIB Bidders: "**Escrow Account – VIL – Public Issue – QIB- NR**"
 - (iii) In case of Resident Bidders: "**Escrow Account – VIL – Public Issue - R**"

- (iv) In case of Non Resident Bidders: "**Escrow Account-VIL – Public Issue – NR**"
- (v) In case of Eligible Employees: "**Escrow Account – VIL – Public Issue – Eligible Employees**"
- (d) In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee Drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorized to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of a Non-Resident Ordinary (NRO) Account of a Non-Resident bidder bidding on a repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR Account.
- (e) In case of Bids by FIIs, the payment should be made out of funds held in a Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting the Special Rupee Account.
- (f) 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 Escrow Account.
- (g) The monies deposited in the Escrow Account will be held for the benefit of the Bidders until Designated Date.
- (h) On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account as per the terms of the Escrow Agreement into the Public Issue Account with the Bankers to the Issue.
- (i) On the Designated Date and no later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Bank shall also refund all amounts payable to unsuccessful bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation to the Bidders.

Payments should be made by cheque, or 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 centre 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. Investors in the QIB Category may also make payment by RTGS.

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 stock invest would 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 Syndicate Member at the time of submission of the Bid. At the time of submission of Bid-cum-Application Form and Revision Form, each member of the Syndicate shall collect the 10% or 100% Margin Amount as may be applicable.

No separate receipts shall be issued for the money payable on the submission of Bid-cum-Application Form or Revision Form. However, the collection center of the Syndicate Member 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 will be made out in favour of the Bidder whose name appears first in the Bid-cum-Application Form or Revision Form ("First Bidder"). All communications will be addressed to the first Bidder and will be dispatched to his or her address as per the demographic details received by the Depository.

Multiple Bids

A Bidder should submit only one (and not more than one Bid) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same. In this regard, the procedures, which would be followed by the Registrar to the Issue to detect multiple applications, are given below:

- a) All applications with the same name and age will be accumulated and taken to a separate process file as probable multiple master.
- b) In this master, a check will be carried out for the same PAN numbers. In cases where the PAN numbers are different, the same will be deleted from this master.
- c) The Registrar will obtain, from the Depositories, details of applicant's address based on the DP ID and Beneficiary Account Number provided in the bid cum application form and create an address master.
- d) Then the addresses of all these applications from the address master will be strung. This involves putting the addresses in a single line after deleting non-alpha and non-numeric characters *i.e.* commas, full stops, hashes etc. Sometimes, the name, the first line of address and pin code will be converted into a string for each application received and a photo match will be carried out amongst all the applications processed. A print-out of the addresses will be taken to check for common names.
- e) The applications will be scanned for similar DP ID and Client ID numbers. In case applications bear the same numbers, these will be treated as multiple applications.
- f) After consolidation of all the masters as described above, a print out of the same will be taken and the applications physically verified to tally signatures as also father's/husband's names. On completion of this, the applications will be identified as multiple applications.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

Eligible Employees Bidding in the Employee Reservation Portion can also Bid in the "Net Issue to the Public" Portion and such Bids shall not be treated and as multiple Bids.

Our Company reserves the right to reject, in our absolute discretion, all or any multiple Bids in any or all categories.

Procedure for Application by Mutual Funds

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.

We reserve the right to reject, in our absolute discretion to accept or reject, all or any multiple Bids in any or all categories.

Permanent Account Number (PAN)

Bidders 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 SEBI has recently issued a circular directing that with effect from July 2, 2007 PAN would be the sole identifiable number for participants transacting in the securities market, irrespective of the amount of transaction. Every Applicant in this issue should hold a valid PAN Card and must quote a valid PAN number while making an application in this

issue. 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.** In case the Sole/First Bidder and Joint Bidder(s) is/are not required to obtain PAN, each of the Bidder(s) shall mention "Not Applicable" and in the event that the sole Bidder and/or the joint Bidder(s) have applied for PAN which has not yet been allotted each of the Bidder(s) should Mention "Applied for" in the Bid cum Application Form. Further, where the Bidder(s) has mentioned "Applied for" or "Not Applicable", the Sole/First Bidder and each of the Joint Bidder(s), as the case may be, would be required to submit Form 60 (Form of declaration to be filed by a person who does not have a PAN and who enters into any transaction specified in rule 114B), or, Form 61 (form of declaration to be filed by a person who has agricultural income and is not in receipt of any other income chargeable to income tax in respect of transactions specified in rule 114B), as may be applicable, duly filled along with a copy of any one of the following documents in support of the address: (a) Ration Card (b) Passport (c) Driving License (d) Identity Card issued by any institution (e) Copy of the electricity bill or telephone bill showing residential address (f) Any document or communication issued by any authority of the Central Government, State Government or local bodies showing residential address (g) Any other documentary evidence in support of address given in the declaration. It may be noted that Form 60 and Form 61 have been amended vide a notification issued on December 1, 2004 by the Ministry of Finance, Department of Revenue, Central Board of Direct Taxes. All Bidders are requested to furnish, where applicable, the revised Form 60 or Form 61, as the case may be.

Unique Identification Number (“UIN”)

SEBI has, with effect from July 2, 2007 declared that the PAN would be the sole identification number for participants transacting in the securities market, irrespective of the amount of transaction. Thus the use of UIN has been discontinued.

Our Right to Reject Bids

In case of QIB Bidders, our Company, in consultation with the BRLM may reject a bid placed by a qualified QIB for reasons to be recorded in writing, provided that such rejection shall be made at the time of submission of the Bid and the reasons therefore shall be disclosed to the QIB Bidders. In case of QIB Bidders, Non-Institutional Bidders, Retail Individual Bidders, we have a right to reject Bids based on technical grounds. Consequent refunds shall be made as set out under the heading titled ‘*Mode of making Refunds*’ on page no. 268 of this Prospectus.

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 doesn't tally with the amount payable for the highest value of Equity Shares bid for;
- 2) Bank account details (for refund) are not given;
- 3) Age of first Bidder not given;
- 4) 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.
- 5) NRIs, except Eligible NRIs.
- 6) Bids by persons not competent to contract under the Indian Contract Act, 1872, including minors, insane persons;
- 7) PAN Number / Form 60 or Form 61 declaration along with documentary evidence in support of address given in the declaration, not given regardless of the size of the bid;
- 8) Bids for lower number of Equity Shares than specified for that category of investors;
- 9) Bids at a price less than lower end of the Price Band;

- 10) Bids at a price more than the higher end of the Price Band;
- 11) Bids at cut-off price by Non-Institutional Bidders and QIB Bidders;
- 12) Bids for number of Equity Shares which are not in multiples of 80;
- 13) Category not ticked;
- 14) Multiple bids as defined in the Red Herring Prospectus;
- 15) In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
- 16) Bids accompanied by Stock Invest/ money order/postal order/cash;
- 17) Signature of sole and / or joint Bidders missing;
- 18) Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority
- 19) Bid-cum-Application Form does not have the stamp of the BRLM or Syndicate Member;
- 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: name of Bidder (including sequence of names of joint holders), Depository Participant identification number and beneficiary 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) Bids for amounts greater than the maximum permissible amounts prescribed by the regulations.
- 24) Bid in respect of which Bid cum Application form do not reach the Registrar prior to the finalization of the basis of allotment.
- 25) Bids by OCBs
- 26) Bids by persons other than Eligible Employees in the Eligible Employee Reservation portion.
- 27) Bids by any persons outside India if not in compliance with applicable foreign and Indian laws;
- 28) If GIR number is mentioned instead of PAN Number.
- 29) Bid by U.S. residents or U.S persons other than "Qualified Institutional Buyers" as defined in Rule 144A of the U.S. Securities Act of 1933;
- 30) Bids by QIBs not submitted through the members of the syndicate.
- 31) Bids not uploaded in the Book would be rejected

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:

- a) A tripartite agreement dated 16th January, 2008 with NSDL, us and Intime Spectrum Registry Limited, Registrar to the Issue;
- b) A tripartite agreement dated 15th January, 2008 with CDSL, us and Intime Spectrum Registry Limited, 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) Non-transferable allotment advice or refund orders will be directly sent to the Bidder by the Registrar to this Issue.
- f) If incomplete or incorrect details are given under the heading 'Request for Equity Shares in electronic form' in the Bid-cum-Application Form or Revision Form, it is liable to be rejected.
- g) 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 his or her Depository Participant.
- h) 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.
- i) The trading of the Equity Shares of the Company would be in dematerialized form only for all investors in the demat segment of the respective Stock Exchanges.

As this Issue comprises of Fresh Issue, investors are advised to instruct their Depository Participants to accept the Equity Shares that may be allocated to them pursuant to this Issue.

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, details of depository participant, number of Equity Shares applied for, date of bid cum application Form, name and address of the member of the syndicate where the bid was submitted and cheque or draft number and issuing bank thereof.

Our Company has appointed Mr. T. Nanda Kumar, Chief Financial Officer as the Compliance Officer and he may be contacted in case of any pre-Issue or post-Issue-related problems. He can be contacted at V-Guard Industries Ltd, L.F.C Road, Kaloor, Cochin-682017. Tel No. : +91-0484-2539911, 2530912, Fax: +91-0484-2539958, E-mail: ipo@vguard.in.

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

Disposal of Applications and Applications Money

We shall ensure dispatch of allotment advice and/or refund orders/refund advice (in case refunds made through ECS/ Direct Credit, RTGS, NEFT) as the case may be giving credit to the Beneficiary Account of the bidders with their respective Depository Participant and submission of the allotment and listing documents to the Stock Exchanges within two working days of finalization of the basis of allotment of Equity Shares. The mode of dispatch of refunds shall be as mentioned in the paragraph titled "Mode of Making Refunds" beginning on page no. 268 of this Prospectus. Where refunds are made through electronic transfer of funds, a suitable communication will be sent to the bidders within 15 days of closure of the issue, giving details of the Bank where refund will be credited along with amount and expected date of electronic credit of refund.

The bank account details for ECS, Direct Credit, RTGS, National Electronic Funds Transfer (NEFT) credit will be directly taken from the depositories' database and hence bidders are required to ensure that bank details including the nine digit MICR code (Magnetic Ink Character Recognition) maintained at the depository level are updated and correct.

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges where the Equity Shares are proposed to be listed are taken within 7 (seven) working days of finalisation of the basis of allotment. In accordance with the Companies Act, the requirements of the Stock Exchanges and SEBI Guidelines, we further undertake that:

- Allotment shall be made only in dematerialised form within 15 (fifteen) days of the Bid/Issue Closing Date;
- Dispatch refund orders within 15 (fifteen) days of the Bid/Issue Closing Date would be ensured; and
- We shall pay interest at 15% (fifteen) per annum (for any delay beyond the 15 (fifteen)-day time period as mentioned above), if allotment is not made and refund orders are not dispatched and/or demat credits are not made to investors within the 15 (fifteen)-day time prescribed above as per the Guidelines issued by GoI, Ministry of Finance pursuant to their letter no. F/8/S/79 dated July 31, 1983, as amended by their letter no. F/14/SE/85 dated September 27, 1985, addressed to the Stock Exchanges, and as further modified by SEBI's Clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.

We will provide adequate funds required for dispatch of refund orders/advice or allotment advice to the Registrar to the Issue.

