

# RED HERRING PROSPECTUS

Dated January 3, 2008

Please read Section 60B of the Companies Act, 1956

(The Red Herring Prospectus will be updated upon filing with ROC)

100% Book Built Issue



## Cords Cable Industries Limited

(Our Company was incorporated on October 21, 1991 as Cords Cable Industries Private Limited. Our Company became Deemed Public Company by virtue of Section 43A (1A) of the Companies Act, 1956, with effect from July 1, 1997. Our Company became a Private Limited Company due to insertion of clause 11 to Section 43A on February 6, 2003 and was later converted into a Public Limited Company in the name and style of "Cords Cable Industries Limited" and a fresh Certificate of Incorporation was obtained on May 10, 2006)

**Registered & Corporate Office:** (Registration No. 55 - 46092) B-1 / A-26, Mohan Co-operative Industrial Estate, Mathura Road, New Delhi - 110 044

(The Registered Office of our Company was situated originally at C - 25, Lajpat Nagar - III, New Delhi - 110 024 and shifted with effect from March 1, 2005 to B-1 / A-26, Mohan Co-operative Industrial Estate, Mathura Road, New Delhi - 110 044) **Tel.:** +91-11-41676222, **Fax:** +91-11-26951196.

**Website:** www.cordscable.com; **Company Secretary and Compliance Officer:** Ms. Jyoti Dixit Gupta, **Email:** ipo@cordscable.com.

**PUBLIC ISSUE OF 30,85,000 EQUITY SHARES OF RS. 10/- EACH ISSUED FOR CASH AT A PRICE OF RS. [●] PER SHARE AGGREGATING RS. [●] LACS (THE "ISSUE") OF CORDS CABLE INDUSTRIES LIMITED ("OUR COMPANY" OR "THE ISSUER") INCLUDING EMPLOYEE RESERVATION OF 70,000 EQUITY SHARES OF RS. 10/- EACH AT A PRICE OF RS. [●] EACH FOR CASH AGGREGATING RS. [●] LACS AND THE NET ISSUE TO THE PUBLIC OF 30,15,000 EQUITY SHARES OF RS. 10/- EACH AT A PRICE OF RS. [●] EACH FOR CASH AGGREGATING RS. [●] LACS ("NET ISSUE TO PUBLIC"). THE ISSUE WOULD CONSTITUTE 27.00% OF THE FULLY DILUTED POST ISSUE PAID UP CAPITAL OF OUR COMPANY. THE NET ISSUE TO THE PUBLIC WOULD CONSTITUTE 26.38% OF THE FULLY DILUTED POST ISSUE PAID UP CAPITAL OF OUR COMPANY.**

**PRICE BAND: RS. 125 TO RS. 135 PER EQUITY SHARE OF THE FACE VALUE RS.10/- EACH.**

**ISSUE PRICE IS 12.5 TIMES THE FACE VALUE AT THE LOWER END OF THE PRICE BAND AND 13.5 TIMES THE FACE VALUE AT THE HIGHER END OF THE PRICE BAND.**

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

The Issue is being made through the 100% Book Building Process wherein upto 50% of the Net Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers (QIBs) (including 5% of the QIB portion specifically reserved for Mutual Funds). Further, atleast 15% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and atleast 35% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.

### RISK IN RELATION TO THE FIRST ISSUE

This being the first public issue of the Equity Shares of our Company, there has been no formal market for the Equity Shares of our Company. The face value of the Equity Shares is Rs. 10/- and the Issue Price is [●] times of the face value. The Issue Price (as determined by our Company, in consultation with the Book Running Lead Manager ("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 RISK

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

### COMPANY'S ABSOLUTE RESPONSIBILITY

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

### IPO GRADING

This Issue has been graded by Credit Analysis & Research Limited ("CARE") and has been assigned the CARE IPO Grade 3/5 indicating that the fundamentals of the Issuer are average. For more information on IPO Grading, please refer to Section "General Information" beginning on page 11.

### LISTING

The Equity Shares offered through this Red Herring Prospectus are proposed to be listed on The BSE and The NSE and our Company has received in-principle approvals of these Stock Exchanges for the listing of its Equity Shares pursuant to letters dated September 28, 2007 and October 17, 2007 respectively. For the purpose of this Issue, the designated Stock Exchange is BSE.

### BOOK RUNNING LEAD MANAGER

**Collins Stewart Inga**

**COLLINS STEWART INGA PRIVATE LIMITED**

A-404, Neelam Centre, Hind Cycle Road  
Worli, Mumbai - 400 030.

Tel: 91 22 2498 2937, 2498 2919

Fax: 91 22 2498 2956

Email: cords.ipo@csin.co.in

Website: www.csin.co.in

Contact Person: Ms. Roopa Parameswaran

### REGISTRAR TO THE ISSUE



**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: swapann@intimespectrum.com

Website: www.intimespectrum.com

Contact Person: Mr. Swapan Kumar Naskar

### ISSUE PROGRAM

**ISSUE OPENS ON : MONDAY, JANUARY 21, 2008**

**ISSUE CLOSES ON : THURSDAY, JANUARY 24, 2008**

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## DEFINITIONS AND ABBREVIATIONS

Term	Description
"Cords", "CCIL", "our Company", "the Company", "we", "us" or "Issuer"	Unless the context otherwise requires, refers to, Cords Cable Industries Limited, a public limited company incorporated under the Companies Act, 1956
CARE	Credit Analysis & Research Limited
Promoters	The promoters are: 1. Mr. Naveen Sawhney 2. Mr. D. K. Prashar 3. Mr. Rakesh Malhotra
Promoter Group	As defined in Explanation II of clause 6.8.3.2 of SEBI (Disclosure and Investor Protection) Guidelines, 2000 and amendments thereof
Promoter Group Company or "CIPL"	Cords India Private Limited, a private limited company incorporated under the Companies Act, 1956

## CONVENTIONAL / GENERAL TERMS

Term	Description
Articles/Articles of Association/ AoA	Articles of Association of Cords Cable Industries Limited
Board of Directors / Board	The Board of Directors of Cords Cable Industries Limited or a committee thereof unless otherwise specified
Companies Act / Act	The Companies Act, 1956 as amended from time to time
Depository	A company formed and registered under the Companies Act, 1956 (1 of 1956), and which has been granted a certificate of registration under sub-section (1A) of section 12 of the Securities and Exchange Board of India Act, 1992 (15 of 1992)
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depository Participant	A person registered as such under sub-section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992 (15 of 1992)
Directors	The directors of our Company, unless otherwise specified
FCNR Account	Foreign Currency Non-resident Account
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time, and the regulations framed there under
FII	Foreign Institutional Investor [as defined under FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000] registered with SEBI
Financial Year/Fiscal/FY	Period of twelve months ended March 31 of that particular year
Government / Gol	The Government of India
Indian GAAP	Generally Accepted Accounting Principles in India
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
Memorandum / Memorandum of Association/ MoA	Memorandum of Association of Cords Cable Industries Limited
Negotiable Instruments Act	Negotiable Instruments Act, 1881 as amended from time to time
Non Resident	A person who is not an NRI or an FII and is not a person resident in India
NRI / Non-Resident Indian	A person resident outside India who is a citizen of India or is person of Indian origin (as defined in Foreign Exchange Management (Deposit) Regulations, 2000
OCB / Overseas Corporate Body	A company, partnership firm, 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 irrevocable held by NRIs directly or indirectly as defined under Foreign Exchange Management (Deposit) Regulations, 2000
RBI Act	The Reserve Bank of India Act, 1934, as amended from time to time
Registered Office	The registered office of our Company is situated at B - 1 / A-26, Mohan Co-operative Industrial Estate, Mathura Road, New Delhi – 110 044
SCRA	Securities Contract (Regulation) Act, 1956, as amended from time to time
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time

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SEBI	The Securities and Exchange Board of India, constituted under the SEBI Act, 1992
SEBI Act	Securities and Exchange Board of India Act, 1992 as amended from time to time
SEBI DIP Guidelines / SEBI Guidelines	SEBI (Disclosure and Investor Protection) Guidelines, 2000, as amended, including instructions and clarifications issued by SEBI from time to time
SEBI Takeover Code/ SEBI Takeover Regulations	SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended from time to time

**ISSUE RELATED TERMS**

<b>Term</b>	<b>Description</b>
Allocation Amount	The amount payable by a Bidder on or prior to the Pay-in Date after deducting any Bid Amounts that may already have been paid by such Bidder.
Allotment	Allotment of Equity Shares of our Company to the successful Bidders pursuant to the public Issue
Allottee	The successful Bidder to whom Equity Shares are being issued.
Banker(s) to the Issue / Escrow Collection Banks	ICICI Bank Limited, Canara Bank and Standard Chartered Bank
Bid	An offer made during the Bidding Period by a prospective investor to subscribe to Equity Shares of our Company at a price within the Price Band, including all revisions and modifications thereto.
Bid Price/ Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder on submission of the Bid in the Issue.
Bid Closing Date / Issue Closing Date	The date after which the Syndicate Members will not accept any Bids for the Issue, which shall be notified in a widely circulated English national newspaper and a Hindi national newspaper being the newspaper circulated at a place where the registered office of our Company is situated.
Bid cum Application Form	The form in response to the terms of which the Bidder shall make an offer to purchase the Equity Shares of our Company and which will be considered as the application for allotment of the Equity Shares in terms of the Red Herring Prospectus
Bid Opening Date / Issue Opening Date	The date on which the Syndicate Members shall start accepting Bids for the Issue, which shall be the date notified in a widely circulated English national newspaper and a Hindi national newspaper being the newspaper circulated at a place where the registered office of our Company is situated.
Bidder / Investor	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus
Bidding Period / Issue Period	The period between the Bid / Issue Opening Date and the Bid / Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids
Book Building Process / Method	Book building route as provided under Chapter XI of the SEBI Guidelines, in terms of which, this Issue is being made
BRLM	Book Running Lead Manager to the Issue, in this case being Collins Stewart Inga Private 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 higher end of the Price Band, above which the Issue Price will not be finalized and above which no bids will be accepted
Cut-off price	The Issue Price finalized by our Company in consultation with the BRLM.
CSIN	Collins Stewart Inga Private Limited
Designated Date	The date on which the funds are transferred from the Escrow Account of our Company 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	Bombay Stock Exchange Limited
Draft Red Herring Prospectus	The Draft Red Herring Prospectus issued in accordance with Section 60B of the Act which does not contain complete particulars of the price at which the Equity Shares are offered and the size (in terms of value) of the Issue.
Employee/Employees	A permanent employee of our Company or a Director of our Company, who is

	<p>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 or Director as on one day before the Bid / Issue Opening Date.</p> <p>Explanation: For the purposes of this definition, employees who are on probation are deemed to be permanent employees of our Company, and hence eligible to Bid under the Employees Reservation Portion. Directors forming part of the Promoter Group shall not be allowed to participate in this Issue, including the Employee Reservation Portion</p>
Employee Reservation Portion	The portion of the Issue being a maximum of 70,000 Equity Shares of Rs.10/- each available for allocation to Employees
Equity Shares	Equity Shares of our Company of the face value Rs. 10/- each, unless otherwise specified in the context thereof
Equity Shareholders	Persons holding Equity Shares of our Company unless otherwise specified in the context thereof
Escrow Account / Escrow Collection Account	Account opened with the Escrow Collection Bank(s) for the Issue and in whose favour the Bidder will issue cheques or drafts in respect of the Bid Amount when submitting a Bid and the Allocation Amount paid thereafter
Escrow Agreement	Agreement entered into amongst our Company, the Registrar, the Escrow Collection Bank(s), the Syndicate Members and the BRLM for collection of the Bid Amounts and remittance of refunds, if any, of the amounts collected to the Bidders on the terms and conditions thereof.
Escrow Collection Bank (s)	The Banks, which are clearing members and registered with SEBI as Banker to the Issue, at which the Escrow Account will be opened.
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form
Floor Price	The lower end of the Price Band, below which the Issue Price will not be finalized and below which no Bids will be accepted
IPO Committee	IPO Committee means a committee of the Board constituting Mr. Naveen Sawhney, Mr. Rakesh Malhotra and Mr. D. K. Prashar.
Issue / Public Issue	Public Issue of 30,85,000 Equity Shares of Rs. 10/- each (including Employee Reservation Portion of 70,000 Equity Shares) for cash at the Issue Price of Rs. [●] aggregating to Rs. [●] lacs by our Company in terms of the Red Herring Prospectus.
Issue Account / Public Issue Account	In accordance with Section 73 of the Companies Act, 1956, an account opened with the Banker(s) to the Issue to receive monies from the Escrow Account for the Issue on the Designated Date
Issue Size	30,85,000 Equity Shares of our Company
Issue Price	The final price at which Equity Shares will be issued and allotted in terms of the Red Herring Prospectus, as determined 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 his / her Bid, being minimum 10% of the Bid Amount
Members of the Syndicate	The BRLM and Syndicate Members
Mutual Fund	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996.
Mutual Funds Portion	That portion of the Issue, being 5% of the QIB portion or 75,375 Equity Shares (assuming that the QIB portion is 50% of the Net Issue to Public) available for allocation on a proportionate basis to Mutual Funds only.
Net Issue to Public / Net Issue	The Issue less the reservation for the Employees under the Employees reservation Portion aggregating to 30,15,000 Equity Shares
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 exceeding Rs.100,000/-
Non-Institutional Portion	The portion of the Issue being atleast 15% of the Net Issue, i.e. 4,52,250 Equity Shares of Rs. 10/- each available for allocation to Non-Institutional Bidders
Pay-in Date	The last date for payment specified in the CAN sent to QIB Bidders as applicable

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Pay-in-Period	This term means: - i) with respect to Bidders whose payment has not been waived by the Syndicate and are therefore required to pay the maximum Bid Amount into the Escrow Account, the period commencing on the Bid / Issue Opening Date and extending until the Bid / Issue Closing Date and ii) with respect to Bidders whose payment has been initially waived by the Syndicate and are therefore not required to pay the Bid Amount into the Escrow Account on or prior to the Bid / Issue Closing Date, 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 of the price band) of Rs. 125 per Equity Share and the maximum price (cap of the price band) of Rs. 135 per Equity Share and includes revision thereof
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 Section 60 of the Act containing, inter alia, the Issue Price that is determined at the end of the Book Building Process, the size of the Issue and certain other information
Public Issue Account	Account opened with the Bankers to the Issue to receive monies from the Escrow Account on the Designated Date
Qualified Institutional Buyers or QIBs	Public financial institutions as specified in Section 4A of the 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 (subject to applicable law) with minimum corpus of Rs. 250 million and pension funds (subject to applicable laws) with minimum corpus of Rs. 250 million
QIB Portion	The portion of the Issue being not more than 15,07,500 Equity Shares of Rs. 10/- each at the Issue Price, available for allocation to QIBs
Red Herring Prospectus	The Red Herring Prospectus issued in accordance with Section 60B of the Act, which does not have complete particulars on the price at which the Equity Shares are offered and size of the Offer. The Red Herring Prospectus will be filed with the RoC at least three days before the opening of the Issue and will become a Prospectus after filing with the RoC after the pricing and allocation
Retail Individual Bidders	Individual Bidders (including HUFs and NRIs) who apply or Bid for securities of or for a value of not more than Rs. 100,000/-
Retail Portion / Retail Individual Portion	The portion of the Issue being atleast 35% of the Net Issue, i.e. a minimum of 10,55,250 Equity Shares of Rs.10/- each available for allocation to Retail Individual Bidder(s)
Registrar /Registrar to the Issue	Intime Spectrum Registry Limited
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Amount in any of their Bid cum Application Forms or any previous Revision Form(s).
Statutory Auditors / Auditors	Statutory auditors of our Company being M/s. Sharma Goel & Co.
Stock Exchanges	BSE and NSE
Syndicate	The BRLM and the Syndicate Members
Syndicate Agreement	The agreement dated [●] entered into among the Company, the BRLM and the other members of the Syndicate, in relation to the collection of Bids in this Issue
Syndicate Members	Enam Securities Private Limited, Intime Spectrum Securities Limited and ITI Financial Services Limited being intermediaries registered with SEBI and eligible to act as underwriters.
TRS or Transaction Registration Slip	The slip or document issued by the Syndicate to the Bidders as proof of registration of the Bid
Underwriters	BRLM and Syndicate Members
Underwriting Agreement	The agreement dated [●] between the Underwriters and our Company to be entered into on or after the Pricing Date



**INDUSTRY / COMPANY RELATED TERMS**

Abbreviation	Full Form
A/D	Analog / Digital
CKM	Core Kilometre
CNG	Compressed Natural Gas
CPSU	Central Public Sector Utility
DG	Diesel Generator
Dia	Diameter
ECC	Earth Continuity Conductor
ED	Electricity Department
FRLS	Flame Retardant Low Smoke
GI	Galvanized iron
HP	Horse Power
HT	High Tension
IT	Information Technology
KMS	Kilo Meters
KV	Kilo Volt
KVA	Kilo Volt Ampere
LT	Low Tension
MT	Medium Tension
MW	Mega Watt
PE	Polyethylene
PSU	Public Sector Undertaking
PVC	Poly Vinyl chloride
SEBs	State Electricity Boards
SSI	Small Scale Industry
STU	State Transmission Utility
XLPE	Cross Linked Polyethylene

**ABBREVIATIONS**

Abbreviation	Full Form
AGM	Annual General Meeting
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
AY	Assessment Year
BIS	Bureau of Indian Standards
BSE	Bombay Stock Exchange Limited
A/c	Account
CAGR	Compounded Annual Growth Rate
Capex	Capital Expenditure
CDSL	Central Depository Services (India) Limited
CFO	Chief Financial Officer
CTC	Cost to the Company
EBITDA	Earning Before Interest Tax Depreciation and Amortization
ECB	External Commercial Borrowing
ECS	Electronic Clearing Service
EGM	Extraordinary General Meeting
EPS	Earnings Per Share i.e. profit after tax divided by weighted average no. of outstanding Equity Shares at the year end
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999
FICCI	Federation of Indian Chambers of Commerce and Industry
FII(s)	Foreign Institutional Investors registered with SEBI
FIPB	Foreign Investment Promotion Board
FLC	Foreign Letter of Credit
FV	Face Value
HR	Human Resource
HUF	Hindu Undivided Family

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IPO	Initial Public Offering
IPP	Independent Power Producer
IPR	Intellectual Property Rights
ILC	Inland Letter of Credit
ISO	International Organization for Standardization
JV	Joint Venture
KMP	Key Managerial Personnel
LOA	Letter of Acceptance
MD	Managing Director
ML	Machinery Loan
MoU	Memorandum of Understanding
N.A. or N/A	Not Applicable
NAV	Net Asset Value
NEFT	National Electronic Fund Transfer
NOC	No Objection Certificate
NR	Non-Resident
NRE Account	Non Resident External Account
NRI(s)	Non-Resident Indian(s)
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
OCC	Open Cash Credit
ODBD	Overdraft against Book Debts
P/E Ratio	Price / Earnings Ratio
PAN	Permanent Account Number
PAT	Profit After Tax
PP	Pre Payment
QIB	Qualified Institutional Buyer
RBI	The Reserve Bank of India
R&D	Research & Development
RoC	Registrar of Companies
RIICO	Rajasthan State Industrial Development & Investment Corporation Limited
RONW	Return on Net Worth
Rs. / Rupees / INR	Indian Rupees
RTGS	Real Time Gross Settlement
Sec.	Section
UIN	Unique Identification Number
USD or \$ or US \$	United States Dollar
VAT	Value Added Tax



## PRESENTATION OF FINANCIAL AND MARKET DATA

The financial data in this Red Herring Prospectus is derived from our restated financial statements prepared in accordance with Indian GAAP and included in this Red Herring Prospectus. Our fiscal year commences on April 1 and ends on March 31 of the next year, so all references to a particular fiscal year are to the twelve month period ended March 31 of that year. In this Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off.

Throughout this Red Herring Prospectus, all figures have been expressed in lacs, unless otherwise stated.

All references to "India" contained in this Red Herring Prospectus are to the Republic of India. All references to "Rupees" or "Rs." are to Indian Rupees, the official currency of the Republic of India. All references to "US\$" , "USD" or "US Dollars" are to the United States Dollars, the official currency of the United States of America.

The various sources / reports that have been referred to and used for the purposes of this Red Herring Prospectus are:

1. RBI monthly Bulletin, May 2007.
2. Department of Industrial Policy & Promotion annual report 2004-05, 2005-06 and 2006-07
3. Economic Survey 2006-07
4. Website of Ministry of Finance
5. Website of Ministry of Power
6. Report of the working group on power for XI<sup>th</sup> plan
7. Report of Committee on Financing of Power Sector during X<sup>th</sup> & XI<sup>th</sup> plan.
8. Website of Committee on Infrastructure
9. Union Budget 2007-08-02
10. Website of FICCI
11. Website of Ministry of Steel and Confederation of Indian Industry

Unless stated otherwise, macroeconomic and industry data used throughout this Red Herring Prospectus has been obtained from publications prepared by Government sources, industry sources and data generally available in the public domain. Such publications generally state that the information contained therein 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 that industry data used in this Red Herring Prospectus is reliable, it has not been independently verified.

**FORWARD-LOOKING STATEMENTS**

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

Actual results may differ materially from those suggested by the forward looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to, our ability to successfully implement our strategy, growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India which have an impact on our business activities or investments, the monetary and interest rate policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic and foreign laws, regulations and taxes and changes in competition in the industry.

For further discussion of factors that could cause our actual results to differ, see the section entitled “Risk Factors” beginning on page ix of this Red Herring Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither we nor the members of the Syndicate, nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, we 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.

## RISK FACTORS

*An investment in equity shares involves a high degree of risk. Investors should carefully consider all of the information in this Red Herring Prospectus, including the risks described below before making investment in our Equity Shares. If any of the following risks actually occur, our business, financial condition and results of operations could suffer, the trading price of our Equity Shares could decline and the investor may lose all or part of their investment.*

*The Red Herring Prospectus also contains Forward-looking Statements that involve risk and uncertainties. Our actual results could differ materially from those anticipated in these Forward-looking Statements as a result of certain factors, including the considerations described below and elsewhere in this Red Herring Prospectus.*

*Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implications of any of the risks described in this section.*

### INTERNAL RISK FACTORS

#### 1. There are certain outstanding litigations against our Company that could have a material effect on our business and our profitability.

Certain litigations are outstanding against our Company initiated either by us or against us. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. We can give no assurance that these legal proceedings will be decided in our favour. Any adverse decision in any of these litigations may adversely affect our business and results of operations.

A classification of the legal proceedings and the amount involved in these cases is given in the following table:

NATURE OF LEGAL PROCEEDINGS	TOTAL NUMBER OF PENDING CASES/SHOW CAUSE NOTICES/SUMMONS	REMARKS/AMOUNTS INVOLVED
Criminal	1	Filed by our Company. Total financial exposure for our Company is Rs. 2.17 lacs
Civil	1	Filed by our Company. Total financial exposure for our Company is Rs. 9.91 lacs
Central Excise	7	Filed against our Company. Total Financial Exposure for our Company is Rs. 116.78 lacs.
Company Law	1	Total financial exposure may be Rs. 500/- for every day during which the default continues.
Income tax	1	Total Exposure for our Company: Rs. 6542/-

For further details, please refer to the section titled "Outstanding Litigations and Material Developments" beginning on 129 of this Red Herring prospectus.

#### Notices received by our Company are as follows:

No. of Notices	Amount claimed / Remarks
3	<p>Our Company has received a letter from the Directorate General of Central Excise Intelligence, seeking information on applicability of service tax on ECB facility availed from recognised international financial institution. Our Company has submitted its reply vide letter dated August 20, 2007. No further proceeding has taken place in the matter.</p> <p>Our Company received a letter from the Office of the Assistant Commissioner, Central Excise Division, Bhiwadi, advising us to file a declaration in respect of job workers under notification no. 214/86-CE. We have filed the declaration on July 31, 2007.</p>

	Our Company received a letter from the Office of the Assistant Commissioner, Central Excise Division, Bhiwadi, requesting us to provide details of Cenvat Credit taken by us on the documents issued by Kashish Products Impex Private Limited from April 2002 to March 2006. We have done the needful.
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**2. CIPL, our Promoter Group Company is a party to certain legal proceedings.**

CIPL, our Promoter Group Company has certain income tax appeals pending against it. We can give no assurance that these legal proceedings will be decided in favour of CIPL. Any adverse decision may indirectly affect our business and results of operations. A summary of the case is given below:

Nature of legal proceedings	Number of pending cases	Amount involved
Income tax	2	Rs. 12.74 lacs

For Further details, please refer to the section titled "Outstanding Litigations and Material Developments" beginning on page 129 of this Red Herring prospectus.

**3. Cords India Private Limited (CIPL) our Promoter Group Company is authorised to carry on similar business as that of our Company. At present no activities are being carried out by CIPL. However in future there may be a possibility of conflict of business.**

The object clause as contained in the Memorandum of Association of our Promoter Group Company permits it to carry on the business, which at present is carried on by our Company. In case our Promoter Group Company commences such activities there would be a conflict of interest. However, at present no business activity is being carried out by our Promoter Group Company.

**4. We are heavily dependent upon the growth prospects of the industries, which consume our products. Any slowdown in the rate of growth of these industries would seriously impact our own growth prospects and may result in decline in profits.**

The products manufactured by us find application in various industries such as power, cement, steel, chemicals & fertilisers, refineries and a few other industries. The major demand for our products arises primarily due to requirements of these user industries. While recently all the user industries are witnessing robust growth, any downward trend in any of these industries can affect our turnover and profitability.

**5. Approximately 52.75 % of our revenues is derived from our top 10 clients. Loss of any one or more of these clients may adversely affect our business.**

The revenues from our top 10 customers constitutes approximately 52.75% of our revenues. Any change in the buying pattern of these clients due to decline in our quality standards, after sales service and growing competition or for any other reason may adversely impact our ability to retain these customers. The loss of our major customers or a decrease in the volume of cables sourced from us may adversely affect our revenues and profitability.

**6. Volatility of raw material prices may have a negative impact on the financial performance of our Company.**

Our basic raw material is copper, which constitutes almost 50% to 70% of our overall cost depending upon the type of cable. In the recent past, there have been wide fluctuations in the price of copper both at domestic and international markets. Such fluctuations in raw material prices and our inability to negotiate an optimum market rate may affect our profitability. Any abrupt or large-scale escalation in the prices of the raw materials can adversely affect our profits in short run, in case we are unable to pass them on to our customers, save to the extent hedged through forward bookings or commodity exchange bookings.

**7. Our success depends upon the performance of our key personnel and our ability to retain them. Loss of any of them will affect the growth and operations of our business**

We depend significantly on the expertise, experience and continued efforts of our key management and other personnel. Our future performance may be affected by any disruptions in the continued service of these persons. There is a dearth of managerial talent, including key managerial personnel, with related business experience. The loss of members from our key managerial personnel may impact our ability to maintain and grow our business.

**8. Any delay in timely delivery of our products will adversely impact our relations with the clients.**

At the time of taking orders we usually anticipate the time that would be required in designing, manufacturing and delivery of the products. Any delay in actual implementation would delay the delivery of the product which will adversely impact our relation with the clients.

**9. Our registered office and factory premises are leased; non renewal of such lease can adversely impact our business.**

The registered office of our Company has been taken on lease from our Promoters for a period of 11 months. The lease for the open space on the front portion of ground floor, first floor and second floor of the property commenced on January 2, 2007, the lease for the furnished part of the ground floor commenced on July 1, 2007 and the lease for a part of the basement commenced on August 29, 2007.

The existing manufacturing unit at Chopanki, Rajasthan is taken on lease for a period of 99 years from RIICO. Lease deed for plot no. A-525 and E-519 will expire on October 25, 2101, for plot no. E-518 will expire on November 10, 2103 and for plot no. E-520 will expire on February 2, 2104.

For our proposed project, we have taken a plot bearing no. Sp2-876 & 877 at Pathredi, Rajasthan, on lease for a period of 99 years from RIICO vide a allotment letter dated May 31, 2007 with a condition that we will have to enter into the lease agreement by September 30, 2007. Accordingly, we have entered into a lease agreement with RIICO on September 28, 2007 for a period of 99 years.

Any non-renewal of the existing lease may force us to incur substantial expenditure in relocating our facilities. This may lead to loss of business for the period during which our facilities are being relocated.

**10. We have not entered into any long term supply contracts for raw materials. Non availability of raw materials may affect our business operations**

We have not entered into any long term supply contracts for raw materials. Non-availability of required raw materials in desired quantity and quality at the required time may adversely affect our production process, ability to deliver orders in time and our business performance.

**11. We have issued Equity Shares in past one year before the date of filing of this Red Herring Prospectus and the price of such issuances is lower than the Price Band of Rs. 125-135 per share.**

The following table shows the details of allotment of Equity Shares during the last 12 months:

Date of Allotment	Name of the Allottee	No. of Equity Shares	Issue Price (Rs. per share)	Nature of consideration
December 7, 2007	Mr. Jagdish N Master	1,50,000	101/-	Cash
December 7, 2007	Mr. Bharat K Sheth	1,25,000	101/-	Cash
December 7, 2007	Mr. Ravi K. Sheth	1,25,000	101/-	Cash
December 7, 2007	Ms. Prabha Somani	10,000	101/-	Cash
December 7, 2007	Mr. H. L. Somani	5,000	101/-	Cash
July 3, 2007	Ms. Parvesh Gandotra	35,000	65/-	Cash
July 3, 2007	Mr. Prashant Desai	70,000	65/-	Cash
July 3, 2007	Eternity Polymers Ltd.	35,000	65/-	Cash
July 3, 2007	Mr. Nikhil K. Gholani	30,000	65/-	Cash
July 3, 2007	Mr. Ajay Dilkhush Sarupria	70,000	65/-	Cash
July 3, 2007	Mr. Naishadh Paleja	55,000	65/-	Cash
July 3, 2007	Mr. Manish Suresh Shah	35,000	65/-	Cash
July 3, 2007	Mr. Bhushan Vijaysinh Gajaria	15,000	65/-	Cash
July 3, 2007	Dinesh Chandra Shahra H.U.F	100,000	65/-	Cash

Date of Allotment	Name of the Allottee	No. of Equity Shares	Issue Price (Rs. per share)	Nature of consideration
July 3, 2007	Mr. Rajesh P. Maru	25,000	65/-	Cash
July 3, 2007	Mr. Lashit Sanghvi	230,000	65/-	Cash
July 3, 2007	Mr. Hiren Ved	50,000	65/-	Cash
July 3, 2007	Mr. Ashwin Kedia	50,000	65/-	Cash
July 3, 2007	Ms. Jyoti Bhupendra Mehta	35,000	65/-	Cash
July 3, 2007	Rasvick Apparels Private Limited.	35,000	65/-	Cash
July 3, 2007	Ms. Seema Sharma	40,000	65/-	Cash
July 3, 2007	Mr. Laxmikant D Thakker	25,000	65/-	Cash
July 3, 2007	Mr. Narendra V Shethia	20,000	65/-	Cash
July 3, 2007	Mr. Shashikant D Thakker	25,000	65/-	Cash
July 3, 2007	Mr. Hawa Bilkis Zubair	1,00,000	65/-	Cash
July 3, 2007	Ms. Vimala Devi	1,00,000	65/-	Cash
July 3, 2007	Dharm Vir Gupta HUF	10,000	65/-	Cash
July 3, 2007	SGC Services Pvt. Ltd.	38,500	65/-	Cash
July 3, 2007	Mr. Nikhil Kishore Vora	1,00,000	65/-	Cash

**12. We rely on the services of other parties to whom a part of our manufacturing process is outsourced. Lack of performance by such parties can affect our operations.**

Certain process of our manufacturing activities such as wire drawing is partially outsourced to other parties. Our product is dependent on the availability and skill of these parties as well as contingencies affecting them including labour, raw material, etc. If the parties do not complete our order timely or satisfactorily, our costs could increase and our reputation, business, results of operations, and financial condition could be adversely affected.

**13. Dispute in the area of plot no. E-520 allotted at Chopanki, Rajasthan.**

Our Company was allotted industrial land bearing plot no. E-520 in Industrial Area, Chopanki, Bhiwadi, Rajasthan measuring 5400 sq. mt. @ Rs. 600/- per sq. mt. by RIICO Ltd. vide allotment letter No. 7912 dated February 26, 2005 for which our Company has paid the entire sum (based on 5,400 sq. mt) to RIICO. However, the lease deed was executed on March 9, 2007 by RIICO for area measuring 3952 sq. mt. only and only an area measuring 3952 sq. mt. was allotted. Our Company has taken up the matter with RIICO Ltd. and the final outcome of the matter is awaited

**14. Our Promoter Group will continue to have substantial voting power to influence corporate actions even after the completion of the Public issue.**

Upon completion of this Issue, our promoter group will continue to own 57.75% of our post Issue 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.

**15. Our future projection for our profitability is based on further expansion. Any delay in the expansion may affect our projected profitability and may limit our growth.**

Projections for our growth and profitability are based on our expansion. Any delay in receipt of IPO funds or delay in deploying those funds for further expansion may affect our future growth and profitability.

- 16. Many of the labours employed at our factory are contract labours. In case the Industrial Court or Tribunal directs us to absorb the contract labour on our payroll, the profits of our Company will be affected to that extent.**

We are registered as a principal employer under the Contract Labour (Regulation and Abolition) Act, 1970. However, on an application made by contract labourers, an Industrial court or Tribunal may direct that the contract labourers are required to be regularized or absorbed by our Company. Further, the State Government may prohibit employment of contract labour. If either of the above should occur, we may be required to induct such labourers on our payroll, as employees which may result in increased expenses.

- 17. Non renewal of the statutory and regulatory permits and approvals required to operate our business may have a material adverse effect on our business.**

Our Company has obtained or applied for all applicable statutory and regulatory permits, licenses and approvals to operate its business. In future, it will be required to renew such permits, licenses and approvals, and obtain new permits, licenses and approvals for any proposed new operations. While we believe that we will be able to renew or obtain such permits, licenses and approvals as and when required, there can be no assurance that the relevant authorities will issue or renew any of such permits, licenses or approvals in the time-frame anticipated by it or at all. Such non-issuance or non-renewal may result in the interruption of its operations and may have a material adverse effect on its business, financial condition and future results of operations.

- 18. Our existing manufacturing unit is geographically located at one place at Chopanki, Rajasthan. Any unrest or natural calamity in this unit can break down our operations which will adversely affect our operations**

Our manufacturing unit is located at Chopanki. As a result, any local social unrest, natural disaster or breakdown of services and utilities in that area could have an adverse effect on our business and results of operations.

- 19. We currently enjoy certain subsidies, which may not be available to us in the future. This may affect our results of operations.**

We are entitled to the State Government subsidy, which has enabled us to reduce our effective product cost. Our Company is entitled to claim 5% interest subsidy and 25% wages/employment subsidy which shall not exceed 50% of the State Sales Tax/VAT/CST, for a period of 7 years from Feb 11, 2004, under Rajasthan Investment Promotion Scheme, 2003 for interest and/or wage/employment subsidy. If the laws or regulations regarding these benefits were to change further, our cost of product may rise slightly, which would affect our financial results.

- 20. CIPL, our Promoter Group Company is a sick company and has incurred losses in the previous years.**

CIPL, our Promoter Group Company, has no business activity and is a sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985. However, there are no winding up or BIFR proceedings initiated against it. CIPL has also incurred losses in the past three financial years. The financial performance of CIPL is given below.

(Rs. thousands)

Particulars	For the year ended March 31, 2007	For the year ended March 31, 2006	For the year ended March 31, 2005
Net Profit / (Loss)	(9.69)	(0.73)	(9.03)

- 21. We had negative cash flows for the six months period ended September 30, 2007. Any negative cash flow in the future could affect our operations and financial conditions.**

We had negative cash flow from operating activities for the six months period ended September 2007 amounting to Rs. 76.79 lacs arising from increase in working capital requirement. Any negative cash flow in the future could affect our operations and financial conditions.



**22. We are subject to the restrictive loan covenants of Banks in respect of the term loans and working capital facilities availed from them.**

We would be subject to usual and customary restrictive covenants in agreements that we have entered into for the term loans and working capital facilities availed by us.

Following are some of the restrictive covenants which are material in nature for which we shall require consents of the Banks

- Our Company shall not undertake any new project or expansion without prior intimation to the lenders.
- Not to effect any material change in the control and management of our Company and the Promoter's should continue to hold at least 40% stake in our Company.
- Neither declare any dividend nor make any payments for redemption of Preference Shares without obtaining the prior written consent of the lenders if our Company fails to meet its obligations to pay interest and / or instalment or any other monies payable to lender
- Our Company shall not raise any term loans / debentures, incur major capital expenditure or make any investments either directly or through our subsidiaries, without the prior written approval of lenders.
- We shall not invest / lend / extend advances to group or subsidiary companies without prior written approval of lenders.
- We shall not issue corporate guarantee on behalf of our subsidiary or group companies, without prior written approval of lenders.

**23. We have given bank guarantees to our customers. In case the same is invoked, the financial position of our Company may get adversely affected.**

As on September 30, 2007 our Company has given Bank Guarantees to the tune of Rs. 2677.42 lacs to secure the advance payments received by us, materials procured by us and also for the performance of the supply contracts. In the event of invocation of all or some of the bank guarantees given by us at the same time, our financial position may be affected, which in turn will impact our business.

**24. We have high capital expenditure and working capital requirements. If we experience insufficient cash flows to meet required payments for our debt, working capital and capital expenditure requirements, there may be an adverse effect on our results of operations.**

We are operating in a capital intensive industry. Our ability to arrange financing and the cost of such financing are dependent on numerous factors, including general economic and capital market conditions, credit availability from financial institutions, state of capital markets, investor confidence and the continued success of our business. Our attempts to consummate future financings may not be successful or on favourable terms and failure to obtain financing on terms favourable to us could have an adverse effect on our business prospects and results of operations.

**25. Our Company may not have adequate insurance to cover all probable risks in its business operations. Loss on account of uninsured risks may affect the results of our operations.**

The business operations of our Company could result in personal injury and loss of life, damage to or destruction of property, plant and equipment and damage to the environment, and are subject to risks including fire, theft, flood, earthquakes and terrorism. Although our Company implements safety measures to reduce the risk of fire and thefts, it cannot eliminate these risks completely. It maintains insurance coverage to such amount and against such risks, which it believes, is in accordance with industry practice.

However, such insurance may not be adequate to cover all conceivable losses or liabilities that may arise from operations, and our Company may, in future, not be able to maintain insurance of the types or at levels which we deem necessary or adequate or at rates which we consider reasonable.

**26. Our operations may be adversely affected in case of industrial accidents at our manufacturing unit.**

There may be industrial accidents at our manufacturing unit, which could cause injury to our employees / workers, other persons on the site and could also damage our properties thereby affecting our operations. Though our plants & machinery and personnel are covered under insurance, occurrence of any accidents could hamper our production schedules and consequently affect our profitability.

**27. Our operations could be seriously affected in case of industrial unrest at our manufacturing unit.**

We have a manufacturing unit located at Chopanki, Rajasthan. In case of industrial unrest and / or disruption in the day-to-day functioning of our unit we may face disruption in our production and consequent financial losses.

**28. Our contingent liabilities which have not been provided for could adversely affect our financial condition.**

As on September 30, 2007, contingent liabilities not provided for were as follows:

(Rs. lacs)

Particulars	As at September 30 2007
Bank guarantee Outstanding	2677.42
Corporate guarantees	1.52
Letter of credit	72.18
Excise Duty Matters	41.19
Sales Tax Matters	1.82
Service Tax Matters	--
Estimated amounts of contracts remaining to be executed on capital account and not provided for	537.06
Bill Factoring Liability	1777.90
<b>Total</b>	<b>5109.09</b>

**29. Our Promoters and Directors have interests other than reimbursement of expenses incurred or normal remuneration or benefits paid to them.**

Our Promoters and Directors are interested in our Company to the extent of their shareholding and agreements entered into with our Company in relation to lease of our existing Registered Office details of which are included under sub section titled "Interest of Directors" appearing on page 79 of this Red Herring Prospectus.

**30. We plan to grow both organically and through acquisitions. Such expansions will require additional funding for which we may incur further borrowings. Inability to procure such funding may delay our plans.**

We had a long term debt equity ratio of 0.97:1 as on September 30, 2007. To meet our funding requirements in the future, we may incur additional debt. This may result in a variation of the above debt equity ratio. Further, there is no assurance that we would be able to secure adequate borrowing and at attractive terms.

**31. We may not be able to sustain effective implementation of our business and growth strategy which may have an adverse effect on our business and results of operations.**

The success of our business will depend greatly on our ability to effectively implement our business and growth strategy. Whilst we have generally been successful in execution of our business strategy in the past, there can be no assurance that we will be able to execute our strategy on time and within the estimated budget in the future. If we are unable to implement our business and growth strategy, this may have an adverse effect on our business, financial condition and results of operations.

**32. Our Company's revenues and profits are difficult to predict and can vary significantly from quarter to quarter. This could cause our share price to fluctuate.**

Our Company's quarterly operating results fluctuate from quarter to quarter depending upon the buying pattern of our customers. Therefore, we believe that period-to-period comparisons of our results of operations are not necessarily meaningful and should not be relied upon as an indication of our Company's future performance. It is possible that in the future some of our Company's quarterly results of operations may be below the expectations of market analysts and our investors, which could lead to a significant decline of the share price of our Equity Shares.

**33. We may suffer losses on account of replacement of supplied products in case they fail to perform for the minimum duration guaranteed by us or performance financial guarantees given by us are invoked by our customers.**

We guarantee the performance of our products to some of our domestic and overseas clients. We may have to incur pecuniary liability in case the actual guaranteed performance of the products is not commensurate to the guaranteed performance.

**34. Our inability to bid for high value tenders may adversely affect our business.**

Due to our size, we may not be able to fulfil financial pre-qualifications required for very high value tenders. Some of our competitors have longer industry experience and greater financial, technical and other resources, which may enable them to bid for very high value tenders and we may not be able to compete with them for such projects.

**PROPOSED PROJECT**

**35. No bank or financial institution has appraised the objects of the issue for which the funds are being raised. The fund requirement mentioned under the Objects are based on Company estimates.**

In the absence of any appraisal by any bank or financial institution for the funds required by us, the cost of the proposed project as stated in the section titled "Objects of the Issue" are as per the estimates of our Company. We have appointed Canara Bank as our Monitoring Agency. In addition, the Audit Committee of our Company will also monitor the use of the proceeds of the Issue.

**36. Our Company has not placed any order for equipments required as a part of our expansion plan. Any price escalation of equipments will increase the total project cost.**

Our total requirement of equipments for our proposed expansion is valued at Rs. 2610 lacs which is 45.47% of the total cost of expansion. Our Company is yet to place any firm orders for the same. In case of any escalation in prices of these equipments, our total project cost will increase to that effect.

**37. Disbursement of ECB for the proposed expansion is contingent upon the successful completion of the Issue within the drawdown date. Any delay in the IPO will delay the disbursement which may have an impact on our proposed plans.**

One of the conditions for disbursement of the ECB from ICICI Bank is that out of the total sanctioned amount of USD 5.60 million, USD 2.50 million would be disbursed before IPO and balance would be disbursed on the successful completion of the IPO. The final date by which the amount can be drawn shall not be beyond March 25, 2008. Amounts remaining undrawn as on March 25, 2008 shall be cancelled. In case there is a delay in the IPO, the disbursement of funds may be delayed / cancelled, which in turn may adversely impact the proposed expansion plan of our Company

**38. Non receipt of any regulatory or government approval will affect our proposed projects.**

Our Company has yet to apply for the regulatory approvals required in line with its expansion plan. Some of the approvals required by our Company for its expansion plan are stated below:

1. Registration and License from the Rajasthan State Government to work as a Factory.
2. Clearance from the Department of Industrial Licensing.

3. Certificate of Registration from the Central Excise Department.
4. Certificate of Registration from the Sales Tax Department.
5. Clearance from the State Pollution Control Board under Water (Prevention & Control of Pollution) Act, 1974 and Air (Prevention & Control of Pollution) Act, 1981.
6. Registration under Employees State Insurance and Employees Provident Fund Scheme of the Government.
7. Certificate of Registration for employing Contract Labour from the Labour Department, State of Rajasthan under the Contract Labour (Registration and Abolition) Act 1970.

Failure to obtain these approvals will impact our growth plans and be detrimental to our business

**39. Delay in the implementation of the proposed projects, may lead to cost over-runs.**

Delays in the scheduled implementation of the proposed project for any reason, including delays in receipt of government approvals or delays in delivery of equipment by suppliers, could result in cost over run which in turn will require additional funds and will impact the overall profitability of our Company.

**40. Our expansion plans may not yield the benefits actually intended.**

Our expansion plans are based on feasibility study done by our Company and internal estimates. Actual market conditions may vary from these estimates and therefore may not yield the returns intended. For further details please refer to section titled 'Objects of the Issue' on page 26 of this Red Herring Prospectus.

**41. Inability/delay in enhancing the working capital limits may affect the operations of our Company.**

Our Company has not yet entered into any tie-ups for working capital required for the proposed project. However we have an in-principle approval from ICICI Bank to fund our working capital requirements upon successful completion of our project.

**42. No experience in the manufacture and marketing of HT cables and Rubber cables. We may have to face cost overruns and competition.**

At present we manufacture LT cables upto 1.1 KV. Our Company has no prior experience of manufacturing and marketing of HT cables and Rubber cables, which we intend to manufacture post our expansion. There may be a possibility of cost overruns in the manufacturing activities and competition from the established and existing players in the industry.

**43. We do not have pre-qualification for HT cables and Rubber Cables and hence may face entry barriers.**

The major entry barriers for new players in our industry are getting pre qualifications on technical grounds as well as proven track record. This is a long drawn out process and needs substantial investment in terms of both time and money. Our Company has the pre-qualifications with respect to LT cables only. We do not have pre-qualifications for HT cables and Rubber cables which our Company intends to manufacture post expansion. We cannot assure you that our Company will get the necessary pre-qualifications and the time that that would be required to obtain such pre-qualifications.

**44. We may undertake strategic acquisitions to enhance our capabilities and address gaps in service verticals and geographic coverage, which may not be successful.**

We may pursue strategic acquisition opportunities to enhance our capabilities and address gaps in service verticals and geographic coverage. It is possible that we may not identify suitable acquisition or investment candidates or joint venture partners, or if we do identify suitable candidates or partners, we may not complete those transactions on terms commercially acceptable to us or at all. Further, the amount of funds required for acquisition and their deployment is uncertain. Pending any use of funds raised from the Issue, the proceeds from the Issue will be deployed as per details given in the Section titled 'Objects of the Issue' on page 26 of this Red Herring Prospectus.

The inability to identify suitable acquisition targets or investments or joint ventures or the inability to complete such transactions may adversely affect our competitiveness or our growth prospects.

If we acquire another company, we could have difficulty in assimilating that company's personnel, operations and technology. In addition, the key personnel of the acquired company may decide not to work with us. In some cases, we could have difficulty in integrating the acquired products, services or technologies with our operations. These difficulties could disrupt our ongoing business, distract our management and employees and increase our expenses thus adversely impacting our business, revenues and profitability.

## **EXTERNAL RISK FACTORS**

### **45. A slowdown in economic growth in India could cause our business to suffer.**

Industrial investment is fallout of strong economy and positive outlook of economic growth. However, if economic growth slows down, then we may witness investment plans by corporate getting shelved. This is also one of the concerns for our business as lot of demand comes from this sector.

Although Indian economy has shown sustained growth over the last few years and according to the advance estimates released by the Central Statistical Organisation (CSO), real Gross Domestic Product (GDP) growth is expected to accelerate from 7.5 per cent in 2004-05 and 9.0 in 2005-06 to 9.2 per cent in 2006-07. Any slowdown in the Indian economy could adversely affect the spending capacity of our customers and could adversely affect our financial performance. (Source: <http://www.rbi.org.in>)

### **46. We face competition from existing and new entrants, which in turn can adversely affect our margins.**

As the market is expanding, smaller players are getting larger orders which will enable them to compete with existing large players, which will going forward increase competition. Presently, there are very few players competing for large orders, however over next couple of years, once various small producers start building up prequalification's, the competition in this space could intensify. This could result in margins coming under pressure.

### **47. An investor may face volatility in prices or may be affected by an inactive market for the Equity Shares.**

After this Issue, the price of our Equity Shares may be highly volatile, or an active trading market for our Equity Shares may not develop. The prices of our Equity Shares on the Stock Exchanges may fluctuate as a result of several factors, including:

- Volatility in the Indian and global securities market;
- Our results of operations and performance, in terms of market share;
- Performance of the Indian economy;
- Changes in Government policies;
- Changes in the estimates of our performance or recommendations by financial analysts;
- Perceptions about our future performance or the performance of our industry segments;
- Performance of our Company's competitors and market perception of investments in the industry segments that we currently operate in;
- Adverse media reports on our Company or our industry segments;
- Changes in the applicable tax incentives;
- Significant developments in India's economic liberalization and deregulation policies; and
- Significant developments in India's fiscal and environmental regulations.

### **48. We operate in a highly regulated environment where government policies, laws and regulations affecting our business and the user industries could adversely affect our operations and our profitability.**

We are governed by various regulations which impose on us additional costs and delays which affect our business and results of operations. The end users of our products are also governed by various regulations and policies and any unfavourable regulatory change can impact their operations which in turn could affect our business and profitability.

**49. We operate in a highly competitive market, which could effect our growth.**

The Indian Cable market is highly competitive with a large number of cable manufacturers. Some of our competitors have longer industry experience and greater financial, technical and other resources, which may enable them to react faster to trends and changes in customer demand. Growing competition may result in a decline in our market share and force us to reduce our margins and revenues. We face severe competition from the Indian as well as the international manufacturers. In the domestic market there is stiff competition from organized as well as unorganized sector. International competition arises from the high value of cables that we import. India imported wires and cable of value around Rs. 1551.40 crore in 2005-06 (Source: <http://www.dipp.nic.in>).

**50. Any further issuance of Equity Shares by our Company or sale of Equity Shares by any significant shareholders may adversely affect the trading price of our Equity Shares.**

Any future issuance of Equity Shares by our Company could dilute shareholding of the investors. Any such future issuance of our Equity Shares or sale of our Equity Shares by any of our significant shareholders may also adversely affect the trading price of our Equity Shares, and could impact our ability to raise capital through an offering of our securities. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of our Equity Shares.

**51. We are subject to risks arising from exchange rate fluctuation.**

Uncertainties in the global financial markets may have an adverse impact on the exchange rate between Rupee vis-à-vis other currencies. The exchange rate between Rupee and other currencies is variable and may continue to remain volatile in future depending upon the foreign exchange reserve position of India. Fluctuations in the exchange rates may have a serious impact on the revenues from our export business. Any depreciation of Rupee against other currencies may have an adverse impact on our business cost as our ECB is sanctioned in US Dollar. Accordingly, any adverse fluctuation in the exchange rate between Rupee and other currencies may adversely affect our financial position and results of operation.

**52. In case of any cross-border tension with any neighbouring countries the international business of our country will be affected which in turn will affect the business of our Company.**

South Asia has, from time to time, experienced instances of civil unrest and hostilities among neighbouring countries, such as between India and Pakistan. Military activity or terrorist attacks in the future could influence the Indian economy. This could have a material adverse effect on the market for securities of Indian companies, including the Equity Shares.

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

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

**54. Changes in Government policies and political situation in India may have an adverse impact on the business and operations of our Company.**

Since 1991, the Government of India has pursued policies of economic liberalization, including relaxing restrictions on the private sector. We cannot provide any assurance that the process of liberalization will be sustained in future. There could be a slowdown in the pace of economic development. The rate of economic liberalization could change, specific laws and policies could change, foreign investment, currency exchange rates and other matters affecting investment in our securities could change as well. Any such change may have an adverse impact on our business.

**55. Political, economic, social developments in India could adversely affect our business.**

All our facilities and other assets are located in India and all of our Officers and Directors are resident in India. Our operations and financial results and the market price and liquidity of our Equity Shares may be

affected by changes in the Indian Government policy or taxation or social, ethnic, political, economic or other developments in or affecting India. India has also witnessed civil disturbances in recent years. While these civil disturbances did not directly affect our operations, it is possible that future civil unrest as well as other adverse social, economic and political events in India could have an adverse impact on us.

**56. Statutory taxes and other levies may affect our margin in the event of our inability to factor such expense in our trading margin.**

Any increase in taxes and / or levies, or the imposition of new taxes and / or levies in the future, may have a material adverse impact on our business results of operations and financial condition.

**57. Risk arising from changes in the interest rates and banking policy.**

Our Company is subject to risk arising from changes in interest rates and banking policy. We are dependent on various banks and financial institutions for arranging our working capital requirements, term loans, etc. Accordingly, any change in the extant banking policy or increase in interest rates may have an adverse impact on our Company's profitability.

**NOTES TO RISK FACTORS**

1. Public Issue of 30,85,000 Equity Shares of Rs. 10/- each at a price of Rs. [●] for cash aggregating Rs. [●], including employee reservation of 70,000 Equity Shares of face value of Rs. 10 each at a price of Rs. [●] for cash aggregating Rs. [●]. The Net Issue to the public will constitute 26.38% of the post issue paid-up capital of our Company.
2. The net worth of our Company as on September 30, 2007, March 31, 2007 and March 31, 2006 was Rs. 2833.72 lacs, Rs. 1410.59 lacs and Rs. 904.56 lacs respectively as per our restated financial statements under Indian GAAP.
3. The NAV per Equity Share of Rs. 10 each was Rs. 24.17 as on March 31, 2006, Rs. 21.38 as on March 31, 2007 and Rs. 39.07 as on September 30, 2007, as per our restated financial statements under Indian GAAP.
4. The average cost of acquisition of Equity Shares of our Company by our promoters, Mr. Naveen Sawhney is Rs. 5.56, Mr. D.K. Prashar is Rs. 5.85 and Mr. Rakesh Malhotra is Rs. 5.86 per Equity Share of Rs. 10 each.
5. Trading in Equity Shares of our Company shall be in dematerialized form only.
6. Any clarification or information relating to the issue shall be made available by the BRLM and our Company to the investors at large and no selective or additional information would be available for a section of investors in any manner whatsoever.
7. Investors may contact the BRLM and the Syndicate Members for any complaints, information or clarification pertaining to the Issue. For contact details of the BRLM, please refer to the cover page of this Red Herring Prospectus.
8. For details on Related Party Transactions refer to the chapter titled "Related Party Transactions" on page 89 of this Red Herring Prospectus.
9. For interest of our Promoters and Directors, please refer to sections titled "Our Promoters", "Our Promoter Group Company", "Our Management" and "Financial statements" beginning on Pages 85, 86, 72 and 91 respectively of this Red Herring Prospectus.
10. Except as disclosed in the sections titled "Our Promoters", "Our Promoter Group Company", "Our Management", none of our Promoters, our Directors and our key managerial employees have any interest in our Company except to the extent of remuneration and reimbursement of expenses and to the extent of the Equity Shares held by them or their relatives and associates or held by the companies, firms and trusts in which they are interested as directors, member, partner or trustee and to the extent of the benefits arising out of such shareholding;



11. Investors are advised to refer to the paragraph on “Basis for Issue Price” on page 36 of this Red Herring Prospectus before making an investment in this offer and “Basis of Allotment” on page 171 of this Red Herring Prospectus for details of the allotment procedure.
12. The Issue is being made through a 100% Book Building Process wherein upto 50% of the Net offer will be allotted on a proportionate basis to QIBs, of which 5% shall be reserved for Mutual Funds. Further, not less than 15% of the Net Offer will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Offer will be available for allocation on a proportionate basis to Retails Individual Bidders, subject to valid bids being received at or above the Offer Price.
13. In the event of the offer being oversubscribed, the allotment shall be on a proportionate basis to Qualified Institutional Bidders, Retails Individual Bidders and Non-Institutional Bidders (Refer to the section titled “Basis of Allotment” on page 171 of this Red Herring Prospectus).

Under-subscription, if any, in the Employee Reservation Portion will be added back to the Net Issue to the Public, and the under subscription can be met with spill over from any other category at the discretion of our Company, in consultation with the BRLM.

## **SUMMARY**

### **INDUSTRY OVERVIEW**

#### **OVERVIEW OF THE INDIAN ECONOMY**

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: <http://www.rbi.org.in>)

#### **CABLE INDUSTRY IN INDIA**

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.

Historically, the demand in the Cable Industry has been characterized by its cyclical pattern. The sector witnessed sustained market depression during the period 1998-2003 and since then the industry is on the upswing.

Annual average growth of the Wire and Cable Industry during 2002-05 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: <http://www.dipp.nic.in>)

This growth pattern is likely to go on for next few years due to various favourable factors, such as Power Sector reforms, growth in other infrastructure sectors, high growth rate of Indian economy etc.

The wire and cable industry is de-licensed and eligible for automatic approval for Foreign Direct Investment up to 100 per cent. India exported wires and cables of value around Rs. 724.7 crore in 2005-06 against import of around Rs. 1551.4 crore in the same period. (Source: <http://www.dipp.nic.in>)

#### **NATURE OF INDIAN CABLE INDUSTRY**

Cable market is largely divided into two types of users: Industrial and Domestic. The Industrial users mainly comprise of Power, Communication, Cement, Steel, Railways & Petro-Chemicals sectors. Most of their demand is addressed by the organized sector.

At present the demand for household cables is largely being met by un-organized sector. However, domestic consumers' are also becoming quality conscious and there is a steady shift towards high end cables thereby benefiting the organized sector.

#### **CLASSIFICATION AND APPLICATION OF CABLES**

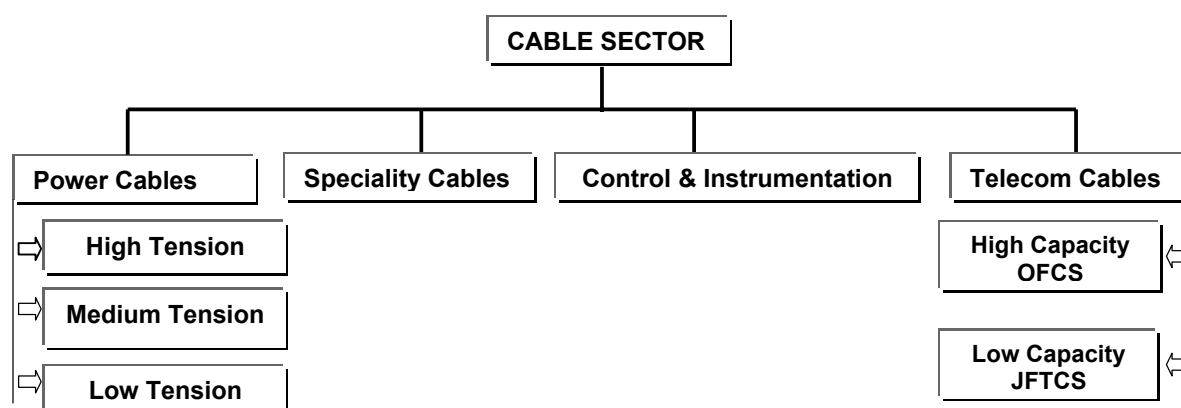
Amongst the industrial users, wires and cables mainly find application in three sectors: power, industrial and telecommunication. Power cables are segregated into high, medium and low tension cables. Industrial cables include control and instrumentation, LT cables, HT cables and speciality cables whereas telecom cables are classified as high capacity cables (Optical Fibre Cables -OFCS) and low capacity cables (Jelly Filled Telecom Cables - JFTCS).

Low tension cables have a capacity of up to 1.1 KV and are used for tertiary distribution of power mainly from substation to buildings. It also includes housing wires. This sector contains many other products for myriad applications. The medium tension power cables are between 1.1 KV and 11 KV. The high tension sector is

beyond 11 KV. Medium tension and high tension power cables are mainly used for transmission and distribution of power.

Control cables are used for control circuits in power plants and other similar industrial installations and signalling network of Railways.

Instrumentation cable offers total interference free data transfer and is ideal for use as a signal and control cable in measuring, process- control and security systems. Instrumentation process in any industry is a very important factor for controlling various parameters during processing. These cables are used in normal or hazardous areas. These cables come with or without flame retardant properties and are suitable in process control, A/D converters and other modern microprocessor based instrumentation circuits. Microprocessor based control devices demand very low noise level and attenuation of signals in the cable. These cables are designed to offer excellent resistance to noise and induction phenomena encountered in instrumentation circuits.



Broad categories of Cables are:

- XLPE Insulated cables
- PVC Insulated cables
- Rubber Insulated cables
- Specialty Cables

## DEMAND DRIVERS

Cables are the necessity of every basic infrastructure. Be it housing, telecom or information technology, cables form the background of all the core industries. The industry has a derived demand and caters to the high growth sector of the economy.

Demand for cables comes from the following sectors:

- Industrial Capex (on construction of new plants and factories)
- Power generation, transmission and distribution
- Housing and construction of IT / ITES complexes, malls, multiplexes, etc.
- Steel
- Cement
- Others (Petrochemical / Refinery, Railway)

## MAJOR PLAYERS

The cable market in India is largely un-organised with few organized players. The organized players in this segment are Finolex Cables Ltd., Delton Cables Ltd., Sterlite Optical Technologies Ltd., KEI industries Ltd., Paramount Communications Ltd., Universal Cables Ltd. and a few others.

**BUSINESS OVERVIEW**

Our Company is promoted by a group of three professionals with an objective to cater to the growing requirement for high quality customised cables. We manufacture cables to provide cost-effective and quality solutions for various electrical connectivity requirements, mainly for the industrial segments. We accomplish this through customised design and development, quality manufacturing and reliable delivery of all varieties of cables.

Over the years we have developed a wide range of specialised cables to address the specific requirements of industries involving modern process technologies, instrumentation and communication demanding the highest standards of precision and reliability and cables for house-hold users who seek products with assured quality and safety standards.

At present we manufacture cables upto 1.1 KV for various applications covering most segments of users including industrial, utility and buildings. We cater to a wide spectrum of cable users in various industries like power, steel, cement, fertilizers and chemicals, refinery / petroleum and many others.

We are pre-qualified and have approvals with most of the large corporates and well known Public Sector Undertakings. Our clients are from diverse industries and include names such as BHEL, NTPC, Hindalco, ACC, HPCL, GAIL, TATA STEEL, Siemens, Honeywell, L&T, MRPL and others.

We are also approved with almost all the top consultants such as Kvaerner Powergas India Ltd., Det Norske Veritas As, Toyo Engineering India Ltd., Jacob H&G Ltd., Engineers India Ltd., Mecon Ltd., Rites Ltd., M.N. Dastur & Co. Ltd., Tata Consulting Engineers etc. and are also one of the preferred vendors with almost all the leading users of the country. Our quality standards have been duly appraised, vetted and approved by various independent agencies of repute.

We are an ISO 9001:2000 accredited company and hold BIS certification for all types of cables conforming to IS:1554(1)/1988 and IS:694-90.

Our revenues have grown from Rs. 1604.44 lacs in FY 2003 to Rs. 10429.27 lacs in FY 2007 and the net profit after tax as restated during the same period has grown from Rs. 13.94 lacs to Rs. 700.66 lacs. The net sales for the six months period ended September 30, 2007 stood at Rs. 6699.04 lacs.

**STRENGTHS****Diversified clientele**

We supply cables across various industries to various large organizations of diverse sectors such as steel, power, chemical, cement, fertilizer, refineries, telecom etc. This ensures that our business is safeguarded against slowdown in any particular industry.

**Diversified product portfolio**

We offer an extensive range of high quality control & instrumentation cables, power cables and special cables for oil wells, etc. conforming to Indian and International Standards. Diversified product portfolio reduces the risk of slowdown in our business due to slowdown in a particular sector.

**Established track record and prequalification**

We are one of the leading players in the Cable Industry with over 15 years of established track record. We leverage our established supply track record for marketing our products with large industrial clients like NTPC, BHEL, Tata Power, Reliance Energy, Power Grid, IOCL, Tata Steel, Hindalco, L & T etc, where we are an approved vendor.

Due to our established track record we have prequalification with almost all the top consultants of Indian and International markets such as Kvaerner Powergas India Ltd., Det Norske Veritas As, Toyo Engineering India Ltd., Jacob H&G Ltd., Engineers India Ltd., Mecon Ltd., Rites Ltd., M.N. Dastur & Co. Ltd., Tata Consulting Engineers, PDIL, Nuclear Power Corporation, etc and also with direct clients like BHEL, NTPC, HPCL, MRPL, L&T, etc. This enables us to bid for all major supply contracts for cables.

## Highly professional and experienced management

Our Company is being managed by three promoters who individually have over 30 years of experience in the Cable Industry. All the three promoters are qualified engineers & have worked in different capacities within the Cable Industry. Under their leadership our Company has a team of well qualified, experienced and dedicated management employees from Cable Industry.

## Strong brand and high service standards

Our objective to manufacture quality products is matched by our commitment to provide excellent service to our customers before an order is received, after the cables are supplied and during the working life of the cables. Our strength lies in our established track record of timely and quality deliverables, which enables us to withstand all competition and develop long lasting relations with our customers, which helps us in getting repeat orders from our customers for their existing ventures and fresh orders for their new ventures.

## Advantage vis-a-vis new entrants

The major entry barriers for new players are getting pre qualifications on technical grounds as well as proven track record. This is a long drawn out process and needs substantial investment in terms of both time and money. Our Company thus is poised to take advantage of the boom in the Cable industry.

## Technology

We develop customized solutions for our customers. Through an in-house research and development activity, we have created our own knowledge database by developing new products applications / solutions. Our Company makes continuous efforts to up-date itself, technically and qualitatively, always applying new techniques in the manufacturing process as a practice so as to achieve a better product quality and technical reliability. We have one of the most modern state-of-art plant and machinery in the industry.

## Research and development

Our R&D department comprises of four people, who interact with the clients on a continuous basis to understand their requirements and develop the product as per their specifications. R&D department is headed by Mr. Rakesh Malhotra, one of our Promoters and Joint Managing Director of our Company, who has an experience of over 30 years in the cable industry. The research and development capabilities, experienced technicians and their experience enable us to test and implement new products based on the changing needs of the clients.

## QUALITY CONTROL

Our Company was amongst the first few companies in the cable sector to be accredited as an ISO 9001:2000 and also has BIS certification for all our products confirming to IS:1554(1)/1988 and IS:694-90. We are consciously dedicating resources for quality assurance to ensure that quality norms are continually met.

## PRODUCT RANGE

We are in the business of manufacturing high quality communication, control and instrumentation cables conforming to Indian and international standards. Our existing product range and its applications are listed below:

Product Portfolio	Applications
<b>LT (Low Tension) Control Cables (Upto 1.1 KV)</b>	Used in interconnection of process control, communication and panel control systems.
<b>LT (Low Tension) Power Cables (Upto 1.1 KV)</b>	Used in connection of power supply to residential, commercial and industrial units.
<b>Instrumentation, Signal and Data Cables</b>	Used in data acquisition systems, computer networking, PA systems, digital control / measuring and communication systems. It is specially designed to transmit signals without any external interference.
<b>Thermocouple Extension / Compensating Cables</b>	Used to extend thermocouple circuits from the sensor to reference unit.
<b>Panel Wires / House Hold Wires / Flexible Cables</b>	Used in machine tools, appliances, control panels, machinery, industries, buildings, house wiring & submersible pumps. Suitable for use under outdoor or low temperature conditions.
<b>Speciality Cables</b>	These cables are tailor made for each application as per the specifications of the customers.

**BUSINESS STRATEGY**

Our vision is to strive for growth in existing and new markets by providing cost-effective and quality solutions for electrical connectivity requirements for various businesses as well as domestic users by offering high quality customised cables at competitive price with best service and unfailing commitment. In line with this vision, our Company is implementing a business strategy with the following key components.

Our strategy will be to focus first and foremost on capitalizing on our core strengths and enhancing the volume of our business. We intend to focus on our existing range of products with specific emphasis on the following factors as business and growth strategy:

**To further our presence in the markets**

We have an established track record with various corporate giants like NTPC, BHEL, Tata Power, Tata Steel, L&T, IOCL, Hindalco, Honeywell Automation India Limited and so on. We will continue to provide them with quality products and will also endeavour to add more clientele to our portfolio for existing products as well as HT cables and Rubber cables which we propose to manufacture post expansion.

**To continue focus on research and development**

Our Company continues to focus on R&D as a core thrust of our business to continuously develop new products and solutions for our customers to remain ahead of competition and to also help customers bring down costs and enhance their efficiency. We also focus on process improvements to bring down operational costs and enhance the quality of products.

**Diversify order book across sectors**

Our Company in the past has catered to a range of industries which have contributed to increasing our technical know how, capabilities and range of service offerings. This has also helped us to de-risk the business model since we are not significantly dependent on any particular industry or a set of industries. We aim to continue diversifying our activities across various industries.

**Focus on export market**

Our Company exports its products to various countries like Bangladesh, Zambia, Oman and Kuwait. Recently we participated in an exhibition held in Dubai, where we got good response and managed to secure lot of enquiries for our products. We intend to continue our focus on developing business in international markets.

**Penetration into growing household cables market**

Our Company is in the process of widening its dealers' network with a view to penetrate into the high growth household cables market, where consumers are increasingly becoming quality and brand conscious.

**Brand image**

We would continue to associate ourselves with reputed corporate houses and execute projects to their utmost satisfaction. We are highly conscious about our brand image and intend to continue our brand building exercise by providing excellent services to the satisfaction of the customers.

**Optimal utilisation of resources**

We constantly endeavour to improve our productivity levels by optimum material utilization, improvement in manufacturing process through skill upgradation / improved machineries and outsourcing components to achieve better asset turnover. We analyse our existing procurement and manufacturing processes and procedures to identify the areas of bottlenecks and correct them. This helps us in improving our efficiency, efficient use of resources, improving the bottom line and faster customer response.

**Grow capacities through organic / inorganic expansions**

We continue to focus on enhancing our capacity to meet growing customer requirements. We plan to expand our production capacity and add new products to the existing product range. We plan to start manufacturing HT cables and Rubber cables as a part of our proposed expansion.

## THE ISSUE

### Equity Shares offered

Public Issue	30,85,000 Equity Shares, constituting 27.00% of the post Issue paid-up capital of our Company
Of which:	
Employees Reservation Portion	70,000 Equity Shares
Net Issue to Public	30,15,000 Equity Shares
Of which:	
a) Qualified Institutional Buyers Portion	Upto 15,07,500 Equity Shares (allocation on proportionate basis) constituting 50% of the Net Issue to the Public, out of which 5% of the QIB Portion or 75,375 Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds only (Mutual Funds Portion), and the balance Equity Shares shall be available for allocation to all QIBs, including Mutual Funds.
b) Non Institutional Bidders Portion	Atleast 4,52,250 Equity Shares constituting 15% of the Net Issue to Public (Allocation on a proportionate basis)
c) Retail Individual Bidders Portion	Atleast 10,55,250 Equity Shares constituting 35% of the Net Issue to Public (Allocation on a proportionate basis)
Equity Shares outstanding prior to the Issue	83,42,780 Equity Shares
Equity Shares outstanding after the Issue	1,14,27,780 Equity Shares
Objects of the Issue	Please see the section titled "Objects of the Issue" on page 26 of this Red Herring Prospectus

### Note:

Under-subscription, if any, in any category will be allowed to be met with spill over from any other categories, at the sole discretion of Our Company and the BRLM.

Under-subscription, if any, in reservation for Mutual Funds will be allowed to be met by the balance of QIBs.



## SELECTED FINANCIAL DATA

The following table sets forth summary of financial data derived from our restated financial statements as and for six months ended September 30, 2007 and the fiscal years ended March 31, 2007, 2006, 2005, 2004 and 2003 prepared in accordance with Indian GAAP and SEBI Guidelines and as described in the statutory auditors report dated December 14, 2007 included in the section titled Financial Statements beginning on page 91 of this Red Herring Prospectus and should be read in conjunction with those financial statements and notes thereto.

## SUMMARY OF RESTATED ASSETS &amp; LIABILITIES

(Rs. lacs)

Particulars	As at September 30, 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
<b>A. Tangible assets</b>						
<b>Fixed Assets</b>						
Gross Block	3505.80	1448.75	832.11	632.09	549.14	209.27
Less: Accumulated Depreciation	165.61	131.12	95.63	71.87	44.83	35.52
<b>Net block</b>	3340.19	1317.63	736.48	560.22	504.31	173.75
Less: Revaluation Reserve	NIL	NIL	NIL	NIL	NIL	NIL
Net Block after adjustment of revaluation reserve	3340.19	1317.63	736.48	560.22	504.31	173.75
Capital Work in progress including capital advances	371.32	NIL	93.19	5.97	NIL	112.92
<b>Total</b>	<b>3711.51</b>	<b>1317.63</b>	<b>829.67</b>	<b>566.19</b>	<b>504.31</b>	<b>286.67</b>
<b>B. Investments</b>	NIL	NIL	NIL	NIL	NIL	3.50
<b>C. Current Assets, Loans and Advances</b>						
Inventories	1720.54	1330.44	556.12	289.35	238.18	136.57
Sundry debtors	2822.79	1751.33	1200.36	763.23	419.35	311.29
Cash & Bank Balances	336.06	1300.34	140.67	130.01	97.59	77.45
Loans & Advances	367.03	173.47	84.49	40.49	33.74	14.64
<b>Total</b>	<b>5246.42</b>	<b>4555.58</b>	<b>1981.64</b>	<b>1223.08</b>	<b>788.86</b>	<b>539.95</b>
<b>D. Liabilities &amp; Provisions</b>						
Current Liabilities & Provisions	2626.07	1883.69	934.23	587.40	335.05	295.09
Share application money	NIL	25.02	NIL	20.00	19.00	NIL
Secured Loan	3322.38	2199.05	771.90	481.79	456.26	209.84
Unsecured Loan	9.36	215.74	90.59	194.36	100.80	79.19
Retention Money	60.00	60.00	60.00	60.00	60.00	50.00
<b>Total</b>	<b>6017.81</b>	<b>4383.50</b>	<b>1856.72</b>	<b>1343.55</b>	<b>971.11</b>	<b>634.12</b>
<b>E. Deferred Tax Liability</b>	106.40	79.12	50.03	41.76	30.37	NIL
<b>F. Net Worth (A+B+C-D-E)</b>	<b>2833.72</b>	<b>1410.59</b>	<b>904.56</b>	<b>403.96</b>	<b>291.69</b>	<b>196.00</b>
<b>Net Worth represented by:</b>						
<b>G. Equity Share Capital</b>	792.78	659.93	514.46	145.23	145.23	101.73
<b>H. Reserves and Surplus</b>						
Share Premium	730.68	NIL	112.00	87.50	87.50	44.00
Profit and Loss Account	1414.33	878.74	278.10	171.23	58.96	50.27
<b>Total</b>	<b>2145.01</b>	<b>878.74</b>	<b>390.10</b>	<b>258.73</b>	<b>146.46</b>	<b>94.27</b>
<b>I. Miscellaneous Expenditure</b>	104.07	128.08	NIL	NIL	NIL	NIL
<b>J. Net Worth (G+H-I)</b>	<b>2833.72</b>	<b>1410.59</b>	<b>904.56</b>	<b>403.96</b>	<b>291.69</b>	<b>196.00</b>

## SUMMARY OF RESTATED PROFIT &amp; LOSS ACCOUNT

(Rs. lacs)

	For six months ended	For the year ended				
	September 30, 2007	March 31, 2007	March 31, 2006	March 31, 2005	March 31, 2004	March 31, 2003
<b>I. Income</b>						
Operating Income						
Sales (Gross)	7532.99	10429.27	6056.70	4723.75	2233.34	1604.44
Less: Excise Duty and Cess	833.95	1270.02	819.02	643.69	281.49	213.63
Net Sales (i)	6699.04	9159.25	5237.68	4080.06	1951.85	1390.81
Other Income (ii)	21.73	39.71	31.11	7.60	15.51	12.98
<b>Total-A (i)+(ii)</b>	<b>6720.77</b>	<b>9198.96</b>	<b>5268.79</b>	<b>4087.66</b>	<b>1967.36</b>	<b>1403.79</b>
<b>II. Expenditure</b>						
Operating Expenses	5260.64	7306.43	4317.80	3493.24	1654.69	1195.17
Administration & Other Expenses	146.40	221.83	121.89	92.20	87.52	72.03
Employee Remuneration & benefits	271.71	282.73	200.66	157.95	96.19	69.12
Finance Charges	188.77	278.86	146.15	117.06	69.65	43.53
Depreciation	34.50	44.05	28.90	27.04	16.95	8.59
<b>Total-B</b>	<b>5902.09</b>	<b>8133.90</b>	<b>4815.40</b>	<b>3887.49</b>	<b>1925.00</b>	<b>1388.44</b>
<b>III. Profit before taxation (A-B)</b>	818.68	1065.06	453.39	200.17	42.36	15.35
Less: Provision for taxation						
-Current	252.00	330.00	148.48	60.00	3.30	1.41
-Deferred	27.29	29.09	8.27	11.38	30.37	NIL
-Fringe benefit tax	3.80	5.31	3.33	NIL	NIL	NIL
<b>IV. Profit After Taxation as per audited statement of accounts (C)</b>	535.59	700.66	293.31	128.79	8.69	13.94
Adjustments on account of changes in a accounting policies	NIL	NIL	NIL	NIL	NIL	NIL
Impact on account of material adjustments and prior period items	NIL	NIL	NIL	NIL	NIL	NIL
Total adjustments	NIL	NIL	NIL	NIL	NIL	NIL
Tax impact on adjustments	NIL	NIL	NIL	NIL	NIL	NIL
<b>Total adjustments net of tax impact (D)</b>	NIL	NIL	NIL	NIL	NIL	NIL
<b>V. Adjusted profit/(loss) (C+D)</b>	<b>535.59</b>	<b>700.66</b>	<b>293.31</b>	<b>128.79</b>	<b>8.69</b>	<b>13.94</b>
Surplus/(Deficit) brought forward from the Previous year	878.74	278.10	171.23	58.96	50.27	36.33
<b>VI. Profit available for appropriation</b>	<b>1414.33</b>	<b>978.76</b>	<b>464.54</b>	<b>187.75</b>	<b>58.96</b>	<b>50.27</b>
Proposed equity dividend(Final)	NIL	56.88	14.66	14.52	NIL	NIL
Tax on dividend	NIL	9.67	2.05	2.00	NIL	NIL
Transfer to General Reserve	NIL	33.47	169.73	NIL	NIL	NIL
<b>VII. Adjusted Available Surplus/(Deficit) carried forward</b>	<b>1414.33</b>	<b>878.74</b>	<b>278.10</b>	<b>171.23</b>	<b>58.96</b>	<b>50.27</b>

**CORDS CABLE INDUSTRIES LIMITED**
**CASH FLOW STATEMENT PREPARED FROM THE RESTATED FINANCIAL STATEMENTS FOR THE YEAR ENDED**
**(Rs. lacs)**

	For six months ended	For the year ended				
	September 30, 2007	March 31, 2007	March 31, 2006	March 31, 2005	March 31, 2004	March 31, 2003
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>						
Net Profit before taxation and extraordinary items:	818.68	1065.06	453.39	200.17	42.36	15.35
Adjustments for:						
Depreciation	34.50	44.05	28.90	27.04	16.95	8.59
Foreign Exchange Loss	4.80	0.40	-2.46	NIL	NIL	NIL
Loss on sale of fixed assets (net)	NIL	4.53	0.40	NIL	15.57	NIL
Foreign Exchange Gain	NIL	NIL	NIL	NIL	NIL	NIL
Provision for employee benefits	1.47	1.44	5.34	7.88	NIL	NIL
Finance charges	188.76	278.86	146.15	117.06	69.65	43.53
Interest Received	-16.74	-15.28	-6.55	-6.67	-7.04	-5.92
Profit on sale of Investment	NIL	NIL	NIL	NIL	-6.76	-4.37
Fixed assets written off	NIL	NIL	NIL	NIL	NIL	NIL
<b>Cash generated from operations before Working Capital Changes</b>	<b>1031.47</b>	<b>1379.06</b>	<b>625.17</b>	<b>345.48</b>	<b>130.73</b>	<b>57.18</b>
Adjustments for:						
Changes in Trade and Other Receivables	-1659.92	-1414.67	-745.44	-401.80	-228.77	0.88
Changes in Trade Payables/Receivables	806.16	940.30	316.60	212.62	37.87	1.43
Cash generated from/(used in) Operations	177.71	904.69	196.33	156.30	-60.17	59.49
Income Taxes paid (net)	254.50	377.43	127.11	44.67	1.21	1.67
Fringe benefit tax	NIL	NIL	NIL	NIL	NIL	NIL
<b>Net Cash Flow from /(used in) Operating Activities</b>	<b>-76.79</b>	<b>527.26</b>	<b>69.22</b>	<b>111.63</b>	<b>-61.38</b>	<b>57.82</b>
<b>B. CASH FLOW FROM/ (USED IN) INVESTING ACTIVITIES</b>						
Purchase of Fixed Assets	-2428.38	-540.04	-296.87	-88.92	-253.86	-138.23
Sale of Fixed Assets	NIL	3.50	4.09	NIL	3.70	NIL
(Purchase)/Sale of Investments (net)	NIL	NIL	NIL	NIL	10.26	0.87
Interest Received	16.75	15.28	6.55	6.67	7.04	5.92
Share Issue & other Preoperative Expenses	24.00	-120.83	NIL	NIL	NIL	NIL
<b>Net Cash from / (used in) Investing Activities</b>	<b>-2387.63</b>	<b>-642.09</b>	<b>-286.23</b>	<b>-82.25</b>	<b>-232.86</b>	<b>-131.44</b>
<b>C. CASH FLOW FROM/ (USED IN) FINANCING ACTIVITIES</b>						
Proceeds from Issue of Shares/Share Application Money	838.50	25.02	224.00	1.00	106.00	58.00
Refund of Share Application Money	NIL	NIL	-20.00	NIL	NIL	NIL
Proceeds/(Repayment) from/of Short Term borrowings (net)	-217.41	368.49	49.64	124.40	NIL	NIL
Proceeds/(Repayment) from/of Long Term Borrowings (net)	1134.36	1176.56	136.70	-5.30	278.03	71.30

Finance Charges Paid	-188.76	-278.86	-146.15	-117.06	-69.65	-43.53
Dividend Paid (including dividend distribution tax)	-66.55	-16.71	-16.52	NIL	NIL	NIL
<b>Net Cash from / (used in) Financing Activities</b>	<b>1500.14</b>	<b>1274.50</b>	<b>227.67</b>	<b>3.04</b>	<b>314.38</b>	<b>85.77</b>
<b>Net increase / (decrease) in Cash and Cash Equivalents</b>	-964.28	1159.67	10.66	32.42	20.11	12.15
<b>Cash and Cash Equivalents at the beginning of the year</b>	1300.34	140.67	130.01	97.59	77.45	65.30
<b>Cash and Cash Equivalents at the end of the year</b>	<b>336.06</b>	<b>1300.34</b>	<b>140.67</b>	<b>130.01</b>	<b>97.59</b>	<b>77.45</b>
<b>Components of cash and cash equivalent</b>						
- Cash and cheques on hand	2.95	5.88	3.47	3.21	2.38	3.31
- With banks	NIL	NIL	NIL	NIL	NIL	NIL
- On current account	5.65	1031.60	5.84	2.81	1.95	0.31
- On deposit account (restricted)	327.46	262.86	131.36	123.99	93.26	73.83

**GENERAL INFORMATION****REGISTERED AND CORPORATE OFFICE**

B-1 / A-26, Mohan Co-operative Industrial Estate  
Mathura Road  
New Delhi-110 044  
Tel.: +91-11-4167 6222 - 26  
Fax: +91-11-2695 1196/ 1728/ 1731  
Web site: [www.cordscable.com](http://www.cordscable.com)  
Email: [ipo@cordscable.com](mailto:ipo@cordscable.com)

**WORKS**

A-525, Industrial Area  
Chopanki, Bhiwadi  
Dist. Alwar, Rajasthan – 301 019  
Tel.: +91-1493-516660-63  
Fax: +91-1493-516664

**REGISTRATION NUMBER**

55-46092

**CORPORATE IDENTIFICATION NUMBER**

U74999DL1991PLC046092

**ADDRESS OF THE RoC**

The Registrar of Companies, Delhi and Haryana is located at:  
B-Block Paryavaran Bhawan 4<sup>th</sup> Floor, IFCI Towers  
CGO Complex, Lodhi Road 61, Nehru Place  
New Delhi – 110 003. New Delhi – 110 019.  
Tel.: +91-11-2436 2708 Tel.: +91-11-2623 5704  
Fax: +91-11-2436 4570 Fax: +91-11-2623 5702  
Email: [tej.shami@mca.gov.in](mailto:tej.shami@mca.gov.in) Email: [tej.shami@mca.gov.in](mailto:tej.shami@mca.gov.in)

**BOARD OF DIRECTORS**

The Board of Directors of our Company comprises of the following persons:

<b>Name, Designation and Occupation</b>	<b>Age (years)</b>	<b>Residential Address</b>
<i>Mr. Naveen Sawhney</i> Managing Director Business	55	C- 68, Kalkaji, New Delhi – 110019
<i>Mr. D.K. Prashar</i> Joint Managing Director Business	58	A- 102, Shivalik Near Malviya Nagar New Delhi - 110017
<i>Mr. Rakesh Malhotra</i> Joint Managing Director Business	50	C - 25, Lajpat Nagar III New Delhi - 110024
<i>Mr. Om Prakash Bhandari</i> Independent Director Consultant	58	D – 80, Anand Niketan New Delhi – 110021
<i>Mr. Amit Kumar Gangopadhyay</i> Independent Director Consultant	61	C-449, First Floor, Chittaranjan Park, New Delhi – 110019
<i>Mr. N. K. Balasubramanian</i> Independent Director Consultant	67	B-1/1788, Vasant Kunj, First Floor, New Delhi – 110070

For further details of the members of our Board, see the section titled “Our Management” on page 72 of this RHP

#### **COMPANY SECRETARY AND COMPLIANCE OFFICER**

Ms. Jyoti Dixit Gupta  
Cords Cable Industries Ltd.  
B - 1 / A - 26  
Mohan Co-operative Industrial Estate  
Mathura Road, New Delhi-110 044.  
Tel.: +91-11-41676222  
Fax: +91-11-26951196/ 1728/ 1731  
Email: ipo@cordscable.com

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 the letters of allotment, credit of allotted Equity Shares in the respective beneficiary account or refund orders etc.

#### **ISSUE MANAGEMENT TEAM**

##### **BOOK RUNNING LEAD MANAGER**

##### **COLLINS STEWART INGA PRIVATE LIMITED**

A-404 Neelam Centre, 4<sup>th</sup> Floor  
Hind Cycle Road, Worli  
Mumbai- 400 030.  
Tel.: +91-22-2498 2919  
Fax: +91-22-2498 2956  
Email: cords.ipo@csin.co.in  
Website: www.csin.co.in  
Contact Person: Ms. Roopa Parameswaran

##### **LEGAL ADVISOR TO THE ISSUE**

##### **LEGAL VISTAS LAW OFFICES**

C-6/59, Safdarjung Development Area  
New Delhi-110 016.  
Tel.: +91-11-4173 4944/ 8648  
Fax: +91-11-4173 4987  
E-mail: lv@legalvistas.com  
Website: www.legalvistas.com  
Contact Person: Mr. Sanjeev Deo

##### **ADVISOR TO THE ISSUE**

##### **CANARA BANK**

Merchant Banking Division  
16, Barakhamba Road  
DCM Building  
New Delhi- 110001.  
Tel.: +91-11-2332 3891  
Fax: +91-11-2331 4603  
Email: anilbhasin@canbank.co.in  
Contact Person: Mr. Anil Bhasin

##### **ADVISOR TO THE ISSUER**

##### **EMERGING INDIA VALUE ADVISORS PRIVATE LIMITED**

C-25, 2<sup>nd</sup> Floor  
Lajpat Nagar III  
New Delhi – 110 024.  
Tel.: +91-11-4171 6051  
Contact Person: Mr. Rajiv Mangla

**SYNDICATE MEMBERS**

**INTIME SPECTRUM SECURITIES LIMITED**

Oracle Point, 6<sup>th</sup> Floor  
Opposite Bandra Station  
3, Guru Nanak Road  
Bandra (West), Mumbai- 400 050.  
Tel.: +91-22-2640 2788  
Fax: +91-22-2640 4898  
Contact Person: Mr. Nimish Mehta

**ENAM SECURITIES PRIVATE LIMITED**

Khatau Building, 2<sup>nd</sup> floor  
44B, Bank Street  
Fort, Mumbai – 400 001.  
Tel.: +91-22-2267 7901  
Fax: +91-22-2266 5613  
Contact Person: Mr. Ajay Seth

**ITI FINANCIAL SERVICES LIMITED**

Mashkur, 1 Krishnama Road  
Nungambakkam  
Chennai – 600 034.  
Tel.: +91-44- 2827 1691  
Fax: +91-44-2827 2072  
Contact Person: Mr. S. Kumar

**REGISTRAR TO THE ISSUE**

**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: swapann@intimespectrum.com  
Website: www.intimespectrum.com  
Contact Person: Mr. Swapan Kumar Naskar

**BANKERS TO THE ISSUE AND ESCROW COLLECTION BANKS**

**ICICI BANK LIMITED**

Capital Markets Division  
30, Mumbai Smachar Marg  
Fort, Mumbai – 400 001.  
Tel.: +91-22-2262 7600  
Fax : +91-22-2261 1138  
Contact Person : Mr. Venkataraghavan T A

**CANARA BANK**

Capital Market Services Branch  
11, Homji Street, Ground Floor  
Varma Chambers,  
Fort, Mumbai- 400 001.  
Tel.: +91-22-2269 2973  
Fax: +91-22-2266 4140  
Contact Person: Mr. T. Muralidharan



**STANDARD CHARTERED BANK**

270, D.N. Road  
Fort, Mumbai – 400 001.  
Tel.: +91-22-2268 3965/2209 2213  
Fax: +91-22-2209 6069  
Contact Person: Mr. Rajesh Malwade

**BANKERS TO THE COMPANY****CANARA BANK**

G-25, South Extn. – I  
New Delhi-110 049.  
Tel.: +91-11-2462 2521  
Fax: +91-11-2461 1586  
Email: sahoosk@canbank.co.in  
Contact Person: Mr. C.P. Suri

**ICICI BANK LIMITED**

303-310, 3<sup>rd</sup> Floor, Kailash Building  
26, K.G. Marg, Connaught Place  
New Delhi-110 001.  
Tel.: +91-11-4229 3100  
Fax: +91-11-4229 3243  
Email: corporatcare@icicibank.com  
Contact Person: Mr. Ashish Bhardwaj

**IPO GRADING AGENCY****CREDIT ANALYSIS & RESEARCH LIMITED**

710, Surya Kiran  
19, Kasturba Gandhi Marg  
New Delhi- 110 001.  
Tel.: +91-11-2371 6199  
Fax: +91-11-2331 8701  
Contact Person: Ms. Swati Agrawal

**STATUTORY AUDITORS TO THE COMPANY****M/S SHARMA GOEL & CO.**

Chartered Accountants  
A-47, Lower Ground Floor  
Hauz Khas, New Delhi-110 016.  
Tel.: +91-11-4165 5400-03  
Fax: +91-11-2696 7365  
Email: sharmagoel@sgcservices.com

**STATEMENT OF INTER-SE ALLOCATION OF RESPONSIBILITY OF THE BRLM**

Since CSIN is the sole BRLM for this issue, they will be responsible for all the following activities:

1. Capital structuring with the relative components and formalities such as type of instruments, etc;
2. Due diligence of the company's operations / management / business plans / legal etc;
3. Drafting & Design of Offer Document and of statutory advertisement including memorandum containing salient features of the Prospectus. Compliance with stipulated requirements and completion of prescribed formalities with Stock Exchange, Registrar of Companies and SEBI;
4. Drafting and approval of Issue and statutory publicity material, etc;
5. Drafting and approval of all corporate advertisement, brochure and other publicity material;
6. Appointment of Registrar, Ad agency, Bankers and Printer;
7. Marketing of the Offer, which will cover
  - Formulating marketing strategies, preparation of publicity budget
  - Finalise Media & PR strategy Finalizing centres for holding conferences for brokers, etc.
  - Finalise collection centres
  - Follow-up on distribution of publicity and Offer material including form, Prospectus and deciding on the quantum of the Offer material
8. Finalizing the list of QIBs. Arrangements for one to one meetings, road show related activities and order procurement;
9. Managing the Book and finalisation of Pricing & Allocation;
10. Post bidding activities including management of Escrow Accounts, co-ordination with Registrar and Banks, Refund to Bidders, etc;
11. The post offer activities of the offer will involve essential follow-up steps, which must include finalisation of listing of instruments and dispatch of certificates and refunds, with the various agencies connected with the work such as Registrar to the Offer, Bankers to the Offer and the bank handling refund business. Lead Manager shall be responsible for ensuring that these agencies fulfil their functions and enable him to discharge this responsibility through suitable agreements with the issuer company.

**CREDIT RATING**

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

**IPO GRADING**

This IPO has been graded by Credit Analysis & Research Limited ("CARE") and has been assigned the CARE IPO Grade 3/5 indicating that the fundamentals of the Issuer are average vide its letter dated October 10, 2007. The said grading has been revalidated by CARE vide their letter dated December 6, 2007.

**TRUSTEES**

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

**MONITORING AGENCY**

We have appointed Canara Bank as our Monitoring Agency, details of which are given below:

**Canara Bank**

Merchant Banking Division,  
16, Barakhamba Road, DCM Building  
New Delhi – 110 001.  
Tel.: +91-11-2332 3891  
Fax: +91-11-2331 4603  
Contact Person: Mr. Anil Bhasin

In addition, our audit committee will also monitor the use of the proceeds of this Issue.