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 Syndicate Member 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.

Save and except refunds effected through the electronic mode i.e.. ECS, NEFT, direct credit or RTGS, refunds will be made by cheques, payorders, or demand drafts drawn on a bank appointed by us, as a refund bank, and payable at par at places where Bids are received, except for bidders who have opted to receive refunds through the electronic facility. Bank charges if any, for encashing such cheques, payorders or Demand drafts at other centres will be payable by the company.

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.”

Interest on Refund of excess Bid Amount

Our Company shall pay interest at the rate of 15% per annum on the excess Bid Amount received if refund orders are not dispatched within 15 days from the Bid/Issue Closing Date as per the Guidelines issued by the GoI, Ministry of Finance pursuant to their letter No.F/8/S/79 dated July 31, 1983, as amended by their letter No. F/14/SE/85 dated September 27, 1985, addressed to the stock exchanges, and as further modified by SEBI’s Clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.

Basis of Allotment or Allocation

A. For Retail Individual Bidders

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The allocation to all the successful Retail Individual Bidders will be made at the Issue Price.
- The Net Issue less allocation to Non-Institutional and QIB Bidders shall be available for allocation to Retail Individual Bidders who have bid in the Issue at a price, which is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 26,60,000 Equity Shares at or above the Issue Price, full allocation shall be made to the Retail Individual Bidders to the extent of their demand.
- If the aggregate demand in this category is greater than 26,60,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of 80 Equity Shares. For the method of proportionate basis of allotment, please refer to “Method of Proportionate Basis of Allotment” hereinbelow.

B. For Non-Institutional Bidders

- Bids received from Non Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The allocation to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Net Issue less allocation to QIBs and Retail Portion shall be available for allocation to Non-Institutional Bidders who have bid in the Issue at a price, which is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 11,40,000 Equity Shares at or above the Issue Price, full allocation shall be made to Non-Institutional Bidders to the extent of their demand.
- In case the aggregate demand in this category is greater than 11,40,000 Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis up to a minimum of 80 Equity Shares. For the method of proportionate basis of allotment, please refer to “Method of Proportionate Basis of Allotment” hereinbelow.

C. For QIB Bidders

- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to all the QIB Bidders will be made at the Issue Price.
- The Net Issue less allocation to Non-Institutional Portion and Retail Portion shall be available for allocation to QIB Bidders who have bid in the Issue at a price, which is equal to or greater than the Issue Price.
- Allotment shall be undertaken in the following manner:
 - (a) In the first instance allocation to Mutual Funds for upto 5% of the QIB Portion shall be determined as follows;
 - (i) In the event that Mutual Fund Bids exceeds 5% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for upto 5% of the QIB Portion.
 - (ii) In the event that the aggregate demand for Mutual Funds is less than 5% of the 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 to all QIB Bidders as set out in (b) below;
 - (b) In the second instance allocation to all QIBs shall be determined as follows:
 - (i) In the event of the over-subscription in the QIB Portion, all QIB Bidders who have submitted Bids above the Issue Price shall be allotted Equity Shares on a proportionate basis for up to 95% of the QIB Portion.
 - (ii) 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.
 - (iii) Under-subscription below 5% of the QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.
 - (c) The aggregate allocation to QIB Bidders shall not be less than 38,00,000 Equity Shares.

Under-subscription, if any, in any category would be allowed to be met with spill over from any other category at the sole discretion of our Company and the BRLM in accordance with applicable laws, rules, regulations and guidelines.

D. For our Eligible Employees

- In case of under-subscription in the Net Issue, spillover to the extent of under-subscription shall be permitted from the Employee Reservation Portion.
- Bids received from the Employees at or above the Offer Price shall be grouped together to determine the total demand under this category. The allocation to all the successful Employees will be made at the Issue Price.
- If the aggregate demand in this category is less than or equal to 4,00,000 Equity Shares at or above the Offer Price, full allocation shall be made to the Employees to the extent of their demand.

- If the aggregate demand in this category is greater than 4,00,000 Equity Shares at or above the Offer Price, the allocation shall be made on a proportionate basis up to a minimum of 80 Equity Shares. For the method of proportionate basis of allocation, refer below.
- Only Eligible Employees are eligible to apply under the Employee Reservation Portion.

Procedure and Time Schedule for Allotment of Equity Shares and Demat Credit of Equity

The Issue will be conducted through a “100% book building process” pursuant to which the Underwriters will accept bids for the Equity Shares during the Bidding Period. The Bidding Period will commence on 18th February, 2008 and expire on 21st February, 2008. Following the expiration of the Bidding Period, our Company, in consultation with the BRLM, will determine the issue price, and, in consultation with the BRLM, the basis of allocation and entitlement to allotment based on the bids received and subject to the confirmation by the BSE/NSE. Successful bidders will be provided with a confirmation of their allocation and will be required to pay any unpaid amount for the Equity Shares within a prescribed time. The Prospectus will be filed with SEBI and the Registrar of Companies and will be made available to investors. SEBI Guidelines require our Company to complete the allotment to successful bidders within 15 days of the expiration of the Bidding Period. The Equity Shares will then be credited and allotted to the investors’ demat accounts maintained with the relevant depository participant. Upon approval by the Stock Exchanges, the Equity Shares will be listed and trading will commence. This typically takes three trading days from the date of crediting the investor’s demat account, subject to final approval by the Stock Exchanges.

Method of Proportionate Basis of Allotment

In the event the Issue is over-subscribed, the basis of allotment shall be finalised by the Company in consultation with the Designated Stock Exchange. The Executive Director or Managing Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLM and the Registrar to the Issue shall be responsible for ensuring that basis of allotment is finalised in a fair and proper manner. Allotment to Bidders shall be as per the basis of allocation as set out in this Prospectus under “Issue Structure”.

- Bidders will be categorised according to the number of Equity Shares applied for.
- 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 number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.
- 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 in that category subject to minimum allotment of 80 Equity Shares. The minimum allotment lot shall be the same as the minimum application lot irrespective of any revisions to the Price Band.
- In case the proportionate allotment to any Bidders is in fractions, then the same would be rounded off to nearest integer.
- In all bids where the proportionate allotment is less than 80 per Bidder, the allotment shall be made as follows:
 - Each successful Bidder shall be allotted a minimum of 80 Equity Shares; and
 - 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.
- If the proportionate allotment to a Bidder is a number that is more than 80 but is not a multiple of 1 (which is the marketable lot), the number in excess of the multiple of 1 would be rounded off to the higher multiple of 1 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 1. All Bidders in such categories would be allotted Equity Shares arrived at after such rounding off.

- g) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for allotment shall be first adjusted against any other category, where the allotted Equity Shares are not sufficient for proportionate allotment to the successful bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising of bidders applying for minimum number of Equity Shares.

Letters of Allotment or Refund Orders

We shall give credit of Equity Shares allotted to the beneficiary account with Depository Participants within 2 working days of finalization of Basis of Allotment. Applicants residing at 15 centres where clearing houses are managed by the Reserve Bank of India (RBI) will get refunds through ECS only (subject to availability of all information for crediting the refund through ECS) except where applicant is otherwise disclosed as eligible to get refunds through direct credit, RTGS, or NEFT. In case of other applicants, we shall ensure dispatch of refund orders, if any, of value up to 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. Applicants 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, the bank where their refund shall be credited (as per details given to the Depository Participant), alongwith the amount and the expected date of electronic credit of refund within 15 working days of closure of Issue.

We shall ensure dispatch of refund orders/advice, if any, by “Under Certificate of Posting” or registered post or speed post or Electronic Clearing Service or Direct Credit or RTGS, as applicable, only at the sole or First Bidder’s sole risk within 15 days of the Bid /Issue Closing Date, and adequate funds for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by us.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Guidelines, we further undertake that:

- Allotment of Equity Shares will be made only in dematerialised form within 15 working days from the Bid/Issue Closing Date;
- Dispatch of refund orders will be done within 15 working days from the Bid/Issue Closing Date;
- We shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if allotment is not made, refund orders/advice are not dispatched and in case where a refund is made through electronic mode, the refund instruction have not been given to the clearing system and/or demat credits are not made to investors within the 15 working day time prescribed above as per the guidelines issued by the Government of India, Ministry of Finance pursuant to their letter No.F/8/S/79 dated July 31, 1983, as amended by their letter No.F/14/SE/85 dated September 27, 1985, addressed to the Stock Exchanges and as further modified by SEBI’s clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.

We will provide adequate funds required for dispatch of refund orders/advice or allotment advice to the Registrar to the Issue. Refunds will be made by cheques, pay-orders or demand drafts drawn on a the Refund Bank and payable at par at places where Bids are received, except for Bidders who have opted to receive refunds through the Electronic mode i.e. RTGS, ECS or NEFT facility. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by our company.

Mode of making refunds

Bidders should note that on the basis of name of the Bidders, 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 Bidders bank account details including nine digit MICR code. 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 credit of refunds to Bidders at the Bidders sole risk and neither the BRLM nor the Bank shall have any responsibility and undertake any liability for the same.

The payment of refund, if any, would be done through various modes in the following order of preference

I. Direct Credit – For investors having their Bank Account with the Refund Bankers, the refund amount would be credited directly to their Bank Account with the Refund Banker.

II. RTGS – Applicants having a bank account at any of the abovementioned fifteen centres and whose refund amount exceeds Rs. 1 million, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the Bid-cum-application Form. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Applicants Bank receiving the credit would be borne by the applicant

III. ECS - Payment of refund would be done through ECS for applicants residing at one of the 15 centres, namely Ahmedabad, Bangalore, Bhubaneshwar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram, where clearing houses for ECS are managed by Reserve Bank of India. This would be subject to availability of complete Bank Account Details including MICR code from the depository. The payment of refunds is mandatory for applicants having a bank account at any of the abovementioned fifteen centres, except where the applicant, being eligible, opts to receive refund through NEFT, direct credit or RTGS.

IV. NEFT (National Electronic Fund Transfer) - 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.

For all the other applicants excepts for whom payment of refund is possible through I, II and III, the refund orders would be dispatched "Under Certificate of Posting" for refund orders less than Rs. 1500 and through Speed Post/Registered Post for refund orders exceeding Rs. 1500. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the our company.

Interest in Case of Delay in Dispatch of Allotment Letters/Refund Orders

The Company agrees that as far as possible allotment of securities offered to the public shall be made within 15 days of the closure of the public issue. The Company further agrees that it shall pay interest at rate of 15% per annum if the allotment letters/refund orders have not been dispatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner within 15 days from the date of closure of the Issue. However, applications received after the closure of issue in fulfillment of underwriting obligations to meet the minimum subscription requirement shall not be entitled for the said interest.

Refund orders shall be payable at par at all centers where Bidding terminals was set-up to receive Bids from Bidders.

ISSUE PROGRAM

BID/ISSUE OPENS ON:	February 18, 2008
BID/ISSUE CLOSES ON:	February 21, 2008

Bids and any revision in bids shall be accepted **only between 10 a.m. and 3 p.m.** (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centers mentioned on the Bid-cum-Application Form except that on

the Bid/Issue Closing Date, the Bids shall be accepted **only between 10 a.m. and 1 p.m.** (Indian Standard Time) or uploaded till such time as may be permitted by the BSE and NSE on the Bid/Issue Closing Date.