**WITHDRAWAL OF THE ISSUE**

Our Company, in consultation with the BRLM, reserves the right not to proceed with the Issue at any time after the Bid / Issue Opening Date without assigning any reason thereof.

**BOOK BUILDING PROCESS**

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

1. The Company;
2. The BRLM;
3. The Syndicate Members who are intermediaries registered with SEBI or registered as brokers with the Stock Exchange/s and eligible to act as Underwriters. The BRLM appoints the Syndicate Members;

The SEBI Guidelines has permitted an issue of securities to the public through the 100% Book Building Process, wherein up to 50% of the Issue (Net offer) shall be allocated to QIBs on a proportionate basis. Out of the portion available for allocation to the QIBs, 5% shall be allocated proportionately to mutual funds. Mutual fund applicants shall also be eligible for proportionate allocation under the balance available for the QIBs. Further, not less than 15% of the Net Issue to the Public shall be available for allotment on a proportionate basis to Non Institutional Bidders and not less than 35% of the Net Issue to the Public shall be available for allotment on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. We will comply with the SEBI Guidelines for this Offer. In this regard, we have appointed the BRLM to manage the Offer and to procure subscriptions to this Offer.

**QIB bidders are not allowed to withdraw their Bid(s) after the Bid / Issue Closing Date. For further details see the section titled “Issue Procedure” beginning on page 150 of this Red Herring Prospectus.**

**Steps to be taken for bidding:**

- Check eligibility for bidding, see the section titled “Issue Procedure” on page 150 of this Red Herring Prospectus;
- Bidders should ensure that he has a demat account; and
- Ensure that the Bid cum Application Form is duly completed as per instructions given in this Red Herring Prospectus and in the Bid cum Application Form.

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

Bidders can bid at any price within the price band. For instance, assume a price band of Rs. 20 to Rs. 24 per share, issue size of 3,000 equity shares and receipt of four bids from bidders, details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the bidding centres during the bidding period. The illustrative book as shown below shows the demand for the shares of our Company 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	24	500	16.67%
1000	23	1500	50.00%
3500	21	5000	166.67%
2500	20	7500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired quantum of shares is the price at which the book cuts off i.e., Rs. 21 in the above example. The issuer, in consultation with the BRLM will finalise the issue price at or below such cut off price i.e. at or below Rs. 21. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in respective category.

**The process of Book Building under SEBI Guidelines is relatively new and investors are advised to make their own judgment about investment through this process prior to making a Bid or Application in the Issue. Pursuant to the recent amendments to SEBI Guidelines, QIBs are not allowed to withdraw their Bids after Bid / Issue Closing Date.**

#### UNDERWRITING AGREEMENT

After the determination of the Issue Price and prior to filing of the Prospectus with the RoC, we will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be issued through the 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 Members do not fulfil their underwriting obligations.

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

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

Name and Address of the Underwriters	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. In lacs)
[•]	[•]	[•]
[•]	[•]	[•]

The above Underwriting Agreement is dated [•].

In the opinion of the Board of Directors (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 Securities and Exchange Board of India Act, 1992 or registered as brokers with the Stock Exchange(s). Our IPO Committee, at their meeting held on [•], have accepted and entered into the Underwriting Agreement mentioned above on behalf of our Company.

Allocation among Underwriters may not necessarily be in proportion to their underwriting commitments. Notwithstanding the above table, the BRLM and the Syndicate Members shall be responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure / subscribe to the extent of the defaulted amount. Allotment to QIBs is proportionate as per the terms of the Red Herring Prospectus.

## CAPITAL STRUCTURE

Financial data presented in this section is derived from our restated financial statements prepared in accordance with Indian GAAP.

Our Share Capital as at the date of filing of the Red Herring Prospectus with SEBI is set forth below:

		(Rs. lacs)	
Particulars		Aggregate Value at Nominal Price	Aggregate Value at Issue Price
A.	<b>Authorized Capital</b> 1,20,00,000 Equity Shares of Rs. 10/- each	1,200.00	
B.	<b>Issued, Subscribed and Paid-up Capital before the Issue</b> 83,42,780 Equity Shares of Rs. 10/- each	834.28	
C.	<b>Public Issue in terms of this Red Herring Prospectus</b> Present Issue of 30,85,000 Equity Shares of Rs. 10/- each. Out of which 70,000 Equity Shares of Rs. 10/- each are reserved for allotment to Employees.	308.50 7.00	[●] [●]
D.	<b>Net Issue to the Public in term of the Red Herring Prospectus</b> 30,15,000 Equity Shares of Rs. 10/- each fully paid up	301.50	[●]
E.	<b>Post Issue Paid up Capital</b> 1,14,27,780 Equity Shares of Rs. 10/- each	1142.78	[●]
F.	<b>Share Premium Account</b> Before the issue After the issue	1108.33	[●] *

\*The share premium account shall be determined after the Book Building Process

### Notes:

#### 1. Details of increase in Authorized Share Capital

Date of General Meeting	Cumulative no. of Shares	Face Value (Rs.)	Cumulative Authorised Capital (Rs.)	Particulars
21.10.1991	10,000	100/-	10,00,000/-	On Incorporation
30.09.1994*	25,000	100/-	25,00,000/-	Increase
29.09.1997	1,00,000	100/-	1,00,00,000/-	Increase
25.11.2002	10,00,000	10/-	1,00,00,000/-	Sub-division of Equity Shares from the face value of Rs. 100/- each to Rs. 10/- each
25.11.2002	16,00,000	10/-	1,60,00,000/-	Increase
10.02.2006	30,00,000	10/-	3,00,00,000/-	Increase
30.03.2006	55,00,000	10/-	5,50,00,000/-	Increase
30.11.2006	1,20,00,000	10/-	12,00,00,000/-	Increase

\* ROC receipt for Form No. 5 is not available.

#### 2. Our current authorized capital is sufficient to meet the requirements of the Issue.

**CORDS CABLE INDUSTRIES LIMITED**
**Notes to the Capital Structure**
**1) Equity Share Capital History of our Company**

Date of allotment	No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Cumulative no. of Equity Shares		Share Premium (Rs.)	Nature of Consideration	Particulars	Cumulative Share Premium (Rs.)
				Face Value of Rs. 100/-	Face Value of Rs. 10/-				
Oct 21, 1991	30	100/-	100/-	30	-	NIL	Cash	Subscribers to the Memorandum	-
Mar 11, 1993*	1,800	100/-	100/-	1,830	-	NIL	Cash	Further Allotment	-
Mar 11, 1993*	5,796	100/-	NIL	7,626	-	NIL	Other than Cash	Acquisition of business of partnership firm M/S Cords Cable Industries	-
Mar 31, 1994	2,104	100/-	100/-	9,730	-	NIL	Cash	Further Allotment	-
Mar 31, 1995	3000	100/-	100/-	12,730	-	NIL	Cash	Further Allotment	-
Oct 1, 1995	7,500	100/-	100/-	20,230	-	NIL	Cash	Further Allotment	-
Mar 16, 1998	15,000	100/-	100/-	35,230	-	NIL	Cash	Further Allotment	-
Mar 31, 2001	7,500	100/-	100/-	42,730	-	NIL	Cash	Further Allotment	-
Mar 23, 2002	15,000	100/-	100/-	57,730	-	NIL	Cash	Further Allotment	-
Mar 30, 2002	15,000	100/-	200/-	72,730	-	15,00,000	Cash	Further Allotment	15,00,000
Nov 25, 2002	-	10/-	N/A	-	7,27,300	NIL	NIL	One Equity Share of Rs. 100/- each was sub divided into 10 Equity Shares of Rs. 10/- each.	15,00,000
Mar 31, 2003	2,90,000	10/-	20/-	-	10,17,300	29,00,000	Cash	Further Allotment	44,00,000
Mar 31, 2004	4,35,000	10/-	20/-	-	14,52,300	43,50,000	Cash	Further Allotment	87,50,000
Mar 30, 2006	11,20,000	10/-	20/-	-	25,72,300	1,12,00,000	Cash	Further Allotment	1,99,50,000
Mar 31, 2006	25,72,300	10/-	NIL	-	51,44,600	NIL	Other than Cash	Bonus Issue in the ratio of 1:1	1,12,00,000
Sep 30, 2006	3,54,800	10/-	NIL	-	54,99,400	NIL	Other than Cash	Bonus issue in the ratio of 2 Equity Shares for every 29 Equity Share held.	76,52,000
Nov 30, 2006	10,99,880	10/-	NIL	-	65,99,280	NIL	Other than Cash	Bonus issue in the ratio of 1 Equity Share for every 5 Equity Shares held.	NIL
Jul 3, 2007	13,28,500	10/-	65/-	-	79,27,780	7,30,67,500	Cash	Further Allotment	7,30,67,500
December 7, 2007	4,15,000	10/-	101/-	-	83,42,780	3,77,65,000	Cash	Preferential allotment	11,08,32,500

\* Allotment Date not written on Form No. 2 and ROC receipts for Form No. 2 is not available. Allotment dates have been taken as per management certificate and the date of the EGM in which the resolution was passed for the allotment of shares as per the minute book maintained by our Company.

**2) The bonus shares have been issued by way of capitalisation of free reserves.**

Details of capitalization of reserves are as follows:

Date of allotment of bonus shares	Ratio of bonus issue	No. of equity shares issued	Face value (Rs.)	Nature of Reserves	Amount of reserves capitalised (Rs.)
Mar 31, 2006	1:1	25,72,300	10/-	Share Premium General Reserve	87,50,000/- 1,69,73,000/-
Sep 30, 2006	2:29	3,54,800	10/-	Share Premium	35,48,000/-
Nov 30, 2006	1:5	10,99,880	10/-	Share Premium General Reserve	76,52,000/- 33,46,800/-
				<b>Total</b>	<b>4,02,69,800/-</b>

**3) Details of issue of shares for consideration other than cash (except for bonus issues) are as follows:**

5,796 Equity Shares of Rs. 100/- each were issued and allotted on March 11, 1993 as consideration to the following persons pursuant to the acquisition of business of the Partnership Firm M/s. Cords Cable Industries.

Name of the Person	No. of Equity Shares allotted (of Rs. 100/- each)
Ms. Santosh Malhotra	1,232
Mr. Chanan Lal Sawhney	1,232
Mr. B.D. Prashar	1,232
Mr. Rakesh Malhotra	750
Mr. Rahul Prashar	700
Mr. Gaurav Sawhney	650
<b>Total</b>	<b>5,796</b>

**4) Build- up of Promoter Equity shareholding**

**Mr. Rakesh Malhotra**

Date of Allotment /Date of Acquisition	Date when made fully paid up	Issue Price / Sale price (Rs.)	Face value (Rs.)	No. of shares	Consideration (Rs.)	Nature of Issue
Mar 11, 1993	Mar 11, 1993	100/-	100/-	750	75,000	Shares allotted at the time of acquisition of Partnership Firm against outstanding loan
Mar 16, 1998	Mar 16, 1998	100/-	100/-	5,000	5,00,000	Further Allotment
Mar 31, 2001	Mar 31, 2001	100/-	100/-	2,500	2,50,000	Further Allotment
Mar 23, 2002	Mar 23, 2002	100/-	100/-	5,000	5,00,000	Further Allotment
Apr 8, 2002	Apr 8, 2002	100/-	100/-	28	2,800	Transfer of Shares
Nov 25, 2002	N/A	N/A	10/-	1,32,780	NIL	Subdivision of shares from face value of Rs. 100/- each to Rs. 10/- each
Mar 31, 2003	Mar 31, 2003	20/-	10/-	30,000	6,00,000	Further Allotment
Mar 31, 2004	Mar 31, 2004	20/-	10/-	1,08,250	21,65,000	Further Allotment
Jul 18, 2005	Jul 18, 2005	1.5/-	10/-	1,00,000	1,50,000	Transfer of Shares
Jul 18, 2005	Jul 18, 2005	5/-	10/-	20,000	1,00,000	Transfer of Shares
Mar 30, 2006	Mar 30, 2006	20/-	10/-	3,10,000	62,00,000	Further Allotment
Mar 31, 2006	Mar 31, 2006	NIL	10/-	7,01,030	NIL	Bonus
Sep 30, 2006	Sep 30, 2006	NIL	10/-	96,694	NIL	Bonus
Nov 30, 2006	Nov 30, 2006	NIL	10/-	2,99,750	NIL	Bonus
<b>Total</b>				<b>17,98,504</b>	<b>1,05,42,800</b>	

**CORDS CABLE INDUSTRIES LIMITED**
**Mr. D.K. Prashar**

Date of Allotment /Date of Acquisition	Date when made fully paid up	Issue Price / Sale price (Rs.)	Face value (Rs.)	No. of shares	Consideration (Rs.)	Nature of Issue
Oct 1, 1995	Oct 1, 1995	100/-	100/-	2,500	2,50,000	Further Allotment
Jul 16, 1997	Jul 16, 1997	100/-	100/-	10	1,000	Transfer of Shares
Mar 16, 1998	Mar 16, 1998	100/-	100/-	3,000	3,00,000	Further Allotment
Mar 31, 2001	Mar 31, 2001	100/-	100/-	2,500	2,50,000	Further Allotment
Mar 23, 2002	Mar 23, 2002	100/-	100/-	5,000	5,00,000	Further Allotment
Apr 8, 2002	Apr 8, 2002	100/-	100/-	30	3,000	Transfer of Shares
Nov 25, 2002	N/A	N/A	10/-	1,30,400	NIL	Subdivision of shares from face value of Rs. 100/- each to Rs. 10/- each
Mar 31, 2003	Mar 31, 2003	20/-	10/-	30,000	6,00,000	Further Allotment
Mar 31, 2004	Mar 31, 2004	20/-	10/-	1,10,000	22,00,000	Further Allotment
Jul 18, 2005	Jul 18, 2005	1.5/-	10/-	1,00,000	1,50,000	Transfer of Shares
Jul 18, 2005	Jul 18, 2005	5/-	10/-	20,000	1,00,000	Transfer of Shares
Mar 30, 2006	Mar 30, 2006	20/-	10/-	3,02,000	60,40,000	Further Allotment
Mar 31, 2006	Mar 31, 2006	NIL	10/-	6,92,400	NIL	Bonus
Sep 30, 2006	Sep 30, 2006	NIL	10/-	95,503	NIL	Bonus
Nov 30, 2006	Nov 30, 2006	NIL	10/-	2,96,061	NIL	Bonus
<b>Total</b>				<b>17,76,364</b>	<b>1,03,94,000</b>	

**Mr. Naveen Sawhney**

Date of Allotment /Date of Acquisition	Date when made fully paid up	Issue Price / Sale price (Rs.)	Face value (Rs.)	No. of shares	Consideration (Rs.)	Nature of Issue
Oct 1, 1995	Oct 1, 1995	100/-	100/-	2,500	2,50,000	Further Allotment
Mar 16, 1998	Mar 16, 1998	100/-	100/-	5,000	5,00,000	Further Allotment
Mar 31, 2001	Mar 31, 2001	100/-	100/-	2,500	2,50,000	Further Allotment
Mar 23, 2002	Mar 23, 2002	100/-	100/-	5,000	5,00,000	Further Allotment
Apr 8, 2002	Apr 8, 2002	100/-	100/-	12	1,200	Transfer of Shares
Nov 25, 2002	N/A	N/A	10/-	1,50,120	NIL	Subdivision of shares from face value of Rs. 100/- each to Rs. 10/- each
Mar 31, 2003	Mar 31, 2003	20/-	10/-	30,000	6,00,000	Further Allotment
Sep 2, 2003	Sep 2, 2003	20/-	10/-	15,000	3,00,000	Transfer of Shares
Mar 31, 2004	Mar 31, 2004	20/-	10/-	1,10,000	22,00,000	Further Allotment
Jul 18, 2005	Jul 18, 2005	1.5/-	10/-	70,000	1,05,000	Transfer of Shares
Jul 18, 2005	Jul 18, 2005	5/-	10/-	37,500	1,87,500	Transfer of Shares
Jul 18, 2005	Jul 18, 2005	20/-	10/-	17,500	3,50,000	Transfer of Shares
Mar 30, 2006	Mar 30, 2006	20/-	10/-	1,56,000	31,20,000	Further Allotment
Mar 31, 2006	Mar 31, 2006	NIL	10/-	5,86,120	NIL	Bonus
Sep 30, 2006	Sep 30, 2006	NIL	10/-	80,844	NIL	Bonus
Nov 30, 2006	Nov 30, 2006	NIL	10/-	2,50,617	NIL	Bonus
<b>Total</b>				<b>15,03,701</b>	<b>83,63,700</b>	

**5) Promoter's Contribution and Lock-in**

Name of Promoter	Date of Allotment	Date When made fully paid up	Consideration (Rs.)	No. of Shares	Face Value (Rs.)	Issue Price (Rs.)	% of post issue paid up capital	Lock-in period
<b>Mr. Rakesh Malhotra</b>	Nov 30, 2006	Nov 30, 2006	Bonus	2,99,750	10/-	NIL	2.62%	3 years
	Sep 30, 2006	Sep 30, 2006	Bonus	96,694	10/-	NIL	0.85%	3 years
	Mar 31, 2006	Mar 31, 2006	Bonus	3,65,408	10/-	NIL	3.20%	3 years
<b>Mr. D. K.</b>	Nov 30,	Nov 30,	Bonus	2,96,061	10/-	NIL	2.59%	3 years



<b>Prashar</b>	2006	2006						
	Sep 30, 2006	Sep 30, 2006	Bonus	95,503	10/-	NIL	0.84%	3 years
	Mar 31, 2006	Mar 31, 2006	Bonus	3,70,288	10/-	NIL	3.24%	3 years
<b>Mr. Naveen Sawhney</b>	Nov 30, 2006	Nov 30, 2006	Bonus	2,50,617	10/-	NIL	2.19%	3 years
	Sep 30, 2006	Sep 30, 2006	Bonus	80,844	10/-	NIL	0.70%	3 years
	Mar 31, 2006	Mar 31, 2006	Bonus	4,30,391	10/-	NIL	3.77%	3 years
<b>Total</b>				<b>22,85,556</b>			<b>20.00%</b>	<b>3 years</b>

Out of the total Promoter's holding, 20% of the Post-Issue Equity Share Capital i.e. 22,85,556 Equity Shares will be locked in for 3 years. The lock-in shall start from the date of allotment in the public issue and the last date of the lock-in shall be reckoned as three years from the date of allotment in the Issue. Other than the above, in terms of clause 4.14.1 of the SEBI Guidelines, our entire pre Issue capital of 60,57,224 Equity Shares shall be locked-in for a period of one year from the date of allotment of the Equity Shares in this Issue.

The Promoters have vide their letter dated August 29, 2007 given their consent for lock in of shares as stated above. Equity Shares issued last shall be locked-in first.

In terms of clause 4.15.1 of the SEBI Guidelines, locked-in Equity Shares held by the Promoters can be pledged with banks or financial institutions as collateral security for loans granted by such banks or financial institutions, provided the pledge of shares is one of the terms of sanction of loan. In terms of clause 4.16.1 (b) of the SEBI Guidelines, Equity Shares held by the Promoters may be transferred to and amongst the Promoter/ Promoter Group or to a new promoter or persons in control of our Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI Takeover Regulations, as applicable.

Further, in terms of clause 4.16.1 (a) of the SEBI Guidelines, Equity Shares held by shareholders other than the Promoters may be transferred to any other person holding shares which are locked-in as per Clause 4.14 of the SEBI Guidelines, subject to continuation of the lock-in in the hands of the transferees for the remaining period and in compliance with SEBI Takeover Regulations, as applicable.

- 6) Our Company, our Promoters, our Directors or the BRLM have not entered into any buy-back and / or standby arrangements for purchase of Equity Shares of our Company from any person.
- 7) The list of top ten shareholders and the number of Equity Shares held by them.

Top ten shareholders on the date of filing the Red Herring Prospectus with SEBI are as follows:

<b>Sr. No.</b>	<b>Name of Shareholders</b>	<b>No. of Shares</b>	<b>Percentage Shareholding</b>
1	Mr. Rakesh Malhotra	17,98,504	21.56%
2	Mr. D.K. Prashar	17,76,364	21.29%
3	Mr. Naveen Sawhney	15,03,701	18.02%
4	Mrs. Asha Malhotra	2,51,729	3.02%
5	Mr. Lashit Sanghvi	2,30,000	2.76%
6	Mr. Gaurav Sawhney	1,71,889	2.06%
7	Mr. Jagdish N Master	1,50,000	1.80%
8	Mr. Varun Sawhney	1,45,594	1.75%
9	Mr. Karma Wali Sawhney	1,45,208	1.74%
10	Mr. Amit Prashar	1,42,540	1.71%
	<b>TOTAL</b>	<b>6315529</b>	<b>75.70%</b>

**CORDS CABLE INDUSTRIES LIMITED**

Top ten shareholders ten days prior to the date of filing the Red Herring Prospectus with SEBI are as follows:

Sr. No.	Name of Shareholders	No. of Shares	Percentage Shareholding
1	Mr. Rakesh Malhotra	17,98,504	21.56%
2	Mr. D.K. Prashar	17,76,364	21.29%
3	Mr. Naveen Sawhney	15,03,701	18.02%
4	Mrs. Asha Malhotra	2,51,729	3.02%
5	Mr. Lashit Sanghvi	2,30,000	2.76%
6	Mr. Gaurav Sawhney	1,71,889	2.06%
7	Mr. Jagdish N. Master	1,50,000	1.80%
8	Mr. Varun Sawhney	1,45,594	1.75%
9	Mr. Karma Wali Sawhney	1,45,208	1.74%
10	Mr. Amit Prashar	1,42,540	1.71%
	<b>TOTAL</b>	<b>6315529</b>	<b>75.70%</b>

The list of top ten shareholders, two years prior to the date of filing the Red Herring Prospectus with SEBI is as follows:

Sr. No.	Name of Shareholders	No. of Shares	Percentage Shareholding
1	Mr. Naveen Sawhney	4,30,120	29.62%
2	Mr. Rakesh Malhotra	3,91,030	26.92%
3	Mr. D.K. Prashar	3,90,400	26.88%
4	Mrs. Asha Malhotra	40,600	2.80%
5	Mr. Rahul Prashar	30,500	2.10%
6	Mr. Gaurav Sawhney	28,500	1.96%
7	Mr. Amit Prashar	25,560	1.76%
8	Mr. Aditya Malhotra	21,760	1.50%
9	Mr. B.D. Prashar	18,420	1.27%
10	Mr. Adesh Prashar	17,510	1.21%
	<b>TOTAL</b>	<b>13,94,400</b>	<b>96.02%</b>

8) Shareholding pattern before and after the Issue is as follows

Category	Pre Issue		Post Issue*	
	No. of shares	%	No. of shares	%
<b>A. Promoter Group</b>				
<b>a) Promoters</b>				
Mr. Rakesh Malhotra	17,98,504	21.56	17,98,504	15.74
Mr. D.K. Prashar	17,76,364	21.29	17,76,364	15.54
Mr. Naveen Sawhney	15,03,701	18.02	15,03,701	13.16
<b>b) Relatives of Promoters</b>				
Ms. Asha Malhotra	2,51,729	3.02	2,51,729	2.20
Mr. Gaurav Sawhney	1,71,889	2.06	1,71,889	1.50
Mr. Varun Sawhney	1,45,594	1.75	1,45,594	1.27
Ms. Karma Wali Sawhney	1,45,208	1.74	1,45,208	1.27
Mr. Amit Prashar	1,42,540	1.71	1,42,540	1.25
Ms. Adarsh Sawhney	1,28,404	1.54	1,28,404	1.12
Mr. Rahul Prashar	1,23,247	1.48	1,23,247	1.08
Mr. Adesh Prashar	1,10,342	1.32	1,10,342	0.96
Mr. Chanan Lal Sawhney	1,04,981	1.26	1,04,981	0.92
Mr. Aditya Malhotra	75,067	0.90	75,067	0.66
Mr. B.D. Prashar	47,257	0.57	47,257	0.41
Mr. C.S. Malhotra	38,483	0.46	38,483	0.34
Ms. Santosh Malhotra	31,864	0.38	31,864	0.28
Ms. Suchita Malhotra	4,106	0.05	4,106	0.05

Category	Pre Issue		Post Issue*	
	No. of shares	%	No. of shares	%
<b>c) Associates</b>	<b>NIL</b>	<b>-</b>	<b>NIL</b>	<b>-</b>
<b>Sub-total: (a+b+c)</b>	<b>65,99,280</b>	<b>79.10</b>	<b>65,99,280</b>	<b>57.75</b>
<b>B. Others</b>	<b>16,35,000</b>	<b>19.60</b>	<b>16,35,000</b>	<b>14.31</b>
<b>C. Corporate bodies</b>	<b>1,08,500</b>	<b>1.30</b>	<b>1,08,500</b>	<b>0.95</b>
<b>D. Directors / Employees#</b>	<b>NIL</b>	<b>-</b>	<b>70,000</b>	<b>0.61</b>
<b>E. Public</b>	<b>NIL</b>		<b>30,15,000</b>	<b>26.38</b>
<b>Grand Total (A+B+C+D+E)</b>	<b>83,42,780</b>	<b>100.00</b>	<b>1,14,27,780</b>	<b>100.00</b>

# excluding Directors forming part of the Promoter Group.

- 9) Our Promoters and Promoter Group have not purchased or sold any Equity Shares during the period of six months preceding the date on which the Red Herring Prospectus is filed with SEBI.
- 10) In this Issue, upto 50% of the Issue shall be allocated on a proportionate basis to QIBs, out of which 5 % shall be made available for allocation to mutual funds. All eligible bids by mutual funds will be considered for allocation in the above mentioned 5% as well as in the balance available for QIBs. In the event of inadequate response from the mutual funds, the shares may be made available to QIBs other than mutual funds. Atleast 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and at least 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Under-subscription, if any, in any category, would be met with spill over from other categories at the sole discretion of our Company in consultation with the BRLM.
- 11) 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 Red Herring Prospectus to SEBI until the Equity Shares to be issued through the Red Herring Prospectus have been listed.
- 12) We at present, do not have any intention or proposal to alter the capital structure for a period of six months from the date of opening of the Issue, by way of split / consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise. If our Company goes in for acquisitions and Joint Ventures we might then consider raising additional capital to fund such activity or use shares as currency for acquisition and / or participation in such Joint Venture.
- 13) At any given point of time, there shall be only one denomination of the Equity Shares of our Company, unless otherwise permitted by law and our Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.
- 14) We have not raised any bridge loan against the proceeds of this Issue.
- 15) The Equity Shares locked in by the Promoter are not pledged. The Promoters may pledge their Equity Shares with banks or financial institutions as additional security for loan, provided pledge of Equity Shares is one of the terms of sanction of loan.
- 16) We have not revalued our assets during the last 5 years.
- 17) There are 46 members as on the date of filing of the Red Herring Prospectus.
- 18) Restrictive covenants in the loan agreements.

## **CORDS CABLE INDUSTRIES LIMITED**

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In respect of various agreements entered into by us with our lenders, we are bound by certain restrictive covenants regarding capital structure. As per the loan agreements, we require written consent from the lenders, for certain restrictive covenants, amongst others, including as mentioned below:

- Our Company shall not undertake any new project or expansion without prior intimation to the lenders.
- Not to effect any material change in the control and management of our Company and the Promoter's should continue to hold at least 40% stake in our company.
- Neither declare any dividend nor make any payments for redemption of Preference Shares without obtaining the prior written consent of the lenders if our Company fails to meet its obligations to pay interest and / or instalment or any other monies payable to lender.
- Our Company shall not raise any term loans / debentures, incur major capital expenditure or make any investments either directly or through our subsidiaries, without the prior written approval of lenders.
- We shall not invest / lend / extend advances to group or subsidiary companies without prior written approval of lenders.
- We shall not issue corporate guarantee on behalf of our subsidiary or group companies, without prior written approval of lenders.

19) An over subscription to the extent of 10% of the Issue can be retained for the purpose of rounding off to the nearest integer, subject to allotment of shares in the minimum allotment lot, while finalising the allotment.

20) Equity Shares offered through this Issue shall be allotted as fully paid up shares.

21) As on the date of this Red Herring Prospectus there are no pending warrants, options, right to convert a debenture, loan or other instruments into Equity Shares of our Company.

22) We do not have any existing / past ESOP Plan.

23) Our shareholders, vide their resolution passed at the EGM held on June 30, 2007 have accorded their consent to this Issue.

24) We have not issued any Equity Shares out of revaluation reserves or for consideration other than cash, in the past except to the extent of shares issued for acquisition of the partnership firm M/S Cords Cable Industries and bonus shares issued to the existing shareholders by capitalisation of General Reserves and Share Premium as described above in this chapter of Red Herring Prospectus.

25) Only our Employees, a day prior to the Issue opening, would be eligible to apply in this Issue under reservation for Employees on a competitive basis. Separate Bid Applications can be made by Employees under the Net Issue to Public category as well and such Bids will not be treated as multiple bids.

26) The unsubscribed portion, if any, in Employee reservation portion shall be added back to the net offer to the public.

27) Except as disclosed on pages 79 and 83 in the Red Herring Prospectus, none of our Directors and Key Managerial Personnel hold any Equity Shares of our Company.

28) A Bidder cannot bid for more than the number of Equity Shares offered through the Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.

29) FIPB Approval is not required for allotment of equity shares to FIIs and NRIs.

## OBJECTS OF THE ISSUE

We intend to deploy the net proceeds from the Issue of Rs. [●] lacs after meeting the Issue expenses of approximately [●] lacs for setting up of the production facilities, enhancement in long term working capital requirements and for general corporate purposes. The project is being undertaken to expand and diversify our product range with a view to manufacture HT cables and Rubber cables.

We believe that listing of our Equity Shares will enhance our visibility and our brand name.

In view of the dynamic nature of the industry segment we operate in, we may have to review and revise our business plans if necessary on account of new projects that we may pursue and consequently our fund requirement may also change. In the event of a shortfall in raising the requisite capital from the proceeds of the Present Issue, towards meeting the objects of the Issue, the extent of the shortfall will be met by internal accruals / borrowings. In case of surplus, the same will be used for further supporting the long-term working capital requirements or for general corporate purposes.

The objects and the estimated funds requirement as envisaged by our management are set forth below:

(Rs. lacs)

Particulars	Total fund requirement	Funds deployed upto November 03, 2007	Balance fund requirement
Setting up of production facilities	5740.00	518.71	5221.29
Working capital requirements	630.00	-	630.00
General corporate purposes	[●]	-	[●]
Issue Expenses	[●]	44.77	[●]
<b>Total</b>	<b>[●]</b>	<b>563.48</b>	<b>[●]</b>

The main object clause of our MoA and the objects incidental and ancillary to the main objects enable us to undertake our existing activities as well as the activities for which the funds are being raised.

## MEANS OF FINANCE

The balance requirement of funds will be met as follows:

Sr. No.	Source of Funds	Amount (Rs. lacs)
1	Proceeds of the Issue	[●]
2	Borrowings	1220.16
3	Proceeds from pre-IPO placement	419.15
4	Internal Accruals*	[●]
	<b>Total</b>	<b>[●]</b>

\*The balance fund requirement over and above the issue proceeds and borrowings will be met from our Internal Accruals. Our free reserves as on November 30, 2007 stands at Rs. 2145.01 lacs.

For the proposed expansion, the entire debt component of Rs. 1220.16 lacs is being funded by ECB from ICICI Bank Ltd vide a sanction letter dated January 16, 2007. The sanction is for an amount of USD 5.60 million, out of which USD 2.50 million has already been drawn. The balance USD 3.10 million would be disbursed on the successful completion of the IPO. We intend to use USD 3.10 million for our proposed expansion plan and accordingly we have considered the RBI Reference rate of 1 USD = Rs 39.36 as on December 11, 2007 for the purpose of arriving at the amount of borrowings in INR.

The broad sanction terms of the ECB are as given below:

Interest Rate	The aggregate of the applicable margin (1.25% p.a.) and 6 month Libor.
Repayment	The borrower shall repay the drawn down amount in ten equal semi-annual instalments, first instalment being due at the end of eighteen months from the average drawdown date.
Security	1. First Charge on entire movable fixed assets for the proposed expansion.

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	2. Equitable mortgage on factory land and building for the proposed expansion. 3. Personal guarantee of the promoters.
Drawdown date	The final date by which the entire sanctioned amount can be drawn shall not be beyond March 25, 2008. Amounts remaining undrawn at the end March 25, 2008 shall be cancelled.

\*The draw down date was extended vide a letters dated September 3, 2007 and December 13, 2007.

We confirm that firm arrangements of finance through verifiable means towards atleast 75% of the stated means of finance excluding the amount to be raised through the proposed public issue have been made.

**DETAILS OF PROPOSED UTILISATION OF FUNDS****1. SETTING UP OF PRODUCTION FACILITIES**

In view of the increasing demand for the cables and the need for diversifying and expanding our existing range of products, we plan to add HT cables and rubber cables to our existing product range.

The approximate cost of expansion is as follows:

(Rs. lacs)			
Particulars	Total fund requirement	Funds deployed upto November 30, 2007	Balance fund requirement
Land	1737.01	510.86	1226.15
Building	875.00	-	875.00
Plant and Machinery	2610.00	-	2610.00
Miscellaneous fixed assets	120.00	7.85	112.15
IDC and pre operative expenses	165.00	-	165.00
Contingencies	232.99	-	232.99
<b>Total</b>	<b>5740.00</b>	<b>518.71</b>	<b>5221.29</b>

**LAND**

We have taken land admeasuring approximately 78,800 sq. mts. at Pathredi, Rajasthan on lease from RIICO for a period of 99 years from the date of lease deed. We have received allotment letter dated May 31, 2007 from RIICO and a lease deed has been entered into on September 28, 2007. The total cost of the land is at Rs. 1737.01 lacs, of which an amount equivalent to Rs. 510.86 lacs has already been paid by our Company. The facilities such as sewerage, power, etc are being provided by Rajasthan state Industrial Development and Investment Corporation Limited.

**BUILDING**

The requirement of main building for the proposed expansion is approximately 1 lac sq. feet. The estimated cost of building is Rs. 875 lacs. We have taken cost estimates for the building from M/s Ayamm, New Delhi architects and engineers for the construction of the building.

**PLANT AND MACHINERY**

We need to make investments in capital equipments for expanding our operating capacities to implement our proposed project. We have envisaged a capital expenditure of Rs. 2610 lacs for investment in capital equipments.

Details of the equipments and their estimated costs are as follows:

(Rs. lacs)

Sr. No.	Equipment	Qty.	Estimated Landed Cost	Total Landed Cost	Quotation Received From	Date of Quotation
1	Rod Break Down	1	32.03	32.03	Shree Ambika Cable Machine Pvt. Ltd.	April 24, 2007
2	Stranding	2	104.35	208.70	Vindhya Kablemats (India) Pvt. Ltd.	June 19, 2007
3	Skip Strander	2	41.00	82.00	Victory Plant & Machinery Pvt. Ltd.	June 23, 2007
4	Armouring M/C	1	108.15	108.15	Vindhya Kablemats Pvt. Ltd.	June 19, 2007
5	Copper Taping	2	16.01	32.02	Mayfair Machinekraft Pvt Ltd	August 11, 2007
6	Laying Up/Drum Twister	1	169.93	169.93	Victory Plant & Machinery Pvt. Ltd.	July 10, 2007
7	Sheathing Line	2	115.33	230.66	SuperMac Industries (India) Ltd.	July 01, 2007
8	Test Lab Equipments (HT cable)	-	348.53	348.53	--	--
9	Rewinder	1	16.02	16.02	Cable Tech Machines	April 11, 2007
10	CCV Line	1	559.50	559.50	Qingdao Xingle Electrical Machinery Co. Ltd.	May 16, 2007
11	Wire Drawing. M/C	3	11.10	33.30	Cab Device Industries	August 4, 2007
12	Tinning M/C	2	2.70	5.40	Cab Device Industries	August 4, 2007
13	Buncher	1	28.20	28.20	Minimax Industries	August 9, 2007
14	Stranding M/C 37 B	1	51.26	51.26	MayFair Machinekraft Pvt Ltd.	August 6, 2007
15	Laying Up 37 B	1	57.66	57.66	Cable Tech Machines	August 6, 2007
16	Extruder	1	74.32	74.32	Super Mac Industries (India) Ltd.	July 1, 2007
17	Vulcanizser	1	64.07	64.07	--	--
18	Compounding M/C	1	61.51	61.51	Kaitec Co. Ltd.	August 8, 2007
19	Test Lab Equipments (Rubber cable)	-	54.71	54.71	--	--
20	Partial Discharge Test Equipments (Rubber cables)	-	121.73	121.73	Well Gain Cable Systems Ltd.	August 10, 2007
21	CV LINE	2	112.50	225.00	Well Gain Cable Systems Ltd.	August 10, 2007
22	UPS 160 KVA	3	15.10	45.30	Allied Power Solutions (India) Pvt. Ltd.	August 9, 2007
	<b>TOTAL</b>			<b>2610.00</b>		

For the above estimates, we have relied upon quotations received in the past few months. In some cases where we were unable to obtain quotations, we have relied on our past experience to estimate the costs. Where more than one quotation has been sought, the lowest of such quotations have been used for the estimation. We have not taken any decision to finalize the suppliers for the above equipments and no firm orders have been placed for any of the above equipments.

The capital expenditure plans are based on management estimates and have not been appraised by an independent agency. Our plans are subject to variance due to nature of projects, construction schedule, change in methodology of execution, change in fiscal policy or changes in the management views of the desirability of current plans.

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### **MISCELLANEOUS FIXED ASSETS**

The total cost estimated for miscellaneous fixed assets is Rs. 120 lacs which includes estimated costs for vehicles, computers (including cost for both software and hardware), furniture & fixtures etc. We have incurred Rs. 7.85 lacs towards computer softwares as on November 30, 2007. The break-up of the said cost is given below:

<b>Particulars</b>	<b>Rs. Lacs</b>
Vehicles	30.00
Computers (hardware and software)	50.00
Furniture & fixtures	40.00
<b>Total</b>	<b>120.00</b>

### **IDC AND PRE-OPERATIVE EXPENSES**

The IDC and Pre-operative expenses estimated to be incurred on the project is Rs.165 lacs. It includes interest during construction on ECB Loan, fees payable to the architects, professionals & consultants towards setting up of the project, legal fees and expenses for the project like documentation charges, stamp duty etc and cost of trial runs. The break-up of the estimated expenses is given below:

<b>Particulars</b>	<b>Rs. Lacs</b>
Interest on ECB loan	117.00
Fees payable to architects, professionals and consultants	23.00
Legal fees and expenses (includes stamp duty)	10.00
Cost of trial runs	15.00
<b>Total</b>	<b>165.00</b>

### **CONTINGENCIES**

A contingency of approximately 5% on building, plant & machinery and other fixed assets has been considered to cover any escalation in the cost of project.

### **Proposed Implementation schedule**

<b>Sr. No.</b>	<b>Activity</b>	<b>Expected Commencement</b>	<b>Expected Completion</b>
1.	Land Acquisition	--	Completed
2.	Land Development	March 2008	April 2008
3.	Building	April 2008	October 2008
4.	Plant and Machinery	February 2008	November 2008
5.	Arrangement for Power	October 2008	December 2008
6.	Arrangement for Water	November 2008	December 2008
7.	Arrangement for Labour	November 2008	December 2008
8.	Commissioning of Plant	November 2008	February 2009
9.	Trial run	February 2009	March 2009
10.	Commercial Production	April 2009	

## **2. WORKING CAPITAL REQUIREMENTS**

The business of our Company has been growing over the years. Considering the existing growth rate and the ongoing expansion, the total working capital needs of our Company, as assessed based on the internal workings of our Company is expected to reach Rs. 7848.68 lacs for fiscal 2009. We intend to meet our working capital requirements to the extent of Rs. 630 lacs from the proceeds of this Issue and the balance will be met from internal accruals and borrowings at an appropriate time as per the requirement.



Our existing working capital requirements and the funding for the same is as follows:

(Rs. lacs)

Particulars	Fiscal 2007
Inventories	1330.44
Sundry Debtors	1751.33
Other Current Assets	462.72
Less: Current Liabilities and provisions	1883.69
<b>Total Working Capital Requirements</b>	<b>1660.80</b>
<b>Funding Pattern</b>	
Bank Borrowings for Working Capital	647.45
Internal Accruals	1013.35
<b>Total</b>	<b>1660.80</b>

Our expected working capital requirements for the fiscal 2009 are as follows:

(Rs. lacs)

Particulars	Fiscal 2009 (Estimated)
Inventories	3732.26
Sundry Debtors	5664.44
Other Current Assets	1341.21
Less: Current Liabilities and provisions	2889.23
<b>Total Working Capital Requirements</b>	<b>7848.68</b>
Less: Existing working capital	1660.80
<b>Balance working capital requirements</b>	<b>6187.88</b>

Source of balance working capital requirements

(Rs. lacs)

Particulars	Fiscal 2009 (Estimated)
Internal Accruals	2785.33
IPO proceeds	630.00
Borrowings	2772.55
<b>Total</b>	<b>6187.88</b>

The assumptions for current assets and liabilities for our business are given in the table below:

Particulars	Period in months
<b>Current Assets</b>	
Inventories	Raw Materials 20 days, WIP and Finished Goods 30 days
Debtors	60 days
Other Current Assets	Margin for BG and LC + 30 days expenses
<b>Current Liabilities</b>	
Current Liabilities and provisions	45 days

### 3. GENERAL CORPORATE PURPOSES

We intend to use upto Rs. [●] lacs for general corporate purposes in accordance with our growth plans and long term strategy. The cable industry is dynamic in nature and our plans and strategy will depend on future additions in the order book, the types of contracts and the schedule of execution of various contracts. Accordingly, we will utilize these funds for various corporate purposes including the establishment of dealer network, upgrading the hardware and software solutions, implementing ERP solutions and also for establishment of IT connectivity for enhancing better control. In accordance with the policies established by the Board, we will have flexibility in deploying the proceeds received from the Issue for the purposes as stated above.

### 4. ISSUE EXPENSES

The issue expenses include, among others, Issue management fees, underwriting and selling commission, distribution expenses, legal fees, printing and stationery expenses, advertising and issue marketing expenses, listing fees to the stock exchanges, registrar and depository fees. All expenses with respect to the issue will be met out of the proceeds of the issue.

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The total estimated expenses are Rs. [●] lacs, which is [●] % of the Issue size. For further details please refer to section titled 'Other Regulatory and Statutory Disclosures' beginning on page 139 of this Red Herring Prospectus.

**FUNDS DEPLOYED AS ON November 30, 2007**

Based on the certificate dated December 12, 2007 from the statutory auditors of our Company, the expenditure incurred by our Company till November 30, 2007 on the specified new projects is given below:

(Rs.lacs)		
Particulars	Amount paid	Source of funds
Setting up of production facilities		
-Land	510.23 0.63	ECB Internal Accrual
-Miscellaneous fixed assets	7.85	Internal Accrual
Issue Expenses	44.77	Internal Accrual
<b>Total</b>	<b>563.48</b>	

**PROPOSED DEPLOYMENT OF FUNDS**

(Rs. lacs)			
Particulars	Balance Fund Requirement	Proposed Deployment	
		2007-08	2008-09
Setting up of production facilities	5221.29	3183.79	2037.50
Working capital requirements	630.00	-	630.00
General Corporate Purposes	[●]	[●]	[●]
Issue Expenses	[●]	[●]	-
<b>Total</b>	<b>[●]</b>	<b>[●]</b>	<b>[●]</b>

**INTERIM USE OF PROCEEDS OF THE ISSUE**

Pending any use as described above, we intend to invest the proceeds of this issue in high quality, interest / dividend bearing short-term / long-term liquid instruments including deposits with banks for the necessary duration or for reducing overdraft to save interest cost. Such investments would be in accordance with the investment policies as approved by our Board of Directors from time to time.

No part of the present Issue proceeds will be paid as consideration to our Promoters, Directors, key management personnel and Associate or Group Companies.

**MONITORING OF UTILISATION OF FUNDS**

We have appointed Canara Bank as our Monitoring Agency, details of which are given below:

**Canara Bank**

Merchant Banking Division  
16, Barakhamba Road, DCM Building  
New Delhi – 110 001.  
Tel.: +91-11-2332 3891  
Fax: +91-11-2331 4603  
Contact Person: Mr. Anil Bhasin

We have received a consent letter from Canara Bank for acting as Monitoring Agency for the deployment of the Issue proceeds. Accordingly the entire Issue proceeds will be deposited to a designated account in Canara Bank. All deployment out of the issue proceeds will be made from the designated account. In addition, our audit committee will also monitor the use of the proceeds of this Issue.

**BASIC TERMS OF THE ISSUE / ISSUE STRUCTURE**

The present Issue of 30,85,000 Equity Shares at a price of Rs. [●] for cash aggregating Rs. [●] lacs is being made through a 100% book building process.

<b>Particulars</b>	<b>Employees</b>	<b>QIB Bidders</b>	<b>Non Institutional Bidders</b>	<b>Retail Individual Bidders</b>
Number of Equity Shares*	Up to 70,000 Equity Shares	Upto 15,07,500 Equity Shares	Atleast 4,52,250 Equity Shares	Atleast 10,55,250 Equity Shares
Percentage of Issue size available for allocation	Up to 2.27% of the Issue	Upto 50% of the Net Issue or the Net Issue less allocation to Non-Institutional Bidders and Retail Individual Bidders. However, up to 5% of the QIB Portion shall be available for allocation proportionately to Mutual Funds only	At least 15% of the Net Issue or the Net Issue less allocation to QIB Bidders and Retail Individual Bidders	At least 35% of the Net Issue or the Net Issue less allocation to QIBs and Non Institutional Bidders
Basis of Allocation or Allotment if respective category is oversubscribed.	Proportionate	Proportionate as follows: (a) Equity Shares shall be allocated on a proportionate basis to Mutual Funds in the Mutual Funds Portion; (b) Equity Shares shall be allocated on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above	Proportionate	Proportionate
Minimum Bid	50 Equity Shares	Such number of Equity Shares in multiples of 50 Equity Shares so that the Bid Amount exceeds Rs. 100,000	Such number of Equity Shares in multiples of 50 Equity Shares so that the Bid Amount exceeds Rs. 100,000	50 Equity Shares
Maximum Bid	Not exceeding 70,000 Equity Shares	Not exceeding the size of the Issue subject to applicable limits.	Not exceeding the size of the Issue	Such number of Equity Shares so that the Bid Amount does not exceed Rs. 100,000
Mode of Allotment	Compulsorily in dematerialised form	Compulsorily in dematerialised form	Compulsorily in dematerialised form	Compulsorily in dematerialised form
Trading Lot / Market Lot	One Equity Share	One Equity Share	One Equity Share	One Equity Share
Who can Apply**	Employees of the Company as on one (1) day prior to the Bid/Issue Opening Date	Public financial institutions as specified in Section 4A of the Companies Act, FIIs registered with SEBI, scheduled commercial banks, mutual funds	Resident Indian individuals, HUF (in the name of Karta), companies, corporate bodies, NRIs, scientific institutions,	Individuals (including NRIs and HUFs)

Particulars	Employees	QIB Bidders	Non Institutional Bidders	Retail Individual Bidders
		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. 250 million (subject to applicable law) and pension funds with minimum corpus of Rs. 250 million (subject to applicable law).	societies and trusts.	
Terms of Payment	Margin Amount applicable to Employees shall be payable at the time of submission of Bid cum Application Form to the members of the Syndicate.	Margin Amount applicable to QIB Bidders shall be payable at the time of submission of Bid cum Application Form to the members of the Syndicate	Margin Amount applicable to Non Institutional Bidders at the time of submission of Bid cum Application Form shall be payable to the members of the Syndicate	Margin Amount applicable to Retail Bidders at the time of submission of Bid cum Application Form shall be payable to the members of the Syndicate
Margin Amount	100% of the Bid Amount on Bidding	10% of the Bid amount on Bidding	100% of the Bid Amount on Bidding	100% of the Bid Amount on Bidding

\* In this Issue, in case of over-subscription in all categories, upto 50% of the Issue shall be allocated on a proportionate basis to QIBs, out of which 5 % shall be made available for allocation to mutual funds. All eligible bids by mutual funds will be considered for allocation in afore mentioned 5% as well as in the balance available for QIBs. In the event of inadequate response from the mutual funds, the shares may be made available to QIBs other than mutual funds.