The Price Band has been decided by the Company in consultation with the BRLM.

The Company reserves the right to revise the Price Band during the Bidding Period in accordance with SEBI Guidelines. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band.

In case of revision in the Price Band, the Bidding/Issue Period will be extended for three additional working days after revision of the Price Band, subject to the Bidding Period / Issue Period not exceeding ten working days. Any revision in the Price Band and the revised Bid/ Issue Period, if applicable, will be widely disseminated by notification to the BSE and NSE by issuing a press release, and also by indicating the change on the web site and at the terminals of the members of the Syndicate.

Undertaking by our Company

We undertake as follows:

- that the complaints received in respect of this Issue shall be attended to by us expeditiously and satisfactorily;
- that all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within seven working days of finalisation of the basis of Allotment;
- 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;
- that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 working days of closure of the issue, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund
- that the refund orders or allotment advice to the Non Residents shall be dispatched within specified time; and
- that no further issue of Equity Shares shall be made till the Equity Shares offered through this Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.

Utilization of Issue proceeds

Our Board of Directors certify that:

- all monies received out of the Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
- details of all monies utilized out of Issue referred above shall be disclosed under an appropriate head in our balance sheet indicating the purpose for which such monies have been utilized;
- details of all unutilized monies out of the Issue, if any shall be disclosed under the appropriate head in our balance sheet indicating the form in which such unutilized monies have been invested; and
- we shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

Restrictions on Foreign Ownership of Indian Securities

Foreign investment in Indian securities is regulated through the industrial policy of Government of India, or the Industrial Policy and FEMA. While the Industrial Policy prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. As per current foreign investment policies, foreign investment in the construction and engineering sector is permitted upto 100% under the automatic route.

By way of Circular No. 53 dated December 17, 2003, the RBI has permitted FIIs to subscribe to shares of an Indian company in a public Issue without prior RBI approval, so long as the price of Equity Shares to be issued is not less than the price at which Equity Shares are issued to residents. In our Company, as on date aggregate FII holding cannot exceed 24% of the total Issued Share Capital.

Subscription by foreign investors (NRIs/FIIs)

There is no reservation for Non Residents, NRIs, FIIs, foreign venture capital funds, multi-lateral and bilateral development financial institutions and any other foreign investor. All Non Residents, NRIs, FIIs and foreign venture capital funds, multi-lateral and bilateral development financial institutions and any other foreign investor applicants will be treated on the same basis with other categories for the purpose of allocation.

As per existing regulations, OCBs cannot participate in the Issue.

The Equity Shares have not been and will not be registered under the US 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), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold (i) in the United States to “qualified institutional buyers”, as defined in Rule 144A of the Securities Act in reliance on Rule 144A under the Securities Act, and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act.

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 above information is given for the benefit of the Bidders. Our Company and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this 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 THE ARTICLES OF ASSOCIATION OF OUR COMPANY

Pursuant to the provisions of Schedule II of the Companies Act and the SEBI Guidelines, the abstract of the main provisions of the Articles of Association relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares and other main provisions are as detailed below. Each provision hereinbelow is numbered as per the corresponding article number in the Articles of Association and capitalized terms used in this section have the meaning that has been given to such terms in the Articles of Association of our Company

CAPITAL AND INCREASE AND REDUCTION OF CAPITAL

Share Capital

3. The authorized share capital of the Company shall be as per Clause V of the Memorandum of Association of the Company with power to increase, reduce, consolidate or subdivide the Capital in accordance with the provisions of the Companies Act, 1956.

Increase of capital by the Company how carried into effect

4. The Company may in General Meeting from time to time by Ordinary Resolution increase its capital by creation of new Shares which may be unclassified and may be classified at the time of issue in one or more classes and of such amount or amounts as may be deemed expedient. The new Shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the resolution shall prescribe and in particular, such Shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company and with a right of voting at General Meeting of the Company in conformity with Section 87 and 88 of the Act. Whenever the capital of the Company has been increased under the provisions of this Article the Directors shall comply with the provisions of Section 97 of the Act.

Purchase of own Shares

7. Notwithstanding anything contained in these articles, but subject to the conditions, restrictions and/or limitations contained in Sections 77A, 77AA, and 77B and other applicable provisions, if any, of the Companies Act, 1956 and the provisions of any other statutes, as may be amended from time to time, the Company may purchase its own shares or securities (referred to as Buy-Back) under section 77A(1).

Sub-division consolidation and cancellation of Shares

8. Subject to the provisions of Section 94 and other applicable provisions of the Act, the Company in General Meeting may, from time to time, sub-divide or consolidate its Shares, or any of them and the resolution whereby any Share is sub-divided may determine that, as between the holders of the Shares resulting from such sub-divisions, one or more of such Shares shall have some preference or special advantage as regards dividend, capital or otherwise over or as compared with the other(s). Subject as aforesaid, the Company in General Meeting may also cancel shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the Shares so cancelled.

MODIFICATION OF RIGHTS

Modification of rights

9. Whenever the capital, by reason of the issue of preference shares or otherwise, is divided into different classes of Shares, all or any of the rights and privileges attached to each class may, subject to the provisions of Sections 106 and 107 of the Act, be modified, commuted, affected, abrogated, dealt with or varied with the consent in writing of the holders of not less than three-fourth of the issued capital of that class or with the sanction of a Special Resolution passed at a separate General Meeting of the holders of Shares of that class, and all the provisions hereafter contained as to General Meeting shall *mutatis mutandis* apply to every such Meeting. This Article is not to derogate from any power the Company would have if this Article was omitted. The rights conferred upon the holders of the Shares (including preference shares, if any) of any class issued with preferred or other rights or privileges shall,

unless otherwise expressly provided by the terms of the issue of Shares of that class, be deemed not to be modified, commuted, affected, dealt with or varied by the creation or issue of further Shares ranking *pari passu* therewith.

SHARES, CERTIFICATES AND DEMATERIALISATION

Restriction on allotment and return of allotment

10. The Board of Directors shall observe the restrictions on allotment of Shares to the public contained in Sections 69 and 70 of the Act, and shall cause to be made the returns as to allotment provided for in Section 75 of the Act.

Further issue of shares

11 (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 whether out of unmissed share capital or out of increased share capital 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) Such offer shall be made by a notice specifying the number of Shares offered and limiting a time not being less than thirty days from the date of the offer and the offer, if not accepted, will be deemed to have been declined.

(c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the Shares offered to them in favour of any other person, and the notice referred to in sub-clause (b) shall contain a statement of this right, provided that the Directors may decline, without assigning any reason, to allot any Shares to any person in whose favour any Member may renounce the Shares offered to him.

(d) After the expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given declines to accept the Shares offered, the Board of Directors may dispose them off in such manner and to such person(s) as they may think in their sole discretion fit.

(2) Notwithstanding anything contained in sub-clause (1) hereof, the further Shares aforesaid may be offered to any person(s) (whether or not those persons include the persons referred to in clause (a) sub-clause (1) hereof) in any manner whatsoever.

(a) If a Special Resolution to that effect is passed by the Company in the General Meeting; or

(b) Where no such Special Resolution is passed, if the votes cast (whether on a show of hands, or on a poll, as the case may be) in favour of the proposal contained in the resolution moved in that General Meeting, (including the casting vote, if any, of the Chairman) by 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 clause (1) hereof shall be deemed;

(a) To extend the time within which the offer should be accepted; or

(b) To authorize any person to exercise the right of renunciation for a second time, on the ground that the persons 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 (whether such option is conferred in these Articles or otherwise)

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 the rules, if any, made by that government in this behalf, and
- (b) in the case of debentures or loans 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 the General Meeting before the issue of the debentures or the raising of the loans.

Shares under control of Directors

12. 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 for Shares shall not be given to any person or persons without the sanction of the Company in the General Meeting.

Limitation of time for issue of certificates

24. 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 may from time to time to 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 the 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 maybe. 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.

Issue of New Certificate in Place of One Defaced, Lost or Destroyed

25. 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 mutates mutandis apply to debentures of the Company.

UNDERWRITING AND BROKERAGE

Commission may be paid

30. Subject to the provisions of Section 76 of the Act, the Company may at anytime pay commission to any person in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditionally) for any Shares in or debentures of the Company but so that the commission shall not exceed in the case of the Shares five percent of the price at which the Shares are issued and in the case of debentures two and half percent of the price at which the debentures are issued. Such commission may be satisfied by payment of cash or by allotment of fully or partly paid Shares or debentures as the case may be or partly in one way and partly in the other.

Brokerage

31 The Company may on any issue of Shares or Debentures or on deposits pay such brokerage as may be reasonable and lawful.

DEBENTURES

Term of Issue of Debenture

35. 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 sharers 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.

CALLS

Directors may make calls

36. (a) Subject to the provisions of Section 91 of the Act, the Board of Directors may from time to time by a resolution passed at a meeting of a Board (and not by a circular resolution) make such calls as it thinks fit upon the Members in respect of all moneys unpaid on the Shares or by way of premium, held by them respectively and not by conditions of allotment thereof made payable at fixed time and each Member shall pay the amount of every call so made on him to person or persons and at the times and places appointed by the Board of Directors. A call may be made payable by installments. A call may be postponed or revoked as the Board may determine. No call shall be made payable within less than one month from the date fixed for the payment of the last preceding call.

(b) The joint holders of a Share shall be jointly and severally liable to pay all calls in respect thereof.

(c) The option or right to call on shares shall not be given to any person except with the sanction of the Company in general meetings.

Payment in anticipation of calls may carry interest

43. 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.

LIEN

Partial payment not to preclude forfeiture

44. Neither the receipt by the Company of a portion of any money which shall, from time to time be due from any Member to the Company in respect of his Shares, either by way of principal or interest, or any indulgence granted by the Company in respect of the payment of such money, shall preclude the Company from thereafter proceeding to enforce a forfeiture of such Shares as hereinafter provided.

Company to have lien on Shares/ Debentures

45. The Company shall have first and paramount lien upon all 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 interests in any Share/ Debenture shall be created except upon the footing and condition that this Article is to have full legal effect. Any 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. All the fully paid shares shall be free from all lien and that in the case of partly paid shares the Issuer's lien shall be restricted to moneys called or payable at a fixed time in respect of such shares.

FORFEITURE OF SHARES

If money payable on Shares not paid notice to be given

48. If any Member fails to pay the whole or any part of any call or any installments of a call on or before the day appointed for the payment of the same or any such extension thereof, the Board of Directors may, at any time thereafter, during such time as the call for installment remains unpaid, give notice to him requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.

Sum payable on allotment to be deemed a call

49. For the purposes of the provisions of these Articles relating to forfeiture of Shares, the sum payable upon allotment in respect of a share shall be deemed to be a call payable upon such Share on the day of allotment

Form of notice

50. The notice shall name a day, (not being less than fourteen days from the day of the notice) and a place or places on and at which such call in installment and such interest thereon at such rate not exceeding eighteen percent per annum as the Directors may determine and expenses as aforesaid are to be paid. The notice shall also state that in the event of the non-payment at or before the time and at the place appointed, Shares in respect of which the call was made or installment is payable will be liable to be forfeited.