The Issue is being made through the 100% book building process, where in upto 50% of the Net Issue size shall be allocated on a proportionate basis to QIBs. Further, atleast 15% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and atleast 35% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Under-subscription, if any, in any of the above categories would be allowed to be met with spill over from any other category at the sole discretion of our Company and the BRLM.

\*\* In case the Bid-cum-Application Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.

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Under subscription, if any, in the Employee Reservation Portion will be added back to the Net Issue to the Public, and the under subscription can be met with spill over from any other category at the discretion of our Company, in consultation with the BRLM.

The bids received under the Employee Reservation Category will not be considered in the Book Building Process and the determination of the Issue Price.

## **BASIS FOR ISSUE PRICE**

The Issue price will be determined by us in consultation with the BRLM on the basis of assessment of market demand for the Equity Shares issued by way of Book Building.

### **QUALITATIVE FACTORS**

#### **STRENGTHS**

##### **Diversified clientele**

We supply cables across various industries to almost all the top organizations of diverse sectors such as steel, power, chemical, cement, fertilizer, refineries, telecom etc. This ensures that our business is safeguarded against slowdown in any particular industry.

##### **Diversified product portfolio**

We offer an extensive range of high quality control & instrumentation cables, power cables and special cables for oil wells, etc. conforming to Indian and International Standards. Diversified product portfolio reduces the risk of slowdown in the business due to slowdown in a particular sector.

##### **Established track record and prequalification**

We are one of the leading players in the Cable Industry with over 15 years of established track record. We leverage our established supply track record for marketing our products with large industrial clients like NTPC, BHEL, Tata Power, Reliance Energy, Power Grid, IOCL, Tata Steel, Hindalco, L & T, etc., where we are an approved vendor.

Due to our established track record we have prequalification with almost all the top consultants of Indian and International markets such as Kvaerner Powergas India Ltd., Det Norske Veritas As, Toyo Engineering India Ltd., Jacob H&G Ltd., Engineers India Ltd., Mecon Ltd., Rites Ltd., M.N. Dastur & Co. Ltd., Tata Consulting Engineers, PDIL, Nuclear Power Corporation, etc and also with direct clients like BHEL, NTPC, HPCL, MRPL, L&T, etc. This enables us to bid for all major supply contracts for cables.

##### **Highly professional and experienced management**

Our Company is being managed by three promoters who have over 30 years of experience in the Cable industry. All the three promoters are qualified engineers & have worked in different capacities within the cable industry. Under their leadership our Company has a team of well qualified, experienced and dedicated management employees from Cable Industry.

##### **Strong brand and high service standards**

Our objective to manufacture quality products is matched by our commitment to provide excellent service to our customers before an order is received, after the cables are supplied and during the working life of the cables. Our strength lies in our established track record of timely and quality deliverables, which enables us to withstand all competition and develop long lasting relations with our customers, which helps us in getting repeat orders from our customers for their existing ventures and fresh orders for their new ventures.

##### **Advantage vis-a-vis new entrants**

The major entry barriers for new players are getting pre qualifications on technical grounds as well as proven track record. This is a long drawn out process and needs substantial investment in terms of both time and money. Our Company thus is poised to take advantage of the boom in the Cable industry.

##### **Technology**

We develop customized solutions for our customers. Through an in-house research and development activity, we have created our own knowledge database by developing new products applications / solutions. Our Company makes continuous efforts to up-date itself, technically and qualitatively, always applying new techniques in the manufacturing process as a practice so as to achieve a better product quality and technical reliability. We have one of the most modern state-of-art plant and machinery in the industry.

**Research and development**

Our R&D department comprises of four people, who interact with the clients on a continuous basis to understand their requirements and develop the product as per their specifications. R&D department is headed by Mr. Rakesh Malhotra, one of our promoter and Joint Managing Director of our Company, who has an experience of over 30 years in the cable industry. The research and development capabilities, experienced technicians and their experience enable us to test and implement new products based on the changing needs of the clients.

**Quality control**

Our Company was amongst the first few companies in the cable sector to be accredited as an ISO 9001:2000 and also has BIS certification for all our products confirming to IS:1554(1)/1988 and IS:694-90. We are consciously dedicating resources for quality assurance to ensure that quality norms are continually met.

**QUANTITATIVE FACTORS**

Information presented in this section is derived from our restated financial statements prepared in accordance with Indian GAAP.

**1. EARNING PER SHARE (EPS)**

Particulars	Face value (Rs. 10 per share)	
	EPS (Rupees)	Weight
Year ended March 31, 2005	3.46	1
Year ended March 31, 2006	7.84	2
Year ended March 31, 2007	10.62	3
<b>Weighted average</b>	<b>8.50</b>	

The EPS for the six months ended September 30, 2007 is Rs. 7.38 (not annualised).

**Note:**

- (i) The Earning per Share has been computed on the basis of the restated profits of the respective years/ period drawn after considering the impact of material adjustments of prior period items pertaining to the earlier years.
- (ii) The denominator considered for the purpose of calculating Earnings per Share is the weighted average number of Equity Shares outstanding as of date.

**2. PRICE / EARNING (P/E) RATIO IN RELATION TO ISSUE PRICE OF RS. [●].**

- a. Based on the year ended March 31, 2007, EPS is Rs.10.62.
- b. P/E based on profits after taxes, as restated, for the year ended March 31, 2007 is Rs. [●].
- c. Based on six months ended September 30, 2007, EPS (not annualised) is Rs. 7.38.
- d. P/E based on profits after taxes, as restated, for the six months ended September 30, 2007 is Rs. [●].
- e. Industry P/E
  - i) Highest: 20.3
  - ii) Lowest: 8.0
  - iii) Industry Composite: 13.0

Source: Capital Market Dec 03-16, 2007 Industry: Cables-Power



### 3. RETURN ON AVERAGE NET WORTH AS PER RESTATED INDIAN GAAP FINANCIALS

Particulars	RONW %	Weight
Year ended March 31, 2005	37.00	1
Year ended March 31, 2006	44.82	2
Year ended March 31, 2007	60.53	3
<b>Weighted average</b>	<b>51.37</b>	

The RONW for the six months ended September 30, 2007 is 25.24% (not annualised).

#### Note:

The return on average net worth has been computed on the basis of the restated profits of the respective years/ period drawn after considering the impact of material adjustments of prior period items pertaining to earlier years. The Average Net Worth has been computed as a simple average of the opening and closing net worth excluding share application money, as per Restated Statement of Assets and Liabilities.

### 4. MINIMUM RETURN ON INCREASED NET WORTH REQUIRED TO MAINTAIN PRE-ISSUE EPS IS [●]%

### 5. NET ASSET VALUE PER EQUITY SHARE

- Net Asset Value per Equity Share for the Year ended March 31, 2007 is Rs. 21.38.
- After the Issue: [●]
- Issue Price: Rs. [●]
- Net Asset Value per Equity Share for the six months ended September 30, 2007 is Rs. 39.07 (not annualised).
- After the Issue: [●]
- Issue Price: Rs. [●]

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

#### Note:

Net Asset Value per Equity Share represents shareholders' equity as per restated financial statements less revaluation reserves and miscellaneous expenses as divided by weighted average number of Equity Shares outstanding as of date.

### 6. COMPARISON OF ACCOUNTING RATIOS

	Face value of shares (Rs)	Sales (Rs. Cr)	EPS (Rs.)	P/E	RONW%	NAV (Rs.)
Cords Cable Industries Limited	10/-	91.6	10.62	[●]	49.67	21.38
<b>Industry Average</b>				12.40		
<b>Peer Group</b>						
KEI Industries Limited	2/-	601.0	6.70	10.50	32.50	25.90
Delton Cables	10/-	117.4	11.90	12.20	21.80	60.60
Universal Cables	10/-	376.5	9.10	13.60	14.90	68.00
Torrent cables	10/-	199.7	25.80	8.00	33.50	88.60

Source: Capital Market Dec 03-16, 2007

### 7. THE ISSUE PRICE IS [●] TIMES OF THE FACE VALUE OF THE EQUITY SHARES

**STATEMENT OF TAX BENEFITS**

Our Statutory Auditors and Chartered Accountants, M/s Sharma Goel & Co. have vide letter dated December 10, 2007 issued the following statement of tax benefit available to our Company and the shareholders.

**To**

**Cords Cable Industries Ltd.  
B-1/A-26, Mohan Co-operative Industrial Estate  
Mathura Road  
New Delhi – 110 044.**

“We hereby report that the enclosed statement states the possible tax benefits available to the Company and to the shareholders of the Company under the current tax laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the statute. 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 enclosed statement are not exhaustive. The 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 consider in his or her own case the implications of investments in shares.

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

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

The contents of the enclosed statement 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.”

Sharma Goel & Co.  
(Chartered Accountants)

(Sanjeev Mitla)  
Partner  
Membership No. 086441

Place: New Delhi  
Date: December 10, 2007

**SPECIAL TAX BENEFIT AVAILABLE TO THE ISSUER COMPANY****Under The Rajasthan Sales Tax Act, 1994**

The company is entitled to claim 5% interest subsidy and 25% wages/employment subsidy which shall not exceed 50% of the State Sales Tax/VAT/CST, for a period of 7 years from February 11, 2004, under Rajasthan Investment Promotion Scheme, 2003 for interest and/or wage/employment subsidy, which was sanctioned to the company on the Term Loan of Rs. 233 lacs.

**GENERAL TAX BENEFITS****BENEFITS APPLICABLE UNDER INCOME TAX ACT, 1961****A. TO THE COMPANY:**

1. In accordance with, and subject to the provisions of Section 32 of the Act, the Company will be entitled to claim depreciation to tangible and specified intangible assets at the rates specified. Besides normal depreciation, the Company shall be entitled in terms of Section 32 (1) (iia) to claim further depreciation of 20% of actual cost of new machinery and plant acquired and installed after 31<sup>st</sup> March, 2005, subject to fulfilling the conditions mentioned therein by the company.
2. By virtue of section 10 (34) of the Act, any dividend income received by the Company will be exempt from tax.
3. In accordance with and subject to the conditions specified in section 35D of the Income Tax Act, the Company is entitled to amortization, over a period of five years, of all expenditure in connection with the proposed IPO subject to the overall limit prescribed in the said section as the IPO is for the extension of industrial undertaking as also in connection with setting up a new industrial unit.
4. By virtue of new section 10(35) of the Act, the following income shall be exempt, subject to the certain conditions, in the hands of the Company:
  - a) Income received in respect of the unit of a Mutual Fund specified under clause (23D);
  - OR
  - b) Income received in respect of units from the administrator of the specified undertaking;
  - OR
  - c) Income received in respect of units from the specified Company;
5. By virtue of section 10 (38) of the Act long term capital gains on sale of shares where the transaction of sale is entered into on a recognized stock exchange in India, on or after 1<sup>st</sup> October, 2004 shall be exempt from tax provided such transaction is chargeable to securities transaction tax under the relevant chapter.
6. By virtue of Section 111A of the Act short term capital gains on sale of shares or units, where the transaction of sale is entered into on a recognized stock exchange in India, on or after 1<sup>st</sup> October, 2004 shall be subject to tax at a rate of 10 percent (plus applicable surcharge and Education Cess) provided such transaction is chargeable to securities transaction tax under the relevant chapter.
7. In accordance with, and subject to the conditions and to the extent specified in section 54EC of the Act, long term capital gains arising on transfer of long term capital asset, shall be exempt from capital gains tax if the gains are invested within six months from the date of transfer in the purchase/acquisition of specified assets upto a maximum of Rs. 50 lacs.
8. Under Section 112 of the Act and other relevant provisions of the Act, long term capital gains, (i.e. if shares are held for a period of exceeding 12 months) [in cases not covered u/s10 (38) of the Act], arising on transfer of shares in the company, shall be taxed at a rate of 20% (plus applicable surcharge and education cess) after indexation as provided in the second proviso to section 48. The amount of such tax should however be limited to 10% (plus applicable surcharge and education cess) without indexation, at the option of the shareholder, if the transfer is made after listing of shares.

9. Under section 115JAA(1A) of the Act, credit shall be allowed for any tax paid u/s 115JB of the Act (MAT) for any assessment year commencing on or after April 1, 2006, against the tax payable under the provisions of the Act other than section 115JB. Such set off is however restricted to the difference between tax on income computed in accordance with the provisions of the Act other than section 115JB and tax payable under section 115JB. Credit eligible for carry forward is the difference between MAT paid and tax computed and such MAT credit shall not be available for set off beyond seven years succeeding the year in which the MAT credit initially arose.
10. Under section 36(1)(xiii) of the Act, the company is entitled to claim as deduction the amount of Banking Cash Transaction Tax paid on taxable banking transaction entered into from April 1, 2005.

**B. TO THE SHAREHOLDERS OF THE COMPANY – UNDER THE ACT.**

1. Income received by an assessee by way of dividend from an Indian Company as referred to in Sec 115(o) is exempt under section 10(34) of the Act.
2. Under Section 112 of the Act and other relevant provisions of the Act, long term capital gains, (i.e. if shares are held for a period of exceeding 12 months) [in cases not covered u/s 10(38) of the Act], arising on transfer of shares in the company, shall be taxed at a rate of 20% (plus applicable surcharge and education cess) after indexation as provided in the second proviso to section 48. The amount of such tax should however be limited to 10% (plus applicable surcharge and education cess) without indexation, at the option of the shareholder, if the transfer is made after listing of shares.
3. By virtue of Section 111A of the Act that short term capital gains on sale of shares or units where the transaction of sale is entered into in a recognized stock exchange in India, on or after 1<sup>st</sup> October 2004 shall be subject to tax at a rate of 10% (plus applicable surcharge and Education cess) provided such transaction is chargeable to securities transaction tax under the relevant chapter.
4. By virtue of Section 10(38) of the Act that long term capital gains on sale of shares or units where the transaction of sale is entered into in a recognized stock exchange in India, on or after 1<sup>st</sup> October 2004 shall be exempt from tax provided such transaction is chargeable to securities transaction tax under the relevant chapter.
5. In accordance with, and subject to the conditions and to the extent specified in section 54EC of the Act, long term capital gains arising on transfer of the shares of the Company, shall be exempt from capital gains tax if the gains are invested within six months from the date of transfer in the purchase /acquisition of specified assets upto a maximum of Rs.50 lacs.
6. Income by way of short term capital gains or long term capital gains (not being exempt gains) realized by FIIs on sale of shares in the company would be taxed at the following rates as per section 115AD of the Act:
  - i) Short term capital gains – at the rate of 30% (plus applicable surcharge and education cess). However, the income from short term capital gains referred to under section 111A shall be taxed at the rate of 10% (plus applicable surcharge and education cess).
  - ii) Long term capital gains (not being exempt gains) – at the rate of 10% (plus applicable surcharge and education cess).
7. In accordance with, and subject to the conditions and to the extent specified in section 54F of the Act, long term capital gains arising on the transfer of the shares of the Company held by an individual or Hindu Undivided Family shall be exempt from capital gains tax if the net sales consideration is utilized, within a period of one year before, or two years after the date of transfer, in the purchase of a new residential house, or for construction of a residential house within three years subject to the condition that the assessee should not own more than one residential house, other than the new asset, on the date of transfer of original asset and the assessee should not purchase or construct any residential house, other than the new asset, in case of purchase within a period of one year after the date of transfer of original asset and in case of construction, within a period of three years after the date of transfer of original asset and the income from such

residential house other than the one residential house owned on the date of transfer of the original asset is chargeable under the Head Income from House Property.

8. Non-resident Indian has the option to be governed by the provisions of Chapter XII-A of the Act according to which:
  - i) Under section 115E of the Act, any income from investment acquired out of convertible foreign exchange will be taxable at 20% (subject to surcharge as applicable) while income from long term capital gains on transfer of shares of the Company acquired out of convertible foreign exchange shall be taxed at the rate of 10% (subject to surcharge as applicable).
  - ii) Under Section 115G of the Act, it is not necessary for a Non-Resident Indian to file a Return of Income under section 139 (1) of the Act, if his total income consists only of investments income and /or long term capital gains earned on transfer of such investments acquired out of convertible foreign exchange, and the tax has been deducted at source from such income under provisions of chapter XVII B of the Act.

**C. BENEFITS AVAILABLE 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 the Wealth Tax Act 1957; hence Wealth Tax Act will not be applicable.

Please note that all the above tax benefits will be available only to the sole/first named holders, in case of shares are held by joint holders. Legislation, its judicial interpretation and the policies of the regulatory authorities are subject to change from time to time and these may have a bearing on the advice that we have given. Accordingly, any change or amendment in the law or relevant regulations would necessitate a review of the above. Unless specifically requested we have no responsibility to carry out any review of our comments for changes in laws or regulations occurring after the date of issued of this Note.

In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreements, if any, between India and country in which the non resident has fiscal domicile.

The above statement of Possible Direct Tax Benefits set 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 ordinary shares. The statements made above are based on the tax laws in force and as interpreted by the relevant taxation authorities as on date. The investors in your company are advised to consult their tax advisors with respect of the tax consequences of their holdings based on their residential status and the relevant double taxation conventions.

Sharma Goel & Co.  
(Chartered Accountants)

(Sanjeev Mitla)  
Partner  
Membership No. 086441

Place: New Delhi  
Date: December 10, 2007

## INDUSTRY OVERVIEW

## OVERVIEW OF THE INDIAN ECONOMY

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: <http://www.rbi.org.in>)



(Source: RBI Monthly Bulletin, May 2007)

## CABLE INDUSTRY IN INDIA

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.

Historically, the demand in the cable industry has been characterized by its cyclical pattern. The sector witnessed sustained market depression during the period 1998-2003 and since then the industry is on the upswing.

Annual average growth of the Wire and Cable industry during 2002-05 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: <http://www.dipp.nic.in>)

This growth pattern is likely to go on for next few years due to various favourable factors, such as Power Sector reforms, growth in other infrastructure sectors, high growth rate of Indian economy etc.

The Wire and Cable Industry is de-licensed and eligible for automatic approval for Foreign Direct Investment up to 100 per cent. India exported wires and cables of value around Rs. 724.7 crore in 2005-06 against import of around Rs. 1551.4 crore in the same period. (Source: <http://www.dipp.nic.in>)

## NATURE OF INDIAN CABLE INDUSTRY

Cable market is largely divided into two types of users: Industrial and Domestic. The Industrial users mainly comprise of Power, Communication, Cement, Steel, Railways & Petro-Chemicals sectors. Most of their demand is addressed by the organized sector.

At present the demand for household cables is largely being met by un-organized sector. However, domestic consumers' are also becoming quality conscious and there is a steady shift towards high end cables thereby benefiting the organized sector.

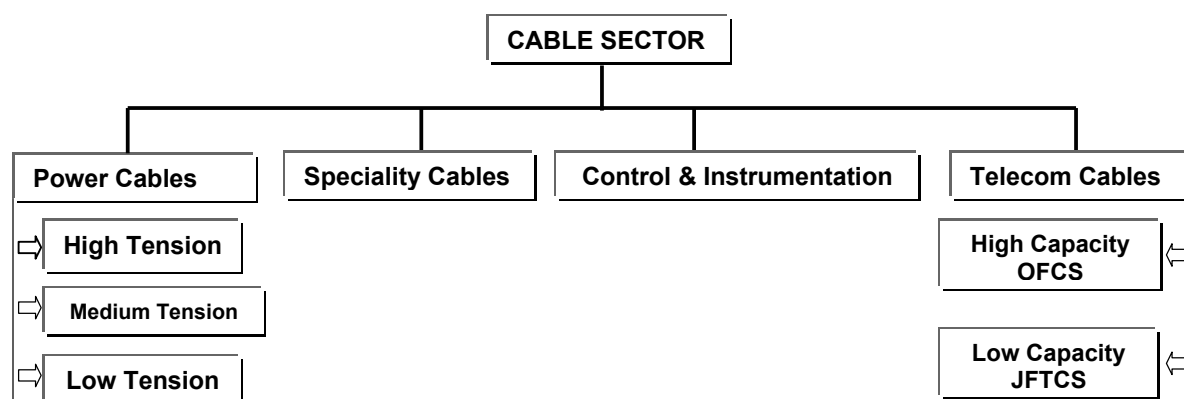
## CLASSIFICATION AND APPLICATION OF CABLES

Amongst the industrial users, wires and cables mainly find application in three sectors: power, industrial and telecommunication. 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).

Low tension cables have a capacity of up to 1.1 KV and are used for tertiary distribution of power mainly from substation to buildings. It also includes housing wires. This sector contains many other products for myriad applications. The medium tension power cables are between 1.1 KV and 11 KV. The high tension sector is beyond 11 KV. Medium tension and high tension power cables are mainly used for transmission and distribution of power.

Control cables are used for control circuits in power plants and other similar industrial installations and signalling network of Railways.

Instrumentation cable offers total interference free data transfer and is ideal for use as a signal and control cable in measuring, process- control and security systems. Instrumentation process in any industry is a very important factor for controlling various parameters during processing. These cables are used in normal or hazardous areas. These cables come with or without flame retardant properties and are suitable in process control, A/D converters and other modern microprocessor based instrumentation circuits. Microprocessor based control devices demand very low noise level and attenuation of signals in the cable. These cables are designed to offer excellent resistance to noise and induction phenomena encountered in instrumentation circuits.



Broad categories of Cables are:

- XLPE Insulated cables
- PVC Insulated cables
- Rubber Insulated cables
- Specialty Cables

**DEMAND DRIVERS**

Cables are the necessity of every basic infrastructure. Be it housing, telecom or information technology, cables form the background of all the core industries. The industry has a derived demand and caters to the high growth sector of the economy.

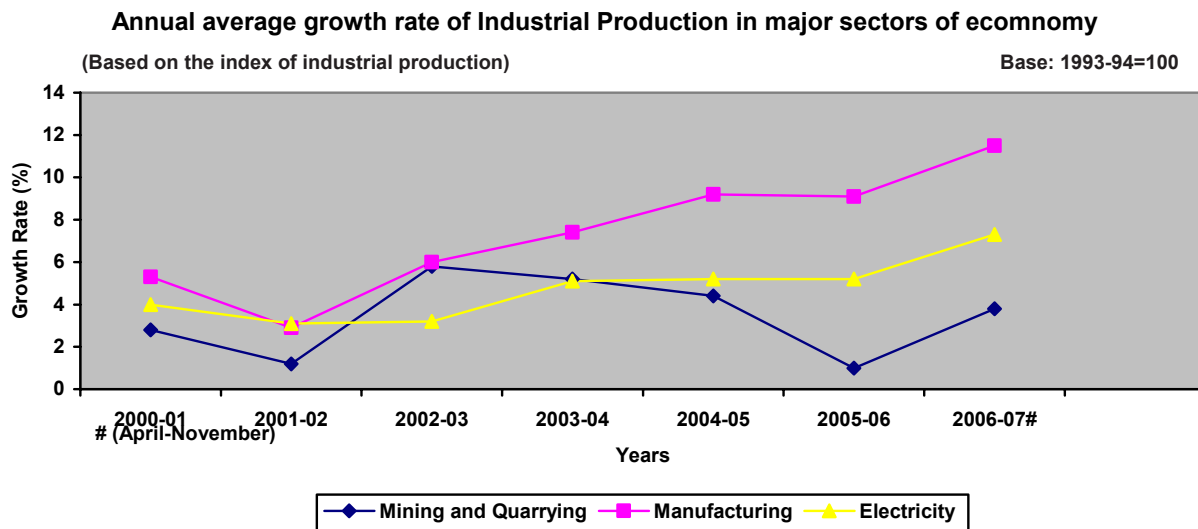
Demand for cables comes from the following sectors:

- Industrial Capex (on construction of new plants and factories)
- Power generation, transmission and distribution
- Housing and construction of IT / ITES complexes, malls, multiplexes, etc.
- Steel
- Cement
- Others (Petrochemical / Refinery, Railway)

**INDUSTRIAL CAPEX**

Industrial investment coming in the form of factories, buildings, machineries and other electrical equipments would require cables- be it high, medium or low-tension. This would drive demand for cables in industrial sector, going forward.

Industrial capex is picking up on the back of increasing industrial production with resurgence in economy.



(Source: Economic Survey 2006-07)

Overall industrial growth, measured in terms of the Index of Industrial Production (IIP), was 10.9 per cent in April-September 2006 compared to a growth of 8.4 per cent in the corresponding period of the previous year. All the three sectors covered under IIP, namely mining, manufacturing and electricity, recorded improved performance in April-September 2006 by posting 3.1 per cent, 12.1 per cent and 6.6 per cent growth, respectively, as compared with 1.1 per cent, 9.5 per cent and 4.8 per cent, respectively, during the corresponding period of the previous year. (Source: <http://www.finmin.nic.in>)

**POWER SECTOR**

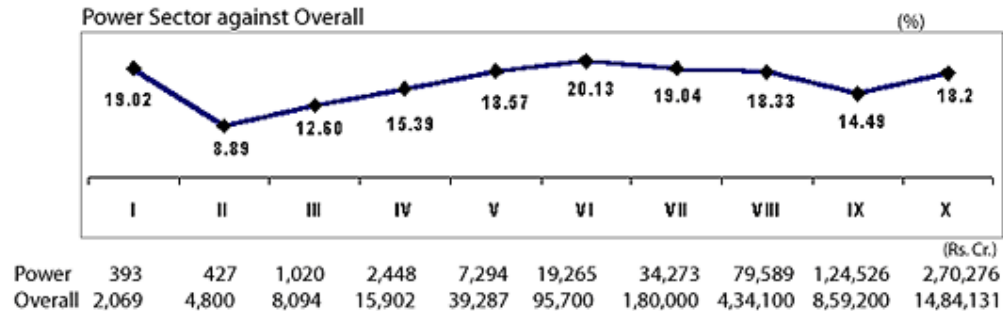
Power is one of the prime movers of economic development. It is one of the most vital inputs for socio-economic development of a country. The growth of the economy and its global competitiveness hinges on the availability of reliable and quality power at competitive rates. The demand of power in India is enormous and is growing steadily.



## INVESTMENTS IN POWER SECTOR

The Indian Power sector is growing since independence as the Government has been giving priority to this sector while fixing the Plan Outlays.

### PLAN WISE OUTLAY

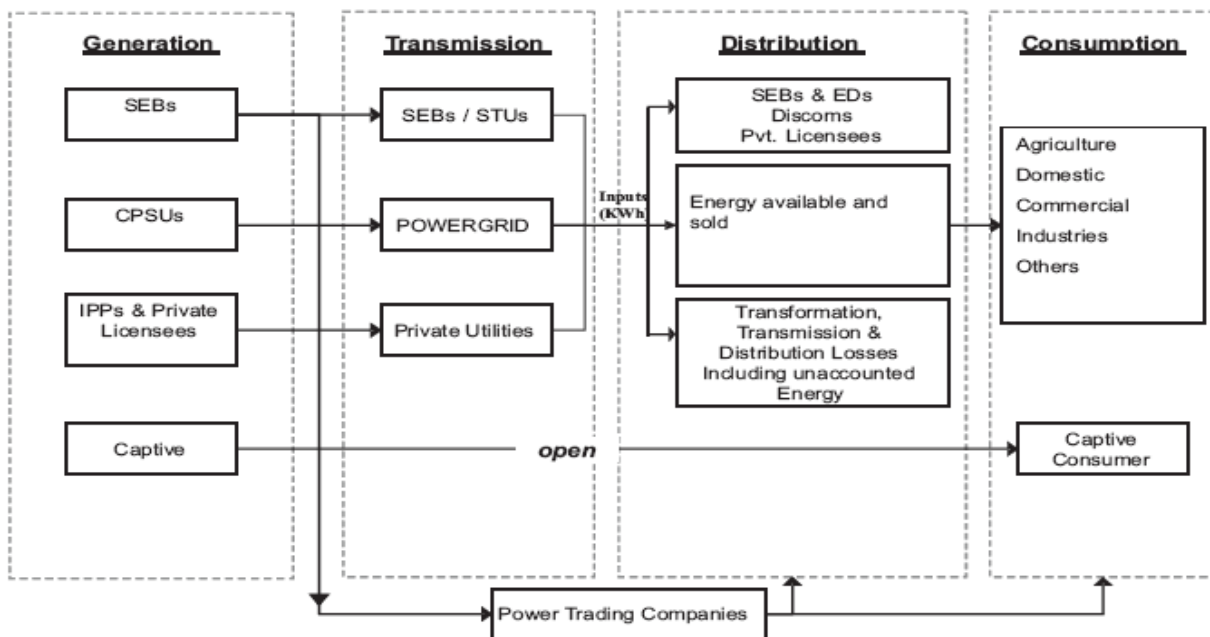


(Source: <http://www.powermin.nic.in>)

### Structure of the Indian Power Sector

The power sector value chain comprises of three elements - Generation, Transmission & Distribution and there is huge demand for cables from all the above elements.

The following diagram depicts the structure of the Indian power industry for generation, transmission distribution and consumption. There is a huge demand for cables at various stages.



### GENERATION

There are 4 main options for generating electricity, i.e. thermal, hydro, nuclear and wind energy. Out of these, coal based thermal power plants and in some regions hydro power plants have been mainstay of electricity generation whereas oil, natural gas and nuclear power accounts for smaller proportions. Of the total installed capacity of power generation as on March 31, 2007, thermal plants account for 65% of the total power generation, hydro electricity plants contribute 26%, nuclear plants account for 3% and renewable energy sources accounts for 6%. (Source: <http://www.powermin.nic.in>)

## CORDS CABLE INDUSTRIES LIMITED

Targeted capacity additions during the X<sup>th</sup> and XI<sup>th</sup> plan is as follows:

(in MW)

		Thermal	Hydro	Nuclear	Total
X Plan (2002-2007)	Centre	12,790	8,742	1,300	22,832
	State	6,676	4,481	0	11,157
	Private	5,951	1,170	0	7,121
	<b>Total</b>	<b>25,417</b>	<b>14,393</b>	<b>1,300</b>	<b>41,110</b>
XI Plan (2007-2012)	Centre	23,810	9,685	3,160	36,655
	State	20,352	2,637	0	22,989
	Private	5,962	3,263	0	9,225
	<b>Total</b>	<b>50,124</b>	<b>15,585</b>	<b>3,160</b>	<b>68,869</b>
Total	Centre	36,600	18,427	4,460	59,487
	State	27,028	7,118	0	34,146
	Private	11,913	4,433	0	16,346
	<b>Total</b>	<b>75,541</b>	<b>29,978</b>	<b>4,460</b>	<b>109,979</b>

(Source: Report of the working group on power for XI<sup>th</sup> plan)

The target set for capacity addition during the 10th Plan was 41,110 MW. Even though stringent monitoring of projects has been done, the likely capacity addition during 10th Plan has been assessed to be about 30,641 MW only. (Source: Report of the working group on power for XI<sup>th</sup> plan)

As per the report prepared by the Kohli Committee, the estimated requirement of funds for power generation in the X<sup>th</sup> and XI<sup>th</sup> plan is as follows:

(Rs. Crore)

	10 <sup>th</sup> plan	11th plan	Total
Centre	156300	166360	322660
State	56000	64000	120000
Private	35500	75000	110500
<b>Total</b>	<b>247800</b>	<b>305360</b>	<b>553160</b>
Source: Report of Committee on Financing of Power Sector during X <sup>th</sup> & XI <sup>th</sup> plan.			

In power generation high tension and control & instrumentation cables are required. The above table reflects huge investments required in power generation which will in turn boost the demand for cables.

## TRANSMISSION

Transmission of electricity is defined as bulk transfer of power over a long distance at a high voltage, generally of 132 KV and above. In India bulk transmission is expected to increase from 3,708 ckm in 1950 to 3,50,000 ckm by 2012. (Source: <http://www.powermin.nic.in>)

A reliable transmission and distribution (T&D) system is important for transfer of power from generating stations to load centres. A T&D system comprises transmission lines, sub-stations, switching stations, transformers and distribution lines. Transmission & sub-transmission systems supply power to distribution system, which in turn supplies power to end users.

Investment in transmission is required for evacuating power from the power plant to the grid and also for augmenting inter regional grid network in the country. Beyond this, regional and state level grid network are also being built. This will require huge quantity of HT and MT cables in order to facilitate transmission of power from power plant to the grid.

As per the report prepared by the Kohli Committee, the estimated requirement of funds for power transmission in the X<sup>th</sup> and XI<sup>th</sup> plan is as follows:

(Rs. Crore)

	10 <sup>th</sup> plan	11th plan	Total
Centre	21,370	28,258	49,628
State	26,000	30,000	56,000
Private	9,710	11,200	20,910
<b>Total</b>	<b>57,080</b>	<b>69,458</b>	<b>126,538</b>
Source: Report of Committee on Financing of Power Sector during X <sup>th</sup> & XI <sup>th</sup> plan.			

## DISTRIBUTION

Transmission network system transmits the power from the generating stations to the grid substations. Apart from this, a vast network of sub transmission and distribution system is required for the utilization of power by the ultimate consumers. Distribution is the largest consumer of MT & LT power cables as huge quantum of cables is required to distribute power to the end users. It is a critical link between power generation, power transmission and end users of power.

As a result of high T&D losses, commercial losses and the historically weak financial health of SEBs, investments in the distribution sector have been relatively low and the growth and maintenance of distribution systems in India has been poor. To improve the distribution of power, the Central Government has formulated the Accelerated Power Development Reform Programme ("APDRP"). The objective of this program is to improve the financial viability of state power utilities, reduce aggregate technical and commercial losses to around 10%, improve customer satisfaction and increase the reliability and quality of the power supply.

Major investments are likely to come into these areas due to the fact that these networks need to be upgraded to support huge investments coming in generation and transmission sectors and it will have a positive impact on the cable industry.

As per the report prepared by the Kohli Committee, the estimated requirement of funds for power distribution in the X<sup>th</sup> and XI<sup>th</sup> plan is as follows:

(Rs. Crore)			
	10th plan	11 <sup>th</sup> plan	Total
Distribution	45,000	50,000	95,000
Rural electrification	39,920	60,000	99,920
<b>Total</b>	<b>84,920</b>	<b>110,000</b>	<b>194,920</b>
<i>Source: Report of Committee on Financing of Power Sector during X<sup>th</sup> &amp; XI<sup>th</sup> plan.</i>			

## POWER SECTOR REFORMS

### POLICY

- 100% FDI is permitted in Generation, Transmission & Distribution and the Government is keen to draw private investment into the sector
- Incentives: Income tax holiday is available to power companies for a block of 10 years in the first 15 years of operation and they also enjoy waiver of capital goods import duties on mega power projects (above 1,000 MW generation capacity).

### POTENTIAL

- There is a large demand-supply gap. The main reason for this is under achievement of power generation targeted in five year plans. Even in the ninth plan the government had estimated a target of 40,245 MW of power generation out of which only 47% i.e. 19,015 MW was achieved. The all India average energy shortfall is of 7% and peak demand shortfall is of 12%.
- The implementation of key reforms is likely to foster growth in all segments which includes
  - Unbundling of vertically integrated State Electricity Board's
  - "Open Access" to transmission and distribution network
  - Distribution circles to be privatized
  - Tariff reforms by regulatory authorities
- There is tremendous opportunity in Generation for
  - Coal based plants which are based at pithead or coastal locations (imported coal)
  - Natural Gas / CNG based turbines at load centres or near gas terminals
  - Hydel power potential of 150,000 MW is untapped as assessed by the Government of India
  - Renovation, modernization, up-grading and life extension of old thermal and hydro power plants
- There is lot of opportunity in Transmission network as additional 60,000 circuit km of transmission network is expected to be laid by 2012.

- There is lot of scope in Distribution which will take place through bidding for the privatization of distribution in thirteen states that have unbundled / corporatised their State Electricity Boards.
- The total investment opportunity in power sector is around about US\$ 200 billion over a seven year horizon.

(Source: <http://www.infrastructure.gov.in>)

### **UNION BUDGET: HIGHLIGHTS FOR POWER SECTOR**

The Finance minister in his budget speech on February 28, 2007 announced the following measures for the country's power sector:

- There are Seven more Ultra Mega Power Projects which are under progress and at least two will be awarded by July, 2007
- Transmission projects will be opened for private participation and the private developers will be allowed to set up merchant power plants.
- The focus will increase on Accelerated Power Development and Reforms Programme to accelerate distribution sector reforms. The programme is being restructured to cover all the district headquarters and towns which have population of more than 50,000. The budgetary support for APDRP has increased from Rs. 650 crore to Rs. 800 crore.
- Under the Rajiv Gandhi Grameen Vidyutikaran Yojana the allocation of resources has increased from Rs.3,000 crore to Rs.3,983 crore.

(Source: *Union Budget 2007-2008*)

The reforms in the power sector have re-enforced investments in the sector, which is the key market driver for the cable industry. After robust demand from investments in power sector, cable manufacturer have seen buoyant demand.

### **REAL ESTATE SECTOR**

The real estate sector plays an important role in the overall development of the country. The importance of the Real Estate sector as an engine of the nation's growth can be gauged from the fact that it is the second largest employer next only to agriculture and its size is close to US \$ 12 billion and grows at about 30% per annum. Five per cent of the country's GDP is contributed by the housing sector. In the next three to five years its contribution to the GDP is expected to rise to 6%. (Source: <http://www.ficci.com>)

The sector will continue to grow on the back of rising demand for residential and commercial property. Real estate projects require medium tension and low tension cables, and with construction activity on an upturn, demand for cables would rise.

### **STEEL SECTOR**

Steel industry is one of the important infrastructure industry, which has a derived demand from the other end-use industries like construction, electricity, and other machineries and automobile industries. The Indian Steel Industry is currently going through an expansion phase backed by liberalized policy environment. Prospects of domestic demand also appear to be excellent, driven by high investment rate, accelerated growth in the manufacturing industry and expansion in physical infrastructure creation.

Today, India is one of the large steel producing country in the world. This sector represents over Rs. 90,000 crores of capital and directly provides employment to over 5 lakh people. The National Steel Policy aims to achieve a steel production of 60 million tones by 2010 and further to 100 million tones by 2018. Further investments of around US\$60 million would be required to boost the steel production to the targeted 100 million tones. Due to the increasing consumption demand, the Indian steel industry is on a massive expansion plan further facilitated by the relatively unexploited iron ore raw material base. (Source: <http://www.steel.nic.in>) Demand for steel remains robust and supply is growing faster. From the data available for steel companies in India, their net sales and PAT have gone up by 14.30% and 17.93% respectively during 2005-06 compared to previous year (Source: <http://www.cii.in>). This is prompting steel companies to increase production and to

draw up expansion plans which in turn will boost demand for cables as it is required for setting up new facilities.

## **CEMENT SECTOR**

India is the second largest manufacturer of cement in the world. With the upswing in the economy, the demand for cement is growing, mainly due to the boom in the housing sector, increased spending for infrastructure development and other industrial activity. With GDP expected to maintain a growth rate of 6.5%-8%, the cement industry is expected to grow at the same rate. The cement industry comprises of 129 large cement plants with an installed capacity of 165.10 million tonnes and more than 206 operating mini cement plants with an estimated capacity of 11.10 million tonnes per annum, making a total installed capacity of 176.20 million tonnes. The production of cement during the year 2006-07 is estimated at 162 million tonnes. Cement production during the year 2006-07 (April to December, 2006) has been 117.37 million tonnes registering a growth of 9.87 per cent over the corresponding period of 2005-06. India exported 6.07 million tonnes of cement and clinker during April-December, 2006. In order to improve the cement industry's performance, the Government formed a Working Group for Cement Industry for the formulation of the 11th Plan. As per the report of the Working Group, the cement demand is likely to grow @11.5 per cent per annum during the 11th Plan and cement production and capacity by the end of the 11th Plan is estimated to be 269 million tonnes and 298 million tonnes, respectively, with capacity utilisation of 90 per cent. To attain the targeted capacity addition, an investment of Rs. 52,400 crore would be required during the 11th Plan. (Source: <http://www.dipp.nic.in>)

## **OTHERS**

India's economic growth has accelerated significantly over the past decade. Industries like petrochemicals, refineries and railways have seen a significant growth over the years. There is a huge amount of investment flowing in all these sectors which in turn would create huge demand for cables like control & instrumentation cables, speciality cables etc.

## **MAJOR PLAYERS**

The cable market in India is largely un-organised with few organized players. The organized players in this segment are Finolex Cables Ltd., Delton Cables Ltd., Sterlite Optical Technologies Ltd., KEI industries Ltd., Paramount Communications Ltd., Universal Cables Ltd. and a few others.

**OUR BUSINESS****OVERVIEW**

Our Company is promoted by a group of three professionals with an objective to cater to the growing requirement for high quality customised cables. We manufacture cables to provide cost-effective and quality solutions for various electrical connectivity requirements, mainly for the industrial segments. We accomplish this through customised design and development, quality manufacturing and reliable delivery of all varieties of cables.

Over the years we have developed a wide range of specialised cables to address the specific requirements of industries involving modern process technologies, instrumentation and communication demanding the highest standards of precision and reliability and cables for house-hold users who seek products with assured quality and safety standards.

At present we manufacture cables upto 1.1 KV for various applications covering most segments of users including industrial, utility and buildings. We cater to a wide spectrum of cable users in various industries like power, steel, cement, fertilizers and chemicals, refinery / petroleum and many others.

We are pre-qualified and have approvals with most of the large corporates and well known Public Sector Undertakings. Our clients are from diverse industries and include names such as BHEL, NTPC, Hindalco, ACC, HPCL, GAIL, Tata Steel, Siemens, Honeywell, L&T, MRPL and others.

We are also approved with almost all the top consultants such as Kvaerner Powergas India Ltd., Det Norske Veritas As, Toyo Engineering India Ltd., Jacob H&G Ltd., Engineers India Ltd., Mecon Ltd., Rites Ltd., M.N. Dastur & Co. Ltd., Tata Consulting Engineers etc. and are also one of the preferred vendors with almost all the leading users of the country. Our quality standards have been duly appraised, vetted and approved by various independent agencies of repute.

We are an ISO 9001:2000 accredited company and hold BIS certification for all types of cables conforming to IS:1554(1)/1988 and IS:694-90.

Our revenues have grown from Rs. 1604.44 lacs in FY 2003 to Rs. 10429.27 lacs in FY 2007 and the net profit after tax as restated during the same period has grown from Rs. 13.94 lacs to Rs. 700.66 lacs. The net sales for the six months period ended September 30, 2007 stood at Rs. 6699.04 lacs.

**EVOLUTION**

M/s Cords Cable Industries, a partnership concern was established on October 23, 1987 to manufacture and trade cables. On October 21, 1991 our Company was incorporated to take over the business of M/s Cords Cable Industries on a going concern basis and partners of the firm were allotted shares of our Company as consideration, in lieu of their stake in the partnership firm. The business of the partnership concern was taken over with effect from May 1, 1992 and the partnership concern ceased to exist from May 1, 1992.

We started our operations by manufacturing co-axial cables and instrumentation cables at our production unit at Okhla Industrial area. Later on we added control cables and customized instrumentation cables to our portfolio to keep up the growth momentum. We optimized our manufacturing process from 1997 to 2002 and achieved sustained growth which continued even when the industry was going through a lean period during 1998-2002.

Over the years we have been expanding our product range and have added variety of speciality cables to our product range. We moved up the value chain by identifying new opportunities and diversifying the product portfolio. In line with our vision to go up the value chain and increase our production capacity, we set up a state of the art manufacturing facility having approximately 45,000 sq.ft. of covered area at Chopanki, Dist. Alwar, Rajasthan, in 2003-04. This enabled us to diversify our product range so as to cater to the requirements of the energy and infrastructure sectors. In 2006 we expanded our manufacturing facilities from approximately 45,000 sq. ft. covered area to approximately 92,000 sq. ft covered area which led to increase in the capacities for existing products.

## **CURRENT ONGOING EXPANSION**

At present, our Company is undergoing an expansion at our existing factory at Chopanki, Rajasthan, which will increase our existing capacity by increasing the production of existing products as well as widen the range of LT cables manufactured by us. The estimated total capex for this expansion is Rs. 1320 lacs and we are utilising proceeds from ECB and internal accruals to fund the same. The current expansion is expected to be completed by January 2008.

## **STRENGTHS**

### **Diversified clientele**

We supply cables across various industries to almost all the top organizations of diverse sectors such as steel, power, chemical, cement, fertilizer, refineries, telecom etc. This ensures that our business is safeguarded against slowdown in any particular industry.

### **Diversified product portfolio**

We offer an extensive range of high quality control & instrumentation cables, power cables and special cables for oil wells, etc. conforming to Indian and International Standards. Diversified product portfolio reduces the risk of slowdown in the business due to slowdown in a particular sector.

### **Established track record and prequalification**

We are one of the leading players in the Cable Industry with over 15 years of established track record. We leverage our established supply track record for marketing our products with large industrial clients like NTPC, BHEL, Tata Power, Reliance Energy, Power Grid, IOCL, Tata Steel, Hindalco, L & T, etc., where we are an approved vendor.

Due to our established track record, we have prequalification with almost all the top consultants of Indian and International markets such as Kvaerner Powergas India Ltd., Det Norske Veritas As, Toyo Engineering India Ltd., Jacob H&G Ltd., Engineers India Ltd., Mecon Ltd., Rites Ltd., M.N. Dastur & Co. Ltd., Tata Consulting Engineers, PDIL, Nuclear Power Corporation, etc. and also with direct clients like BHEL, NTPC, HPCL, MRPL, L&T, etc. This enables us to bid for all major supply contracts for cables.

### **Highly professional and experienced management**

Our Company is being managed by three promoters who have over 30 years of experience in the Cable Industry. All the three promoters are qualified engineers & have worked in different capacities within the cable Industry. Under their leadership our Company has a team of well qualified, experienced and dedicated management employees from Cable Industry.