In default of payment Shares to be forfeited

51. If the requirements of any such notice as aforesaid are not complied with, any Share or Shares in respect of which such notice has been given may at any time thereafter before payment of all calls or installments, interests and expenses due in respect thereof, be forfeited by a resolution of the Board of Directors to that effect. Such

forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited Shares and not actually paid before the forfeiture.

Notice of forfeiture to a Member

52. When any Share shall have been so forfeited, notice of the forfeiture shall be given to the Member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register of Members.

Forfeited Shares to be the property of the Company and may be sold etc.

53. Any Share so forfeited, shall be deemed to be the property of the Company and may be sold, re-allotted or otherwise disposed of, either to the original holder or to any other person, upon such terms and in such manner as the Board of Directors shall think fit.

Member still liable for money owing at the time of forfeiture and interest

54. Any Member whose Shares have been forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company on demand all calls, installments, interest and expenses owing upon or in respect of such Shares at the time of the forfeiture together with interest thereon from the time of the forfeiture until payment, at such rate not exceeding 9% percent per annum as the Board of Directors may determine and the Board of Directors may enforce the payment of such moneys or any part thereof, if it thinks fit, but shall not be under any obligation to do so.

Effects of forfeiture

55. The forfeiture of a Share shall involve the extinction at the time of the forfeiture, of all interest in and all claims and demand against the Company in respect of the Share and all other rights incidental to the Share, except only such of those rights as by these Articles are expressly saved. There shall not be any forfeiture of unclaimed dividends before the claim becomes barred by law.

Power to annul forfeiture

56. The Board of Directors may at any time before any Share so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as it thinks fit.

Declaration of forfeiture

57. (a) A duly verified declaration in writing that the declarant is a Director, the Managing Director or the Manager or the Secretary of the Company, and that Share in the Company has been duly forfeited in accordance with these Articles, on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the Share.

(b) The Company may receive the consideration, if any, given for the Share on any sale, re-allotment or other disposal thereof and may execute a transfer of the Share in favour of the person to whom the Share is sold or disposed off.

(c) The person to whom such Share is sold, re-allotted or disposed of shall thereupon be registered as the holder of the Share.

(c) Any such purchaser or allottee shall not (unless by express agreement) be liable to pay calls, amounts, installments, interests and expenses owing to the Company prior to such purchase or allotment nor shall be entitled (unless by express agreement) to any of the dividends, interests or bonuses accrued or which might have accrued upon the Share before the time of completing such purchase or before such allotment.

- (e) Such purchaser or allottee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the Share be effected by the irregularity or invalidity in the proceedings in reference to the forfeiture, sale re-allotment or other disposal of the Shares.

Provisions of these articles as to forfeiture to apply in case of non-payment of any sum.

58. The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which by the terms of issue of a Share becomes payable at a fixed time, whether on account of the nominal value of Share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

Cancellation of shares certificates in respect of forfeited Shares

59. Upon sale, re-allotment or other disposal under the provisions of these Articles, the certificate or certificates originally issued in respect of the said Shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting Member) stand cancelled and become null and void and of no effect and the Directors shall be entitled to issue a new certificate or certificates in respect of the said Shares to the person or persons entitled thereto.

Evidence of forfeiture

60. The declaration as mentioned in Article 57(a) of these Articles shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the Share.

Validity of sale

61. Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board may appoint some person to execute an instrument of transfer of the Shares sold and cause the purchaser's name to be entered in the Register of Members in respect of the Shares sold, and the purchasers shall not be bound to see to the regularity of the proceedings or to the application of the purchase money, and after his name has been entered in the Register of Members in respect of such Shares, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

Surrender of Shares

62. The Directors may subject to the provisions of the Act, accept a surrender or any share from any Member desirous of surrendering on such terms and conditions as they think fit.

TRANSFER AND TRANSMISSION OF SHARES

Form of transfer

64. The instrument of transfer shall be in writing and all provisions of Section 108 of the Companies Act, 1956 and statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof.

Application for transfer

65. (a) An application for registration of a transfer of the Shares in the Company may be either by the transferor or the transferee.

(b) Where the application is made by the transferor and relates to partly paid Shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of the notice

(c) For the purposes of clause (b) above notice to the transferee shall be deemed to have been duly given if it is dispatched by prepaid registered post to the transferee at the address, given in the instrument of transfer and

shall be deemed to have been duly delivered at the time at which it would have been delivered in the ordinary course of post.

Directors may refuse to register transfer

69. 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 instruments 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 or any account whatsoever except when the company has a lien on the shares. Transfer of shares / debentures in whatever lot shall not be refused.

No fees on transfer or transmissions

76. No fee shall be charged for registration of transfer, transmission Probate, Succession Certificate & Letters of Administration, Certificate of Death or Marriage, Power of Attorney or other similar documents.

MEETING OF MEMBERS

Annual General Meeting

87. The Company shall in each year hold a General Meeting as its Annual General Meeting in addition to any other Meeting in that year. All General Meetings other than Annual General Meetings shall be called Extra-ordinary General Meetings. The Company shall comply with the provisions of Section 166 of the Act, while convening Annual General Meeting.

Report statement and registers to be laid before the Annual General Meeting

88. The Company shall in every Annual General Meeting in addition to any other Report or Statement lay on the table the Director's Report and audited statement of accounts, Auditor's Report (if not already incorporated in the audited statement of accounts), the Proxy Register with proxies and the Register of Director's Shareholdings, which Registers shall remain open and accessible during the continuance of the Meeting.

Extra-Ordinary General Meeting

89. All General Meeting other than Annual General Meeting shall be called Extra-Ordinary General Meeting. The Company should comply with all the provisions Act, relating to calling and convening of Extra Ordinary General Meeting.

Length of notice of Meeting

90. (1) A General Meeting of the Company may be called by giving not less than twenty-one days clear notice in writing.

(2) A General Meeting may be called after giving shorter notice than that specified in clause (1) hereof, if consent is accorded thereto:

(i) In the case of Annual General Meeting by all the Members entitled to vote thereat; and

(ii) In the case of any other Meeting, by Members of the Company holding not less than ninety-five percent of such part of the paid up share capital of the Company as gives a right to vote at the Meeting.

Provided that where any Members of the Company are entitled to vote only on some resolution, or resolutions to be moved at a Meeting and not on the others, those Members shall be taken into account for the purposes of this clause in respect of the former resolutions and not in respect of the later.

Contents and manner of service of notice

91. (1) Every notice of a Meeting of the Company shall specify the place and the day and hour of the Meeting and shall contain a statement of the business to be transacted thereat.

(2) Subject to the provisions of the Act notice of every General Meeting shall be given;

(a) to every Member of the Company, in any manner authorized by sub-sections (1) to (4) Section 53 of the Act;

(b) to the persons entitled to a Share in consequence of the death, or insolvency of a Member, by sending it through post in a prepaid letter addressed to them by name or by the title of representative of the deceased, or assignees of the insolvent, or by like description, at the address, if any in India supplied for the purpose by the persons claiming to be so entitled or until such an address has been so supplied, by giving the notice in any manner in which it might have been given if the death or insolvency had not occurred; and

(c) to the Auditor or Auditors for the time being of the Company in any manner authorized by Section 53 of the Act in the case of Members of the Company.

PROVIDED THAT, where the notice of a Meeting is given by advertising the same in a newspaper circulating in the neighborhood of Registered Office of the Company under sub-section (3) of Section 53 of the Act, the statement of material facts referred to in Section 173 of the Act need not be annexed to the notice as required by that Section, but it shall be mentioned in the advertisement that the statement has been forwarded to the Members of the Company.

(3) Every notice convening a Meeting of the Company shall state with reasonable prominence that a Member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote instead of himself and that a proxy need not be a Member of the Company.

Special and ordinary business and explanatory statement

92. (1)(a) In the case of an Annual General Meeting all business to be transacted at the Meeting shall be deemed special, with the exception of business relating to

(i) the consideration of the accounts, balance sheet the reports of the Board of Directors and Auditors;

(ii) the declaration of dividend;

(iii) the appointment of Directors in the place, of those retiring; and

(iv) the appointment of, and the fixing of the remuneration of the Auditors, and

(b) In the case of any other meeting, all business shall be deemed special

(2) Where any items of business to be transacted at the Meeting of the Company are deemed to be special as aforesaid, there shall be annexed to the notice of the Meeting a statement setting out all material facts concerning each such item, of business, including in particular the nature of the concern or interest, if any, therein of every Director.

PROVIDED THAT, where any such item of special business at the Meeting of the Company relates to or affects, any other company, the extent of shareholding interest in that other company of every Director of the Company shall also be set out in the statement, if the extent of such shareholding interest is not less than twenty percent of the paid up-share capital of the other company.

(3) Where any item of business consists of the according of approval to any document by the Meeting, the time and place where the document can be inspected shall be specified in the statement aforesaid.

Omission to give notice not to invalidate proceedings

93. The accidental omission to give such notice as aforesaid to or non-receipt thereof by, any Member or other person to whom it should be given, shall not invalidate the proceedings of any such Meeting.

DIRECTORS

Number of Directors

119. Until otherwise determined by a General Meeting of the Company and subject to the provisions of Section 252 of the Act, the number of Directors shall not be less than three and not more than twelve. The appointment of the directors exceeding 12 will be subject to the provisions of Section 259 of the Act.

First Directors

120. The persons hereinafter named shall be the first Directors of the Company:-

1. Shri. Kochouseph Chittilappilly
2. Smt. Sheela Kochouseph
3. Shri. K. Vijayan

Debenture Directors

121. Any Trust Deed for securing Debentures may if so arranged, provide for the appointment, from time to time by the Trustees thereof or by the holders of Debentures, of some person to be a Director of the Company and may empower such Trustees or holder of Debentures, from time to time, to remove and re-appoint any Director so appointed. The Director appointed under this Article is herein referred to as "Debenture Director" and the term "Debenture Director" means the Director for the time being in office under this Article. The Debenture Director shall not be liable to retire by rotation or be removed by the Company. The Trust Deed may contain such ancillary provisions as may be agreed between the Company and the Trustees and all such provisions shall have effect notwithstanding any of the other provisions contained herein.

Nominee Director or Special Director

122. In the course of its business and for its benefit the Company shall, subject to the provisions of the Act, be entitled to agree with any person, firm corporation, government, financing institution or other authority 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 Directors may deem fit. Such nominees and their successors in office appointed under this Article shall be called Special Directors. Special Directors shall be entitled to hold office until requested to retire by the government, authority, person, firm, institution or corporation who may have appointed them and will not be bound to retire by rotation. As and whenever a Special Director vacates office whether upon request as aforesaid or by death, resignation or otherwise the government, authority, person, firm, institution or corporation who appointed such Special Director may if the agreement so provide, appoint another Director in his place. But he shall be counted in determining the number of retiring Directors.

Limit on number of retaining Directors

123. The appointment of special directors are subject to the provisions of Section 256 of the Act and number of such Directors appointed shall not exceed in the aggregate one third of the total number of Directors for the time being in office.

Alternate Director

124. Subject to the provisions of Section 313 of the Act, the Board of Directors shall have power to appoint an alternate Director to act for a Director during his absence for a period of not less than three months from the State in which meetings of the Board are ordinarily held.