### **Strong brand and high service standards**

Our objective to manufacture quality products is matched by our commitment to provide excellent service to our customers before an order is received, after the cables are supplied and during the working life of the cables. Our strength lies in our established track record of timely and quality deliverables, which enables us to withstand all competition and develop long lasting relations with our customers, which helps us in getting repeat orders from our customers for their existing ventures and fresh orders for their new ventures.

### **Advantage vis-a-vis new entrants**

The major entry barriers for new players are getting pre qualifications on technical grounds as well as proven track record. This is a long drawn out process and needs substantial investment in terms of both time and money. Our Company thus is poised to take advantage of the boom in the Cable Industry.

### **Technology**

We develop customized solutions for our customers. Through an in-house research and development activity, we have created our own knowledge database by developing new products applications / solutions. Our Company makes continuous efforts to up-date itself, technically and qualitatively, always applying new techniques in the manufacturing process as a practice so as to achieve a better product quality and technical reliability. We have one of the most modern state of the art plant and machinery in the industry.

**Research and development**

Our R&D department comprises of four people, who interact with the clients on a continuous basis to understand their requirements and develop the product as per their specifications. R&D department is headed by Mr. Rakesh Malhotra, one of our promoter and Joint Managing Director of our Company, who has an experience of over 30 years in the cable industry. The research and development capabilities, experienced technicians and their experience enable us to test and implement new products based on the changing needs of the clients.

**Quality control**

Our Company was amongst the first few companies in the cable sector to be accredited as an ISO 9001:2000 and also has BIS certification for all our products confirming to IS:1554(1)/1988 and IS:694-90. We are consciously dedicating resources for quality assurance to ensure that quality norms are continually met.

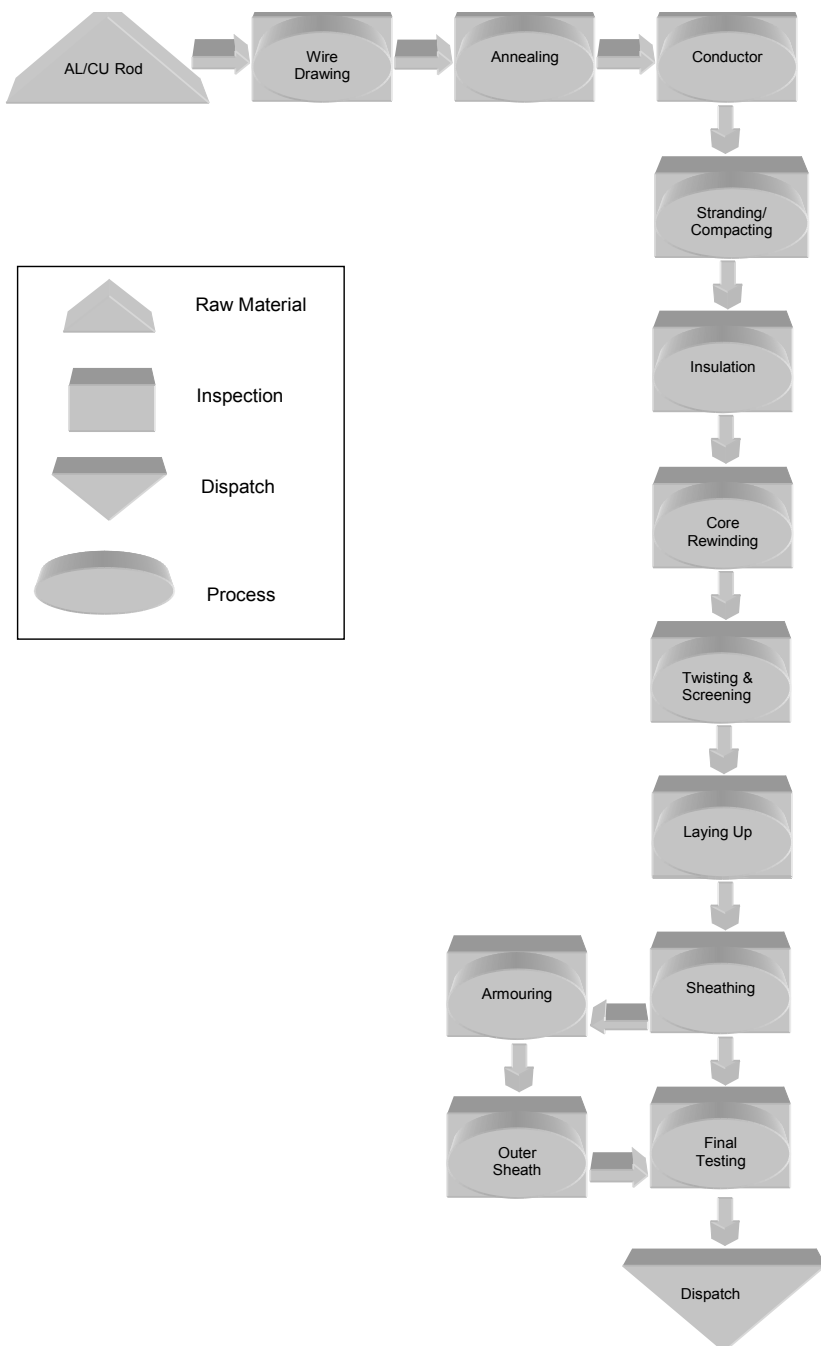
**OUR PRODUCT RANGE**

We are in the business of manufacturing high quality communication, control and instrumentation cables conforming to Indian and international standards. Our existing product range and its applications are listed below:

<b>Product Portfolio</b>	<b>Applications</b>
<b>LT (Low Tension) Control Cables (Upto 1.1 KV)</b>	Used in interconnection of process control, communication and panel control systems.
<b>LT (Low Tension) Power Cables (Upto 1.1 KV)</b>	Used in connection of power supply to residential, commercial and industrial units.
<b>Instrumentation, Signal and Data Cables</b>	Used in data acquisition systems, computer networking, PA systems, digital control / measuring and communication systems. It is specially designed to transmit signals without any external interference.
<b>Thermocouple Extension / Compensating Cables</b>	Used to extend thermocouple circuits from the sensor to reference unit.
<b>Panel Wires / House Hold Wires / Flexible Cables</b>	Used in machine tools, appliances, control panels, machinery, industries, buildings, house wiring & submersible pumps. Suitable for use under outdoor or low temperature conditions.
<b>Speciality Cables</b>	These cables are tailor made for each application as per the specifications of the customers.



## PROCESS FLOW CHART



## EXPLANATION TO THE MANUFACTURING PROCESS

The basic components for cable manufacturing are Conductors (Copper/Aluminium/Alloy), Dielectric Insulation, Inner Sheath, Armouring and Outer Sheath.

### Step 1-Drawing

Wires are drawn in required sizes as per the specification by using Copper /Aluminium as well as Alloy conductor.

**Step 2-Annealing**

The drawn wires are then soften by heating and slow cooling. This process is called annealing. We are equipped with automatic annealing system which helps us in strengthening the drawn wires.

**Step 3-Stranding**

The next step is stranding/compacting in which wires are grouped together in order to make the Electrical cables more flexible. In this process, smaller individual wires are twisted or bunched together to produce larger wires that are more flexible than solid wires of similar size. A thin coat of a specific material is coated, usually tin, on the individual wires which provides better solderability.

**Step 4-Insulation**

Insulation is a process in which the conductors/cables are covered with material as per the requirement to provide the insulating properties required by the user according to the national/international/customer specification. Cables are manufactured with both thermoplastic and thermosetting insulation. They are insulated with PVC/PE/XLPE etc. as required by the specification. Insulation for the cables are strictly done and applied over conductor by extrusion process through the electrical process and passing through the online tests and is in accordance to the national and international standards.

**Step 5-Core Rewinding**

All the cores after insulation process are rewound to the particular required lengths, passing through the electrical stress test i.e. spark testing. All cores are allowed for further processing after passing through the various physical, electrical and mechanical tests.

**Step 6- Twisting and Screening**

The cores as per the colour schemes and parameters laid down in the particular job order are twisted together to form a pair. The twisted pairs, if required are screened with either of the following methods as per requirements of the job.

1. Aluminium Mylar Taping , having Drain Wire / ECC under it
2. Copper / G I Wire Braiding
3. Copper Taping with Drain Wire /ECC under it

Size of the tape & coverage depends on the requirements. All the screened and unscreened pairs are passed through stage inspection for physical, electrical and mechanical tests, after that the same are released for further process.

**Step 7- Laying/Overall Cable Screening**

Cores / pairs are arranged as per the colour sequence in layers required in the standard and are laid together to form a round cable, keeping length of the lay in a view that the cable may not open after laying. In case of screened instrumentation cable the laid up cables are screened with the methods as mentioned above in twisting / screening. All the laid up cables passed through stage inspections and are cleared for further process.

**Step 8- Inner Sheath**

Laid up cables are provided with inner sheath with high quality of PVC which acts as bedding for wires / steel strip armouring. Where ever required, fillers are provided to maintain the circularity of the laid up cables. Inner sheath is applied either by extrusion or by wrapping. Though the inner sheath is closely fitted on the laid up cores, it can be removed with ease without damaging the inner components. The inner sheath dimensions are maintained strictly in accordance with relevant national/international specification. If armouring is not required after sheathing, the cables will be sent for final testing before delivery to the customers.

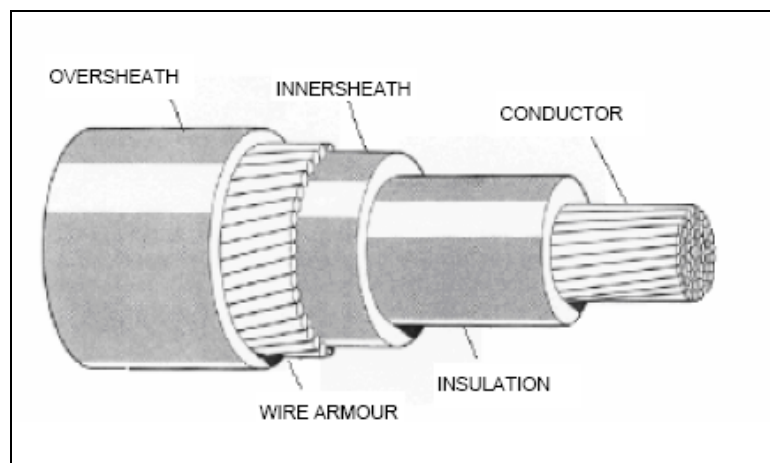
**Step 9- Armour**

Armouring is basically metal covering which is done above inner sheath with specified GI wire/strip by armouring machine. Mechanical protection to the cable is provided with armouring. Single core cable are armoured with aluminium or aluminium alloy wires/ strips, multi core/ pair cables are provided with Galvanized round wire/strip armouring, where cables are to run vertically and are subjected to longitudinal stress. Armour wire / strips used for armouring meet the requirements of relevant Indian/ International standards.

**Step 10- Outer Sheath**

Outer sheathing will be done above armouring by extruder with specified thickness to complete the cable process. All cables are provided with PVC / polymer outer sheath. After outer sheathing, the cables are sent for final testing before delivery to the customers.

The following diagram shows various layers of a cable.



## MANUFACTURING FACILITIES

### EXISTING LAND/BUILDING

Our factory is strategically located at Chopanki, Rajasthan and the head office is in New Delhi. The factory at Chopanki is about 45 Kms. from New Delhi with approximately 45,000 sq. ft of covered area, which has been expanded to approximately 92,000 sq. ft. in November 2006. The Head office is located at Mohan Co-operative Industrial Area, New Delhi with built-up area of approximately 15,000 sq. ft.

### PLANT & MACHINERY

We have modern state of the art plant and machinery at our manufacturing unit. The following are the details of the Plant and Machinery owned by us:

Sr. No.	Machine	Quantity and Type of Machine
1.	Cable Insulation Line	Extruders: 45 mm – 1 no., 50 mm – 5 nos., 65 mm – 1 no.
2.	Cable Insulation / Sheathing Line	Extruders: 65 mm – 2 nos.
3.	Cable Sheathing Line	Extruders: 80 mm – 2 no., 90 mm – 2 nos., 120 mm – 1 no. , 100 mm-1no.
4.	Armouring cum Laying Machine	36 Bobbins – 2 nos., 48 Bobbins – 2 no., 56 Bobbins – 1 no., 72 Bobbins – 1 no.
5.	Triple Carriage, Laying cum Stranding Machine	36 Bobbins – 1 no.
6.	Triple Carriage Laying Machine for thin Conductors	54 Bobbins – 1 no.
7.	Double Carriage, Laying cum Stranding Machine	30 Bobbins – 1 no., 18 Bobbins – 1 no.
8.	Laying Machine	16 Bobbins – 1 no., 4 Bobbins – 1 no., 18 Bobbins – 1 no. 7 Bobbins – 1 no., 3 Bobbins-1 no.
9.	Four Carriage Laying Machine	61 Bobbins - 1 no.
10.	3 ½ / 4C Power Cable Laying Machine	4 Bobbins - 1 no.
11.	High Speed Double Twist Bunching / Twisting Machines	16" Spool – 9 nos., 24" Spool – 6nos., 630 mm - 4 nos.
12.	Four head Band / Ring Marking Machine (For Colour Coding)	10" Dia. Spool - 1 no.
13.	Double Head Band / Ring Marking Machine (For Colour Coding)	10" Dia Spool - 1 no.
14.	On line Band Marking Machine (for Colour Coding)	1,2,3,4 Band – 2 nos.
15.	Vertical Taping / Screening Machines	24" Dia. Spool - 5 nos.

**CORDS CABLE INDUSTRIES LIMITED**

Sr. No.	Machine	Quantity and Type of Machine
16.	Braiding Machine	16 Spindles – 7 nos., 24 Spindles – 2 nos., 36 Spindles – 1 no.
17.	PVC Lump Cutter	15 HP – 4 nos. 7.5 HP – 1 no.
18.	Sequential Length Marking Machine	Length marking machine - 5 nos.
19.	Dual Head Rewinding / Spooling / Coiling / Measuring Machine	Dual Head - 11nos.
20.	G.I. Spooling Machine	Dual Head – 3 nos., Single head-8 nos.
21.	Rod Breakdown Machine	13 Die - 1 no., 2 Die-2 nos.
22.	Medium Wire Drawing with Online Annealing Machine	13 Die - 1 no.
23.	Diesel Generating Set	180 kva - 2 nos., 360 kva - 2 nos.
24.	Overhead Crane	5 tons capacity – 1 no.
25.	Lathe Machine	6 ft bed - 1no., 10 ft. bed - 1 no.
26.	Shaper	6 ft. bed - 1 no.
27.	Drill Machine	1” drill - 2 nos.
28.	Auto Rewinding /Measuring Machine	Single head – 2 nos.
29.	Intermediate Wire Drawing Machine	8 Die-2 nos.
30.	Medium Wire Drawing Machine	8 Die – 2 nos.
31.	Fine Wire Drawing Machine	24 Die-4 nos.
32.	PVC Compounding Extruder	65/132 mm Twin Screw Extruder – 1 no.
33.	PVC Compounding High Speed Heating/Cooling Mixer	150/350 litre- 1 no.
34.	Distribution Transformer	500 KVA – 1 no., 630 KVA – 1 no.
35.	Pillar Jib Crane	3 Ton – 1 no.
36.	Drum Twister	1420 mm – 1 no., 1250 mm-1 no.
37.	UPS 160 KVA	1 no.

**POWER**

Power availability at Chopanki is quite satisfactory and Rajasthan State Electricity Board has been maintaining uninterrupted power supply. At present the entire power requirement of approximately 800 KVA is met by Rajasthan State Electricity Board and as a backup arrangement we have installed two DG sets having capacity of 180 KVA each and 2 DG sets having a capacity of 360 KVA each.

**WATER**

Our water requirements are low as water is required only for the cooling process. We use ground water to meet our water requirements and it can be re cycled in our manufacturing process.

**RAW MATERIALS**

Cables are raw material intensive products and the basic raw materials for manufacturing cables are copper, PVC resin, XLPE, G.I. wire, aluminium tapes, Thermo Couple etc. These raw materials are available locally as almost all the big manufacturers have warehouses at Bhiwadi, where our factory is located. Rubber Compounds are mainly imported. The approximate percentage of major input costs to the total product cost is as follows:

Raw Material	*Approximate percentage of total cost
Copper / Aluminium	50-70
PVC / XLPE / Rubber	10-20
Steel	15-25

\*It is an approximate cost, as the actual cost can vary depending upon the type of product manufactured.

**PROCUREMENT POLICY**

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

We enjoy a credit period of around 30-45 days from the procurement date.

We have started entering into forward contracts for raw material procurement with a view to hedge against any adverse fluctuations in their prices. Some of our raw material suppliers are listed below:

Raw Material	Regular suppliers
Copper	M/S Sterlite Industries Ltd., M/S VMI Industries, M/S Birla Copper Limited.
Aluminium	M/S Aakash Metal Industries, M/S Wireco (India)
Thermocouple Cable Alloy Conductor	M/S Kanthal India Ltd, M/S Jlc Electromet (P) Ltd.
Pvc Compound	M/S Shri Ram Vinyl & Chemical, M/S Shriram Polytech Ltd.
Steel (G.I. Wire /Strips/ Tapes)	M/S Bansal Industries, M/S Kharkia Alloys Pvt. Ltd., M/S Mica Wires Pvt. Ltd.

The suppliers are required to supply the material as per the specifications provided to them. Our quality control department performs the incoming inspection as per the quality plan / verify the test report accompanying the purchased material. Only conforming material is released for production. In certain cases where adequate facilities for in-house testing are not available, suppliers are asked to provide test certificates.

### STOCKING FACILITY

The raw materials as well as the finished goods are stocked at the factory premises, and at present it is sufficient to handle the current volumes. Finished goods are packed in drums and hence can even be stored in the open area. The finished goods are manufactured only as per the orders received and hence we do not have high inventory of finished goods.

The raw material inventory management is done following the well accepted principle of ABC analysis and inventory levels are kept to the minimum by applying appropriate cost accounting techniques.

### CAPACITY AND CAPACITY UTILISATION

Our approximate capacity utilisation would be in the range of 70-80 percent which is in line with the industry standards. It is difficult to calculate the exact capacity utilisation as same machineries are used to manufacture various types of products.

### PREQUALIFICATION

We have an established supply track record of over 15 years and are pre qualified as an approved vendor with various major companies in India which use the products manufactured by us. We are in the list of approved vendors of top consultants operating in Indian as well as international markets. Our prequalification enables us to bid for all major supply contracts for cables. We are an approved vendor for the following independent inspection and third party agencies:

Independent Inspection Agencies	Third Party Inspection Agencies
<ul style="list-style-type: none"> <li>Power Grid Corporation of India Ltd.</li> <li>Projects &amp; Development India Ltd.</li> <li>Development Consultants Ltd.</li> <li>Desein Private Ltd.</li> <li>M.N.Dastur &amp; Company (P) Ltd.</li> <li>Tata Projects Ltd.</li> <li>Mecon Ltd.</li> <li>SGS India Ltd.</li> <li>Rites Ltd.</li> <li>Det Norske Veritas As</li> <li>Kvaerner Powergas India Ltd.</li> <li>Toyo Engineering India Ltd.</li> <li>Holtec Consulting Pvt. Ltd.</li> <li>Certification Engineers International Ltd.</li> <li>Lloyd's Register Industrial Services (I) Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>Power Grid Corporation of India Ltd.</li> <li>Engineers India Ltd.</li> <li>Projects &amp; Development India Ltd.</li> <li>Development Consultants Ltd.</li> <li>Tata Consulting Engineers</li> <li>Desein Consulting Engineers</li> <li>M.N.Dastur &amp; Company (P) Ltd.</li> <li>Mecon Ltd.</li> <li>Udhe India Ltd.</li> <li>Kvaerner Powergas India Ltd.</li> <li>Toyo Engineering India Ltd.</li> <li>Dalal Consultants &amp; Engineers Ltd.</li> <li>Holtec Consulting Pvt. Ltd.</li> <li>Avant Garde Engineers &amp; Consultants (P) Ltd.</li> </ul>

**CUSTOMER PROFILE**

We have a well diversified revenue stream since we cater to a wide range of industries. Our strong clientele includes leading business houses and well known PSUs operating in diverse sectors. Since our clients are spread across various industries, our business is safeguarded against slowdown in any particular industry. The sector wise list of some of our clients is given below:

<b>Power</b>	<b>Cement</b>	<b>Refineries/Petroleum</b>
<ul style="list-style-type: none"> <li>• Bharat Heavy Electricals Ltd.</li> <li>• Reliance Energy Ltd</li> <li>• NTPC Ltd.</li> <li>• Power Grid Corporation of India Ltd.</li> <li>• Jaypee Hydro Power Limited</li> <li>• Tata Power Co. Ltd.</li> <li>• Nuclear Power Corporation</li> <li>• Neyveli Lignite Corporation</li> <li>• Various Electricity Boards</li> </ul>	<ul style="list-style-type: none"> <li>• Associated Cement Companies Ltd.</li> <li>• Gujarat Ambuja Cement Ltd.</li> <li>• Orissa Cement Ltd.</li> <li>• Lafarge India Ltd.,</li> <li>• Grasim Industries Ltd.</li> <li>• Jaypee Associates Ltd.</li> <li>• Shree Cement Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>• Indian Oil Corporation Ltd.</li> <li>• Bongaigaon Refinery &amp; Petrochemicals Ltd.</li> <li>• Hindustan Petroleum Corporation Ltd.</li> <li>• Gas Authority of India Ltd.</li> <li>• MRPL</li> <li>• Haldia Petrochemicals.</li> <li>• Essars Projects Ltd.</li> <li>• Chennai Petroleum Corporation Ltd.</li> <li>• Cairns Energy</li> <li>• PDO (Oman)</li> </ul>
<b>Steel</b>	<b>Fertilizers &amp; Chemicals</b>	<b>Others</b>
<ul style="list-style-type: none"> <li>• Tata Steel Ltd.</li> <li>• SAIL</li> <li>• Jinda Stainless Steel Ltd.</li> <li>• Jindal Steel and Power Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>• Rashtriya Chemicals &amp; Fertilizers Ltd.</li> <li>• Chambal Fertilizers Ltd.</li> <li>• Tata Fertilizers Ltd.</li> <li>• KRIBHCO</li> <li>• IFFCO</li> </ul>	<ul style="list-style-type: none"> <li>• Hindalco Industries Ltd.</li> <li>• Honeywell Automation India Ltd.</li> <li>• Larsen &amp; Toubro Ltd.</li> <li>• Asea Brown Boveri Ltd.</li> <li>• Siemens Ltd.</li> <li>• Alstom Power India Ltd.</li> <li>• Thermax Ltd.</li> <li>• SRF Ltd.</li> <li>• Technip KT India Ltd</li> <li>• Defence Establishments , etc</li> <li>• Gulfar Engineering and Contracting</li> <li>• National Aluminium Co. Ltd.</li> <li>• Toyo Engineering India Ltd</li> <li>• Areva Transmission and Distribution (India) Ltd.</li> </ul>

Our export clients include:

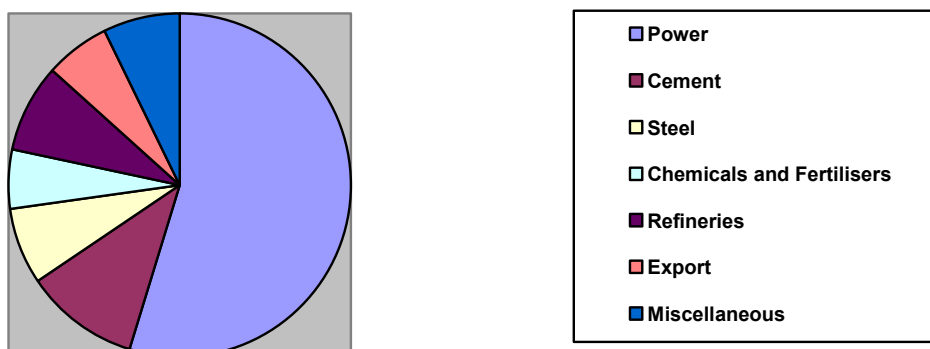
- BHEL- Ibr Indonesia
- BHP Engineers Ltd – Indonesia Project
- Alexanderia Carbon Co. – Egypt
- ABB Bangalore – Binani Cement Lcc, Dubai
- Abdul Salamo Abdullah - Aman – Jordan
- Saudi Electric Supply Company – Kuwait
- Saudi Electric Supply Company – Baharain
- Oman Fertilisers Ltd. – Oman
- Sohar Aluminium – Oman
- Petroleum Development of Oman (PDO)– Oman
- International Cable Management – U.K
- Traffic Tech -Jorden

## SECTOR WISE BREAK UP OF REVENUE

We have diversified revenue stream as we cater to wide range of industries. The approximate industry wise contribution to our gross revenues during the six months ended on September 30, 2007 and the last three years is given below:

	For six months ended		For the year ended					
	September 30, 2007		March 31, 2007		March 31, 2006		March 31, 2005	
	Rs. lacs	%	Rs. lacs	%	Rs. lacs	%	Rs. lacs	%
Power	4112.52	54.59	4549.38	43.62	3415.78	56.40	2125.35	45.00
Cement	831.61	11.04	827.73	7.94	492.06	8.12	528.21	11.18
Steel	533.62	7.08	838.56	8.04	831.28	13.72	812.30	17.20
Chemicals and Fertilisers	628.06	8.34	491.64	4.71	202.52	3.34	288.35	6.10
Refineries	319.38	4.24	810.89	7.78	732.06	12.09	629.35	13.32
Export	558.84	7.42	20.34	0.19	65.66	1.08	9.17	0.19
Miscellaneous	548.96	7.29	2890.73	27.72	317.34	5.24	331.02	7.00
<b>Total</b>	<b>7532.99</b>	<b>100.00</b>	<b>10429.27</b>	<b>100.00</b>	<b>6056.70</b>	<b>100.00</b>	<b>4723.75</b>	<b>100.00</b>

Break-up as on September 30, 2007.



Break-up of net revenue derived from top 10 customers as on September 30, 2007

Name of customers	Sales (Rs. Lacs)	% to total Net Sales
Essar Constructions Ltd	573.13	8.56
Bharat Heavy Electricals Ltd.(Edn-Bangalore)	571.60	8.53
Bharat Heavy Electricals Ltd.-(Pem-Nd)	552.90	8.25
Ambuja Cement (Unit Of Gujrat Ambuja Cement Ltd.)	331.96	4.96
NTPC Ltd	331.70	4.95
Shree Cement Ltd.	326.87	4.88
Grasim Industries Ltd.	308.46	4.60
Larsen & Turbo Ltd.	212.14	3.17
Saudi Electric Supply Company	174.11	2.60
Flowtech Industries	150.88	2.25
<b>Total</b>	<b>3533.75</b>	<b>52.75</b>

## **CORDS CABLE INDUSTRIES LIMITED**

### **Break-up of net revenue derived from top 10 export customers as on September 30, 2007**

<b>Name of export customers</b>	<b>Sales (Rs. Lacs)</b>	<b>% to total net revenue from exports</b>
Saudi Electric Supply Company	174.11	31.16
Flowtech Industries	150.88	27.00
Ffe Minerals India Limited	102.57	18.35
Oman Cables Industry	48.58	8.69
Alstom Projects India Ltd.	30.54	5.46
Pride Year 1996 Ltd.	22.11	3.96
Traffic Tech. Jordan Musharbash & Hadad Co.	13.78	2.46
Furnace Fabrica (India) Ltd.	13.76	2.46
Robert Le Maire Ltd.	1.54	0.28
International Cable Management Ltd.	0.97	0.17
<b>Total</b>	<b>558.84</b>	<b>100.00</b>

## **SALES & MARKETING**

Marketing activity is predominantly done at the corporate office in New Delhi which is supported by technically qualified marketing personnel, area representatives and agents. We have our representatives, dealers / agents all over India.

We supply cables to industrial houses like BHEL, NTPC, Power Grid Corporation of India, Gujarat Ambuja Cement Ltd., etc.

The market for Cables can be broadly classified into two categories, on the basis of their end-use:

- Industrial and
- Domestic

## **INDUSTRIAL USERS**

The Industrial users mainly comprise of Power sector, Transmission & Distribution Sector, Communication, Cement, Steel and Petro-chemical sectors. Most of their demand is addressed by the organised Sector. There are two types of industrial customers in Cable Industry:

### **• GOVERNMENT / PUBLIC SECTOR UNDERTAKINGS**

We generally have to get approvals for sales from respective customers or their consultants. We approach customers with Company credentials and than specific requirements, if any, in their prescribed formats are filled and submitted. If required, factory visit for assessment is made by representatives of customers / consultants. On satisfactory report approvals are granted.

### **• PRIVATE CUSTOMERS**

Our Company approaches customers personally or by introductory letters along with its credentials based on which enlistment is generally obtained. If required, factory visits either by the representatives of the customers or their consultants are also made.

Enquiries are received from customers wherever we are enlisted as a matter of routine procedure. In case of open tenders, we are required to participate through press tenders or through internet in response to enquiries placed on specific web sites.

We also do overseas supplies generally through customers or contractors within the country. We are in the process of activating our efforts for direct supply in overseas market.

## **DOMESTIC**

At present we do not sell our household cables directly to the end users. We manufacture household cables as per the orders received from third parties and the cables are sold by those third parties under their brand.



## ORDER BOOK

The order book as on November 30, 2007 stands at Rs. 7715.75 lacs and the industry wise details of work on hand is listed below

Sector	Balance work as on November 30, 2007 (Rs. lacs)	% of total
Power Sector	3753.63	48.65
Cement Sector	1390.44	18.02
Refineries and Petrochemicals Sector	826.15	10.71
Fertilizers and chemicals	579.20	7.51
Steel Sector	498.81	6.46
Export	215.87	2.80
Others	451.65	5.85
<b>Total</b>	<b>7715.75</b>	<b>100.00</b>

Our Company has high dependence on the power sector which contributes to approximately 50% of the total order book.

## COMPETITORS

We face competition for our products from various companies as listed below. Besides them, there are many unorganised players in every region in the country.

List of competitors	Area of Competition
Delton Cables Limited	Instrumentation & Control Cables
KEI Industries Limited	Control, Instrumentation & Power Cables
Paramount Communications Limited	Control, Instrumentation & Power Cables
Thermopads Pvt. Limited	Control & Instrumentation Cables
Thermo Cables Limited	Control & Instrumentation Cables
Associated Cables Private Limited	Control & Instrumentation Cables
Universal Cables Limited	Control, Instrumentation & Power Cables
Polycab Wires Private Limited	Control and Power Cables
Torrent Cables Limited	Power and Control Cables
Havels India Limited	Power and Control Cables

## QUALITY STANDARDS

Cables form the nerve centre of any project as these are used for transmission of data between the control room and machines performing various functions in a unit. Cables therefore have to adhere to the stringent quality norms as required by the customers.

Our Company is accredited as an ISO 9001:2000 company since May 2004, from Quality Certification Bureau Inc. for manufacture and supply of power, control, instrumentation, signalling, communication, thermocouple and panel wires & cables.

We have also obtained BIS certification for all products conforming to IS: 1554(1)/1988 and IS: 694-90.

## **CORDS CABLE INDUSTRIES LIMITED**

We ensure quality in our products by covering every facet of manufacturing process including the choice of vendors of raw materials, the process of raw material inspection and testing at every stage, pre-dispatch testing and investment in equipments. We are consciously dedicating resources for quality assurance to ensure that quality norms are continually met.

### **WORKING CAPITAL MANAGEMENT**

Details of working capital / term loan availed by our Company as on September 30, 2007 is as follows:

<b>NATURE</b>	<b>Sanctioned limit (Rs. Lacs)</b>	<b>Amount outstanding as on September 30, 2007 (Rs. lacs)</b>
<b>FUND BASED from</b>		
<b>(Canara Bank)</b>		
OCC/ODBD	500.00	490.68
Term Loan		
- ML-I	233.00	92.47
- ML-II	340.00	300.08
<b>From ICICI Bank</b>		
Term Loan-ECB	2500.00(USD 5.60 million)	993.50(USD 2.50 million)
Cash Credit	200.00	145.73
<b>BILL FACTORING LIMITS</b>		
<b>Canbank Factors Ltd</b> (Subject to overall PP limit of Rs.1335.00 lacs)		
-Sales PP Limit	1000.00	839.29
-Purchase PP Limit	250.00	212.45
-ILC Discount Limit	500.00	282.24
<b>HSBC LTD</b>		
- Sales PP Limit	500.00	443.92
- Purchase PP Limit	500.00	NIL
<b>NON FUND BASED</b>		
<b>Canara Bank</b>		
-Bank Guarantee	2000.00	1716.49
-ILC/FLC	300.00	142.17
<b>ICICI Bank</b>		
-Bank Guarantee	1000.00	960.93
-Derivatives	300.00	NIL

### **INSURANCE POLICIES**

We have taken following insurance policies for our existing operations:

- Stock policy (Standard Fire, Special Perils & Burglary Policy)
- Building, Plant & Machinery etc. (Standard Fire & Special Perils Policy)
- Motor Vehicle Policy
- Personal accident Policy for directors and staff
- Policy for Cash in Transit and Cash in Safe

The above have been taken from The New India Assurance Company Limited, National Insurance Company Limited, United India Insurance Company Limited, Bajaj Allianz General Insurance Co. Limited., Chalamandalam MS General Insurance Company Limited. and Royal Sundaram Alliance Insurance Co. Limited.

## EMPLOYEES

Our Company has a total strength of 549 employees including around 290 contract labourers as on November 30, 2007. The classification of the employees is as follows:

Particulars	Head Office	Works	Total
Top Management Personnel	2	1	3
Middle Management Personnel	5	3	8
Lower Management Personnel	20	26	46
Clerical Personnel / Technical Assistant / Helper	32	460	492
<b>Total</b>	<b>59</b>	<b>490</b>	<b>549</b>

Employees of our Company are given performance linked incentives and HR policies are managed by senior level executive in our Company. Our attrition rate is low and is approximately 2% p.a.

## Recruitment Activities

The departmental heads have to provide with details pertaining to their requirement of manpower. The HR department on the basis of received information after due discussions and assessing the need does the manpower planning and budgeting. New recruitment is done only after exploring the possibilities of internal transfers, job enlargement & enrichment etc.

Release of advertisements, approaching placement consultants, exploring job portals, employee, references etc. are some of the ways through which we recruit our employees.

## IMMOVABLE PROPERTIES

We do not own any property. The registered office of our company has been taken on lease from the Promoters and the manufacturing unit at Chopanki, Rajasthan is taken on lease from RIICO. The details of our existing and proposed leasehold properties are given below:

Sr. No.	Location	Area (approx.)	Nature of Consideration	Nature of Contract	Validity/ Date of Expiry
1.	B-1/ A-26, Mohan Co-operative Industrial Estate, Mathura Road, New Delhi- 110044	<ul style="list-style-type: none"> <li>– Ground floor: 3,841 sq. ft.</li> <li>– First Floor: 3,841 sq. ft.</li> <li>– Second Floor: 2604 sq.ft.</li> <li>– Basement: 943 sq. ft.</li> </ul>	Monthly Rent	Lease deed dated January 2, 2007 for the open space on the front portion of ground floor, first floor and second floor of the property, lease deed dated June 30, 2007 for the furnished part of the ground floor of the property and lease deed dated August 29, 2007 for a part of the basement.	Lease for the open space on the front portion of ground floor, first floor and second floor of the property expires on November 30, 2007, lease for the furnished part of the ground floor of the property expires on May 31, 2008 and lease for a part of the basement expires on July 28, 2007.
2.	Plot No A-525 and E-519 at Chopanki, Rajasthan	14,060 sq. meters	One time payment of development charges and annual rent thereafter.	Lease deed dated October 25, 2002	99 years from September 3, 2002

**CORDS CABLE INDUSTRIES LIMITED**

Sr. No.	Location	Area (approx.)	Nature of Consideration	Nature of Contract	Validity/ Date of Expiry
3.	Plot No E-518 at Chopanki, Rajasthan	2,580 sq. meters	One time payment of development charges and annual rent thereafter.	Lease deed dated March 9, 2007	99 years from November 10, 2004
4.	# Plot No E-520 at Chopanki, Rajasthan	3,952 sq. meters	One time payment of development charges and annual rent thereafter.	Lease deed dated March 9, 2007	99 years from February 26, 2005
5.	Plot No. Sp2-876 & 877 at Pathredi, Rajasthan	78800sq. meters	One time payment of development charges and annual rent thereafter.	Lease deed dated September 28, 2007	99 years from September 28, 2007

# Our Company was allotted the said plot measuring 5400 sq. mt. by RIICO Ltd. vide allotment letter No. 7912 dated February 26, 2005 for which our Company has paid the entire sum (based on 5,400 sq. mt) to RIICO. However, the lease deed was executed by RIICO for area measuring 3952 sq. mt. only on March 9, 2007 and only an area measuring 3952 sq. mt. was allotted. Our Company has taken up the matter with RIICO Ltd. and the final outcome of the matter is awaited.

**ENVIRONMENTAL COMPLIANCE**

We have all necessary pollution and environmental clearance from the applicable regulatory authorities. We believe that during the last three years we have been in compliance with applicable environmental laws and regulations. We have not been subject to any legal proceedings or disputes with any environmental protection authorities in India.

**HEALTH AND SAFETY**

We are committed to ensure adequate safety for our personnel and property located at our works. The Head of Department of both Production & Personnel are responsible for the implementation of safety procedure.

The labours are provided with suitable protective equipments. An adequate fire system and first aid box is also maintained. The materials are stored in such a way that it does not create safety hazard.

**INTELLECTUAL PROPERTY RIGHTS**

We have registered our logo "CORDS" with the Trade Mark Registry and a certificate of registration has been issued to us on January 21, 2004.

**BUSINESS STRATEGY**

Our vision is to strive for growth in existing and new markets by providing cost-effective and quality solutions for electrical connectivity requirements for various businesses as well as domestic users by offering high quality customised cables at competitive price with best service and unfailing commitment. In line with this vision, our Company is implementing a business strategy with the following key components.

Our strategy will be to focus first and foremost on capitalizing on our core strengths and enhancing the volume of our business. We intend to focus on our existing range of products with specific emphasis on the following factors as business and growth strategy:

**To further our presence in the markets**

We have an established track record with various corporate giants like NTPC, BHEL, Tata Power, Tata Steel, L&T, IOCL, Hindalco, Honeywell Automation India Limited and so on. We will continue to provide them with quality products and will also endeavour to add more clientele to our portfolio for existing products as well as HT cables and Rubber cables which we propose to manufacture post expansion.

**To continue focus on research and development**

Our Company continues to focus on R&D as a core thrust of our business to continuously develop new products and solutions for our customers to remain ahead of competition and to also help customers bring down costs and enhance their efficiency. We also focus on process improvements to bring down operational costs and enhance the quality of products.

**Diversify order book across sectors**

Our Company in the past has catered to a range of industries which have contributed to increasing our technical know how, capabilities and range of service offerings. This has also helped us to de-risk the business model since we are not significantly dependent on any particular industry or a set of industries. We aim to continue diversifying our activities across various industries.

**Focus on export market**

Our Company exports its products to various countries like Bangladesh, Zambia, Oman and Kuwait. Recently we participated in an exhibition held in Dubai, where we got good response and managed to secure lot of enquiries for our products. We intend to continue our focus on developing business in international markets.

**Penetration into growing household cables market**

Our Company is in the process of widening its dealers' network with a view to penetrate into the high growth household cables market, where consumers are increasingly becoming quality and brand conscious.

**Brand image**

We would continue to associate ourselves with reputed corporate houses and execute projects to their utmost satisfaction. We are highly conscious about our brand image and intend to continue our brand building exercise by providing excellent services to the satisfaction of the customers.

**Optimal utilisation of resources**

We constantly endeavour to improve our productivity levels by optimum material utilization, improvement in manufacturing process through skill upgradation / improved machineries and outsourcing components to achieve better asset turnover. We analyse our existing procurement and manufacturing processes and procedures to identify the areas of bottlenecks and correct them. This helps us in improving our efficiency, efficient use of resources, improving the bottom line and faster customer response.

**Grow capacities through organic / inorganic expansions**

We continue to focus on enhancing our capacity to meet growing customer requirements. We plan to expand our production capacity and add new products to the existing product range. We plan to start manufacturing HT cables and rubber cables as a part of our proposed expansion.

**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 came into being subsequent to the United Nations Conference on the Human Environment held at Stockholm in June 1972, in which India participated. 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 woman employees also need no longer fear that they would be dismissed or removed from service in case they expect babies. Such female employees not only retain their jobs but they get maternity benefits for a period of twelve week before and after confinement. In case any insured person is injured in the course of his work and permanently or temporarily disabled, he will get what is called disablement benefit in

the form of cash in installments. Even the dependents of an insured person are entitled to benefits in case of death of insured person. To qualify for all these benefits, the insurable employee has to pay very small amount @ 1.75% of the wages as his share of his contribution. Every factory or establishment to which this act applies is required to be registered alongwith the employees. For carrying into effect the provisions of the Act, the Central Government has also made the Employees State Insurance (General) Regulations, 1950 and they extend to the whole of the Union Territory of India. The employee's contribution will be 4.75% of the wages. The Act and the Regulations made thereunder cast certain obligations on every employer to which they apply. Failure to fulfill those obligations exposes an employer to prosecution.

### **THE PAYMENT OF GRATUITY ACT, 1972**

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

### **THE MATERNITY BENEFITS ACT**

The Act regulates the employment of women in certain establishments for certain period before and after childbirth and to provide for medical benefit and certain other benefits. The Maternity Benefits Act applies, in the first instance – (a) to every establishment being a factory, mine or plantation including any such establishment belonging to government and to every establishment wherein persons are employed for the exhibition of equestrian acrobatic and other performances (b) to every shop or establishment within the meaning of any law for the time being in force in relation to shops and establishment in a State, in which ten or more persons are employed, or were employed on any day of the preceding twelve months.

**HISTORY AND CERTAIN OTHER CORPORATE MATTERS****OVERVIEW**

Our Company was incorporated on October 21, 1991 as "Cords Cable Industries Private Limited" by a group of three professionals, Mr. Naveen Sawhney, Mr. D.K. Prashar and Mr. Rakesh Malhotra, with an objective to cater to the growing requirement for high quality customised cables. One of our main objects was to acquire and take over as a going concern the partnership business carried on under the name and style of Cords Cable Industries.

We started our operations by manufacturing co-axial cables and instrumentation cables at our production unit at Okhla Industrial Area, New Delhi. Thereafter, we took over the business of the partnership concern "M/s Cords Cable Industries" as a going concern along with all assets and liabilities with effect from May 1, 1992. M/s Cords Cable Industries was established on October 23, 1987 to manufacture and trade cables. The firm was jointly formed by Mrs. Santosh Malhotra, Mr. Chanan Lal Sawhney, Mr. B.D. Prashar, Mr. A.M. Sanghvi and Mr. Vimal Dev Monga. Pursuant to the takeover, the said partnership concern ceased to exist with effect from May 1, 1992.

Our promoters are from engineering and management disciplines. They have been associated individually with the Cable Industry for over thirty years and have varied experience in the areas of manufacturing, marketing etc. in the Cable Industry. Our Company became a deemed public limited company w.e.f July 1, 1997 and restored its status of private limited company again w.e.f February 6, 2003. Our Company got converted into a public limited company vide a certificate of incorporation dated May 10, 2006.

To keep up the growth momentum, we added control cables and customized instrumentation cables to our product portfolio. In line with our vision to go up the value chain and to increase our production capacity, we set up a state of the art manufacturing facility at Chopanki, Dist. Alwar, Rajasthan in 2003-04 of approx 45,000 sq.ft. covered area. This enabled us to diversify our product range so as to cater to the cable requirements of the energy and infrastructure sectors of our country. In November 2006, we increased the capacities for existing products and expanded our factory from 45,000 sq. ft. covered area to 92,000 sq. ft covered area.

Over a period of time, we have expanded our product range and have added a variety of speciality cables in our product range. At present we are focusing on LT cables, control & instrumentation cables and speciality cables. In the proposed expansion project, we plan to add HT cables and Rubber cables to our existing product portfolio. We cater to a majority of core industries such as power, cement, chemicals, petrochemicals, steel etc. Our clientele includes blue chip companies like BHEL, L&T, NTPC, Reliance Energy Ltd. and others.

We are an ISO 9001:2000 accredited company and hold BIS certification for all types of cables conforming to IS:1554(1)/1988 and IS:694-90.

At the time of incorporation, the registered office of our Company was situated at C-25, Lajpat Nagar-III, New Delhi - 110024. With effect from March 1, 2005, our registered office was shifted to B-1 / A-26, Mohan Co-operative Industrial Estate, Mathura Road, New Delhi - 110044.

**MAJOR EVENTS IN THE HISTORY OF OUR COMPANY**

Our Company's growth over the last 15 years is highlighted below:

<b>Year</b>	<b>Event</b>
1991	Incorporated as a Private Limited Company
1991	Commenced manufacturing of Control Cables and Customised Instrumentation Cables.
1992	Took over the business of the partnership firm "M/s Cords Cables Industries" as a going concern
1996	Manufacturing unit was shifted from Naraina Industrial Area to Mohan Co-operative Industrial Estate
1997	Company became Deemed Public Limited Company
1998	Obtained ISO 9002:1994 certificate from Underwriters Laboratories Inc. for drawing and insulating of non-ferrous wire, manufacture of PVC/PE insulated copper/aluminium conductor, armoured/unarmoured, for instrumentation, power, control, radio frequency co-axial, telephone including jelly filled (upto 100 pair capacity), thermocouple extension and compensating cables.
2003	Set up a state of the art manufacturing facility at Chopanki, Dist. Alwar, Rajasthan, having covered area of over 45,000 sq. ft, giving a two-fold jump to the revenue



Year	Event
2004	Obtained ISO 9001:2000 certificate from Quality Certification Bureau Inc. for manufacture and supply of power, control, instrumentation, signalling, communication, thermocouple and panel wires & cables.
2004	Registered our logo "CORDS" with the Trade Mark Registry and a certificate of registration was issued to us
2004	Enrolled as a member of PHD Chamber of Commerce and Industry.
2006	Completed the first phase of our expansion whereby the total covered area of our factory increased from 45,000 sq. ft. to 92,000 sq. ft.
2006	Converted into a Public Limited Company
2007	Gross turnover crossed Rs. 100 crores.

## MAIN OBJECTS OF OUR COMPANY

The main objects of our Company as stated in our MoA are as under:

1. To buy, sell, import, export or otherwise deal in electrical cables and wires of all kinds and description.
2. To acquire and take over as a going concern the partnership business carried on under the name and style of CORDS CABLE INDUSTRIES along with all the belongings, funds, assets, rights, privileges, obligations, liabilities and contracts of the said concern with all its advantages, goodwill and licenses upon such terms and conditions as may be mutually agreed upon. The said firm shall cease to exist after such take over by the Company after incorporation thereof.
3. To manufacture, produce, buy, sell, import, export or otherwise deal in all kind of cable and wires including electric cables and wires, industrial cables and wires, household cable and wires, cable and wires used for telephone and internet, optical fibre cables.

## Changes in Memorandum of Association

Date	Changes
September 30, 1994	The authorised share capital was increased from Rs. 10 lacs comprising of 10,000 Equity Shares of Rs. 100/- each to Rs. 25 lacs comprising of 25,000 Equity Shares of Rs 100/- each.
September 29, 1997	The authorised share capital was increased from Rs. 25 lacs comprising of 25,000 Equity Shares of Rs. 100/- each to Rs. 1 crore comprising of 1,00,000 Equity Shares of Rs 100/- each.
November 25, 2002	Sub-Division of Equity Shares from Rs. 100/- to Rs. 10/-. The Equity Share Capital was sub-divided from 1,00,000 Equity Shares to 10,00,000 Equity Shares.
November 25, 2002	The authorised share capital was increased from Rs. 1 crore comprising of 10,00,000 Equity Shares of Rs. 10/- each to Rs. 1.6 crore comprising of 16,00,000 Equity Shares of Rs 10/- each.
February 10, 2006	The authorised share capital was increased from Rs. 1.6 crore comprising of 16,00,000 Equity Shares of Rs. 10/- each to Rs. 3 crore comprising of 30,00,000 Equity Shares of Rs 10/- each.
March 30, 2006	The authorised share capital was increased from Rs. 3 crore comprising of 30,00,000 Equity Shares of Rs. 10/- each to Rs. 5.5 crore comprising of 55,00,000 Equity Shares of Rs 10/- each.
May 10, 2006	Our Company converted from Private Limited Company to Public limited Company.
November 30, 2006	The authorised share capital was increased from Rs. 5.5 crore comprising of 55,00,000 Equity Shares of Rs. 10/- each to Rs. 12 crore comprising of 1,20,00,000 Equity Shares of Rs 10/- each.
June 30, 2007	Addition to the Object clause of our Company to widen our scope of activities.

## OUR SUBSIDIARIES

We do not have subsidiary.

**SHAREHOLDERS AGREEMENT**

Our Company has not entered into any shareholders agreement.

**STRATEGIC PARTNERS**

We do not have any strategic partner.

**FINANCIAL PARTNERS**

We do not have any financial partner.

## OUR MANAGEMENT

As per our AoA, our Company cannot have less than three Directors and more than twelve Directors on our Board. At present, our Company has six directors on its Board. Our Managing Director together with two Joint Managing Directors manages our day-to-day operations.

Details of our Board of Directors are:

Sr. No.	Particulars	Age (years)	Directorship in other companies
1.	<p>Mr. Naveen Sawhney <b>Managing Director</b> S/o Mr. Chanan Lal Sawhney</p> <p>C- 68, Kalkaji, New Delhi - 110019</p> <p>Occupation: Business Nationality: Indian Appointment Date: April 1, 1995 Term: For a period of five years commencing from July 1, 2006</p>	55	<ul style="list-style-type: none"> <li>• Cords India Private Ltd.</li> </ul>
2.	<p>Mr. D. K. Prashar <b>Joint Managing Director</b> S/o Mr. Braham D. Prashar</p> <p>A- 102, Shivalik Near Malviya Nagar New Delhi - 110017</p> <p>Occupation: Business Nationality: Indian Appointment Date: April 1, 1995 Term: For a period of five years commencing from July 1, 2006</p>	58	<ul style="list-style-type: none"> <li>• Cords India Private Ltd.</li> </ul>
3.	<p>Mr. Rakesh Malhotra <b>Joint Managing Director</b> S/o Mr. Chander S. Malhotra</p> <p>C - 25, Lajpat Nagar III New Delhi - 110024</p> <p>Occupation: Business Nationality: Indian Appointment Date: July 1, 1996 Term: For a period of five years commencing from July 1, 2006</p>	50	<ul style="list-style-type: none"> <li>• Cords India Private Ltd.</li> </ul>
4.	<p>Mr. Om Prakash Bhandari <b>Independent Director</b> S/o Late Mr. Balwant R. Bhandari</p> <p>D – 80, Anand Niketan New Delhi – 110021</p> <p>Occupation: Consultant Nationality: Indian Appointment Date: April 1, 2006 Term: Retiring</p>	58	<ul style="list-style-type: none"> <li>• Heimsoth Kiln Technology Private Ltd.</li> <li>• Madhusudan Cybernetic Private Ltd.</li> <li>• Omicron Engineers Private Ltd.</li> <li>• Cera Sanitaryware Ltd.</li> </ul>

Sr. No.	Particulars	Age (years)	Directorship in other companies
5.	<b>Mr. Amit Kumar Gangopadhyay</b> <b>Independent Director</b> S/o Mr. Nirmal K. Gangopadhyay  C-449, First Floor, Chittaranjan Park, New Delhi – 110019  Occupation: Consultant Nationality: Indian Appointment Date: December 1, 2006 Term: Retiring	61	Water and Power Consultancy Services (India) Ltd.
6.	<b>Mr. N.K. Balasubramanian</b> <b>Independent Director</b> S/o Mr. N.R. Krishnaswamy  B-1/1788, Vasant Kunj, First Floor, New Delhi – 110070  Occupation: Consultant Nationality: Indian Appointment Date: January 12, 2007 Term: Retiring	67	<ul style="list-style-type: none"> <li>• IST Steel and Power Ltd.</li> <li>• Unicorn Powergen Private Ltd.</li> <li>• Energo Engineering Projects Ltd.</li> <li>• PDM Management Services Private Ltd.</li> </ul>

#### **FAMILY RELATIONSHIPS BETWEEN THE PERSONS ON OUR BOARD OF DIRECTORS**

There are no family relationships between the persons on our Board of Directors.

#### **BRIEF DETAILS OF OUR DIRECTORS**

For details of our Whole Time Directors please refer to the section “Our Promoters” on page no. 85 of this Red Herring Prospectus. Details of our Independent Directors are as follows:

**Mr. Om Prakash Bhandari**, 58 years, our Independent Director has a Master’s degree in Ceramic Engineering, from University of Washington, USA and is a Science graduate in Ceramics Engineering with honours from Banaras Hindu University, Varanasi. He has more than three decade experience in Ceramic Industry. He started his career as a Chief Ceramist in M/s. Somany Pilkington Ltd., Haryana and after that served M/s. Asian Ceramic Private Ltd., New Delhi as a Director. After that he started a sole proprietorship concern for technical consultancy in ceramics in the name of M/s. Om Consultants. He is also a member of various associations such as Indo-German Chamber of Commerce, Indian Ceramic Society, American Ceramic Society, U.S.A., FICCI New Delhi, ASSOCHAM New Delhi and a few other associations.

**Mr. Amit Kumar Gangopadhyay**, 61 years, our Independent Director holds a Bachelors degree in Civil Engineering, from Jadavpur University. He has a total experience of more than 40 years of which he has spent around 23 years in Hydro Electric projects in different capacities. He started his career as a trainee Engineer with Civcon Private Limited, for supervising the site of a multi storied building. Later he joined Public Works Department, Govt. of Goa, Daman & Diu as an Assistant Engineer in 1968. He subsequently joined National Hydroelectric Power Corporation Ltd. as Manager (Contracts) and was associated with this company for 24 years and was designated as the Chairman & Managing Director when he left the Company in September 2005.

**Mr. N.K. Balasubramanian**, 67 years, our Independent Director holds a Bachelors degree in Mechanical Engineering from University of Madras. He has a total experience of more than 45 years. He had started his career as a faculty member with PSG College of Technology, Coimbatore. He has been associated with different organisations at different positions. His job profile includes designing of power plants, estimating project costs, developing Indian and overseas market. He was designated as a Director at NTPC and was responsible for implementation of all Generation and Transmission projects. He worked as a Chairman & Managing Director at ACC- Babcock Ltd., and was instrumental in converting the company from a sick BIFR

company to a profit resulting organisation. He worked as a President with RPG Power Corporation Ltd., and was responsible for power projects in various states like Rajasthan, Haryana and Kerala. Presently he is giving his consultancy services for Project Development, Project Implementation and Project Management for various Power Generation projects.

## **BORROWING POWERS OF DIRECTORS**

At the EGM held on June 30, 2007, the shareholders have given their consent to the Board of Directors pursuant to the provisions of section 293(1)(d) of the Companies Act, 1956, to borrow money from time to time, at its discretion either from the Company's bank or any other bank, financial institutions or any other lending institutions or persons on such terms and conditions as may be considered suitable by the Board of Directors up to a limit not exceeding in the aggregate Rs. 500 crores notwithstanding that the money to be borrowed together with the money already borrowed by the Company (apart from temporary loan obtained from the Company's banker in the ordinary course of business), will exceeds the aggregate of the paid up capital of the Company and its free Reserve, that is to say, reserves not set apart for any specific purpose.

## **COMPENSATION OF OUR DIRECTORS**

### **DETAILS OF COMPENSATION TO WHOLE TIME DIRECTORS**

**Mr. Naveen Sawhney**, 55 years, has been appointed as the Managing Director of our Company for a period of five years with effect from July 1, 2006. His remuneration as approved by the members of our Company is stated below:

**Salary:** Consolidated salary at the rate of Rs. 2,50,000/- (Rupees Two lacs fifty thousand only) per month.

**Perquisites:** Commission not exceeding 1% of the net profits of our Company, subject to approval by the Board of Directors of our Company or any committee thereof constituted in this regard.

Medical Reimbursement: Medical Expenses incurred by the appointee on self, and family will be reimbursed subject to the maximum of Rs.15,000/- in a year.

Contribution to the Provident Fund, Superannuation Fund or Annuity Fund as per the Rules of our Company.

Leave Travel Concession: For self and the family once a year in accordance with the rules of our Company.

Gratuity payable as per the rules of our Company.

Encashment of leave at the end of the tenure as per the rules of our Company.

Use of Car: The managing Director will be provided with a car and a driver.

Free land line telephone and mobile phone facility will be provided.

Provided that total remuneration payable to all the managerial person by way of salary, commission or other allowances shall not exceed five percent of our net profits for one such managerial person or ten percent of our net profits for all the managerial persons as described in the section I of part II of the schedule XIII of the companies Act, 1956.

**Mr. D. K. Prashar**, 58 years, has been appointed as Whole Time Director (Designated as Joint Managing Director) of our Company for a period of five years with effect from July 1, 2006. His remuneration as approved by the members of our Company is stated below:

**Salary:** Consolidated salary at the rate of Rs. 2,50,000/- (Rupees Two lacs fifty thousand only) per month.

**Perquisites:** Commission not exceeding 1% of the net profits of our Company, subject to approval by the Board of Directors of our Company or any committee thereof constituted in this regard.

## **CORDS CABLE INDUSTRIES LIMITED**

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Medical Reimbursement: Medical Expenses incurred by the appointee on self, and family will be reimbursed subject to the maximum of Rs.15,000/- in a year.

Contribution to the Provident Fund, Superannuation Fund or Annuity Fund as per the Rules of our Company.

Leave Travel Concession: For self and the family once a year in accordance with the rules of our Company.

Gratuity payable as per the rules of our Company.

Encashment of leave at the end of the tenure.

Use of Car: The Whole Time Director will be provided with a car and a driver

Free land line telephone and mobile phone facility will be provided.

Provided that total remuneration payable to all the managerial person by way of salary, commission or other allowances shall not exceed five percent of our net profits for one such managerial person or ten percent of our net profit for all the managerial persons as described in section I of part II of the schedule XIII of the companies Act, 1956.

**Mr. Rakesh Malhotra**, 50 years, has been appointed as Whole Time Director (Designated as Joint Managing Director) of our Company for a period of five years with effect from July 1, 2006. His remuneration as approved by the members of our Company is stated below:

**Salary:** Consolidated salary at the rate of Rs. 2,50,000/- (Rupees Two lacs fifty thousand only) per month.

**Perquisites:** Commission not exceeding 1% of the net profits of our Company, subject to approval by the Board of Directors of our Company or any committee thereof constituted in this regard.

Medical Reimbursement: Medical Expenses incurred by the appointee on self, and family will be reimbursed subject to the maximum of Rs.15,000/- in a year.

Contribution to the Provident Fund, Superannuation Fund or Annuity Fund as per the Rules of our Company.

Leave Travel Concession: For self and the family once a year in accordance with the rules of our Company.

Gratuity payable as per the rules of our Company.

Encashment of leave at the end of the tenure as per the rules of our Company.

Use of Car: The Whole Time Director will be provided with a car and a driver

Free land line telephone and mobile phone facility will be provided.

Provided that total remuneration payable to all the managerial person by way of salary, commission or other allowances shall not exceed five percent of our net profits for one such managerial person or ten percent of our net profit for all the managerial persons as described in section I of part II of the schedule XIII of the Companies Act, 1956.

## DETAILS OF COMPENSATION OF OUR INDEPENDENT DIRECTORS

Name of Director	Letter/ Resolution	Details of Remuneration
Mr. Om Prakash Bhandari	Appointed w.e.f April 1, 2006 by a resolution of Board of Directors of our Company dated March 20, 2006	No other remuneration is payable other than sitting fees.
Mr. Amit Kumar Gangopadhyay	Appointed w.e.f December 1, 2006 by a resolution of Board of Directors of our Company dated November 30, 2006	No other remuneration is payable other than sitting fees.
Mr. N.K. Balasubramanian	Appointed by a resolution of Board of Directors of our Company dated January 12, 2007	No other remuneration is payable other than sitting fees.

Except for our Whole-time Directors who are entitled to statutory benefits upon termination of their employment with our Company, no other Directors are entitled to any benefit upon termination of his employment with our Company.

## CORPORATE GOVERNANCE

We have complied with the requirements of the applicable regulations, including Clause 49 of the Listing Agreement to be entered with Stock Exchange(s) and the SEBI Guidelines, in respect of Corporate Governance, especially with respect to broad-basing our Board of Directors and setting up of the necessary committees as set out below.

## COMPOSITION OF BOARD

- The Board of Directors of our Company comprises of the following six members as on date, out of which three directors (i.e., 50 % of the total strength of the Board of Directors) are non-executive directors:

## EXECUTIVE DIRECTORS

- Mr. Naveen Sawhney -Managing Director
- Mr. D. K. Prashar -Joint Managing Director
- Mr. Rakesh Malhotra -Joint Managing Director

## NON-EXECUTIVE / INDEPENDENT DIRECTORS

- Mr. N. K. Balasubramanian -Director
- Mr. Amit Kumar Gangopadhyay -Director
- Mr. Om Prakash Bhandari -Director

## 2. Chairman

Our Company does not have any permanent Chairman. At every meeting of the Board of Directors, the directors present elect one of them to chair the meeting.

We have constituted the following committees of our Board:

- Audit Committee
- Remuneration Committee
- Shareholders'/Investor Grievance Committee

## 1. AUDIT COMMITTEE

## COMPOSITION OF AUDIT COMMITTEE

The Audit Committee has three directors as members and two-thirds of the members of audit committee are Independent Directors. Our Audit Committee was reconstituted on January 12, 2007.

<b>Name</b>	<b>Designation</b>	<b>Position held in the committee</b>
Mr. Om Prakash Bhandari	Independent Director	Chairman
Mr. Rakesh Malhotra	Joint Managing Director	Member
Mr. Amit Kumar Gangopadhyay	Independent Director	Member
Ms. Jyoti Dixit Gupta	Company Secretary	Secretary

**TERMS OF REFERENCE OF AUDIT COMMITTEE****POWERS OF AUDIT COMMITTEE**

The Audit Committee has been assigned the following powers:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

**ROLE OF AUDIT COMMITTEE**

The role of the Audit Committee includes the following:

1. Overview of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement and in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
  - b. Changes, if any, in accounting policies and practices and reasons for the same
  - c. Major accounting entries involving estimates based on the exercise of judgment by management
  - d. Significant adjustments made in the financial statements arising out of audit findings
  - e. Compliance with listing and other legal requirements relating to financial statements
  - f. Disclosure of any related party transactions
  - g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval
6. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discussion with internal auditors of any significant findings and follow up there on.



9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.

## REVIEW OF INFORMATION BY AUDIT COMMITTEE

The Audit Committee shall mandatorily review the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee

## 2. SHAREHOLDERS' / INVESTOR GRIEVANCE COMMITTEE

A board committee under the chairmanship of a non-executive director has been formed to specifically look into the redressal of shareholder and investors complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc.

### COMPOSITION OF SHAREHOLDERS' / INVESTOR GRIEVANCE COMMITTEE

The Shareholders' / Investor Grievance Committee shall have three directors as members with a non-executive independent director as the Chairman. Our Shareholders / Investor Grievance Committee was constituted on January 12, 2007.

Name	Designation	Position held in the committee
Mr. Amit Kumar Gangopadhyay	Independent Director	Chairman
Mr. Om Prakash Bhandari	Independent Director	Member
Mr. Naveen Sawhney	Managing Director	Member

## 3. REMUNERATION COMMITTEE

The board has also set up a remuneration committee to determine on their behalf and on behalf of the shareholders our Company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment. Our Remuneration Committee was constituted on January 12, 2007.

### COMPOSITION OF REMUNERATION COMMITTEE

The Remuneration Committee consist of the following members:

Name	Designation	Position held in the committee
Mr. N K Balasubramanian	Independent Director	Chairman
Mr. Amit Kumar Gangopadhyay	Independent Director	Member
Mr. Om Prakash Bhandhari	Independent Director	Member

**SHAREHOLDING OF OUR DIRECTORS**

As on December 15, 2007 the shareholding of our directors is as follows:

Sr. No.	Name	No. of shares	% of pre issue capital
1	Mr. Rakesh Malhotra	17,98,504	21.56
2	Mr. D.K. Prashar	17,76,364	21.29
3	Mr. Naveen Sawhney	15,03,701	18.02

**INTEREST OF DIRECTORS**

Except as stated in the “Related Party Transactions” on page 89 of the Red Herring Prospectus, and to the extent of their shareholding, the Directors do not have any other interest in our business. Our Directors are interested to the extent of shares held / allotted to them as well as fees, if any, payable to them for attending meetings of the Board or a committees thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them under the AoA. Except to the extent of their compensation as mentioned on page 74 of the Red Herring Prospectus, and their shareholding or shareholding of companies they represent, the Directors do not have any interest in our Company.

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

Our Directors have no interest in any property acquired by us within the last two years of the date of this Red Herring Prospectus, except the following:

**Name of Directors:** Mr. Naveen Sawhney, Mr. D.K. Prashar, Mr. Rakesh Malhotra (collectively referred to as “Lessors”) have given us a property, where our registered office is situated, on lease for a period of eleven (11) months. The lease for the open space on the front portion of ground floor, first floor and second floor of the property commenced on January 2, 2007, the lease for the furnished part of the ground floor commenced on July 1, 2007 and the lease for a part of the basement commenced on August 29, 2007.

**Property Details:** Premises no. A-26, Block B-1, Mohan Co-operative Industrial Estate, Mathura Road, New Delhi – 110044 having land area of 660.83 sq. yards and structure as:

Ground floor : Entire floor (3,841 sq. ft.)  
 First floor : Entire floor (3,841 sq. ft.)  
 Second floor : Covered area excluding 2 front rooms (let out area 2604 sq.ft.)  
 Basement : Part of the basement (943 sq. ft.)

**Interest:** Our Company will pay a sum of Rs. 5,43,900/- (Rupees five lac forty three thousand nine hundred only) as rent per month to the Lessors which will be equally distributed between them.

Interest free deposit: Our Company has given Rs. 16,31,700/- (Rupees sixteen lac thirty one thousand seven hundred only) as interest free security deposits to the Owners’ of the property.

**QUALIFICATION SHARES**

As per our AoA, Directors are not required to hold any qualification shares.

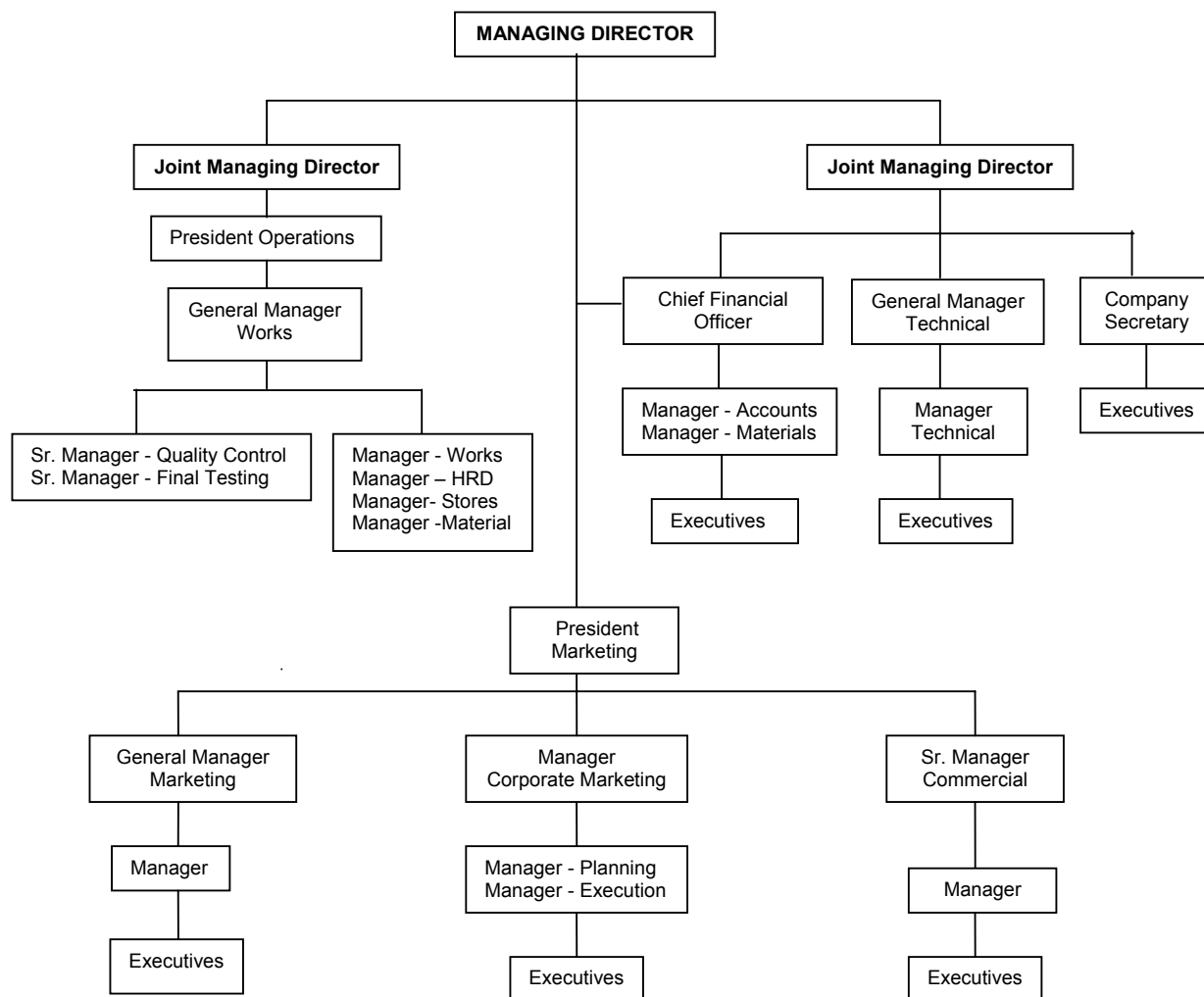
**CHANGES IN OUR BOARD OF DIRECTORS**

The changes during the last 3 years are as below:

Name	Date of Appointment	Date of Cessation	Reason
Mrs. Kanti	December 16, 1997	March 31, 2005	Resigned
Mr. Chanan Lal	October 21, 1991	May 13, 2006	Resigned
Mr. Braham Dutta Prashar	October 21, 1991	May 13, 2006	Resigned
Ms. Santosh Malhotra	October 21, 1991	January 12, 2007	Resigned
Mr. Om Prakash Bhandari	April 1, 2006	N/A	Appointed as additional director
Mr. Amit Kumar Gangopadhyay	December 1, 2006	N/A	Appointed as additional director
Mr. N.K. Balasubramanian	January 12, 2007	N/A	Appointed as additional director

## ORGANISATION CHART

Our organization structure is as follows:



**KEY MANAGERIAL PERSONNEL**

Sr. No	Name	Designation	Qualification	Total Experience (in years)	Date of Joining Cords	Annual Remuneration (FY 2006-07) (Rs.)
1.	Mr. V.K. Beri	President-Marketing	B.E. (Electr.), M.B.A.	37	January 4, 2002	Rs. 3,87,257/-
2	Dr. V. K. Tikku	President - Operations	PHD in Nuclear Physics	31	June 28, 2007	*Rs. 7,80,000/-
3.	Mr. Amitabha De	G.M. – Marketing	B.E., M.B.A., Associate member of Institute of Engineers	37	May 18, 2007	* Rs. 4,80,026/-
4.	Mr. A.K. Gupta	G.M.-Works	B.E. (Electr.)	21	September 15, 2000	Rs. 3,94,199/-
5.	Mr. S.K. Bagga	G.M.- Tech	Diploma in Mech. Engg.	39	February 10, 1997	Rs. 2,86,847/-
6.	Mr. K. L. Chhabra	Works Manager	Diploma in Elec. Engg.	36	August 21, 2006	Rs. 1,87,950/-
7.	Mr. S.K. Ghouri	Sr. Manager (Final Inspection)	Diploma in Elec. Engg.	29	August 1, 2006	Rs. 2,99,319/-
8.	Mr. D.V. Gupta	Chief Financial Officer	F.C.A., B.Com (Hons.)	16	December 14, 1999	Rs. 4,26,872/-
9.	Mr. S.K. Verma	Manager – Stores & Sales tax matters	B.A.	34	February 10, 1991	Rs. 1,85,797/-
10.	Mr. Rahul Prashar	Manager Operations	M.S. Electrical UTA, USA. BE - Electronics	4	November 11, 2005	Rs. 4,39,521/-
11.	Mr. Varun Sawhney	Manager-Corporate Marketing	C.E., M.B.A. Leads Univ., UK.	2	May 1, 2005	Rs. 4,11,724/-
12.	Rajesh Agnihotri	Manager-Materials	B.Com	19	October 21, 1991	Rs. 2,92,183/-
13	Ms. Jyoti Dixit Gupta	Company secretary	ACS, L.L.B., B.Com	4	May 22, 2007	* Rs. 2,54,664/-

\* the employees were employed during the financial year 2007-08 and hence their annual salary for the FY 2007-08 is indicated.

The persons whose name appears as KMP are on the rolls of our Company as employees. There is no arrangement or understanding with major shareholders, customers, suppliers or others pursuant to which any person was selected as member of senior management. None of the KMP has any relationship with our promoters or Directors, except as stated below:

Sr. No.	Name of the KMP	Name of the Promoter / Director with whom relationship exist	Relationship
1.	Mr. Rahul Prashar	Mr. D.K. Prashar	Son
2.	Mr. Varun Sawhney	Mr. Naveen Sawhney	Son

## BRIEF PROFILES OF OUR KMP IS AS FOLLOWS

**Mr. V. K. Beri**, 59 years, is designated as President (Marketing) and is a B.E. in (Electrical) and MBA. Prior to joining us, he had worked with Delton Cables Limited and Havells Limited. He has a vast experience of around 37 years in the Cable Industry. At present, he is heading the marketing department of Cords.

**Dr. V. K. Tikku**, 60 years, is designated as President (Operations) and has a PhD in Nuclear Physics. Prior to joining us, he had worked with NICCO Corporation Limited (Cable Division) and Siechem Technologies Private Limited. He has a vast experience of 24 years in the Cable Industry. At present he is heading the operations of our factory at Bhiwadi.

**Mr. Amitabha De**, 59 Years, is designated as General Manager (Marketing) and is a Bachelor of Engineering (Electrical), AMIE & has also done a course in Marketing Management. Prior to joining Cords he was working in Marketing Department of Delton Cables Ltd. and NICCO Corporation Ltd for a period of 37 years. He had also worked in Electric Contracts Division of General Electric Co. of India Ltd. and as Maintenance Manager in Aswani Textiles Limited, Lagos, Nigeria.

**Mr. A.K. Gupta**, 47 years, is designated as General Manager (Works) and is B.E. in Electrical Engineering from R.E.C. Calicut. He has a vast experience of 21 years in the Cable Industry. Prior to joining Cords, he had worked with J. K. Cables and Victor Cables Corporation as an Additional General Manager & Management Representative, where he used to assist the Managing Director in enhancing production, quality control measures and development of new items. He is working with Cords for the past 7 years and is responsible for all works related activities.

**Mr. S.K. Bagga**, 59 years, is designated as General Manager (Technical) and has a Diploma in Mechanical Engineering. Prior to joining Cords, he was working with Delton Cables Limited as a Senior Manager. At present, in our Company he is heading the technical department. He is responsible for technical evaluation at enquiry and order stage.

**Mr. K.L. Chhabra**, 60 years, is designated as Works Manager and has a Diploma in Electrical Engineering. He has a vast experience of 36 years in the Cable Industry. Prior to joining Cords he was working with Elkay Telelinks Limited as Works Manager & prior to that he had worked with Hady Bargh Cable Manufacturing Company, Ghazvin, Iran and Delton Cables Limited where he was responsible for production, maintenance and administration related work. At Cords he is responsible for all manufacturing related activities.

**Mr. S.K. Ghouri**, 52 years, is designated as Senior Manager- Final Inspection and has a diploma in Electrical Engineering. He has around 29 years of experience in the Cable Industry. Prior to joining Cords he was working with Skytone Electricals, Victor Cables Limited, IACL Limited, Gemsab Industries Limited and Havells India Limited. At Cords he is responsible for final inspection of materials and client inspections before dispatch.

**Mr. D.V. Gupta**, 37 years, is a Fellow Chartered Accountant and is designated as –Chief Financial Officer. Prior to joining Cords he was practicing as a Chartered Accountant. He has also worked as Financial Advisor for a public limited company, where he managed post issue IPO formalities of the Company. He joined Cords as Finance Manager in 1999, and was promoted as General Manager (Finance) in 2003. He had played a pivotal role in commissioning of manufacturing unit of Cords at Chopanki, Bhiwadi. At present he is heading Finance and Accounts department of our Company and looks after strategic planning, finance, accounts, taxation and statutory compliance related work of Cords.

**Mr. S.K. Verma**, 57 years, is designated as Manager - Stores & Sales Tax Matters. Prior to joining Cords he was working with Ministry of Education as an assistant looking after administration related work. At present he handles stores and sales tax matters.

**Mr. Rahul Prashar**, 29 years, is designated as Manager Operations and is an M .S. (Electrical) UTA, USA and B.E. in (Electronics). Prior to joining Cords, he had worked with AT&T Wireless Bothell, WA as Test Analyst for 3 years and gained diverse experience in the field of information technology with the emphasis on the Quality Assurance, Quality Testing & Support Activities. At present he is responsible for project engineering management, incoming material inspection and raw material consumption at Cords.

**Mr. Varun Sawhney**, 27 years, is designated as Manager – Corporate Marketing and is a B.E. in Computers from Pune University and MBA from Leeds Metropolitan University, Leeds, U.K. He started his career with Cords as a Management Trainee and was promoted as Manager in July 2006. At present he is responsible for planning and execution and is also heading the export department of our Company.

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**Mr. Rajesh Agnihotri**, 43 years, is designated as Manager- Materials. Prior to joining Cords he has worked with Jain Wire Products as Accountant looking after accounts, excise & sales tax. At present he is responsible for purchase, excise and export related work of Cords.

**Ms. Jyoti Dixit Gupta**, 28 Years, is Associate Member of the Institute of Company Secretaries of India and is also a Law Graduate. She is designated as Company Secretary and Compliance Officer of our Company. Prior to joining Cords she was working with Sahara India Group. She has good experience of handling IRDA Compliances. She is handling all secretarial and compliance related work of Cords.

**Shareholding of Key Managerial Personnel as on December 15, 2007**

Sr. No.	Name of KMP	No. of Shares held	% of Shareholding
1.	Mr. Varun Sawhney	1,45,594	1.75
2.	Mr. Rahul Prashar	1,23,247	1.48
3.	Dharm Vir Gupta HUF*	10,000	0.12

\* Mr. D. V. Gupta, our KMP is Karta of the HUF.

**BONUS OR PROFIT SHARING PLAN FOR THE KEY MANAGERIAL PERSONNEL**

There is no profit sharing plan for the Key Managerial Personnel. However, bonus payments are made as per their terms of appointment.

**CHANGES IN OUR KEY MANAGERIAL PERSONNEL DURING THE LAST THREE YEARS**

Name	Designation	Date of Joining	Date of Resignation	Reason
<b>2007-08</b>				
Ms. Poonam Bhatnagar	Company Secretary	September 4, 2006	May 11, 2007	Resignation
Mr. Amitabha De	G.M. – Marketing	May 18, 2007	-	Appointment
Ms. Jyoti Dixit Gupta	Company Secretary	May 22, 2007	-	Appointment
Dr. V. K. Tikku	President – Operations	June 28, 2007	-	Appointment
<b>2006-07</b>				
Mr. Rajan Saxena	Sr. Manager (Final Inspection)	-	July 31, 2006	Resignation
Mr. S.K.Ghouri	Sr. Manager (Final Inspection)	August 1, 2006	-	Appointment
Mr. K.L. Chhabra	Works – Manager	August 21, 2006	-	Appointment
<b>2005-06</b>				
Mr. Rahul Prashar	Manager- Operations	November 11, 2005	-	Appointment
<b>2004-05</b>				
Mr. Varun Sawhney	Manager- Corporate Marketing	May 1, 2005	-	Appointment

**EMPLOYEE STOCK OPTION SCHEME / EMPLOYEES STOCK PURCHASE SCHEME**

There is no stock option scheme for the Employees, at present.

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## **PAYMENT OF BENEFIT TO EMPLOYEES**

All our eligible employees are covered under:

- The Workmen Compensation Policy.
- Employees Provident Funds Act
- Payment of Bonus Act, 1972
- Employee State Insurance Corporation Act, 1948
- Maternity Benefit Act 1961 and
- Miscellaneous Provisions Act, 1952.

## **INTEREST OF KMP**

Our key managerial personnel do not have any interest in our Company other than to the extent of their shareholding and remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business.

**OUR PROMOTERS**

Mr. Naveen Sawhney, Mr. D. K. Prashar, Mr. Rakesh Malhotra are our promoters. A brief background of all the promoters is as follows:

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**MR. NAVEEN SAWHNEY (55 Years)** is a Mechanical Engineer (AMIME) and holds a Post graduate diploma in Marketing Management. He has an experience of 34 Years in the Cable Industry. He started his career with Delton Cables Limited as a Supervisor in the Quality Control Department in September, 1971, where he worked for two years and then shifted to the marketing wing and worked there about 10 years. In 1985 he left the organization and joined Cords India which was formed for marketing cables for principal Indian Communication Cable Company under our own trade name "Cords" and then shifted to Cords Cable Industries in 1987 to manufacture cables. Presently he is the Managing director of our Company and heads Marketing, Strategic Planning and Sourcing division. .

His personal details are as under:

Permanent Account No. – AACPS1181J

Voter ID No. – Not available

Bank Account - Canara Bank, New Delhi (Account no. GESB000511549)

Passport No. – F2911791

Driving License No. – P03072000208179

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**MR. D. K. PRASHAR (58 Years)** has a diploma in Mechanical Engineering. He has over 35 years of experience in Cable Industry. He started his career with Delton Cable Limited as a Supervisor in Final Testing department. There he worked for nearly 4 years and then he shifted to Marketing wing where he worked for almost 10 years. He left Delton in 1984 & joined Cords India which was formed for marketing of cables for principal M/S Indian Communication Cable Company with its own trade name "Cords". In 1987 he joined Cords Cable Industries, a partnership firm, to enter into manufacturing of cable. Presently he is working as a Joint Managing Director of our Company. He heads the manufacturing operations at Bhiwadi and is also incharge of Human Resources and Policies in our Company

His personal details are as under:

Permanent Account No. – AAAPP2199M

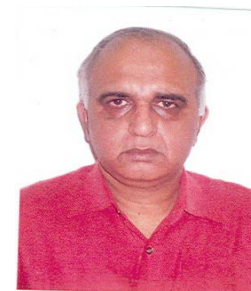
Voter ID No. – Not Available

Bank Account - Canara Bank, New Delhi (Account no. GESB000511553)

Passport No. – F5144909

Driving License No. – P03072001270355

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**MR. RAKESH MALHOTRA (50 Years)** is a Mechanical Engineer (AMIME) and has Post Graduate Diploma in Marketing Management. He has an experience of over 30 years in the business of cables. He started his career as an Engineer-Trainee with Delton Cables Limited in 1976. There he worked for nearly 8 years in different departments like production, marketing and quality assurance. After leaving Delton, he started trading in cables under Cords India. Then in 1986, Cords Cable Industries, a partnership firm was formed where he was involved in production, finance and marketing of the products to various Government, Public Sectors and large private houses. At present he is the Joint Managing Director of our Company. He possesses expertise in corporate affairs. He is heading the Finance, Accounts, Corporate Affairs, Project Management and R&D department. He is also Vice President of Bhiwadi Chamber of Commerce and industries.

His personal details are as under:

Permanent Account No. – AAJPM4305R

Voter ID No. – Not Available

Bank Account – Canara Bank, New Delhi (Account no. GESB000511418)

Passport No. – F0109720

Driving License No. – 91042080

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We confirm that the details of PAN, bank account numbers and passport numbers of our individual Promoters has been submitted to the Stock Exchanges at the time of filing the Draft Red Herring Prospectus with the Stock Exchanges.

### COMMON PURSUITS

There are no common pursuits between our Promoters and our Company.

### PARTICULARS OF THE NATURE AND INTEREST OF PROMOTERS

Our Promoters are significant majority shareholders of our Company, holding 60.87% of our pre-Issue Equity Share capital. Our Promoters may therefore be deemed to be interested to the extent of dividend, if any, that may be declared by our Company.

Our Promoters have given a property located at A-26, Block B-1, Mohan Co-operative Industrial Estate, Mathura Road, New Delhi – 110044, on lease to our Company for a period of eleven (11) months. The lease for the open space on the front portion of ground floor, first floor and second floor of the property commenced on January 2, 2007, the lease for the furnished part of the ground floor commenced on July 1, 2007 and the lease for a part of the basement commenced on August 29, 2007. Our Company pays a sum of Rs.5,43,900/- (Rupees five lac forty three thousand nine hundred only) as rent per month to the Promoters which is equally distributed between them. Cords has also given the promoters an interest free deposit of Rs. 16,31,700/- as security deposit for the same property.

Apart from above and as stated in the Related Party Transaction appearing on page 89 of this Red Herring Prospectus, our Promoters have no interest in our Company.

### Payment or Benefits to Promoter

Other than the remuneration, commission and perquisites payable to our Promoter, as disclosed on page 74 of the Red Herring Prospectus, they have not been paid any other benefits or emoluments.

### OUR PROMOTER GROUP COMPANY

#### Cords India Private Limited (CIPL)

CIPL was incorporated on November 6, 1985 to deal in electrical cables, wires and electronic goods. Its registered office is located at C -25, Lajpat Nagar – III, New Delhi - 110024.

At present CIPL is not carrying on any activity.

Details of CIPL are as under:

Permanent Account No. – AAACC0219L

Bank Account No. – Canara Bank CA No. 12923

### SHAREHOLDING PATTERN

Shareholding pattern of CIPL as on December 15, 2007 is as follows:

Shareholders Name	No. of Shares (FV Rs. 100/-)	%age of shareholding
Naveen Sawhney	1010	19.57
D.K. Prashar	1020	19.77
Rakesh Malhotra	1610	31.20
Adarsh Sawhney	610	11.82
Adesh Prashar	640	12.40
Varun Sawhney	30	0.58
Gaurav Sawhney	20	0.40
Chanan Lal Sawhney	10	0.19
Aditya Malhotra	40	0.78
C.S. Malhotra	10	0.19

**CORDS CABLE INDUSTRIES LIMITED**

Shareholders Name	No. of Shares (FV Rs. 100/-)	%age of shareholding
Santosh Malhotra	10	0.19
Vandana Prashar	10	0.19
Puran Kumar Prashar	20	0.40
Chandrani Prashar	20	0.40
Vivek Malhotra	10	0.19
Ish Suri	20	0.40
Punam Malhotra	10	0.19
Santosh Talwar	10	0.19
Veena Suri	10	0.19
Meenakshi Malik	10	0.19
Anuja Verma	10	0.19
Satyawati Kapoor	10	0.19
Bharat Inder Singh	10	0.19
<b>Total</b>	<b>5160</b>	<b>100.00</b>

**BOARD OF DIRECTORS**

The Board of Directors of CIPL as on date are Mr. Naveen Sawhney, Mr. D. K. Prashar and Mr. Rakesh Malhotra.

**FINANCIAL PERFORMANCE**

The brief audited financial details for the last 3 years as under:

Particulars	(Rs. thousand)		
	March 31, 2007	March 31, 2006	March 31, 2005
Total Income	0.00	2.17	1.57
Profit/ (Loss) after taxation	(9.69)	(0.73)	(9.03)
Equity Share Capital (FV Rs. 100/-)	516.00	516.00	516.00
Reserves (excluding revaluation reserve)	(616.28)	(587.97)	(587.24)
Net Worth	(100.28)	(71.97)	(71.24)
Earning per share (Rs.)	--	--	--
Net asset value per share (Rs.)	(19.43)	(13.95)	(13.81)

There has been no activity being carried out by CIPL. The income for the financial years 2005 & 2006 has been derived from the interest earned on fixed deposits and refund of security deposit from MTNL respectively.

**Common Pursuits**

Except as stated in the Related Party Transactions appearing on page 89 of this Red Herring Prospectus there are no common pursuits between our Company and CIPL.

**Common Notes**

There are no companies with which our Promoters have disassociated themselves in the last three years.

None of our Promoter Group companies are presently listed on any stock exchange, or have made any public or rights issues in the preceding three years.

CIPL is a sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985. However, there are no winding up or BIFR proceedings initiated against it.

Our Promoter Group Company CIPL, has made losses in the immediately preceding three years and has accumulated losses or negative net worth for the fiscals 2004, 2005 and 2006.

None of our Promoter Group companies have been struck off as a defunct company by any Registrar of Companies in India.

There are no sales or purchases between our Company and any company in the Promoter Group exceeding 10% of the sales or purchases of our Company.

**RELATED PARTY TRANSACTIONS**

For details on our related party transactions, please refer to the section titled “Financial Statements” on page 91 of this Red Herring Prospectus.

## DIVIDEND POLICY

The declaration and payment of dividends will be recommended by our Board of Directors at their discretion and approved by our shareholders and will depend on a number of factors, including but not limited to our earnings, capital requirements and overall financial condition. The dividends declared by our Company during the last five years have been presented below:

(Rs. Lacs)

Particulars	For the period ended				
	March 31, 2007	March 31, 2006	March 31, 2005	March 31, 2004	March 31, 2003
<b>Equity Dividend</b>					
Equity Share Capital	659.93	514.46	145.23	145.23	101.73
Rate of Dividend	10%	10%	10%	NIL	NIL
Amount of Dividend	56.88	14.66	14.52	NIL	NIL
Tax on Dividend	9.67	2.05	2.00	NIL	NIL

Note: Dividends are paid on pro-rata basis for allotments made during the year.

**FINANCIAL STATEMENTS****Auditor's report for the financial statements for the six months period ended September 30, 2007 and period ended March 31, 2007, 2006, 2005, 2004 and 2003.**

The Board of Directors,  
Cords Cable Industries Ltd.  
B-1/A-26, Mohan Co-operative Industrial Estate,  
Mathura Road, New Delhi-110 044

Dear Sirs,

We have examined the annexed financial information of Cords Cable Industries Ltd. for the five financial years ended 31 March, 2003, 2004, 2005, 2006, 2007 and half year September 30, 2007 being the last date to which the accounts of the Company have been made up and audited by us. The financial statements for the year ended 31 March, 2003, 2004, 2005, 2006, 2007 and half year ended September 30, 2007 is approved by the Board of Directors of the Company for the purpose of disclosure in the Offer Document being issued by the Company in connection with the Public Issue of Equity Shares of the Company (referred to as 'the Issue'), which is in accordance with

- (i) Paragraph 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 in pursuance to Section 11 of the Securities and Exchange Board of India Act, 1992 and related amendments; and
- (iii) Our terms of reference with the Company Letter dated 12.01.2007 requesting us to carry out work in connection with the Offer Document as aforesaid.