Directors may fill in vacancies

125. The Directors shall have power at any time and from time to time to appoint any person to be a Director to fill a casual vacancy. Such casual vacancy shall be filled by the Board of Directors at a meeting of the Board. Any person so appointed shall hold office only upto the date to which the Director in whose place he is appointed would have held office, if it had not been vacated as aforesaid. However, he shall then be eligible for re-election.

Additional Directors

126. The Directors shall have the power at any time and from time to time to appoint any other person to be a Director as an addition to the Board (“Additional Director”) so that the total number of Directors shall not at any time exceed the maximum fixed by these Articles. Any person so appointed as an Additional Director to the Board shall hold his office only upto the date of the next Annual General Meeting and shall be eligible for election at such Meeting.

Qualification shares

127. A Director need not hold any qualification shares.

Directors’ sitting fees

128. The fees payable to a Director for attending each Board meeting shall be such sum as may be fixed by the Board of Directors not exceeding such sum as may be prescribed by the Central Government for each of the meetings of the Board or a Committee thereof and adjournments thereto attended by him. The Directors, subject to the sanction of the Central Government (if any required) may be paid such higher fees as the Company in General Meeting shall from time to time determine.

Extra remuneration to Directors for special work

129. Subject to the provisions of Sections 198, 309, 310, 311 and 314 of the Act, if any Director, being willing shall be called upon to perform extra services (which expression shall include work done by a Director as a Member of any Committee formed by the Directors or in relation to signing share certificate) or to make special exertions in going or residing or residing out of his usual place of residence or otherwise for any of the purposes of the Company, the Company may remunerate the Director so doing either by a fixed sum or otherwise as may be determined by the Director, and such remuneration may be either in addition to or in substitution for his share in the remuneration herein provided.

Subject to the provisions of the Act, a Director who is neither in the whole time employment nor a Managing Director may be paid remuneration either:

- i) by way of monthly, quarterly or annual payment with the approval of the Central Government; or
- ii) by way of commission if the Company by a Special Resolution authorized such payment.

Travelling expenses incurred by Directors on Company’s business

130. The Board of Directors may subject to the limitations provided by the Act allow and pay to any Director who attends a meeting of the Board of Directors or any Committee thereof or General Meeting of the Company or in connection with the business of the Company at a place other than his usual place of residence, for the purpose of attending a Meeting such sum as the Board may consider fair compensation for traveling, hotel, and other

incidental expenses properly incurred by him in addition to his fees for attending such Meeting as above specified.

Director may act notwithstanding vacancy

131. The continuing Director or Directors may act notwithstanding any vacancy in their body, but if and so long as their number is reduced below the quorum fixed by these Articles for a meeting of the Board, the Director or Directors may act for the purpose of increasing the number, of Directors or that fixed for the quorum or for summoning a General Meeting of the Company but for no other purposes.

Board consent necessary for certain contracts

132. Consent of the Board of Directors is necessary for a director, or his relative or other entities in which the director or relative is interested, for entering into contracts, with the company, of the kinds specified in Section 297 of the Act.

Disclosure to the Members of Directors' interest in contract appointing Managers, Managing Director or Wholetime Director

133. When the Company:-

(a) enters into a contract for the appointment of a Managing Director or Wholetime Director in which contract any Director of the Company is whether directly or indirectly, concerned or interested; or

(b) varies any such contract already in existence and in which a Director is concerned or interested as aforesaid, the provisions of Section 302 of the Act shall be complied with.

Disqualification of Directors

134. The provisions relating to disqualification of directors of the Act, shall apply to this Company.

Removal of Directors

135. (a) The Company may subject to the provisions of Section 284 and other applicable provisions of the Act and these Articles by Ordinary Resolution remove any Director not being a Director appointed by the Central Government in pursuance of Section 408 of the Act before the expiry of his period of office.

Director may be director of companies promoted by the Company

136. A Director may be or become a director of any company promoted by the Company, or in which it may be interested as a vendor, shareholder, or otherwise and no such Director shall be accountable for any benefit received as director or shareholder of such company except in so far Section 309(6) or Section 314 of the Act may be applicable.

MANAGING DIRECTOR

Powers to appoint Managing Director

148. Subject to the provisions of Section 267, 268, 269, 316 and 317 of the Act, the Board may, from time to time, appoint one or more Directors to be Managing Director or Managing Directors or Whole time Directors of the Company, for a fixed term not exceeding five years as to the period for which he is or they are to hold such office, 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 or their place or places.

(a) The Managing Director shall perform such functions and exercise such powers as are delegated to him by the Board of Directors of the Company in accordance with the provisions of the Companies Act, 1956.

(b) Subject to the provisions of Sections 255 of the Act, the Managing Director shall not be while he continues to hold that office, subject to retirement by rotation.

Remuneration of Managing Director

149. Subject to the provisions of Sections 309, 310 and 311 of the Act, a Managing Director shall, in addition to any remuneration that might be payable to him as a Director of the Company under these Articles, receive such remuneration as may from time to time be approved by the Company.

Special position of Managing Director

150. Subject to any contract between him and the Company, a Managing or Whole time Director shall not, while he continues to hold that office, be subject to retirement by rotation and he shall not be reckoned as a Director for the purpose of determining the rotation of retirement of Directors or in fixing the number of Directors to retire but (subject to the provision of any contract between him and the Company), he shall be subject to the same provisions as to resignation and removal as the Directors of the Company and shall, *ipso facto* and immediately, cease to be a Managing Director if he ceases to hold the office of Director from any cause.

Powers of Managing Director

151. The Director may from time to time entrust to and confer upon a Managing Director or Whole-time Director for the time being such of the powers exercisable under these provisions by the Directors, as they may think fit, and may confer such powers for such time and to be exercised for such objects and purposes, and upon such terms and conditions and with such restrictions as they think expedient, and they may confer such powers, either collaterally with, or to the exclusion of and in substitution for, all or any of the powers of the Directors in that behalf and from time to time, revoke, withdraw, alter, or vary all or any of such powers.

First Managing Director of the Company

152. Mr. Kchouseph Chittilappilly will be the first Managing Director of the Company. He will occupy the position for a period of five years from the date of the incorporation of the Company.

The Company's General Meeting may also from time to time appoint any Managing Director or Managing Directors or Wholetime Director or Wholetime Directors of the Company and may exercise all the powers referred to in these Articles.

Signing of cheques and receipts

153. Receipts signed by the Managing Director for any moneys, goods or property received in the usual course of business of the Company or for any money, goods, or property lent to or belonging to the Company shall be an official discharge on behalf of and against the Company for the money, funds or property which in such receipts shall be acknowledged to be received and the persons paying such moneys shall not be bound to see to the application or be answerable for any misapplication thereof. The Managing Director shall also have the power to sign and accept and endorse cheques on behalf of the Company.

Delegation of Powers

154. The Managing Director shall be entitled to sub-delegate (with the sanction of the Directors where necessary) all or any of the powers, authorities and discretions for the time being vested in him in particular from time to time by the appointment of any attorney or attorneys for the management and transaction of the affairs of the Company in any specified locality in such manner as they may think fit.

Other provisions relating to appointment

155. Notwithstanding anything contained in these Articles, the Managing Director is expressly allowed generally to work for and contract with the Company and especially to do the work of Managing Director and also to do any work for the Company upon such terms and conditions and for such remuneration (subject to the provisions of the Act) as may from time to time be agreed between him and the Directors of the Company.

Appointment and powers of Manager

156. The Board may, from time to time, appoint any Manager (under Section 2(24) of the Act) to manage the affairs of the Company. The Board may from time to time entrust to and confer upon a Manager such of the powers exercisable under these Articles by the Directors, as they may think fit, and may, confer such powers for such time and to be exercised for such objects and purposes, and upon such terms and conditions and with such restrictions as they think expedient.

PROCEEDINGS OF THE BOARD OF DIRECTORS

Meeting of Directors

157. The Directors may meet together as a Board for the dispatch of business from time to time, and unless the Central Government by virtue of the provisions of Section 285 of the Act allow otherwise, Directors shall so meet at least once in every three months and atleast four such Meetings shall be held in every year. The Directors may adjourn and otherwise regulate their Meetings as they think fit. The provisions of this Article shall not be deemed to have been contravened merely by reason of the fact that the meeting of the Board which had been called in compliance with the terms of this Article could not be held for want of a quorum.

The provisions of the Act, relating to quorum required for Board Meeting shall apply to Company.

Procedure when Meeting adjourned for want of quorum

158. If a meeting of the Board could not be held for want of quorum then, the Meeting shall automatically stand, adjourned till the same day in the next week, at the same time and place, or if that day is a public holiday, till the next succeeding day which is not a public holiday at the same time and place, unless otherwise adjourned to a specific date, time and place.

Chairman of Meeting

159. 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, meeting of the Director shall choose one of their members to be Chairman of such Meeting.

Question at Board meeting how decided

160. Subject to the provisions of Section 316, 372A and 386 of the Act, questions arising at any meeting of the Board shall be decided by a majority of votes, and in case of any equality of votes, the Chairman shall have a second or casting vote.

Powers of Board meeting

161. A meeting of the Board of Directors at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions which by or under the Act, or the Articles for the time being of the Company which are vested in or exercisable by the Board of Directors generally.

Directors may appoint Committee

162. The Board of Directors may subject to the provisions of Section 292 and other relevant provisions of the Act, and of these Articles delegate any of the powers other than the powers to make calls and to issue debentures to such Committee or Committees and may from time to time revoke and discharge any such Committee of the Board, either wholly or in part and either as to the persons or purposes, but every Committee of the Board so formed shall in exercise of the powers so delegated conform to any regulation(s) that may from time to time be imposed on it by the Board of Directors. All acts done by any such Committee of the Board in conformity with such regulations and in fulfillment of the purpose of their appointments, but not otherwise, shall have the like force and effect, as if done by the Board.

Meeting of the Committee how to be governed

163. The meetings and proceedings of any such Committee of the Board 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 regulations made by the Directors under the last preceding article. Quorum for the Committee meetings shall be two.

Circular resolution

164. (a) A resolution passed by circulation without a meeting of the Board or a Committee of the Board appointed under Article 162 shall subject to the provisions of sub-clause (b) hereof and the Act, be as valid and effectual as the resolution duly passed at a meeting of Directors or of a Committee duly called and held.

(b) A resolution shall be deemed to have been duly passed by the Board or by a Committee thereof by circulation if the resolution has been circulated in draft together with necessary papers if any to all the Directors, or to all the members of the Committee, then in India (not being less in number than the quorum fixed for a meeting of the Board or Committee as the case may be) and to all other Directors or members of the Committee at their usual addresses in India or to such other addresses outside India specified by any such Directors or members of the Committee and has been approved by such of the Directors or members of the Committee, as are then in India, or by a majority of such of them as are entitled to vote on the resolution.

Acts of Board or Committee valid notwithstanding defect in appointment

165. All acts done by any meeting of the Board or by a Committee of the Board or by any person acting as a Director shall, notwithstanding that it shall afterwards be discovered; that there was some defect in the appointment of one or more of such Directors or any person acting as aforesaid; or that they or any of them were disqualified or had vacated office or that the appointment of any of them is deemed to be terminated by virtue of any provision contained in the Act or in these Articles, be as valid as if every such person had been duly appointed and was qualified to be a Director; provided nothing in the Article shall be deemed to give validity to acts done by a Director after his appointment has been shown to the Company to be invalid or to have terminated.