**Financial Information as per audited financial statements**

1. We report that the restated assets and liabilities of the Company as at March 31, 2003, 2004, 2005, 2006, 2007 and as at September 30, 2007 are as set out in Annexure A to this report after making such adjustments/ restatements and regrouping as in our opinion are appropriate and are subject to the Significant Accounting Policies and Notes to Accounts as appearing in Annexure D to this report.
2. We report that the restated profits/losses of the Company for the financial years ended March 31, 2003, 2004, 2005, 2006, 2007 and half year ended September 30, 2007 are as set out in Annexure B 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 and Notes to Accounts as appearing in Annexure D to this report.
3. We report that the restated Cash Flows of the Company for the financial years ended March 31, 2003, 2004, 2005, 2006, 2007 and half year ended September 30, 2007 are as set out in Annexure C to this report. These Cash Flows have been arrived at after making such adjustments/restatements and regrouping as in our opinion are appropriate and are subject to the Significant Accounting Policies and Notes to Accounts as appearing in Annexure D to this report

**Other Financial Information**

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

<b>Annexures</b>
Annexure A: Summary of Restated Assets & Liabilities
Annexure B: Summary of Restated Profit & Loss Account
Annexure C: Cash Flow Statement
Annexure D: Significant Accounting Policies and Notes to Accounts

Annexure E: Statement of Contingent Liabilities
Annexure F: Statement of Dividend Declared
Annexure G: Details of Related Party Transactions
Annexure H: Details of Other Income
Annexure I: Summary of Accounting Ratios
Annexure J: Statement of Secured Loans
Annexure K: Statement of Unsecured Loans
Annexure L: Schedule for Current Liabilities & Provisions
Annexure M: Statement of Debtors
Annexure N: Details of Other Current Assets
Annexure O: Details of Loans & Advances
Annexure P: Details of Investments
Annexure Q: Capitalization Statement
Annexure R: Statement of Tax Shelters
Annexure S: Segmental Reporting

#### **Financial information for the Subsidiary Companies**

There are no subsidiaries

## SUMMARY OF RESTATED ASSETS &amp; LIABILITIES

(Rs. lacs)

Particulars	As at September 30, 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
<b>A. Tangible assets</b>						
<b>Fixed Assets</b>						
Gross Block	3505.80	1448.75	832.11	632.09	549.14	209.27
Less: Accumulated Depreciation	165.61	131.12	95.63	71.87	44.83	35.52
<b>Net block</b>	<b>3340.19</b>	<b>1317.63</b>	<b>736.48</b>	<b>560.22</b>	<b>504.31</b>	<b>173.75</b>
Less: Revaluation Reserve	NIL	NIL	NIL	NIL	NIL	NIL
Net Block after adjustment of revaluation reserve	3340.19	1317.63	736.48	560.22	504.31	173.75
Capital Work in progress including capital advances	371.32	NIL	93.19	5.97	NIL	112.92
<b>Total</b>	<b>3711.51</b>	<b>1317.63</b>	<b>829.67</b>	<b>566.19</b>	<b>504.31</b>	<b>286.67</b>
<b>B. Investments</b>	NIL	NIL	NIL	NIL	NIL	3.50
<b>C. Current Assets, Loans and Advances</b>						
Inventories	1720.54	1330.44	556.12	289.35	238.18	136.57
Sundry debtors	2822.79	1751.33	1200.36	763.23	419.35	311.29
Cash & Bank Balances	336.06	1300.34	140.67	130.01	97.59	77.45
Loans & Advances	367.03	173.47	84.49	40.49	33.74	14.64
<b>Total</b>	<b>5246.42</b>	<b>4555.58</b>	<b>1981.64</b>	<b>1223.08</b>	<b>788.86</b>	<b>539.95</b>
<b>D. Liabilities &amp; Provisions</b>						
Current Liabilities & Provisions	2626.07	1883.69	934.23	587.40	335.05	295.09
Share application money	NIL	25.02	NIL	20.00	19.00	NIL
Secured Loan	3322.38	2199.05	771.90	481.79	456.26	209.84
Unsecured Loan	9.36	215.74	90.59	194.36	100.80	79.19
Retention Money*	60.00	60.00	60.00	60.00	60.00	50.00
<b>Total</b>	<b>6017.81</b>	<b>4383.50</b>	<b>1856.72</b>	<b>1343.55</b>	<b>971.11</b>	<b>634.12</b>
<b>E. Deferred Tax Liability</b>	106.40	79.12	50.03	41.76	30.37	NIL
<b>F. Net Worth (A+B+C-D-E)</b>	<b>2833.72</b>	<b>1410.59</b>	<b>904.56</b>	<b>403.96</b>	<b>291.69</b>	<b>196.00</b>
<b>Net Worth represented by:</b>						
<b>G. Equity Share Capital</b>	792.78	659.93	514.46	145.23	145.23	101.73
<b>H. Reserves and Surplus</b>						
Share Premium	730.68	NIL	112.00	87.50	87.50	44.00
Profit and Loss Account	1414.33	878.74	278.10	171.23	58.96	50.27
<b>Total</b>	<b>2145.01</b>	<b>878.74</b>	<b>390.10</b>	<b>258.73</b>	<b>146.46</b>	<b>94.27</b>
<b>I. Miscellaneous Expenditure</b>	104.07	128.08	NIL	NIL	NIL	NIL
<b>J. Net Worth (G+H-I)</b>	<b>2833.72</b>	<b>1410.59</b>	<b>904.56</b>	<b>403.96</b>	<b>291.69</b>	<b>196.00</b>

\* Retention Money is the amount retained by us of the suppliers towards the quality and performance of raw materials supplied.



**ANNEXURE-B**
**SUMMARY OF RESTATED PROFIT & LOSS ACCOUNT**
*(Rs. lacs)*

Particulars	For the period ended					
	September 30, 2007	March 31, 2007	March 31, 2006	March 31, 2005	March 31, 2004	March 31, 2003
<b>I. Income</b>						
Operating Income						
Sales (Gross)	7532.99	10429.27	6056.70	4723.75	2233.34	1604.44
Less: Excise Duty and Cess	833.95	1270.02	819.02	643.69	281.49	213.63
Net Sales (i)	6699.04	9159.25	5237.68	4080.06	1951.85	1390.81
Other Income (ii)	21.73	39.71	31.11	7.60	15.51	12.98
<b>Total-A (i)+(ii)</b>	<b>6720.77</b>	<b>9198.96</b>	<b>5268.79</b>	<b>4087.66</b>	<b>1967.36</b>	<b>1403.79</b>
<b>II. Expenditure</b>						
Operating Expenses	5260.71	7306.43	4317.80	3493.24	1654.69	1195.17
Administration & Other Expenses	146.40	221.83	121.89	92.20	87.52	72.03
Employee Remuneration & benefits	271.71	282.73	200.66	157.95	96.19	69.12
Finance Charges	188.77	278.86	146.15	117.06	69.65	43.53
Depreciation	34.50	44.05	28.90	27.04	16.95	8.59
<b>Total-B</b>	<b>5902.09</b>	<b>8133.90</b>	<b>4815.40</b>	<b>3887.49</b>	<b>1925.00</b>	<b>1388.44</b>
<b>III. Profit before taxation (A-B)</b>	818.68	1065.06	453.39	200.17	42.36	15.35
Less: Provision for taxation						
-Current	252.00	330.00	148.48	60.00	3.30	1.41
-Deferred	27.29	29.09	8.27	11.38	30.37	NIL
-Fringe benefit tax	3.80	5.31	3.33	NIL	NIL	NIL
<b>IV. Profit After Taxation as per audited statement of accounts (C)</b>	535.59	700.66	293.31	128.79	8.69	13.94
Adjustments on account of changes in a accounting policies	NIL	NIL	NIL	NIL	NIL	NIL
Impact on account of material adjustments and prior period items	NIL	NIL	NIL	NIL	NIL	NIL
Total adjustments	NIL	NIL	NIL	NIL	NIL	NIL
Tax impact on adjustments	NIL	NIL	NIL	NIL	NIL	NIL
<b>Total adjustments net of tax impact (D)</b>	NIL	NIL	NIL	NIL	NIL	NIL
<b>V. Adjusted profit/(loss) (C+D)</b>	<b>535.59</b>	<b>700.66</b>	<b>293.31</b>	<b>128.79</b>	<b>8.69</b>	<b>13.94</b>
Surplus/(Deficit) brought forward from the Previous year	878.74	278.10	171.23	58.96	50.27	36.33
<b>VI. Profit available for appropriation</b>	<b>1414.33</b>	<b>978.76</b>	<b>464.54</b>	<b>187.75</b>	<b>58.96</b>	<b>50.27</b>
Proposed equity dividend(Final)	NIL	56.88	14.66	14.52	NIL	NIL
Tax on dividend	NIL	9.67	2.05	2.00	NIL	NIL
Transfer to General Reserve	NIL	33.47	169.73	NIL	NIL	NIL
<b>VII. Adjusted Available Surplus/(Deficit) carried forward</b>	<b>1414.33</b>	<b>878.74</b>	<b>278.10</b>	<b>171.23</b>	<b>58.96</b>	<b>50.27</b>

**CASH FLOW STATEMENT PREPARED FROM THE RESTATED FINANCIAL STATEMENTS FOR SIX MONTHS PERIOD ENDED SEPTEMBER 30, 2007 AND THE YEAR ENDED MARCH 31, 2007, 2006, 2005, 2004 AND 2003**

(Rs. lacs)

Particulars	For the period ended					
	September 30, 2007	March 31, 2007	March 31, 2006	March 31, 2005	March 31, 2004	March 31, 2003
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>						
Net Profit before taxation and extraordinary items:	818.68	1065.06	453.39	200.17	42.36	15.35
Adjustments for:						
Depreciation	34.50	44.05	28.90	27.04	16.95	8.59
Foreign Exchange Loss	4.80	0.40	-2.46	NIL	NIL	NIL
Loss on sale of fixed assets (net)	NIL	4.53	0.40	NIL	15.57	NIL
Foreign Exchange Gain	NIL	NIL	NIL	NIL	NIL	NIL
Provision for employee benefits	1.47	1.44	5.34	7.88	NIL	NIL
Finance charges	188.76	278.86	146.15	117.06	69.65	43.53
Interest Received	-16.74	-15.28	-6.55	-6.67	-7.04	-5.92
Profit on sale of Investment	NIL	NIL	NIL	NIL	-6.76	-4.37
Fixed assets written off	NIL	NIL	NIL	NIL	NIL	NIL
<b>Cash generated from operations before Working Capital Changes</b>	<b>1031.47</b>	<b>1379.06</b>	<b>625.17</b>	<b>345.48</b>	<b>130.73</b>	<b>57.18</b>
Adjustments for:						
Changes in Trade and Other Receivables	-1659.92	-1414.67	-745.44	-401.80	-228.77	0.88
Changes in Trade Payables/Receivables	806.16	940.30	316.60	212.62	37.87	1.43
Cash generated from/(used in) Operations	177.71	904.69	196.33	156.30	-60.17	59.49
Income Taxes paid (net)	254.50	377.43	127.11	44.67	1.21	1.67
Fringe benefit tax	NIL	NIL	NIL	NIL	NIL	NIL
<b>Net Cash Flow from /(used in) Operating Activities</b>	<b>-76.79</b>	<b>527.26</b>	<b>69.22</b>	<b>111.63</b>	<b>-61.38</b>	<b>57.82</b>
<b>B. CASH FLOW FROM/ (USED IN) INVESTING ACTIVITIES</b>						
Purchase of Fixed Assets	-2428.38	-540.04	-296.87	-88.92	-253.86	-138.23
Sale of Fixed Assets	NIL	3.50	4.09	NIL	3.70	NIL
(Purchase)/Sale of Investments (net)	NIL	NIL	NIL	NIL	10.26	0.87
Interest Received	16.75	15.28	6.55	6.67	7.04	5.92
Share Issue & other Preoperative Expenses	24.00	-120.83	NIL	NIL	NIL	NIL
<b>Net Cash from / (used in) Investing Activities</b>	<b>-2387.63</b>	<b>-642.09</b>	<b>-286.23</b>	<b>-82.25</b>	<b>-232.86</b>	<b>-131.44</b>
<b>C. CASH FLOW FROM/ (USED IN) FINANCING ACTIVITIES</b>						
Proceeds from Issue of Shares/Share Application Money	838.50	25.02	224.00	1.00	106.00	58.00
Refund of Share Application Money	NIL	NIL	-20.00	NIL	NIL	NIL
Proceeds/(Repayment) from/of Short Term borrowings (net)	-217.41	368.49	49.64	124.40	NIL	NIL
Proceeds/(Repayment) from/of Long Term Borrowings (net)	1134.36	1176.56	136.70	-5.30	278.03	71.30
Finance Charges Paid	-188.76	-278.86	-146.15	-117.06	-69.65	-43.53
Dividend Paid (including dividend	-66.55	-16.71	-16.52	NIL	NIL	NIL

distribution tax)						
<b>Net Cash from / (used in) Financing Activities</b>	<b>1500.14</b>	<b>1274.50</b>	<b>227.67</b>	<b>3.04</b>	<b>314.38</b>	<b>85.77</b>
<b>Net increase / (decrease) in Cash and Cash Equivalents</b>	-964.28	1159.67	10.66	32.42	20.14	12.15
<b>Cash and Cash Equivalents at the beginning of the year</b>	1300.34	140.67	130.01	97.59	77.45	65.30
<b>Cash and Cash Equivalents at the end of the year</b>	<b>336.06</b>	<b>1300.34</b>	<b>140.67</b>	<b>130.01</b>	<b>97.59</b>	<b>77.45</b>
<b>Components of cash and cash equivalent</b>						
- Cash and cheques on hand	2.95	5.88	3.47	3.21	2.38	3.31
- With banks	NIL	NIL	NIL	NIL	NIL	NIL
- On current account	5.65	1031.60	5.84	2.81	1.95	0.31
- On deposit account (restricted)	327.46	262.86	131.36	123.99	93.26	73.83

**SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS****SCHEDULES FORMING PART OF THE ACCOUNTS****Basis of preparation**

The accounts are prepared under the historical cost convention and are in accordance with the generally accepted accounting principles in India and provisions of the Companies Act, 1956. The significant accounting policies followed by the Company are stated below:

**1) Fixed Assets**

- a) Fixed Assets are stated at their original cost. Cost includes acquisition price, attributable expenses and pre-operational expenses including finance charges, wherever applicable.
- b) Depreciation on Fixed Assets is provided on Straight Line method in accordance with the rates as specified in Schedule XIV of the Companies Act, 1956 (as amended).
- c) Expenditure during construction period :  
  
Expenditure (including financing cost relating to borrowed funds for construction or acquisition of fixed assets) incurred on projects under implementation are capitalized which were shown under "Capital Work in Progress"
- d) Lease hold lands are not depreciated.

**2) Inventories**

- a) Inventories (other than scrap) are valued at lower of cost or net realizable value. The cost of inventories is computed on FIFO basis. The cost of Finished Goods and work-in-progress include cost of conversion and other cost incurred in bringing the inventories to their present location and condition.
- b) Scrap is valued at net realizable value.

**3) Revenue Recognition**

- a) Sale of goods is recognized at the point of dispatch of finished goods to customers.
- b) Gross turnover is net of sales tax and inclusive of excise duty & cess.
- c) All other income are accounted for on accrual basis

**4) Expenses**

All expenses are accounted for on accrual basis.

**5) Employee Benefits**

Company's contribution to Provident Fund is charged to Profit & Loss Account. Gratuity and Leave encashment benefits are accounted for on the basis of actuarial valuation.

**6) Borrowing Costs**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

7) **Government Grants**

An appropriate amount in respect of subsidy benefits earned estimated on prudent basis is credited to income for the period even though the actual amount of such benefits finally settled and received after the end of relevant accounting period.

8) **Foreign Currency Transactions**

- a) Transactions in Foreign Currency are initially recorded at the exchange rate at which the transaction is carried out.
- b) Monetary Assets and Liabilities related to foreign currency transactions remaining outstanding at the year end and translated at the year end rate. The effect of Exchange Rate fluctuations in respect of Monetary Assets is taken to Profit & Loss Account.
- c) Exchange differences in respect of loans/liabilities relating to fixed assets/capital work-in progress acquired from a country outside India, arising out of transactions are adjusted in the carrying cost of related items.

9) **Taxes on Income**

The Provision for taxation is ascertained on the basis of assessable profits computed in accordance with the provision of the Income Tax Act 1961. Deferred tax is recognized, 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.

10) **Provisions, Contingent Liabilities and Contingent assets**

- a) Provisions are recognized in respect of obligations where, based on the evidence available, their existence at the Balance Sheet date is considered probable. The disclosure relating to provisions made in the accounts for the half year ended September 30, 2007 is as follows:

(Rupees)

	Provision for leave encashment		
	30.09.07	2006-07	2005-06
Opening Balance	548533	530938	291446
Additional obligation arising on adoption of Accounting Standard (AS 15) (Revised), adjusted against General Reserve and deferred tax	-	-	-
Additions	82500	129905	267728
Utilisations	(67228)	(112310)	(28236)
Reversals	-	-	-
Currency translation	-	-	-
Closing Balance	563805	548533	530938

- b) Contingent liabilities are shown by way of Notes to the Accounts in respect of obligations where, based on the evidence available, their existence at the Balance Sheet date is considered not probable. Contingent assets are not recognized in the Accounts.

**CORDS CABLE INDUSTRIES LIMITED****2. CONTINGENT LIABILITIES**

(Rs. lacs)

Particulars	As at September 30, 2007	As at March 31, 2007	As at March 31, 2006
Guarantees issued by Bankers	2677.42	2159.08	907.94
Claims against the company not acknowledged as debts in respect of :			
a) Sales tax/Vat cases under dispute (net of deposits).	1.82	47.27	18.36
b) Show Cause notices received under Excise Act	41.19	40.86	-
c) Show Cause notices received under Service tax Act	Nil	8.03	-
Estimated amounts of contracts remaining to be executed on capital account and not provided for	537.06	190.00	130.00
Corporate Guarantees given by company to its customers towards performance	1.52	1.60	1.60
L/C's negotiated by bank	72.18	32.00	-
In respect of Bill factored from banks /Factoring agency.	1777.90	1067.37	129.48

**3. NOTES ON ACCOUNTS**Basis of preparation

These financial statements have been prepared in accordance with Accounting Standard 25 "Interim financial Reporting (AS-25) issued by the Institute of Chartered Accountants of India. These financial statements should be read in conjunction with the Annual financial statements for the year ended March 31, 2007. In the opinion of the management, all adjustments which are necessary for the fair presentation have been included. The accounting policy adopted in preparation of the financial statements are consistent with those followed in the preparation of annual financial statements.

	Six months ended September 30, 2007 (Rs)	2006-07 (Rs)	2005-06 (Rs)
b) i) <u>Auditors Remuneration</u>			
Audit Fees	42135.00	84270.00	82650.00
ii) <u>Directors Remuneration</u>			
Remuneration	4050000.00	6308400.00	3151200.00
Directors sitting fees	25000.00	30000.00	0.00
c) The company was allotted industrial land bearing industrial plot no. E-520, Industrial Area, Chopanki, Bhiwadi, Rajasthan measuring 5400 sq. mt. @ Rs. 600/- per sq. mt. by RIICO Ltd. vide allotment letter No. 7912 dated 26.02.2005 which was capitalized under Fixed Assets (Land). However, the Lease Deed was executed by RIICO for area measuring 3952 sq. mt. on 09.03.2007. The company has taken up the matter with RIICO Ltd., the final outcome of which is awaited. Pending finalization of the matter, no accounting adjustment has been done in value of land.			
d) Additional information required under clause 3&4 of part II of Schedule VI of the Companies Act, 1956			

(Rs. lacs)

	30.09.2007	31.03.2007	31.03.2006
i) Quantitative details of stocks	As per Annexure 'a'		
ii) Earnings in foreign exchange	156.80	13.40	68.73
iii) Expenditure in foreign exchange	2.88	7.86	Nil
iv) CIF value of goods imported	Nil	36.34	121.15

## Annexure 'a' Quantitative details of stock as on 30.09.2007

Sr. No.	Description	Stock as on 01-04.07			Closing as on 30.09.07	
		In store Qty (Kg.)	In transit Qty (Kg.)	Amount (Rs)	In store Qty (Kg)	Amount (Rs)
1	Copper ABC/ATC	9341.00	44824.50	16625091.00	51645.33	18104787.00
2.	PVC Compound	107782.00	0.00	5898435.00	108588.70	6396298.00
3	G.I.Wire	85599.05	0.00	3639864.00	115873.50	4943163.00
4	ALUPoly/CU/other Tapes	35195.60	0.00	5155227.00	28145.20	4190539.00
5	ALU Wire	4433.20	2236.60	948343.00	67417.60	7797519.00
6	Wires of Nickel Alloy	5227.80	33.81	11417236.00	3377.20	8224057.00
7	Master Batch/LDME/HDPE/XLPE Resin/chemicals	63708.40	15000.00	3862226.00	86521.00	5057198.00
	<b>Total</b>	<b>311287.05</b>	<b>62094.91</b>	<b>47546422.00</b>	<b>461568.53</b>	<b>54713561.00</b>

**Finished Goods**

Description	Stock as on 01.04.200		Manufacturing	Sold	Stock as on 30.09.2007	
	Qty (km)	Value (Rs)	Qty (km)	Qty (km)	Qty (km)	Value (Rs)
Electric Wire & Cables	861.38	35509074	6747.84	6923.79	685.43	46736895

**Value of consumption of imported and indigenous raw material**

	30.06.2007		2006-07		2005-06	
	Amount (Rs)	%	Amount (Rs)	%	Amount (Rs)	%
Imported	-	-	3787735	0.50	10373640	2.55
Indigenous	526030628	100.00	742221507	99.50	396734628	97.45
	526030628	100.00	746009242	100.00	407108268	100.00

- e) The company operates only in one business segment viz 'Electric Wire & Cable Manufacturing Business'.
- f) The Related Party Disclosure as required by accounting Standard No. 18 are given below

**Key Management Personnel Directors**

Naveen Sawhney, Rakesh Malhotra, D. K. Prashar, Santosh Malhotra (resigned on 12.01.2007)

**Relatives of Key Management Personnel**

Adarsh Sawhney, Adesh Prashar, Asha Malhotra, Rahul Prashar, Varun Sawhney

(Ruppes)

Sr. No.	Transactions	Key Management Personnel			Relatives of Key Management Personnel			Total		
		30.09.07	(2006-07)	(2005-06)	30.09.07	(2006-07)	(2005-06)	30.09.07	(2006-07)	(2005-06)
1	Receiving of Services: Salary Rent	4050000 2493900	6308400 2250000	3151200 1800000	420000 Nil	1382014 Nil	1013780 Nil	4470000 2493900	7690414 2250000	4164980 1800000
2	Finance									
A	Unsecured Loan taken (Opg. Balance)	2208526	2132722	9588453	Nil	Nil	5888077	2208526	2132722	15476530
	Interest (Net of TDS)	Nil	75804	90628	Nil	Nil	440789	Nil	75804	531417
	Repayments	1272819	Nil	7546359	Nil	Nil	6328866	1272819	Nil	13875225
	Year end balance (as on 30.09.07)	935707	2208526	2132722	Nil	Nil	Nil	935707	2208526	2132722
B	Equity	Nil	Nil	15930000	Nil	Nil	6470000	Nil	Nil	22400000

**CORDS CABLE INDUSTRIES LIMITED**

## g) Deferred Tax (AS-22):

The deferred tax liability as at September 30, 2007 comprises of the following:

Particulars	Deferred Tax Asset/(Liability) as at 01-04-2007	Credit / (Charge) during 2006-07	Deferred Tax asset / (Liability) as at 30-09-2007
Depreciation	(8410290)	(2778492)	(11188782)
Retirement Benefits	498403	49941	548344
Total	(7911887)	(2728551)	(10640438)

## h) Basic and Diluted Earning per Share (AS 20): Basic &amp; Diluted Earnings per share of Company is as under

	30.09.2007	31.03.2007	31.03.2006 (Reinstated)
Profit or (Loss) after Taxation (A) Rs.	53559841	70066389	29330646
Weighted Average No. of Share-Basic (B)	7252641	6599280	5485417
Add: Diluted Potential Equity Shares	0	38500	0
Weighted Avg. No. of Equity Shares-Diluted (C)	7252641	6637780	5485417
Nominal Value per Share (Rs.)	10.00	10.00	10.00
Earning per Share-Basic (Rs.) (A/B)	7.38	10.62	5.35
Earning per Share-Diluted (Rs.) (A/C)	7.38	10.56	5.35

## i) Previous years figures have been regrouped/rearranged wherever necessary



## ANNEXURE-E

## LIST OF CONTINGENT LIABILITIES

(Rs. lacs)

Particulars	As at September 30, 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
Bank guarantee Outstanding	2677.42	2159.08	907.94	611.84	358.21	254.83
Corporate guarantees	1.52	1.60	1.60	0.65	0.53	1.04
Letter of credit	72.18	32.00	NIL	NIL	NIL	NIL
Income Tax Matters	NIL	NIL	NIL	NIL	NIL	NIL
Excise Duty Matters	41.19	40.86	NIL	NIL	NIL	NIL
Sales Tax Matters	1.82	47.27	18.36	NIL	NIL	NIL
Service Tax Matters	NIL	8.03	NIL	NIL	NIL	NIL
Estimated amounts of contracts remaining to be executed on capital account and not provided for	537.06	190.00	130.00	NIL	NIL	NIL
Bill Factoring Liability	1777.90	1067.37	129.48	NIL	NIL	NIL
<b>Total</b>	<b>5109.09</b>	<b>3546.21</b>	<b>1187.38</b>	<b>612.49</b>	<b>358.74</b>	<b>255.87</b>

## ANNEXURE-F

## STATEMENT OF DIVIDEND DECLARED

(Rs. lacs)

Particulars	For the period ended September 30, 2007	For the period ended March 31, 2007	For the period ended March 31, 2006	For the period ended March 31, 2005	For the period ended March 31, 2004	For the period ended March 31, 2003
<b>Equity Dividend</b>						
Equity Share Capital	792.78	659.93	514.46	145.23	145.23	101.73
Rate of Dividend	NIL	10%	10%	10%	NIL	NIL
Amount of Dividend	NIL	56.88	14.66	14.52	NIL	NIL
Tax on Dividend	NIL	9.67	2.05	2.00	NIL	NIL

Note: Dividends are paid on pro-rata basis for allotments made during the year.

## DETAILS OF RELATED PARTY TRANSACTIONS

## a. Shareholders having substantial interest

## Key Management Personnel

(Rs. lacs)

Name	Designation	For the period ended					
		September 30, 2007	March 31, 2007	March 31, 2006	March 31, 2005	March 31, 2004	March 31, 2003
<b>Remuneration Paid</b>							
Naveen Sawhney	Director	13.50	21.00	10.50	5.79	4.76	4.20
Rakesh Malhotra	Director	13.50	20.76	9.54	4.83	4.20	4.20
D.K.Prashar	Director	13.50	21.00	10.50	5.79	4.76	4.20

## RENT PAID

(Rs. lacs)

Naveen Sawhney	Director	8.31	7.50	6.00	4.15	4.20	4.20
Rakesh Malhotra	Director	8.31	7.50	6.00	4.15	4.20	4.20
D.K.Prashar	Director	8.31	7.50	6.00	4.15	4.20	4.20

## INTEREST PAID ON LOAN

(Rs. lacs)

Naveen Sawhney	Director	0.00	0.00	0.00	1.18	1.20	0.71
Rakesh Malhotra	Director	0.00	0.00	0.00	0.00	0.00	0.00
D.K.Prashar	Director	0.00	0.00	0.00	0.00	0.00	0.00

## LOAN TAKEN

(Rs. lacs)

Naveen Sawhney	Director	0.00	0.00	13.00	16.55	4.08	4.00
Rakesh Malhotra	Director	0.00	0.00	4.00	18.00	3.00	4.15
D.K.Prashar	Director	0.00	0.00	4.00	15.50	3.50	5.50

## LOAN REPAYMENT

(Rs. lacs)

Naveen Sawhney	Director	0.00	0.00	28.00	0.00	7.00	1.50
Rakesh Malhotra	Director	0.00	0.00	22.00	0.00	7.15	0.00
D.K.Prashar	Director	0.00	0.00	19.70	3.50	5.00	0.50

## ISSUE OF BONUS SHARES

(Rs. lacs)

Naveen Sawhney	Director	0.00	33.14	58.61	0.00	0.00	0.00
Rakesh Malhotra	Director	0.00	39.64	70.10	0.00	0.00	0.00
D.K.Prashar	Director	0.00	39.15	69.24	0.00	0.00	0.00

## b. Subsidiary Companies

No Subsidiary Company

## c. Enterprises where significant influence exists

## CORDS INDIA PVT LTD.

But there are no transactions with the company

d. Key Management Personnel & Relatives

**Key Management Personnel**

Naveen Sawhney, Rakesh Malhotra, D.K. Prashar, Santosh Malhotra (resigned on 12.01.07)

**Relatives of Key Management**

Adarsh Sawhney, Adesh Prashar, Asha Malhotra, Rahul Prashar, Varun Sawhney

e. Transactions with Related Party

**Relatives**

(Rs. lacs)

Particulars	For the period ended					
	September 30, 2007	March 31, 2007	March 31, 2006	March 31, 2005	March 31, 2004	March 31, 2003
Salary	4.20	13.82	10.14	5.62	4.46	2.09
Interest Paid	NIL	NIL	4.91	5.78	5.32	6.14
Loan Taken	NIL	NIL	NIL	7.26	9.63	13.15
Loan Paid	NIL	NIL	58.88	3.00	6.05	1.00
Issue of bonus shares	NIL	29.46	52.10	NIL	NIL	NIL
Balances outstanding						
Loans/Deposits	NIL	NIL	NIL	58.88	24.89	20.97

**ANNEXURE-H**

**DETAILS OF OTHER INCOME**

(Rs. lacs)

Particulars	As at September 30, 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	Nature of Income (Recurring/ Non-recurring)	Related or not related to business activity
<i>Other Income</i>								
Interest	16.75	15.28	6.55	6.67	7.04	5.92	Recurring	Business Related
Miscellaneous receipts	4.98	24.43	24.56	0.93	1.71	2.69	Non Recurring	Business Related
Profit on sale of investments	NIL	NIL	NIL	NIL	6.76	4.37	Non Recurring	Not Business Related
<b>Total (Gross other income)</b>	<b>21.73</b>	<b>39.71</b>	<b>31.11</b>	<b>7.60</b>	<b>15.51</b>	<b>12.98</b>		
<b>Net Profit before tax</b>	<b>818.68</b>	<b>1065.06</b>	<b>453.39</b>	<b>200.17</b>	<b>42.36</b>	<b>15.35</b>		
<b>% of Net Profit before tax</b>	<b>2.65</b>	<b>3.73</b>	<b>6.86</b>	<b>3.80</b>	<b>36.61</b>	<b>84.56</b>		

## SUMMARY OF ACCOUNTING RATIOS

PARTICULARS		September 30, 2007	March 31, 2007	March 31, 2006	March 31, 2005	March 31, 2004	March 31, 2003
<b>Earning per Share (EPS)</b>							
Profit After Tax (Rs in lacs)	(a)	535.59	700.66	293.31	128.79	8.69	13.94
Weighted average No. of Shares outstanding as on date	(b)	7252641	6599280	3741645	3725901	2612958	1867939
<b>Basic - EPS (In Rs.)</b>	<b>(a)/(b)</b>	<b>7.38</b>	<b>10.62</b>	<b>7.84</b>	<b>3.46</b>	<b>0.33</b>	<b>0.75</b>
<b>Return on Networth</b>							
Profit After Tax (Rs. In Lacs)	(a)	535.59	700.66	293.31	128.79	8.69	13.94
Networth (Rs. in Lacs)	(b)	2833.72	1410.59	904.56	403.96	291.69	196.00
<b>Return On Networth - %</b>	<b>(a)/(b)</b>	<b>18.90</b>	<b>49.67</b>	<b>32.42</b>	<b>31.88</b>	<b>2.98</b>	<b>7.11</b>
<b>Net Asset Value per share</b>							
Total Assets (Rs in Lacs)	(a)	8957.93	5873.21	2811.31	1789.27	1293.18	830.12
Total Liabilities (Rs. In Lacs)	(b)	6124.21	4462.62	1906.75	1385.31	1001.49	634.12
Net Assets Value (a) – (b) (Rs in Lacs)	(c)	2833.72	1410.59	904.56	403.96	291.69	196.00
No. of shares (In Lacs)	(d)	72.53	65.99	37.42	37.26	26.13	18.68
<b>Net Asset Value per Share (Rs)</b>	<b>(c)/(d)</b>	<b>39.07</b>	<b>21.38</b>	<b>24.17</b>	<b>10.84</b>	<b>11.16</b>	<b>10.49</b>

## Definitions:

- 1) Earning per Share = Net Profit after Tax/Weighted average number of Equity Shares outstanding as on date
- 2) Return of Net Worth = Net Profit after Tax/Net Worth
- a) Where Net Worth = Share Capital + Reserves and Surplus - Preliminary Expenses
- 4) Net Assets Value = Net Worth/Number of Equity Shares
- a) Where Net Worth = Share Capital + Reserves and Surplus – Preliminary Expenses

## Note:

1) The Nominal value per share in year 2002 has been restated to make it comparable in view of splitting of an Equity share of Rs. 100/- each into 10 Equity share of Rs.10/- each on November 25, 2002.

2) Profit after Tax & Net Worth as on March 31, 2004 has been restated due to providing of Deferred Tax Liability on opening balance in Audited Balance Sheet of March 31, 2005.

## ANNEXURE-J

## STATEMENT OF SECURED LOANS

(Rs. lacs)

Particulars	As at September 30, 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
Term Loan from Canara Bank	388.42	410.44	319.39	231.09	232.14	90.09
Interest Accrued and due on term loans	4.15	4.61	NIL	NIL	NIL	NIL
Overdraft facility	490.68	492.55	404.11	250.70	219.86	119.75
Cash Credit	145.74	154.90	NIL	NIL	NIL	NIL
Vehicle loan	48.35	40.55	48.40	NIL	4.26	NIL
Foreign Currency Loan-ECB	993.50	1086.00	NIL	NIL	NIL	NIL
Loan from RIICO	1251.54	NIL	NIL	NIL	NIL	NIL
<b>Total</b>	<b>3322.38</b>	<b>2199.05</b>	<b>771.90</b>	<b>481.79</b>	<b>456.26</b>	<b>209.84</b>

## Details of Secured Loans for the half year ended September 30, 2007

Sr. No.	Nature of borrowing/debt	Name of the Institution	Sanctioned Amount (Rs. Lacs)	Outstanding Amount as on September 30, 2007 (Rs. Lacs)	Interest Rate p.a	Repayment Terms	Security
1	Term Loan-ML7	Canara Bank	233.00	92.48	14%	Quarterly	Hypothecation of P&M, Other Fixed Assets and personal guarantee of Directors
2	Term Loan-ML8	Canara Bank	340.00	300.09	10%	Quarterly	Hypothecation of P&M, Other Fixed Assets and personal guarantee of Directors
3	Over Draft Facility	Canara Bank	500	490.68	BPLR-0.50% Presently 11%	On demand	Hypothecation of stock, book debts & movable properties, both present & future

Sr. No.	Nature of borrowing/ debt	Name of the Institution	Sanctioned Amount (Rs. Lacs)	Outstanding Amount as on September 30, 2007 (Rs. Lacs)	Interest Rate p.a	Repayment Terms	Security
4	Cash Credit	ICICI Bank	200	145.74	The interest rate shall be 4% p.a. below the sum of I-BAR and the cash credit risk premium prevailing on each day, plus applicable interest or other statutory levy, if any, on the principal amount of loan remaining outstanding on each day.	Renewable after one year.	Secured against first pari-passu charge on current assets of our Company, second charge on entire movable fixed assets for proposed expansion
5	Vehicle Loan	ICICI Bank, CITI Bank, TML Financial Services	59.12	48.35	**	Monthly	Hypothecation of Vehicles.
6	Foreign Currency Loan-ECB	ICICI Bank	2500	993.50	The aggregate of the Applicable Margin of 1.25% & Six months Libor	The borrow shall repay the drawn amount in ten equal semi- annual instalments, first instalment being due on end of eighteen months from the Average Drawdown date	Secured against first charge on entire movable fixed assets and equitable mortgage on factory land & building for the proposed expansion
7	Loan from RIICO			1251.54			Allotment of Land

\*\*Note: Interest rate of vehicles loans varies from 4.72% to 12.25%.

## ANNEXURE-K

## STATEMENT OF UNSECURED LOANS

(Rs. lacs)

Particulars	As At September 30,2007	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
Inter Corporate Deposits	NIL	193.65	69.26	8.50	NIL	NIL
Loan from Directors & or Shareholders	9.36	22.09	21.33	185.86	100.80	79.19
<b>Total</b>	<b>9.36</b>	<b>215.74</b>	<b>90.59</b>	<b>194.36</b>	<b>100.80</b>	<b>79.19</b>

## Details of Outstanding Unsecured Loans outstanding as on September 30, 2007

Sr. No.	Particulars of Loan	Bank/Parties Name	Outstanding Amount As at September 30, 2007 (Rs. Lacs)	Interest Rate p.a.	Repayment Terms
1	Unsecured Loan	Naveen Sawhney	9.36*	NIL	Subordinated to Bank

\*only unsecured loan that could be recalled and the same has been repaid on October 31, 2007

## ANNEXURE-L

## SCHEDULE OF CURRENT LIABILITIES &amp; PROVISIONS

(Rs. lacs)

Particulars	As At September 30, 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
<b>Current Liabilities</b>						
Sundry Creditors	2199.21	1257.63	719.96	424.98	260.90	239.91
Advance from Customers	76.61	126.45	10.29	31.70	5.10	0.70
Other Liabilities	331.61	417.19	130.72	87.69	65.75	53.27
<b>Total Current Liabilities (A)</b>	<b>2607.43</b>	<b>1801.27</b>	<b>860.97</b>	<b>544.37</b>	<b>331.75</b>	<b>293.88</b>
<b>Provisions</b>						
Proposed Dividend	NIL	56.88	14.66	14.52	NIL	NIL
Dividend Tax on proposed dividend	NIL	9.67	2.05	2.00	NIL	NIL
Provision for taxes	2.51	1.21	43.33	18.63	3.30	1.21
Retirement Benefits	16.13	14.66	13.22	7.88	NIL	NIL
<b>Total Provisions (B)</b>	<b>18.64</b>	<b>82.42</b>	<b>73.26</b>	<b>43.03</b>	<b>3.30</b>	<b>1.21</b>
<b>Total (A) + (B)</b>	<b>2626.07</b>	<b>1883.69</b>	<b>934.23</b>	<b>587.40</b>	<b>335.05</b>	<b>295.09</b>

## ANNEXURE-M

## STATEMENT OF SUNDRY DEBTORS

(Rs. lacs)

Particulars	As At September 30, 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
Outstanding for a period exceeding six months						
-Considered good	229.99	49.66	13.08	22.28	20.50	15.05
-Considered doubtful	NIL	NIL	NIL	NIL	NIL	NIL
Other Debts						
-Considered good	2592.80	1701.67	1187.28	740.95	398.85	296.24
-Considered doubtful	NIL	NIL	NIL	NIL	NIL	NIL
Less: Provision	NIL	NIL	NIL	NIL	NIL	NIL
<b>Total</b>	<b>2822.79</b>	<b>1751.33</b>	<b>1200.36</b>	<b>763.23</b>	<b>419.35</b>	<b>311.29</b>

## ANNEXURE-N

## DETAILS OF OTHER CURRENT ASSETS (CASH AND BANK BALANCES)

(Rs. lacs)

Particulars	As At September 30,2007	At March 31,2007	As at March 31,2006	As at March 31,2005	As at March 31,2004	As at March 31,2003
Cash in Hand	2.95	5.88	3.47	3.21	2.38	3.31
Bank Balance	5.65	1031.60	5.84	2.81	1.95	0.31
FDRs	327.46	262.86	131.36	123.99	93.26	73.83
<b>Total</b>	<b>336.06</b>	<b>1300.34</b>	<b>140.67</b>	<b>130.01</b>	<b>97.59</b>	<b>77.45</b>

## ANNEXURE-O

## DETAILS OF LOANS AND ADVANCES

(Rs. lacs)

Particulars	As At September 30,2007	At March 31,2007	As at March 31,2006	As at March 31,2005	As at March 31,2004	As at March 31,2003
Advances recoverable in cash or in kind or for value to be received						
- considered good	367.03	173.47	84.49	40.49	33.74	14.64
- considered doubtful	NIL	NIL	NIL	NIL	NIL	NIL
<b>Total</b>	<b>367.03</b>	<b>173.47</b>	<b>84.49</b>	<b>40.49</b>	<b>33.74</b>	<b>14.64</b>



## ANNEXURE-P

## DETAILS OF INVESTMENTS

(Rs. Lacs)

<i>Particulars</i>	As September 30, 2007	At March 31, 2007	As March 31, 2006	at March 31, 2005	As March 31, 2004	at March 31, 2003
<b>Traded Investments-Quoted</b>						
In Promoter Group Companies	NIL	NIL	NIL	NIL	NIL	NIL
Others	NIL	NIL	NIL	NIL	NIL	3.50
<b>Total</b>	NIL	NIL	NIL	NIL	NIL	3.50
<b>Market value of Quoted Investments</b>	NIL	NIL	NIL	NIL	NIL	6.50

## ANNEXURE-Q

## CAPITALIZATION STATEMENT

(Rs. lacs)

<b>Particulars</b>	<b>Pre-Issue As on September 30, 2007</b>	<b>Post-Issue</b>
<b>Debt</b>		
Short Term Debt	636.42	
Long Term Debt	2755.32	
Total Debt	3391.74	
<b>Shareholders' Fund</b>		
Share Capital		
- Equity	792.78	
- Preference	NIL	
Share Application Money	NIL	
Reserves	2145.01	
Miscellaneous Expenditure	(104.07)	
Total Shareholders' Fund	2833.72	
<b>Long term Debt/ Shareholders' Funds (Ratio)</b>	0.97	

Note: The capitalization statement has been calculated on the basis of restated financial statements. Share Capital & Reserves post-issue can be ascertained only after the conclusion of book building process.

## STATEMENT OF TAX SHELTERS

(Rs. lacs)

<b>Particulars</b>	<b>As at March 31, 2007*</b>	<b>As at March 31, 2006</b>	<b>As at March 31, 2005</b>	<b>As at March 31, 2004</b>	<b>As at March 31, 2003</b>
Profit/(Loss) before tax but after Extraordinary items as per books (A)	1065.06	453.39	200.17	42.36	15.35
Tax Rate	33.66%	33.66%	36.59%	35.88%	36.75%
Tax at notional rate on profits	358.50	152.61	73.25	15.19	5.64
<b>Adjustments:</b>					
<b>Permanent Differences (B)</b>					
Donations	0.00	0.17	0.15	0.07	0.06
Less: Deduction U/S 80G	NIL	0.07	0.07	NIL	NIL
Disallowed Donation	-0.12	-0.10	-0.08	-0.07	-0.06
Exempt Income					
Interest on long term finance exempt u/s 10(23G)					
Deduction u/s 80HHE of the Act					
Deduction u/s 10A of the Act					
Dividend exempt u/s 10(33), (34) & (35)				0.24	
Profit/(Loss) on Sale of Investments exempt u/s 10(23G)					
Other Adjustments					
Penalties - interest on late deposit of TDS	-0.01	-0.25	-0.13	-0.03	
Fee for increase in authorized share capital					
<b>Total Permanent Differences (B)</b>	-0.01	-0.35	-0.21	0.14	-0.06
<b>Timing Differences (C)</b>					
Difference between tax depreciation and book depreciation	90.11	30.34	41.69	50.98	6.94
Expenses capitalized in the books but claimed as revenue expense in Income Tax					
Deferred Revenue and Preliminary Expenditure net of claimed in Income Tax					
Statutory duties claimed on paid basis net of reversal of duties claimed in Income Tax in earlier years					
Other Adjustments			-0.27		
Provision in diminution in value of investment accounted for in the books					
Disallowance U/s 43B	-1.45	-5.15	-6.57		
Loss on Sale of Fixed Assets	-4.53	-0.40		-15.57	
<b>Total Timing Differences (C)</b>	<b>84.03</b>	<b>24.79</b>	<b>34.85</b>	<b>35.41</b>	<b>6.94</b>
<b>Net Adjustments (B+C)</b>	<b>84.02</b>	<b>24.44</b>	<b>34.64</b>	<b>35.55</b>	<b>6.88</b>
<b>Tax Saving thereon</b>	<b>28.28</b>	<b>8.22</b>	<b>12.67</b>	<b>12.76</b>	<b>2.53</b>
<b>Profit/(Loss) as per Income Tax Returns (D)=(A-B-C)</b>	<b>981.04</b>	<b>428.95</b>	<b>165.53</b>	<b>6.81</b>	<b>8.47</b>
Brought Forward Losses adjusted (E)					4.12
<b>Taxable Income/(Loss) (D-E)</b>	<b>981.04</b>	<b>428.95</b>	<b>165.53</b>	<b>6.81</b>	<b>4.35</b>
Taxable Income/(Loss) as per MAT					-
<b>Tax as per Income tax as returned</b>	<b>330.22</b>	<b>144.39</b>	<b>60.57</b>	<b>3.24</b>	<b>1.60</b>
Interest u/s 234	0.74	4.31	3.21	0.19	-
<b>Total Tax as per return</b>	<b>330.96</b>	<b>148.70</b>	<b>63.78</b>	<b>3.43</b>	<b>1.60</b>
Carry forward business loss	--	--	--	--	--
Carry forward depreciation loss	--	--	--	--	--
<b>Total carry forward loss as per return of the year</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>

**SEGMENTAL REPORTING**

The Company's business activities fall within a single segment. Therefore, Segment information as per AS 17 is not required to be disclosed.

**CHANGES IN ACCOUNTING POLICIES IN LAST THREE YEARS**

During the last three years, the company has changed its accounting policy for the year ended March 31, 2006. The change in the accounting policy as appearing in the notes to accounts of the company for the year ended March 31, 2006 is as follows:

In compliance of revised ASI 14, Disclosure of Revenue from Sales Transaction issued by ICAI, our Company has reflected its turnover on net sales basis exclusive of excise duty. As a result the corresponding excise duty (Cenvat and PLA) has been excluded from the expenditure. Hence, the profits of our Company have not been affected by such change in accounting policy.

## MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*You should read the following discussion and analysis of our financial condition and results of operations together with our financial statements included in this Red Herring Prospectus. You should also read the section titled 'Risk Factors' beginning on page ix of this Red Herring Prospectus, which discusses a number of factors and contingencies that could impact our financial condition, results of operations and cash flows. The following discussion is based on our 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, 1956 and other applicable legal provisions. The following discussion is also based on internally prepared statistical information and on publicly available information.*

*Our financial year ends on March 31, so all references to a particular financial year are to the twelve-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 entitled 'Definitions and Abbreviations' beginning on page i of this Red Herring Prospectus.*

### OVERVIEW

Our Company is promoted by a group of three professionals with an objective to cater to the growing requirement for high quality customised cables. We manufacture cables to provide cost-effective and quality solutions for various electrical connectivity requirements, mainly for the industrial segments. We accomplish this through customised design and development, quality manufacturing and reliable delivery of all varieties of cables.

Over the years we have developed a wide range of specialised cables to address the specific requirements of industries involving modern process technologies, instrumentation and communication demanding the highest standards of precision and reliability and cables for house-hold users who seek products with assured quality and safety standards.

At present we manufacture cables upto 1.1 KV for various applications covering most segments of users including industrial, utility and buildings. We cater to a wide spectrum of cable users in various industries like power, steel, cement, fertilizers and chemicals, refinery / petroleum and many others.

We are pre-qualified and have approvals with most of the large corporates and well known Public Sector Undertakings. Our clients are from diverse industries and include names such as BHEL, NTPC, IOCL, Powergrid Corporation, Reliance Energy, PDO, Gulfar Engineering Hindalco, ACC, HPCL, GAIL, Tata Steel, Siemens, Honeywell Automation India Limited, L&T, MRPL and others.

We are also approved with various top consultants such as Kvaerner Powergas India Ltd., Det Norske Veritas As, Toyo Engineering India Ltd., Jacob H&G Ltd., Engineers India Ltd., Mecon Ltd., Rites Ltd., M.N. Dastur & Co. Ltd., Tata Consulting Engineers etc. and are also one of the preferred vendors with many leading users of the country. Our quality standards have been duly appraised, vetted and approved by various independent agencies of repute.

We are an ISO 9001:2000 accredited company and hold BIS certification for all types of cables conforming to IS:1554(1)/1988 and IS:694-90.

### SIGNIFICANT FACTORS AFFECTING GROWTH

#### Prequalification

The major entry barrier in our industry is getting pre-qualification on technical ratings and a proven track record. This is a long drawn out process and needs a substantial investment in terms of both time and money. Most of the orders are placed on the basis of "close tenders". We are an approved vendor for many major Companies in India like Nuclear Power Corporation, NTPC, BHEL, Tata Power, Reliance Energy, Cairn Energy, Power Grid, L & T etc, and have an established supply track record of over 15 years.

**Industry trends**

There are no industry trends available as such in the organized Cable Industry. However, the growth in various user infrastructure sectors, coupled with high demand in the household cable sector, is expected to be the key drivers for overall high growth of the Cable industry.

**Government policies**

Focus by our Government on Development of infrastructure such as Power / Petroleum / Telecom / Road / Building etc., would give a major thrust to the Cable industry. These sectors require various customized / standard cables at various stages of the projects giving a boost to the cable industry as a whole.