POWERS OF THE BOARD

General Powers of management vested in the Board of Directors

166. The Board may exercise all such powers of the Company and do all such acts and things as are not, by the Act, or any other Act or by the Memorandum or by the Articles of the Company required to be exercised by the Company in General Meeting, subject nevertheless to these Articles, to the provisions of the Act, or any other Act and to such regulations being not inconsistent with the aforesaid Articles, as may be prescribed by the Company in General Meeting but no regulation made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.

Provided that the Board shall not, except with the consent of the Company in General Meeting:-

(a) sell, lease or otherwise dispose of the whole, or substantially the whole, of the undertaking of the Company, or where the Company owns more than one undertaking of the whole, or substantially the whole, of any such undertaking;

(b) remit, or give time for the repayment of, any debt due by a Director,

(c) invest otherwise than in trust securities the amount of compensation received by the Company in respect of the compulsory acquisition or any such undertaking as is referred to in clause (a) or of any premises or properties used for any such undertaking and without which it cannot be carried on or can be carried on only with difficulty or only after a considerable time;

(d) borrow moneys where the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), will exceed the aggregate of the paid-up capital of the Company and its free reserves that is to say, reserves not set apart for any specific purpose;

(e) contribute to charitable and other funds not directly relating to the business of the Company or the welfare of its employees, any amounts the aggregate of which will, in any financial year, exceed fifty thousand rupees or five per cent of its average net profits as determined in accordance with the provisions of Section 349 and 350 of the Act during the three financial years immediately preceding whichever is greater, provided that the Company in the General Meeting or the Board of Directors shall not contribute any amount to any political party or for any political purposes to any individual or body;

(i) Provided that in respect of the matter referred to in clause (d) and clause (e) such consent shall be obtained by a resolution of the Company which shall specify the total amount upto which moneys may be borrowed by the Board under clause (d) or as the case may be total amount which may be contributed to charitable or other funds in a financial year under clause

(e) (ii) Provided further that the expression "temporary loans" in clause (d) above shall mean loans repayable on demand or within six months from the date of the loan such as short term cash credit arrangements, the discounting of bills and the issue of other short term loans of a seasonal character, but does not include loans raised for the purpose of financing expenditure of a capital nature.

Certain powers to be exercised by the Board only at Meetings

167. (1) Without derogating from the powers vested in the Board of Directors under these Articles, the Board shall exercise the following powers on behalf of the Company and they shall do so only by means of resolutions passed at the meeting of the Board;

(a) the power to make calls, on shareholders in respect of money unpaid on their Shares,

(b) the power to issue Debentures,

(c) the power to borrow moneys otherwise than on debentures,

(d) the power to invest the funds of the Company, and

(e) the power to make loans

Provided that the Board may, by resolution passed at a Meeting, delegate to any Committee of Directors, the Managing Director, the Manager or any other principal officer of the Company, the powers specified in sub-clause (c) (d) and (e) to the extent specified below:

(2) Every resolution delegating the power referred to in sub-clause (1) (c) above shall specify the total amount outstanding at any one time, upto which moneys may be borrowed by the delegate.

(3) Every resolution delegating the power referred to in sub-clause (1) (d) above shall specify the total amount upto which the funds of the Company may be invested, and the nature of the investments which may be made by the delegate.

(4) Every resolution delegating the power referred to in sub-clause (1) (e) above shall specify the total amount upto which loans may be made and the maximum amount of loans which may be made for each such purpose in individual cases.

Certain powers of the Board

168. Without prejudice to the general powers conferred by the last preceding Article and so as not in any way to limit or restrict those powers, and without prejudice to the other powers conferred by these Articles, but subject to the restrictions contained in the last preceding Article, it is hereby declared that the Directors shall have the following powers, that is to say, power:

- (1) To pay the cost, charges and expenses preliminary and incidental to the promotion, formation, establishment and registration of the Company.
- (2) To pay and charge to the capital account of the Company any commission or interest lawfully payable thereon under the provisions of Sections 76 and 208 of the Act.
- (3) Subject to Section 292 and 297 and other provisions applicable of the Act to purchase or otherwise acquire for the Company any property, right or privileges which the Company is authorized to acquire, at or for such price or consideration and generally on such terms and conditions as they may think fit and in any such purchase or other acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfactory.
- (4) At their discretion and subject to the provisions of the Act to pay for any property, rights or privileges acquired by or services rendered to the Company, either wholly or partially in cash or in share, bonds, debentures, mortgages, or otherwise securities of the Company, and any such Shares may be issued either as fully paid-up or with such amount credited as paid-up thereon as may be agreed upon and any such bonds, debentures, mortgages or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged.
- (5) To secure the fulfillment of any contracts or engagement entered into by the Company by mortgage or charge of all or any of the property of the Company and its uncalled capital for the time being or in such manner as they may think fit.
- (6) To accept from any Member, as far as may be permissible by law to a surrender of his Shares or any part thereof, on such terms and conditions as shall be agreed.
- (7) To appoint any person to accept and hold in trust for the Company any property belonging to the Company, in which it is interested, or for any other purpose and to execute and do all such deeds and things as may be required in relation to any trust, and to provide for the remuneration of such trustee or trustees.
- (8) To institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its officers or otherwise concerning the affairs of the Company, and also to compound and allow time for payment or satisfaction of any debts due and of any claim or demands by or against the Company and to refer any differences to arbitration and observe and perform any awards made thereon either according to Indian law or according to foreign law and either in India or abroad and to observe and perform or challenge any award made thereon.
- (9) To act on behalf of the Company in all matters relating to bankruptcy and insolvency, winding up and liquidation of companies.
- (10) To make and give receipts, releases and other discharges for moneys payable to the Company and for the claims and demands of the Company.

(11) Subject to the provisions of Sections 291, 292, 295, 372A and all other applicable provisions of the Act, to invest and deal with any moneys of the Company not immediately required for the purpose thereof upon such security (not being Shares of this Company), or without security and in such manner as they may think fit and from time to time vary or realise such investments. Save as provided in Section 49 of the Act, all investments shall be made and held in the Company's own name.

(12) To execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any personal liability whether as principal or surety, for the benefit of the Company, such mortgages of the Company's property (present and future) as they think fit, and any such mortgage may contain a power of sale and such other powers, provisions, covenants and agreements as shall be agreed upon.

(13) To open bank account and to determine from time to time who shall be entitled to sign, on the Company's behalf, bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts and documents and to give the necessary authority for such purpose.

(14) To distribute by way of bonus amongst the staff of the Company a Share or Shares in the profits of the Company and to give to any, Director, officer or other person employed by the Company a commission on the profits of any particular business or transaction, and to charge such bonus or commission as a part of the working expenses of the Company.

(15) To provide for the welfare of Directors or ex-Directors or employees or ex-employees of the Company and their wives, widows and families or the dependents or connections of such persons, by building or contributing to the building of houses, dwelling or chawls, or by grants of moneys, pension, gratuities, allowances, bonus or other payments, or by creating and from time to time subscribing or contributing, to provide other associations, institutions, funds or trusts and by providing or subscribing or contributing towards place of instruction and recreation, hospitals and dispensaries, medical and other attendance and other assistance as the Board shall think fit and subject to the provision of Section 293(1)(e) of the Act, to subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or other institutions or object which shall have any moral or other claim to support or aid by the Company, either by reason of locality of operation, or of the public and general utility or otherwise.

(16) Before recommending any dividend, to set aside out of the profits of the Company such sums as they may think proper for depreciation or to depreciation fund, or to an insurance fund, or as reserve fund or any special fund to meet contingencies or to repay redeemable preference shares or debentures or debenture stock, or for special dividends or for equalising dividends or for repairing, improving, extending and maintaining any of the property of the Company and for such other purposes (including the purpose referred to in the preceding clause), as the Board may in their absolute discretion, think conducive to the interest of the Company and subject to Section 292 of the Act, to invest several sums so set aside or so much thereof as required to be invested, upon such investments (other than Shares of the Company) as they may think fit, and from time to time to deal with and vary such investments and dispose of and apply and expend all or any such part thereof for the benefit of the Company, in such a manner and for such purposes as the Board in their absolute discretion, think conducive to the interest of the Company notwithstanding that the matters to which the Board apply or upon which they expend the same or any part thereof or upon which the capital moneys of the Company might rightly be applied or expended; and to divide the general reserve or reserve fund into such special funds as the Board may think fit with full power to transfer the whole or any portion of reserve fund or division of a reserve fund and with full power to employ the assets constituting all or any of the above funds, including the depreciation fund, in the business of the Company or in the purchase or repayment of redeemable preference shares or debentures or debenture stock, and without being bound to keep the same separate from the other assets and without being bound to pay interest on the same with power however, to the Board at their discretion to pay or allow to the credit of such funds interest at such rate as the Board may think proper.

(17) To appoint, and at their discretion, remove or suspend, such general managers, managers, secretaries, assistants, supervisors, scientists, technicians, engineers, consultants, legal, medical or economic advisors,

research workers, labourers, clerks, agents and servants for permanent, temporary or special services as they may from time to time think fit and to determine their powers and duties, and fix their salaries or emoluments or remuneration, and to require security in such instances and to such amount as they may think fit. And also from time to time to provide for the management and transaction of the affairs of the Company in any specified locality in India or elsewhere in such manner as they think and the provisions contained in the four next following sub-clauses shall be without prejudice to the general conferred by this sub-clause.

(17A) To appoint or authorize appointment of officers, clerks and servants for permanent or temporary or special services as the Board may from time to time think fit and to determine their powers and duties and to fix their salaries and emoluments and to require securities in such instances and of such amounts as the Board may think fit and to remove or suspend any such officers, clerks and servants. Provided further that the Board may delegate matters relating to allocation of duties, functions, reporting etc. of such persons to the Managing Director or Manager.

(18) From time to time and at any time to establish any local Board for managing any of the affairs of the Company in any specified locality in India or elsewhere and to appoint any person to be members of such local Boards, and to fix their remuneration or salaries or emoluments.

(19) Subject to Section 292 of the Act, from time to time and at any time to delegate to any person so appointed any of the powers, authorities and discretions for the time being vested in the Board, other than their power to make calls or to make loans or borrow money, and to authorise the members for the time being of any such local Board, or any of them to fill up any vacancies therein and to act notwithstanding vacancies, and any such appointment or delegation may be made on such terms and subject to such terms and subject to such conditions as the Board may think fit, and Board may at any time remove any person so appointed, and may annul or vary any such delegation.

(20) At any time and from time to time by Power of Attorney under the Seal of the Company, to appoint any person or person to be the Attorney or Attorneys of the Company, for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these presents and subject to the provisions of Section 292 of the Act) and for such period and subject to such conditions as the Board may from time to time think fit; and any such appointment may (if the Board thinks fit) be made in favour of any company, or the shareholders, directors, nominees, or managers of any company or firm or otherwise in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board and such Power of Attorney may contain such powers for the protection or convenience of persons dealing with such Attorneys as the Board may think fit, and may contain powers enabling any such delegates or attorneys as aforesaid to sub-delegate all or any of the powers authorities and discretions for the time being vested in them.

(21) Subject to Sections 294 and 297 and other applicable provisions of the Act, for or in relation to any of the matters aforesaid or, otherwise for the purposes of the Company to enter into all such negotiations and contracts and rescind and vary all such contracts, and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient.

(22) From time to time to make, vary and repeal bye-laws for the regulations of the business of the Company, its officers and servants.

(23) To purchase or otherwise acquire any land, buildings, machinery, premises, hereditaments, property, effects, assets, rights, credits, royalties, business and goodwill of any joint stock company carrying on the business which the Company is authorized to carry on in any part of India.

(24) To purchase, take on lease, for any term or terms of years, or otherwise acquire any factories or any land or lands, with or without buildings and out-houses thereon, situated in any part of India, at such price or rent and under and subject to such terms and conditions as the Directors may think fit. And in any such purchase, lease or other acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfactory.

(25) To insure and keep insured against loss or damage by fire or otherwise for such period and to such extent as it may think proper all or any part of the buildings, machinery, goods, stores, produce and other movable property of the Company, either separately or co jointly, also to insure all or any portion of the goods, produce, machinery and other articles imported or exported-by the Company and to sell, assign, surrender or discontinue any policies of assurance effected in pursuance of this power.

(26) To purchase or otherwise acquire or obtain license for the use of and to sell, exchange or grant license for the use of any trade mark, patent, invention or technical know-how.

(27) To sell from time to time any articles, materials, machinery, plants, stores and other articles and thing belonging to the Company as the Board may think proper and to manufacture, prepare and sell waste and by-products.

(28) From time to time to extend the business and undertaking of the Company by adding, altering or enlarging all or any of the buildings, factories, workshops, premises, plant and machinery, for the time being the property of or in the possession of the Company, or by erecting new or additional buildings, and to expend such sum of money for the purpose aforesaid or any of them as they be thought necessary or expedient.

(29) To undertake on behalf of the Company any payment of rents and the performance of the covenants, conditions and agreements contained in or reserved by any lease that may be granted or assigned to or otherwise acquired by the Company and to purchase the reversion or reversions, and otherwise to acquire on free hold sample of all or any of the lands of the Company for the time being held under lease or for an estate less than freehold estate.

(30) To improve, manage, develop, exchange, lease, sell, resell and re-purchase, dispose off, deal or otherwise turn to account, any property (movable or immovable) or any rights or privileges belonging to or at the disposal of the Company or in which the Company is interested.

(31) To let, sell or otherwise dispose of subject to the provisions of Section 293 of the Act and of the other Articles any property of the Company, either absolutely or conditionally and in such manner and upon such terms and conditions in all respects as it thinks fit and to accept payment in satisfaction for the same in cash or otherwise as it thinks fit.

(32) Generally subject to the provisions of the Act and these Articles, to delegate the powers/authorities and discretions vested in the Directors to any person(s), firm, company or fluctuating body of persons as aforesaid.

DIVIDENDS AND CAPITALISATION OF RESERVES

Division of profits

174. (a) Subject to the rights of persons, if any, entitled to Shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the Shares in respect whereof the dividend is paid but if and so long as nothing is paid upon any of Share in the Company, dividends may be declared and paid according to the amounts of the Shares,

(b) No amount paid or credited as paid on a Share in advance of calls shall be treated for the purpose of this Article as paid on the Shares.

The Company at General Meeting may declare dividend

175. The Company in General Meeting may declare dividends, to be paid to Members according to their respective rights and interest in the profits and may fix the time for payment and the Company shall comply with the provisions of Section 207 of the Act, but no dividends shall exceed the amount recommended by the Board of

Directors. However, the Company may declare a smaller dividend than that recommended by the Board in General Meeting.

Dividends out of profits only

176. No dividend shall be payable except out of profits of the Company arrived at the manner provided for in Section 205 of the Act.

Interim dividend

177. The Board of Directors may from time to time pay to the Members such interim dividends as in their judgment the position of the Company justifies.

Debts may be deducted

178. (a) The Directors may retain any dividends on which the Company has a lien and may apply the same in or towards the satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

(b) The Board of Directors may retain the dividend payable upon Shares in respect of which any person is, under the Transmission Article, entitled to become a Member or which any person under that Article is entitled to transfer until such person shall become a Member or shall duly transfer the same.

Capital paid-up in advance as interest not to earn dividend

179. Where the capital is paid in advance of the calls upon the footing that the same shall carry interest, such capital shall not, whilst carrying interest, confer a right to dividend or to participate in profits.

Dividends in proportion to amounts paid-up

180. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the Shares during any portion or portions of the period in respect of which the dividend is paid, but if any Share is issued on terms provided that it shall rank for dividends as from a particular date such Share shall rank for dividend accordingly.

No Member to receive dividend while indebted to the Company and the Company's right in respect thereof

181. No Member shall be entitled to receive payment of any interest or dividend or bonus in respect of his Share or Shares, whilst any money may be due or owing from him to the Company in respect of such Share or Shares (or otherwise however either alone or jointly with any other person or persons) and the Board of Directors may deduct from the interest or dividend to any Member all such sums of money so due from him to the Company.

Effect of transfer of Shares

182. A transfer of Shares shall not pass the right to any dividend declared therein before the registration of the transfer.

Dividend to joint holders

183. Any one of several persons who are registered as joint holders of any Shares may give effectual receipts for all dividends or bonus and payments on account of dividends in respect of such Shares.

Dividend how remitted

184. The dividend payable in cash may be paid by cheque or warrant sent through post directly to registered address of the shareholder entitled to the payment of the dividend or in case of joint holders to the registered address of that one of the joint holders who is first named on the Register of Members or to such person and to such address as the holder or joint holders may in writing direct. The Company shall not be liable

or responsible for any cheque or warrant or pay slip or receipt lost in transit or for any dividend lost, to the Member or person entitled thereto by forged endorsement of any cheque or warrant or forged signature on any pay slip or receipt or the fraudulent recovery of the dividend by any other means.

Notice of dividend

185. Notice of the declaration of any dividend whether interim or otherwise shall be given to the registered holders of Share in the manner herein provided.

Reserves

186. The Directors may, before recommending or declaring any dividend set aside out of the profits of the Company such sums as they think proper as reserve or reserves, which shall, at the discretion of the Directors, be applicable for meeting contingencies or for any other purposes to which the profits of the Company may be properly applied and pending such application, may at the like discretion, either be employed in the business of the Company or be invested in such investments (other than Shares of the Company) as the Directors may from time to time think fit.

Dividend to be paid within time required by law.

187. The Company shall pay the dividend, or send the warrant in respect thereof to the shareholders entitled to the payment of dividend, within such time as may be required by law from the date of the declaration unless:-

- (a) where the dividend could not be paid by reason of the operation on any law; or
- (b) where a shareholder has given directions regarding the payment of the dividend and those directions cannot be complied with; or
- (c) where there is dispute regarding the right to receive the dividend; or
- (d) where the dividend has been lawfully adjusted by the Company against any sum due to it from shareholder; or
- (e) where for any other reason, the failure to pay the dividend or to post the warrant within the period aforesaid was not due to any default on the part of the Company.

Unpaid or Unclaimed dividend

188. Where the Company has declared a dividend but which has not been paid or the dividend warrant in respect thereof has not been posted within 30 days from the date of declaration to any shareholder entitled to the payment of the dividend, the Company shall within 7 days from the date of expiry of the said period of 30 days open a special account in that behalf in any scheduled bank called "Unpaid Dividend of V-Guard Industries Limited" 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 the Company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by Company to the Investor Education and Protection Fund established under section 205C of the Companies Act, 1956. The Company shall comply with the provisions of Section 205A of the Act, while transferring, the balance amount lying in the unpaid dividend account, to the fund established u/s 205C of the Act.

No unclaimed or unpaid dividend shall be forfeited by the Board.

Set-off of calls against dividends

189. Any General Meeting declaring a dividend may on the recommendation of the Directors make a call on the Members of such amount as the Meeting fixes but so that the call on each Member shall not exceed the dividend payable to him, and so that the call be made payable at the same time as the dividend, and the dividend may, if so arranged between the Company and the Members, be set off against the calls.

Dividends in cash

190. No dividends shall be payable except in cash, provided that nothing in this Article shall be deemed to prohibit the capitalisation of the profits or reserves of the Company for the purpose of issuing fully paid up bonus Shares or paying up any amount for the time being unpaid on any Shares held by Members of the Company.

Capitalization of Profit

191. (1) The Company in General Meeting may, upon the recommendation of the Board, resolve:

(a) That is desirable to capitalise any part of the amount for the time being standing to the credit of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution, and

(b) that such sum be accordingly set free for distribution in the manner specified in clause (2) amongst the Members who would have been entitled thereto, if distributed by way of dividend and in the same proportion.

(2) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provisions contained in clause (3) either in or towards;

(a) paying up any amount for the time being unpaid on any Shares held by such Members respectively, or

(b) paying up in full unissued Shares of the Company to be allocated and distributed, credited as fully paid up, to and amongst Members in the proportion aforesaid, or

(c) partly in the way specified in sub clause (a) and partly in that specified in sub-clause(b)

(3) A share premium account and capital redemption reserve account may, for the purpose of this Article, only be applied in the paying up of unissued Shares to be issued to Members of the Company as fully paid bonus shares.

(4) The Board shall give effect to the resolution passed by the company in pursuance of this regulation.

192. (1) Whenever such a resolution as aforesaid shall have been passed, the Board shall:

(a) make all appropriations and applications of the undivided profits resolved to be capitalized thereby, and all allotments and issues of fully paid equity shares, if any; and

(b) generally do all acts and things required to give effect thereto.

(2) The Board shall have full power:

(a) to make such provision, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, for the case of shares or debentures becoming distributable in fractions; and also

(b) to authorize any person to enter, on behalf of all the members entitled thereto, into an agreement with the company providing for the allotment to them respectively, credited as fully paid-up, of any further shares to which they may be entitled upon such capitalization, or (as the case may require) for the payment up by the company on their behalf, by the application thereto of their respective proportions of the profits resolved to be capitalized, of the amounts or any part of the amounts remaining unpaid on their existing shares.

Fractional certificates

193. (1) Whenever such a resolution as aforesaid shall have been passed, the Board shall;

(a) make all appropriations and applications of the undivided profits resolved to be capitalised thereby and all allotments and issues of fully paid Shares and

(b) Generally do all acts and things required to give effect thereto.

(2)The Board shall have full power:

(a) to make such provision by the issue of fractional cash certificate or by payment in cash or otherwise as it thinks fit, in the case of Shares becoming distributable in fractions, and also

(b) to authorise any person to enter, on behalf of all the Members entitled thereto, into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further Shares to which they may be entitled upon such capitalisation or (as the case may require) for the payment by the Company on their behalf by the application thereof of the respective proportions of the profits resolved to be capitalised of the amounts remaining unpaid on their existing Shares.

(3) Any agreement made under such authority shall be effective and binding on all such Members.

(4)That for the purpose of giving effect to any resolution, under the preceding paragraph of this Article, the Directors may give such directions as may be necessary and settle any question or difficulties that may arise in regard to any issue including distribution of new Shares and fractional certificates as they think fit.

WINDING UP

Distribution of assets

201. If the Company shall be wound up, and the assets available for distribution among the Members as such shall be insufficient to repay the whole of the paid up capital, such assets shall be distributed so that as nearly as may be the losses shall be borne by the Members in the proportion to the capital paid up or which ought to have been paid up at the commencement of the winding up, on the Shares held by them respectively, and if in the winding up the assets available for distribution among the Members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the Members in proportion to the capital at the commencement of the winding up, paid up or which ought to have been paid up on the Shares held by them respectively. But this Article is to be without prejudice to the rights of the holders of Shares issued upon special terms and conditions.

Distribution in specie or kind

202. (a) If the Company shall be wound up, whether voluntarily or otherwise, the Liquidator may, with the sanction of a Special Resolution, divide amongst the contributories in specie or kind, any part of the assets of the Company and may, with the like sanction, vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories or any of them, as the liquidator, with the like sanction, shall think fit.

(b) If thought expedient any such division may subject to the provisions of the Act be otherwise than in accordance with the legal rights of the contributions (except where unalterably fixed by the Memorandum of Association and in particular any class may be given preferential or special rights or may be excluded altogether or in part but in case any division otherwise than in accordance with the legal rights of the contributories, shall be determined on any contributory who would be prejudicial thereby shall have a right to dissent and ancillary rights as if such determination were a Special Resolution passed pursuant to Section 494 of the Act.

(c) In case any Shares to be divided as aforesaid involve a liability to calls or otherwise any person entitled under such division to any of the said Shares may within ten days after the passing of the Special Resolution by notice in writing direct the Liquidator to sell his proportion and pay him the net proceeds and the Liquidator shall, if practicable act accordingly.

Right of shareholders in case of sale

203. A Special Resolution sanctioning a sale to any other Company duly passed pursuant to Section 494 of the Act may subject to the provisions of the Act in like manner as aforesaid determine that any Shares or other consideration receivable by the liquidator be distributed against the Members otherwise than in accordance with their existing rights and any such determination shall be binding upon all the Members subject to the rights of dissent and consequential rights conferred by the said sanction.

Directors and others right to indemnity

204. Subject to the provisions of Section 201 of the Act, every Director of officer, or servant of the Company or any person (whether an officer of the Company or not) employed by the Company as Auditor, shall be indemnified by the Company against and it shall be the duty of the Directors, out of the funds of the Company to pay all costs, charges, losses and damages which any such person may incur or become liable to pay by reason of any contract entered into or any act, deed, matter or thing done, concurred in or omitted to be done by him in any way in or about the execution or discharge of his duties or supposed duties (except such if any as he shall incur or sustain through or by his own wrongful act, neglect or default) including expenses, and in particular and so as not to limit the generality of the foregoing provisions against all liabilities incurred by him as such Director, officer or Auditor or other office of the Company in defending any proceedings whether civil or criminal in which judgment is given in his favour, or in which he is acquitted or in connection with any application under Section 633 of the Act in which relief is granted to him by the Court.

Director, officer not responsible for acts of others

205. Subject to the provisions of Section 201 of the Act no Director, Auditor or other officer of the Company shall be liable for the acts, receipts, neglects, or defaults of any other Director or officer or for joining in any receipt or other act for conformity or for any loss or expenses happening to the Company through the insufficiency or deficiency of the title to any property acquired by order of the Directors for 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 for any loss or damages arising from the insolvency or tortuous act of any person, firm or Company to or with whom any moneys, securities or effects shall be entrusted or deposited or any loss occasioned by any error of judgment, omission, default or oversight on his part or for any other loss, damage, or misfortune whatever shall happen in relation to execution of the duties of his office or in relation thereto unless the same shall happen through his own dishonesty.

SECTION X – OTHER INFORMATION

1. Material Contracts and Documents for inspection

The following Contracts (not being contracts entered into in the ordinary course of business carried on by the Company or entered into more than two years before the date of this Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by our Company. These Contracts, copies of which have been attached to the copy of the Red Herring Prospectus, to be delivered to the Registrar of Companies, Kerala for registration and also the documents for inspection referred to hereunder, may be inspected at the registered office of the Company from 10.00 am to 4.00 pm on working days from the date of this Red Herring Prospectus until the Bid/Issue Closing Date.

Material Contracts

1. Memorandum of Understanding dated 27th September, 2007 between our Company and the Book Running Lead Manager i.e. Anand Rathi Securities Limited.
2. Memorandum of Understanding dated 1st October, 2007 entered into by our Company with Intime Spectrum Registry Limited, to act as the Registrar to the Issue.
3. Letter from our Company dated 1st June, 2007 appointing Anand Rathi Financial Services Limited (formerly known as Anand Rathi Securities Limited, the name had been changed w.e.f 29th January, 2008) as the Book Running Lead Manager.
4. Letter from our Company dated 3rd August, 2007 appointing Intime Spectrum registry Limited as the Registrars to the Issue.
5. Escrow Agreement 21st January, 2008 amongst Escrow Collecting Banks, BRLM, our Company, and the Registrar to the Issue.
6. Syndicate Agreement dated 19th January, 2008 amongst BRLM, Syndicate Members and our Company.
7. Underwriting Agreement dated 27th February, 2008 amongst BRLM, the Registrar, Syndicate Members and our Company.
8. Copies of quotations obtained for capital equipment.

Material Documents

1. Memorandum and Articles of Association of our Company as amended from time to time.
2. Our Certificate of incorporation dated 12th February, 1996 in the name of V-Guard Industries Limited.
3. Fresh Certificate of Incorporation dated 15th November 2001 in the name of V-Guard Industries Private Limited and Fresh Certificate of incorporation consequent upon change of name from “V-Guard Industries Private Limited” to “V-Guard Industries Limited” dated 1st August, 2007.
4. Resolution passed by the Board of Directors of our Company on 29th May, 2007 and by the shareholders of the Company at the AGM held on 16th July, 2007 pursuant to Section 81 and other applicable provisions of the Companies Act, 1956.
5. Copy of the tax benefit report dated 17th October from the Statutory Auditors in this case being M/s Deloitte Haskins & Sells.
6. Report of statutory Auditors M/s. Deloitte Haskins & Sells, Chartered Accountants dated 17th October, 2007 for financial statements mentioned in the Red Herring Prospectus alongwith the Annual Reports of our Company for the periods mentioned in the said report.

7. Consent of the Auditor for inclusion of his report on accounts of our Company with regard to tax benefits available to our Company and its members.
8. Consents of Auditor, Bankers to our Company, BRLM, Syndicate Members, Legal Advisor to our Issue, Directors, Company Secretary, Registrars, Escrow Collection Bankers, Compliance Officer as referred to, in their respective capacities.
9. Power of Attorney executed by the Directors of our Company in favour of Mr. Mithun Chittilappilly for signing and making necessary changes in the Offer Document.
10. Initial Listing application dated 19th November, 2007 and 19th November, 2007 filed with BSE and NSE respectively.
11. In principle listing approval dated 18th December, 2007 and 24th December, 2007 from BSE and NSE respectively.
12. Copy of Members Resolution dated 25th August, 2007 appointing Mr. Kochouseph Chittilappilly as Managing Director and other Wholetime Directors.
13. Legal Advisor certificate dated 16th November, 2007 regarding litigation and clearance of the Draft Red Herring Prospectus.
14. Legal Advisor's due diligence report dated 16th November, 2007.
15. Copy of Board Resolutions dated 16th August, 2007 constituting Audit Committee, Remuneration Committee, Share Transfer / Shareholders Grievance Committee and IPO Committee of the board.
16. Tripartite agreement between the NSDL, Company and Intime Spectrum registry Limited dated 16th January, 2008.
17. Tripartite agreement between the CDSL, Company and Intime Spectrum registry Limited dated 15th January, 2008.
18. Copies of agreements and letters received from State Bank of India, Standard Chartered Bank, Citi Bank, The Dhanalakshmi Bank Limited and Small Industries Development Bank of India sanctioning term loan and credit facilities to the Company.
19. Copy of the Board Resolution approving the Prospectus.
20. Due Diligence Certificate dated 19th November, 2007 to SEBI from Anand Rathi Securities Limited.
21. Extracts of market data used in this Prospectus with regard to Industry Information.
22. Copies of various approvals from Government/ other Statutory Authorities obtained by our Company.
23. Resolution of members of our Company passed at Annual General Meeting held on July 16, 2007 appointing M/s Deloitte Haskins & Sells, Chartered Accountants, as statutory auditors.
24. Copies of the forms alongwith the relevant resolutions regarding increase in the Authorised Share Capital.
25. Statutory Auditors certificate dated 14th January, 2008 regarding sources and deployment of funds as on 31st December, 2007.
26. Copies of ISO Certifications by Det Norske Veritas.
27. SEBI observation letter no. CFD/DIL/ISSUES/SM/113357/2008 dated 10th January, 2008.

28. Copies of no objection certificates for proposed Initial Public Offer dated 18th August, 2007, 25th August, 2007, 31th August, 2007, 29th August, 2007 and 5th September, 2005 received from the bankers to our company viz State Bank of India, Standard Chartered Bank, Citi Bank, The Dhanalakshmi Bank Limited and Small Industries Development Bank of India respectively.
29. Copy of the distributor agreement dated 1st August, 2006 with M/s Penuvel Agencies for distribution of PVC cables manufactured by our company.
30. Copy of the Assignment deed dated 12th November, 2007 between Mr. Kochoseph Chittilappilly and V-Guard Industries Limited assigning the trademarks in the favour of V-Guard Industries Limited.
31. Copy of the lease cum sale agreement dated 11th June 2007 with Karnataka Industrial Areas Development Board (KIADB).
32. Consent from CRISIL Limited for inclusion of their name in this DRHP for as the IPO Grading Agency and for inclusion of their report in the form and context in which they appear in the Red Herring Prospectus and the Prospectus.
33. The IPO Grading Report

Any of the contracts or documents mentioned in this Prospectus may be amended or modified at any time, if so required, in the interest of our Company or if required by other parties, without reference to the shareholders, subject to compliance of the applicable laws.

2. DECLARATION

All the relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the guidelines issued by Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act 1992, as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act 1992 or the rules made thereunder or guidelines issued, as the case may be. All the said legal requirements connect with this said issue as also the guidelines, instructions etc. issued by SEBI, the Government and any other competent authority in this behalf have been duly complied with.

Our Company, the Directors of V-Guard Industries Limited, hereby declare and confirm that no information / material likely to have a bearing on the decision of the investors in respect of the Equity Shares issued in terms of this Prospectus has been suppressed / withheld and / or incorporated in the manner that would amount to misstatement / misrepresentation. Our Company further certifies that all the statements in this Prospectus are true and correct.

SIGNED BY:

Mr. P.G.R. Prasad

Chairman



Mr. Kizhakkayil Vijayan

Whole time Director



Mr. Krishna Iyer Ramaswamy

Director



Mr. T. Nandakumar

Chief Financial Officer



Place: Cochin

Date: 29.02.2008

Mr. Kochouseph Chittilappilly

Managing Director

X 

Mr. Mithun Kochouseph Chittilappilly

Executive Director

X 

Mr. Mr. C.J. George

Director

For 