**Introduction of new products**

There is a continuous effort to introduce new products in the market. Our research and development team is focused at bringing new and innovative products to fulfil the requirements of the market.

**SIGNIFICANT ACCOUNTING POLICIES –**

Our Company prepares its accounts under the historical cost convention and in accordance with the generally accepted accounting principles in India and provisions of the Companies Act, 1956. The significant accounting policies followed by our Company are stated below:

**1) Fixed Assets**

- a) Fixed Assets are stated at their original cost. Cost includes acquisition price, attributable expenses and pre-operational expenses including finance charges, wherever applicable.
- b) Depreciation on Fixed Assets is provided on Straight Line method in accordance with the rates as specified in Schedule XIV of the Companies Act, 1956 (as amended).
- c) Expenditure during construction period:  
  
Expenditure (including financing cost relating to borrowed funds for construction or acquisition of fixed assets) incurred on projects under implementation are capitalized which were shown under "Capital Work in Progress"
- d) Lease hold lands are not depreciated.

**2) Inventories**

- a) Inventories (other than scrap) are valued at lower of cost or net realizable value. The cost of inventories is computed on FIFO basis. The cost of Finished Goods and work-in-progress includes cost of conversion and other cost incurred in bringing the inventories to their present location and condition.
- b) Scrap is valued at net realizable value.

**3) Revenue Recognition**

- a) Sale of goods is recognized at the point of dispatch of finished goods to customers.

Gross turnover is net of sales tax and inclusive of excise duty and cess.

All other income are accounted for on accrual basis

**4) Expenses**

All expenses are accounted for on accrual basis.

## 5) Employee Benefits

The Company's contributions to Provident Fund are charged to Profit & Loss Account. Gratuity and Leave encashment benefits are accounted for on the basis of actuarial valuation.

## 6) Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

## 7) Government Grants

An appropriate amount in respect of subsidy benefits earned is estimated on prudent basis and is credited to the income for the period even though the actual amount of such benefits is finally settled and received after the end of relevant accounting period.

## 8) Foreign Currency Transactions

- a) Transactions in Foreign Currency are initially recorded at the exchange rate at which the transaction is carried out.
- b) Monetary Assets and Liabilities related to foreign currency transactions remaining outstanding at the year end are translated at the year end rate. The effect of Exchange Rate fluctuations in respect of Monetary Assets is taken to Profit & Loss Account.
- c) Exchange differences in respect of loans/liabilities relating to fixed assets/capital work-in-progress acquired from a country outside India, arising out of transactions are adjusted in the carrying cot of related items.

## 9) Taxes on Income

The Provision for taxation is ascertained on the basis of assessable profits computed in accordance with the provision of the Income Tax Act 1961. Deferred tax is recognized, 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.

## 10) Provisions, Contingent Liabilities and Contingent assets

- a) Provisions are recognized in respect of obligations where, based on the evidence available, their existence at the Balance Sheet date is considered probable.
- b) Contingent liabilities are shown by way of Notes to the Accounts in respect of obligations where, based on the evidence available, their existence at the Balance Sheet date is considered not probable. Contingent assets are not recognized in the Accounts.

## SELECTED FINANCIAL DATA

### SUMMARY OF PROFIT & LOSS STATEMENT FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2007

Particulars	Apr-Sept.2007		Apr-Sept.2006	
	Rs.lacs	% of total income	Rs.lacs	% of total income
OPERATING INCOME				
Sales (Gross)	7532.99	112.09	4243.65	114.32
Less:-Excise Duty and Cess	833.95	12.41	541.99	14.60
Net Sales (i)	6699.04	99.68	3701.66	99.72
Other income (ii)	21.72	0.32	10.45	0.28
<b>Total income (i) + (ii)</b>	<b>6720.76</b>	<b>100%</b>	<b>3712.11</b>	<b>100%</b>

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Particulars	Apr-Sept. 2007		Apr-Sept. 2006	
	Rs. lacs	% of total income	Rs. lacs	% of total income
<b>EXPENDITURE</b>				
<b>Direct expenditure</b>	5260.71	78.28	2954.98	79.60
Admin & Other Exp & employee costs	418.11	6.22	216.77	5.84
Finance Charges	188.76	2.81	108.23	2.92
Depreciation	34.50	0.51	9.20	0.25
<b>Total Expenditure</b>	<b>5902.08</b>	<b>87.82</b>	<b>3289.18</b>	<b>88.61</b>
Profit before tax & extraordinary items	818.68	12.18	422.93	11.39
Extraordinary items	-	-	-	-
<b>Profit before tax</b>	<b>818.68</b>	<b>12.18</b>	<b>422.93</b>	<b>11.39</b>
Provision for tax	283.08	4.21	146.32	3.94
<b>Profit after tax</b>	<b>535.60</b>	<b>7.97</b>	<b>276.61</b>	<b>7.45</b>

**SUMMARY OF PROFIT & LOSS ACCOUNT FOR THE FINANCIAL YEARS 2007, 2006 2005 AND 2004**

Particulars	FY 2007		FY 2006		FY 2005		FY 2004	
	Rs. lacs	% of total income	Rs. lacs	% of total income	Rs. lacs	% of total income	Rs. lacs	% of total income
<b>OPERATING INCOME</b>								
Sales (Gross)	10429.27	113.38	6056.70	114.95	4723.75	115.56	2233.34	113.52
Less: Excise Duty and Cess	1270.02	13.81	819.02	15.54	643.69	15.75	281.49	14.31
Net Sales (i)	9159.25	99.57	5237.68	99.41	4080.06	99.81	1951.85	99.21
Other income (ii)	39.71	0.43	31.11	0.59	7.60	0.19	15.51	0.79
<b>Total income (i) + (ii)</b>	<b>9198.96</b>	<b>100.00%</b>	<b>5268.79</b>	<b>100.00%</b>	<b>4087.66</b>	<b>100.00%</b>	<b>1967.36</b>	<b>100.00%</b>
<b>EXPENDITURE</b>								
<b>Direct expenditure</b>	7306.43	79.43	4317.80	81.95	3493.24	85.46	1654.69	84.11
Admin & Other Exp & employee costs	504.56	5.48	322.55	6.12	250.15	6.12	183.71	9.34
Finance Charges	278.86	3.03	146.15	2.77	117.06	2.86	69.65	3.54
Depreciation	44.05	0.48	28.90	0.55	27.04	0.66	16.95	0.86
<b>Total Expenditure</b>	<b>8133.90</b>	<b>88.42</b>	<b>4815.40</b>	<b>91.39</b>	<b>3887.49</b>	<b>95.10</b>	<b>1925.00</b>	<b>97.85</b>
Profit before tax & extraordinary items	1065.06	11.58	453.39	8.61	200.17	4.90	42.36	2.16
Extraordinary items	-	-	-	-	-	-	-	-
<b>Profit before tax</b>	<b>1065.06</b>	<b>11.58</b>	<b>453.39</b>	<b>8.61</b>	<b>200.17</b>	<b>4.90</b>	<b>42.36</b>	<b>2.16</b>
Provision for tax	364.40	3.96	160.08	3.04	71.38	1.75	33.67	1.71
<b>Profit after tax</b>	<b>700.66</b>	<b>7.62</b>	<b>293.31</b>	<b>5.57</b>	<b>128.79</b>	<b>3.15</b>	<b>8.69</b>	<b>0.44</b>

**Half yearly sales figures as a percentage of total sales for the fiscal years 2004, 2005, 2006 and 2007**

Fiscal Year	Apr-Sept	Oct-Mar	Total
2003-04	36%	64%	100%
2004-05	43%	57%	100%
2005-06	41%	59%	100%
2006-07	40%	60%	100%



## Explanation /Description of principal components of income and expenditure

Our principal component of income is from sale of cables manufactured by us. Our Company follows negotiated price mechanism. We quote on the basis of requirements received from our customers. Our customers include large corporates both from the government as well as private sector. Mostly the contracts are awarded on L1 basis i.e. lowest price basis. However, in some cases we follow negotiated price settlement.

The half yearly sales figures given in the table above indicates our sales trend. During the first six months the sales is 40% of the total sales for the year while the balance 60% takes place in the second half of the year.

The raw material comprises of the following three main ingredients:

- i) Copper / Aluminium which constitutes around 50% to 70% of the total raw material cost
- ii) PVC / XLPE / Rubber which constitutes around 10% to 20% of the total raw material cost
- iii) Steel which constitutes around 15% to 25% of the total raw material cost

Our Company continues to minimize the price risk on copper by hedging copper through forward booking. The other contents of raw material are less volatile.

The manufacturing expense inter-alia includes direct factory overheads viz: power & fuel and job work charges on which the company could effect savings due to own copper wire drawing and PVC Compounding process and increased efficiency of modern plant.

There were no abnormal events like theft, fire or other damages during these years and no changes happened in any law or statutory norm applicable to our Company.

## COMPARISON OF SIX MONTHS PERIOD ENDED SEPTEMBER 30, 2007 WITH SIX MONTHS PERIOD ENDED SEPTEMBER 30, 2006

### KEY DEVELOPMENTS

We have initiated capacity expansion & diversification project into LT Power Cable Plant which is expected to be rolled out by January 2008

We have obtained land at Pathredi, Rajasthan measuring 78800 sq. meters @ Rs.2100/- per sq. meter from M/s RIICO for which the Lease Deed was executed on September 28, 2007

### OPERATING INCOME

Particulars	FY08(6M)	FY07(6M)	Variance
	(Rs. lacs)		(%)
Operating Income	6699.04	3701.66	80.97

The operating income of the company for the six month ending September 30, 2007 was Rs. 6699.04 lacs as compared to Rs. 3701.66 lacs for corresponding six months, showing an increase of 81% approximately. The said increase is on account of the capacity expansion completed in December 2006. The additional commercial production from the expanded project has mainly contributed for increase in turnover.

### DIRECT EXPENDITURE

Particulars	FY08(6M)	FY07(6M)	Variance
	(Rs. lacs)		(%)
Cost of Material/Purchase	4936.56	2735.60	80.46
Mfg. exp.	324.15	219.38	47.76
<b>Total</b>	<b>5260.71</b>	<b>2954.98</b>	<b>78.03</b>

The direct expenditure has increased from Rs. 2954.98 lacs in FY 2007 (6 months) to Rs. 5260.71 lacs in FY 2008 (6 months) showing an increase of around 78% over the previous year. This jump of 78% in direct expenditure when compared with jump of 81% of operating income, reveals that there is a saving in expenditure to the tune of 3% if compared as a percentage of the total income, which is attributed to savings

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in wire drawing & PVC compounding charges and savings in power & fuel consumption due to optimum use of machines.

**ADMINISTRATIVE AND EMPLOYEE COSTS**

Particulars	FY08(6M)	FY07(6M)	Variance
	(Rs. lacs)		(%)
Personal Expense	271.71	128.50	111.45
Administrative and other expense	146.40	88.27	65.85
<b>Total</b>	<b>418.11</b>	<b>216.77</b>	<b>92.88</b>

The increase in personnel expenses from Rs. 128.50 lacs to Rs. 271.71 lacs is due to annual salary increments and recruitment of additional workforce due to capacity expansion undertaken by us. The HR Cost has slightly gone high which is considered necessary to retain the competent & experienced manpower for smooth working of the organisation.

Administration costs are generally fixed costs like rentals, electricity, legal charges, audit fees, miscellaneous repairs & maintenance, insurance, discounts & commissions, travelling & conveyance, etc. The increased administrative cost has been allocated on the increased turnover of the Company.

The administrative, employee & other costs have increased from Rs. 216.77 lacs in FY 2007 (6 months) to Rs. 418.11 lacs in FY 2008(6 months) showing an increase in cost of 92.89% over last year which is mainly due to increase in HR Cost.

**FINANCE CHARGES**

The finance charges for the period FY 2008 (6months) increased to Rs. 188.76 lacs from Rs. 108.23 lacs in the period FY 2007 (6 months). The increase in financial charges by Rs. 80.53 lacs when compared as a percentage of sales reveals a net saving of 0.11% showing an improved cash management.

**DEPRECIATION**

Depreciation for the period FY 2008 (6 months) has increased to Rs.34.50 lacs as compared to Rs. 9.20 lacs for the period FY 2007 (6months). The increase in depreciation is on account of increase in the gross block of fixed assets due to capacity expansion undertaken by our Company.

**PROFIT BEFORE TAX**

Particulars	FY08(6M)	FY07(6M)	Variance
	(Rs. lacs)		(%)
Profit before Tax	818.68	422.93	93.57

The Profit before Tax has increased from Rs. 422.93 lacs to Rs. 818.68 lacs showing an increase of around 94%. As percentage of total income, the profit before tax has increased from 11.39% in FY 2007(6 months) to 12.18% in FY 2008(6 months) showing an effective increase of 0.8% which can be attributed to –

Savings in direct cost by 13% due to copper price risk hedging, in-house wire- drawing facilities & optimum use of resources..

**PROVISION FOR TAX AND NET PROFIT**

Particulars	FY08(6M)	FY07(6M)	Variance
	(Rs. lacs)		(%)
Provision for Taxation	283.08	146.32	93.47
Profit after Tax	535.60	276.61	93.63

The variance in profit after tax is on account of differing tax provisions. There is no change in tax rates as compared to last year.

**SIGNIFICANT DEVELOPMENTS SUBSEQUENT TO PERIOD ENDED SEPTEMBER 2007**

There has been no significant development subsequent to the period ended September 30, 2007, which materially and adversely affects or is likely to affect the trading or profitability of our Company / value of assets / ability to pay liabilities within the next twelve months.

## COMPARISON OF FY 2007 WITH FY 2006

### KEY DEVELOPMENTS

We had undergone a capacity expansion during the year ended March 31, 2007 and commercial production from the expanded capacity commenced in December 2006 thereby adding a quarter year production to the turnover for the year.

Our Company was sanctioned an ECB of US\$ 5.6 million from ICICI Bank. Out of the same, an amount of US\$ 2.5 million was disbursed in March, 2007 for our expansion & diversification project.

### OPERATING INCOME

Particulars	2006-2007	2005-2006	Variance
	(Rs. lacs)		(%)
Operating Income	9159.25	5237.68	74.87

The operating income of our Company in the fiscal 2006-07 was Rs. 9159.25 lacs as compared to Rs. 5237.68 lacs for the fiscal 2005-06, showing a jump of around 75%.

The main reason for this performance of our Company is the capacity expansion undertaken by us during the financial year 2006-07 which became fully operational in December 2006. This expansion led to increase in the number of customers and there has been a continuous increase in the no. of customers due to increased demand for our products from power projects and other infrastructure projects.

### OTHER INCOME

Particulars	2006-2007	2005-2006	Variance
	(Rs. lacs)		(%)
Other Income	39.71	31.11	27.65

Other income consists of interest on FDR (kept as margin money for Bank Guarantees and Letter of Credits), subsidy received and other miscellaneous income. The income is consequential in nature and is below 1% of the total revenue of our Company.

### DIRECT EXPENDITURE

Particulars	2006-2007	2005- 2006	Variance
	(Rs. lacs)		(%)
Cost of Material/Purchase	6852.26	3998.58	71.37
Manufacturing expenses	454.17	319.22	42.27
<b>Total</b>	<b>7306.43</b>	<b>4317.80</b>	<b>69.22</b>

Our Company has been able to minimize the price risk on copper by hedging copper through forward booking. The other contents of raw materials are least volatile.

The manufacturing expense includes direct factory overheads viz, power & fuel, consumables, job work charges, packing material, plant repair & maintenance etc. We have started our own copper wire drawing process and were able to effect major savings on wire drawing job charges.

The direct expenditure has increased from Rs. 4317.80 lacs in 2005-06 to Rs. 7306.43 lacs in 2006-07 showing an increase of around 69% over the previous year. This jump of 69% in direct expenditure when compared with jump of 75% of operating income, reveals that there is a saving in expenditure to the tune of 2.52% if compared as a percentage of the total income, which is attributed to effective control on consumption rate, savings in wire drawing charges due to commissioning of in-house facility & economies of scale.

**CORDS CABLE INDUSTRIES LIMITED****ADMINISTRATIVE & OTHER EXPENSES & EMPLOYEE COSTS**

	2006-2007	2005- 2006	Variance
Particulars	(Rs. lacs)		(%)
Personnel Expenses	282.73	200.66	40.90
Administrative and other expenses	221.83	121.89	81.98
<b>Total</b>	<b>504.56</b>	<b>322.55</b>	<b>56.43</b>

The increase in personnel expenses from Rs. 200.66 lacs to Rs. 282.73 lacs is due to annual salary increments and recruitment of additional workforce during FY 2007 due to capacity expansion undertaken by us. During the year our Company has also appointed sales & commission agent across the country to increase our presence all around and to offer better after sale service.

Administration costs are generally fixed costs like rentals, electricity, legal charges, audit fees, miscellaneous repairs & maintenance, insurance, discounts & commissions, travelling & conveyance, etc. The increase in the administration cost can be attributed to the overall increase in the business of our Company.

The administrative, employee & other costs have increased from Rs. 322.55 lacs in 2005-06 to Rs. 504.56 lacs in 2006-07 showing an increase in cost of 56.43% over last year which is lesser as compared to the increase in turnover.

**FINANCE CHARGES**

The finance charges for the year 2006-07 increased to Rs. 278.86 lacs from Rs. 146.15 lacs in the year 2005-06. The increase in financial charges by Rs. 132.71 lacs is due to increase in the interest payment on loan availed from banks.

**DEPRECIATION**

Depreciation for the year 2006-07 increased to Rs. 44.05 lacs as compared to Rs. 28.90 lacs for the year 2005-06. The increase in depreciation is on account of increase in the gross block of fixed assets due to capacity expansion undertaken by our Company. The gross block of fixed assets increased from Rs. 832.11 lacs in 2005-06 to Rs. 1448.75 lacs in 2006-07.

**PROFIT BEFORE TAX**

	2006-2007	2005-2006	Variance
Particulars	(Rs. lacs)		(%)
Profit before Tax	1065.06	453.39	134.91

The Profit before Tax has increased from Rs. 453.39 lacs in 2005-06 to Rs. 1065.06 lacs in 2006-07 showing an increase of around 135%. As percentage of total income, the profit before tax has increased from 8.61% in 2005-06 to 11.58% in 2006-07 showing an effective increase of 2.97% in the profit margin over last year which can be attributed to –

- i) Savings in raw material cost & direct cost by 2.52% due to copper price risk hedging, better control over manufacturing process, in-house wire- drawing facilities & economies of scale.
- ii) Lesser increase in fixed administrative & other expenses and employee cost as compared to increase in total income & consequential adding to savings in cost by 0.64%.

**PROVISION FOR TAX AND NET PROFIT**

	2006-2007	2005-2006	Variance
Particulars	(Rs. lacs)		(%)
Provision for taxation	364.40	160.08	127.64
Profit after Tax	700.66	293.31	138.88

The variance in profit after tax is on account of differing tax provisions. There is no change in tax rates as compared to last year.

**SIGNIFICANT DEVELOPMENTS SUBSEQUENT TO FY 2007**

There has been no significant development subsequent to the latest financial year, i.e., 2006-07, which materially and adversely affects or is likely to affect the trading or profitability of our Company / value of assets / ability to pay liabilities within the next twelve months.

**COMPARISON OF FY 2006 WITH FY 2005****KEY DEVELOPMENTS**

Initiated the work related to expansion of capacity at a total capex of Rs. 500 lacs. We also tied up with a nationalized bank for a term loan of Rs. 340 lacs to fund the same.

**OPERATING INCOME**

Particulars	2005-2006	2004-2005	Variance
	(Rs. lacs)		(%)
Operating Income	5237.68	4080.06	28.37

The operating income of our Company increased from Rs. 4080.06 lacs in the financial year 2004-05 to Rs. 5237.68 lacs in the year 2005-2006.

Our income has increased by 28.37% due to increase in the number of customers mainly in the power sector and export business of our Company. We were successful in meeting the increased demand which finally resulted in the increase in our operating income.

**OTHER INCOME**

Particulars	2005-2006	2004-2005	Variance
	(Rs. lacs)		(%)
Other Income	31.11	7.60	309.34

Other income consists of interest on FDs made by our Company, subsidy received and other miscellaneous income. The growth is mainly due to receipt of interest & wage subsidy of Rs. 21.27 lacs from Rajasthan State Government.

**DIRECT EXPENDITURE**

Particulars	2005- 2006	2004- 2005	Variance
	(Rs. lacs)		(%)
Cost of Material/Purchase	3998.58	3249.53	23.05
Manufacturing expenses	319.22	243.71	30.98
<b>Total</b>	<b>4317.80</b>	<b>3493.24</b>	<b>23.60</b>

The direct expenditure has increased from Rs.3493.24 lacs in 2004-05 to Rs. 4317.80 lacs in 2005-06 showing an increase of 23.60% over the previous year. This jump when compared to jump of 28.37% in operating income reveals that there is a relative saving of 3.51% in the direct expenditure as a percentage of total income. This saving can be attributed mainly to savings in consumption rate as the production unit was fully stabilized during the year & worked at its optimum level.

**ADMINISTRATIVE & OTHER EXPENSES AND EMPLOYEE COSTS**

Particulars	2005- 2006	2004- 2005	Variance
	(Rs. lacs)		(%)
Personnel Expenses	200.66	157.95	27.04
Administrative and other expenses	121.89	92.20	32.20
<b>Total</b>	<b>322.55</b>	<b>250.15</b>	<b>28.94</b>

The increase in the personnel expenses from Rs. 157.95 lacs in the year 2004-05 to Rs. 200.66 lacs in the year 2005-06 was due to annual wage increments and recruitment of additional staff at the Factory and Registered Office.

## **CORDS CABLE INDUSTRIES LIMITED**

The administrative & other costs have increased from Rs. 92.20 lacs to Rs. 121.89 lacs in the year 2005-06 as compared to the previous year. The increase is attributed to mainly travelling, conveyance & communication expenses in relation to the marketing activities of our Company.

### **FINANCE CHARGES**

The increase in financial charges from Rs. 117.06 lacs in the year 2004-05 to Rs. 146.15 lacs in the year 2005-06 is due to interest payment on additional working capital facilities availed from banks. This increase is comparatively lower than the increase in operating income during the same period.

### **DEPRECIATION**

Depreciation for the year 2005-06 increased to Rs. 28.90 lacs as compared to Rs. 27.04 lacs for the year 2004-05. The increase in depreciation is on account of increase in the gross block of fixed assets from Rs. 632.09 lacs in 2004-05 to Rs. 832.11 lacs in 2005-06.

### **PROFIT BEFORE TAX**

Particulars	2005- 2006	2004- 2005	Variance
	(Rs. lacs)		(%)
Profit before Tax	453.39	200.17	126.50

The Profit before Tax has increased from Rs. 200.17 lacs in 2004-05 to Rs. 453.39 lacs in 2005-06 showing an increase of 126.50% in profits before tax. As percentage of total income, the profit before tax has increased from 4.90% in 2004-05 to 8.61% in 2005-06 showing an effective increase of 3.71% in the profit margin which is attributed to savings in cost of material and an optimum utilization of resources.

### **PROVISION FOR TAX AND NET PROFIT**

Particulars	2005-2006	2004-2005	Variance
	(Rs. lacs)		(%)
Provision for taxation	160.08	71.38	124.26
Profit after Tax	293.31	128.79	127.74

The variance in profit after tax is on account of differing tax provisions.

### **COMPARISON OF FY 2005 WITH FY 2004**

#### **KEY DEVELOPMENTS**

- Our Company achieved full year commercial production from manufacturing facility at Chopanki.
- Our Company obtained ISO Standard 9001:2000
- Our logo 'Cords' was registered with Trade Mark Registry.

### **OPERATING INCOME**

Particulars	2004-2005	2003-2004	Variance
	(Rs. lacs)		(%)
Operating Income	4080.06	1951.85	109.04

The operating income of our Company in the financial year 2004-05 increased to Rs. 4080.06 lacs from 1951.85 lacs in the financial year 2003-04 showing a growth of 109.04%.

The increase in our total income was due to increase in production capacity as we shifted from our factory at Okhla Industrial Area to our new factory at Chopanki, Rajasthan.

### **OTHER INCOME**

Particulars	2004-2005	2003-2004	Variance
	(Rs. lacs)		(%)
Other Income	7.60	15.51	(51.00)

Other income consists of interest on FDR made by our Company and other miscellaneous income. It forms a very small portion of less than one percent of the total income of our Company.

#### DIRECT EXPENDITURE

Particulars	2004- 2005	2003- 2004	Variance
	(Rs. lacs)		(%)
Cost of Material / Purchase	3249.53	1530.51	112.32
Manufacturing expenses	243.71	124.18	96.26
<b>Total</b>	<b>3493.24</b>	<b>1654.69</b>	<b>111.11</b>

The direct expenditure has increased from Rs.1654.69 lacs in 2003-04 to Rs. 3493.24 lacs in 2004-05 showing an increase of 111.11% over the previous year. The comparative increase is proportionate, in view of the increased turnover & increased absolute profits for the year as FY 2005 was the first full year of commercial production at new factory.

#### ADMINISTRATIVE AND EMPLOYEE COSTS

Particulars	2004-2005	2003-2004	Variance
	(Rs. lacs)		(%)
Personnel Expenses	157.95	96.19	64.21
Administrative and other expenses	92.20	87.52	5.35
<b>Total</b>	<b>250.15</b>	<b>183.71</b>	<b>36.17</b>

Our Company could manage with the existing administrative & sales staff and only a few additional workers were employed during FY 2005. The increase of 36.17% in administrative and employee cost is lower as compared to the increase in total income during the same period.

#### FINANCE CHARGES

The increase in financial charges from Rs. 69.65 lacs for the financial year 2003-04 to Rs. 117.06 lacs for the financial year 2004-05 is partly due to interest on term loan availed for the Chopanki factory and partly due to increase in working capital facilities both fund based and non fund based.

#### DEPRECIATION

Depreciation for the fiscal 2004-05 increased to Rs. 27.04 lacs as compared to Rs. 16.95 lacs for the fiscal 2003-04. The increase in depreciation is on account of increase in the gross block of fixed assets from Rs. 549.14 lacs in 2003-04 to Rs. 632.09 lacs in 2004-05.

#### PROFIT BEFORE TAX

Particulars	2004- 2005	2003- 2004	Variance
	(Rs. lacs)		(%)
Profit before Tax	200.17	42.36	372.54

The Profit before Tax has increased from Rs. 42.36 lacs in 2003-04 to Rs. 200.17 lacs in 2004-05 showing an increase of 372.54% in profits before tax. This relative increase in the profit margin of 2004-05 when compared as percent of total income is 2.74% more over the previous year which could be effected due to relative savings in administrative & employee cost.

#### PROVISION FOR TAX AND NET PROFIT

Particulars	2004- 2005	2003- 2004	Variance
	(Rs. lacs)		(%)
Provision for taxation	71.38	33.67	112.00
Profit after Tax	128.79	8.69	1382.05

The variance in profit after tax is on account of differing tax provisions.

**CORDS CABLE INDUSTRIES LIMITED****CASH FLOW**

(Rs. Lacs)

Particulars	Six months ended September 30, 2007	2006-07	2005-06	2004-05
Net cash from (used in) operating activities	(0.77)	527.26	69.22	111.63
Net cash from (used in) investing activities	(240.89)	(642.09)	(286.23)	(82.25)
Net cash from (used in) financing activities	1521.43	1274.50	227.67	3.04
Net increase/(decrease) in cash & cash equivalents	(964.29)	1159.67	10.66	32.42

Net cash flows from operating activities signifies surplus from our business.

Net cash flows from investing activities is negative due to investment in equipments for the expansions undertaken by our Company.

Net cash flows from financing activities comprises of dividend paid, loans availed and repayment of loans and interest and proceeds from the issue of shares.

**STATEMENT OF CONTINGENT LIABILITIES**

(Rs. Lacs)

Particulars	Six months ended September 30, 2007	As at March 31, 2007	As at March 31, 2006
Guarantees issued by Bankers	2677.42	2159.08	907.94
Claims against the company not acknowledged as debts in respect of :			
a) Sales tax/Vat cases under dispute (net of deposits).	1.82	47.27	18.36
b) Show Cause notices received under Excise Act	41.19	40.86	-
c) Show Cause notices received under Service tax Act	Nil	8.03	-
Estimated amounts of contracts remaining to be executed on capital account and not provided for	537.06	190.00	130.00
Corporate Guarantees given by company to its customers towards performance	1.52	1.60	1.60
L/C's negotiated by bank	72.18	32.00	-
In respect of Bill factored from banks /Factoring agency.	1777.90	1067.37	129.48

**INDEBTEDNESS**

Details of working capital / term loan availed by our Company as on September 30, 2007 is as follows:

NATURE	Sanctioned Limit (Rs. lacs)	Amount outstanding as on September 30, 2007(Rs. lacs)
<b>FUND BASED</b>		
<b>From Canara Bank</b>		
OCC/ODBD	500.00	490.68
Term Loan		
- ML-I	233.00	92.47
- ML-II	340.00	300.08
<b>From ICICI Bank</b>		
Term Loan-ECB	2500.00(USD 5.60 million)	993.50(USD 2.50 million)
Cash Credit	200.00	145.73



NATURE	Sanctioned Limit (Rs. lacs)	Amount outstanding as on September 30, 2007(Rs. lacs)
<b>BILL FACTORING LIMITS</b>		
<b>Canbank Factors Ltd</b> (Subject to overall PP limit of Rs.1335.00 lacs)		
-Sales PP Limit	1000.00	839.29
-Purchase PP Limit	250.00	212.45
-ILC Discount Limit	500.00	282.24
<b>From HSBC Ltd</b>		
- Sales PP Limit	500.00	443.92
- Purchase PP Limit	500.00	NIL
<b>NON FUND BASED</b>		
From Canara Bank		
-Bank Guarantee	2000.00	1716.49
-ILC/FLC	300.00	142.17
From ICICI Bank		
-Bank Guarantee	1000.00	960.93
-Derivatives	300.00	NIL

## FINANCIAL MARKET RISKS

### QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to financial market risks from changes in interest rates and inflation

#### Interest rate risk

Our interest rate risk results from changes in interest rates, which may affect our financial expenses. We bear interest rate risk with respect to indebtedness as on September 30, 2007 as the interest rate could vary in the near future.

#### Effect of inflation

In line with changing inflation rates, we alter our margins to absorb the inflationary impact.

#### Exchange rate risks

Exchange rate fluctuations are a risk since we have availed ECB of USD 2.5 million during financial year 2006-07 (out of sanctioned ECB of USD 5.6 million). Also some of our receivables vis-à-vis our exports are in foreign currency. Thus, carrying cost of fixed assets may change due to change in ECB Cost as a result of exchange rate risk.

#### Unusual or infrequent events or transactions

The unusual or infrequent transactions include capacity expansions at Chopanki, Bhiwadi, Rajasthan.

#### Significant economic changes that materially affect or are likely to affect income from continuing operations

Government spending on infrastructure projects & overall economic growth shall have positive impact on our Company's growth & operations.

**Known trends or uncertainties**

Other than as described in this Red Herring prospectus and to the best of our knowledge there are no known trends or uncertainties that have a material or adverse impact on revenue from continuing operations.

**Future relationship between costs and revenues**

It is our constant endeavour to create efficient processes resulting in cost reduction. We expect to continue this effort of improving our technology initiatives and try and realize better margins in future. Further in line with our business strategy, we expect to add to our operating efficiencies and reduce our operating costs in relation to our operating revenue.

Other than the same and as covered in the section titled "Risk Factors", to the best of our knowledge, there are no known factors, which will affect the future relationship between the costs and income, or which will have a material 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**

The increase in net sales is mainly result of increase in sales volume through capacity additions & partly due to increase in sales prices. Exact impact of the two is not ascertainable.

**Total turnover for the industry**

As our industry comprises of organized as well as unorganized players, it is very difficult to determine the total turnover for the industry.

**New products or business segment**

At present our Company is undergoing an expansion plan to increase the range of LT cables manufactured by us and post our proposed expansion, we will start manufacturing HT cables and Rubber cables.

**Seasonality of business**

There is no organized data available for the cable industry as a whole. However, as per the past experience of our Company, the off-take in the second half of a financial year is higher as compared to the first half.

**Competitive conditions**

The cable market in India is largely unorganised with few organised players like Finolex Cables, Delton Cables, KEI Industries, Universal Cables, etc. The entry barrier in this industry is high due to the prequalification requirements. We have prequalification with the top consultants of Indian and international markets such as Kvaerner Powergas India Ltd., Det Norske Veritas As., Toyo Engineering India Ltd., etc. and hence can bid for all the major supply contracts for cables.

**Dependence on few customers**

Our revenue stream is well diversified since we cater to a wide range of industries namely power, steel, cement, fertilizers and chemicals, refinery, petroleum etc. and are not dependent on few customers or single industry.

**SIGNIFICANT EVENTS SINCE LAST AUDITED BALANCE SHEET**

1. Our Company has incurred a capital expenditure of Rs. 1025.91 lacs till November 30, 2007 out of proposed total capital expenditure of Rs.1320 lacs for our current ongoing capacity expansion at our present factory at Chopanki, Rajasthan. Our Company has obtained funds for the same from ECB, proceeds from issue of shares through private placement & internal accruals. The current expansion is expected to be completed by January 2008.
2. Our Company allotted 4,15,000 Equity Shares to individuals on preferential placement basis for a consideration of Rs.419.15 lacs on December 7, 2007.

3. We have entered into receivables purchase agreement dated December 3, 2007 with Standard Chartered Bank Limited for bill factoring facility of Rs. 15 crore.

**OFF BALANCE SHEET ARRANGEMENTS**

None

**RELATED PARTY TRANSACTIONS**

For details please refer to the section titled "Related Party Transactions" beginning on page 89 of this Red Herring Prospectus.

## OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

Except as stated below, there are no outstanding litigations, suits, criminal or civil prosecutions, proceedings or tax liabilities against our Company, our Directors and our Promoter Group Entities and there are no defaults, non payment of statutory dues, over-dues to banks/ financial institutions, defaults against banks/ financial institutions, defaults in dues payable to holders of any debentures, bonds and fixed deposits and arrears on preference shares issued by our Company, defaults in creation of full security as per terms of issue/ other liabilities, proceedings initiated for economic/ civil/ 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) other than unclaimed liabilities of our Company and no disciplinary action has been taken by SEBI or any stock exchanges against our Company, its Promoters or Directors or Promoter Group Entities.

### OUTSTANDING LITIGATIONS INVOLVING OUR COMPANY

#### A. FILED AGAINST OUR COMPANY

##### 1. LITIGATION INVOLVING CRIMINAL LAWS

There is no litigation pending against our Company involving Criminal laws.

##### 2. LITIGATION INVOLVING SECURITIES AND ECONOMIC LAWS

There is no litigation pending against our Company involving securities or economic laws.

##### 3. LITIGATION INVOLVING STATUTORY LAWS

There is no litigation pending against our Company involving statutory laws save as herein below mentioned:

#### 3.1 SALES TAX/ ENTRY TAX CASES

Details of Sales Tax case which is pending before the sales Tax Department for the assessment year 2004-05 is furnished herein below. The total implication on our Company was Rs. 33,76,498/- (Rupees Thirty Three Lacs Seventy Six Thousand Four Hundred Ninety Eight only). The case has been settled in our favour vide order dated October 10, 2007.

Sr. No.	Assessment Year	Nature of cases	Amount involved (Rs)	Present status
1	2004-05	CST Demand. On the basis of the appeal filed by our Company with Additional Commissioner III against the order of the assessing authority for an amount of Rs 33,76,498/- , the Additional Commissioner III has stayed the order subject to depositing of Rs 1,00,000 which has been paid by our Company to the concerned authority.	33,76,498/-	Case has been heard and the order is awaited. The case has been remanded by depositing Rs 1,00,000/- against the stay.  Final hearing of the case was on September 5, 2007. The case has been settled in our favour vide order dated October 10, 2007.

#### 3.2 CENTRAL EXCISE /SERVICE TAX

- Show cause notice bearing no. C. NO.V (85) 82/DEM/2006/5931 dated August 11, 2006 issued by the Office of Deputy Commissioner, Central Excise Division, Bhiwadi for payment of an amount of Rs. 1,76,867/- not paid in respect of the clearances made during the month of September 2005 demanded under Section 11 A of the Central Excise Act, 1944. In addition our Company was directed to show cause as to why penalty should not be imposed on us under Rule 25 of Central Excise Rules, 2002 for the aforesaid contravention and interest at an appropriate rate as may be determined under section 11A (2) should not be demanded from us in accordance with the

provisions of Section 11 AB of the Central Excise Act, 1944. Our Company has filed its objections to the show cause notice on December 04, 2006 denying all the allegations and liability as contained in the show cause notice and the matter is pending adjudication before the Deputy Commissioner, Central Excise Division, Bhiwadi.

2. Show cause notice bearing no. C.NO.V (85) 81/DEM/2006/5928 dated August 11, 2006 was issued by the Office of Deputy Commissioner, Central Excise Division, Bhiwadi for payment of an amount of Rs. 3,59,716/- with respect to clearances made during the month of September 2005 demanded under Section 11 A of the Central Excise Act, 1944. In addition our Company was directed to show cause as to why penalty should not be imposed upon us under Rule 25 of Central Excise Rules, 2002 for the aforesaid contravention and interest at an appropriate rate on the amount as may be determined under section 11 A (2) should not be demanded from our Company in accordance with the provisions of Section 11AB of the Central Excise Act, 1944. We have filed objections to the Show Cause Notice on December 04, 2006 denying all the allegations and liability as contained in the Show Cause Notice and the matter is pending adjudication before the Deputy Commissioner, Central Excise Division, Bhiwadi.
3. Show cause notice bearing no C.NO. V (85) 158/DEM/2006/382 dated January 15, 2007 issued by the Office of the Deputy Commissioner, Central Excise Division, Bhiwadi for payment of Central Excise Duty amounting to Rs. 1,61,169/-(Rs. 1,58,009/- Central Excise duty and Education cess of Rs. 3,160/-) not paid by our Company recoverable under section 11 A of the Central Excise Act, 1944. In addition our Company has been directed to show cause as to why penalty should not be imposed upon us under rule 25 of the Central Excise Rules, 2002 and interest at an appropriate rate on the amount that may be determined under Section 11 A (2) should not be demanded from us in accordance with the provisions of Section 11 AB of the Central Excise Act, 1944. We had filed objections to the show cause notice .The Assistant Commissioner vide order dated October 25, 2007 has dismissed our objection and has ordered recovery of Central Excise Duty amounting Rs. 1,61,169/- along with recovery of interest and penalty of Rs. 1,61,169/-. We have filed an appeal against recover order on November 30, 2007.
4. Show Cause Notice bearing no. C.NO. V (85) 15/OFF/21/07/1249 dated May 24, 2007 issued by the Office of the Commissioner, Central Excise Division, Bhiwadi for payment of Central Excise duty amounting Rs. 31,59,709/- (Rs. 30,97,754/- Central Excise duty and Education cess of Rs. 61955/-) not paid by our Company by availing exemption under notification no. 6/ 2006-CE dated March 1, 2006 as amended, by contravening the provisions of Rule 4, 6 and 8 of Central Excise Rules, 2002 which is recoverable u/s 11A of the Central Excise Act, 1944. In addition our Company has been directed to show cause as to why penalty should not be imposed upon us under rule 25 of the Central Excise Rules, 2002 and interest at appropriate rate on the amount that may be determined u/s 11A(2) should not be demanded from us in accordance with the provisions of section 11AB of the Central Excise Act, 1944. We have filed our objections vide letter dated August 1, 2007 to the show cause notice and the matter is pending adjudication before the Deputy Commissioner, Central Excise Division, Bhiwadi.
5. An appeal bearing no. 631 of 2007 has been filed by the Commissioner of Central Excise, Jaipur for setting aside the order in appeal no. 310(GRM)CE/JPR-1/06 dated December 22, 2006 passed by the Commissioner(Appeals-1) Customs and Central Excise and upholding the order in original no. 40/2006-07(Dem) dated August 30, 2006 passed by the Deputy Commissioner, Bhiwadi, Alwar. In the original order dated August 30, 2006, the Deputy Commissioner had ordered recovery of Central Excise duty amounting to Rs. 1,62,054/- from us and recovery of interest u/s 11AB of the Central Excise Act, 1944 alongwith a penalty of Rs. 1,62,054/-. The order passed by the Deputy Commissioner was appealed against by us before the Commissioner (Appeals-1). The Commissioner (Appeals-1) vide order dated December 22, 2006 had allowed our appeal setting aside the order of the Deputy Commissioner. The copy of the appeal was received by us on June 12, 2007. No further proceedings have taken place in the matter.
6. Show Cause Notice bearing no. C.NO. V (8544) 15/OFF/170/2007/1976 dated August 27, 2007 issued by the Office of the Commissioner, Central Excise Commissionerate, Jaipur for payment of CENVAT duty amounting Rs. 57,83,018/-(Rs. 56,65,692/- CENVAT duty and Education cess of Rs. 113,313/- and Higher Education Cess Rs 4013/-) not paid by our Company by availing exemption under notification no 6/2006-CE dated March 1, 2006 as amended , by contravening the provisions of rule 4, 6 and 8 of Central Excise Rules, 2002 which is recoverable under section 11 A of the Central Excise Act, 1944. In addition our Company has been directed to show cause as to why penalty should not be imposed upon our company under rule 25 of the Central Excise rules, 2002

and interest at appropriate rate on the amount that may be determined under Section 11 A (2) should not be demanded from us in accordance with the provisions of Section 11 AB of the Central Excise Act, 1944. We have filed our objections vide letter dated December 15, 2007 to the show cause notice and the matter is pending adjudication before the Commissioner, Central Excise Commissionerate, Jaipur.

7. Show cause notice bearing no. F.NO. V (85) 138/DEM/2007/10359 dated September 26, 2007 issued by the Office of the Assistant Commissioner, Central Excise Division, Bhiwadi for payment of Central Excise duty amounting Rs. 260,222/- (Rs. 255,120/- Central Excise duty and Education cess of Rs. 5102/-) not paid by our Company by availing exemption under notification no. 03/2004-CE dated January 8, 2004 as amended, by contravening the provisions of Rule 4, 6 and 8 of Central Excise Rules, 2002; which is recoverable under section 11 A of the Central Excise Act, 1944. In addition our Company has been directed to show cause as to why penalty should not be imposed upon our company under rule 25 of the Central Excise Rules, 2002 and interest at appropriate rate on the amount that may be determined under Section 11 A (2) should not be demanded from our Company in accordance with the provisions of Section 11 AB of the Central Excise Act, 1944. We have filed our objections vide letter dated October 30, 2007 to the show cause notice and the matter is pending adjudication before the Assistant Commissioner, Central Excise Division, Bhiwadi.
8. The Central Excise Officers, Central Excise Commissionerate, Jaipur-I carried out an audit on October 31, 2007 in the Factory premises of our Company. During the inspection it was pointed out that our Company has sold scrap of cables without payment of duty vide invoice no. 21 dated March 24, 2007 amounting to Rs.5,00,500/-. The Officers issued an order against our Company for non payment of Excise duty on sale of scrap of cable & asked our company to deposit duty amounting to Rs.81,681/- on the said sale along with interest. This demand has been disputed by us and we are in the process to file an appeal against the order.
9. The Central Excise Officers, Central Excise Commissionerate, Jaipur-I carried out an inspection on December 14, 2007 in the Factory premises of our Company. During the checking of records it was pointed out that our Company has been availing exemptions under Notification No.3/2004-CE dated January 8, 2004 on clearances of the wires and cables which are not covered under the notification for exemption and raised a preliminary demand of Rs. 13,72,463/- for wrongly availing exemption during the period from May 3, 2005 to August 30, 2007. The preliminary demand has been disputed by our Company vide our statement dated December 14, 2007. We have not received a formal show cause notice raising such demand.
10. The Central Excise Officers, Central Excise Commissionerate, Jaipur-I carried out an inspection on December 14, 2007 in the factory premises of our Company. During the inspection it was pointed out that we have been availing Cenvat Credit on various inputs but in certain invoices there is no mention of Vehicle Registration Number which is required under Sub-rule (2) of Rule 11 of the Central Excise Rules 2002. Under Sub-rule (2) of Rule 9 of Cenvat Credit Rules 2004 credit cannot be availed unless all the particulars as prescribed under the Central Excise Rules 2002 are contained. It was held by the Officials that the Cenvat Credit of Rs. 5,14,064/- has been wrongly availed by our Company and it was liable to be recovered. The said demand of Rs. 5,14,064/- (Basic Excise duty Rs 499092/- + Education cess Rs. 9981/- + Higher Education Cess Rs. 4991/-) was not contested by our Company and we have debited voluntarily vide RG-23A Pt. 11 Entry No. 1505 dated December 14, 2007. Further, we have undertaken not to repeat such omission.

### **3.3 INCOME TAX**

Our Company has received demand notice on December 10, 2007 under Section 156 of the Income Tax Act, 1961, New Delhi for the assessment year 2005-2006 for a sum of Rs. 6542/- and the amount has to be paid under 30 days of receiving of the notice. This demand is pertaining to some disallowance of depreciation on the Computer accessory and peripherals and on late payment of one PF instalment which has been added back into the income of our Company. The penalty proceeding under section 271 of the IT Act, 1961 have been initiated separately. Our Company has since received the notice under section 274 read with section 271 of the IT Act, 1961 and has been asked to show cause as to why an order imposing penalty should not be imposed and the date of appearance has been fixed as December 28, 2007.

We have deposited the demand amount of Rs. 6542/- on December 17, 2007 and is in the process of filing reply to the aforesaid notice.

**3.4 PROVIDENT FUND CASES**

There is no litigation pending against our Company involving Provident Fund laws.

**4. LITIGATION INVOLVING CIVIL LAWS**

There is no litigation pending against our Company involving Civil Laws.

**5. LITIGATION INVOLVING LABOUR LAWS**

There is no litigation pending against our Company involving Labour Laws.

**6. LITIGATION INVOLVING CONSUMER LAWS**

There is no litigation pending against our Company involving Consumer Laws.

**B. FILED BY OUR COMPANY****1. LITIGATION INVOLVING CRIMINAL LAWS**

There are no other litigations filed by our Company involving criminal laws, save as detailed herein below:

- a) The case titled M/s Cords Cable Industries Limited Versus M/s S.V.C. Super Chemicals Limited & Another numbered as Criminal Complaint No. 5584 /1/ 2004 is pending in the Court of Mr. Vikas Dhull, M.M., Delhi, under section 138 of Negotiable Instruments Act, 1881. Now the matter is posted for arguments on framing of charges against the Accused. Implication on our Company is of Rs. 2,17,014/- (Rupees Two Lacs Seventeen Thousand Fourteen Only) legally due from the accused Company. The accused has agreed to clear the amount and the case was fixed for negotiation between the parties. The next date of the hearing is on January 3, 2008.

One of the accused in the aforesaid case namely Mr. S. V. Chaturvedi has filed a petition u/s 482 of the Code of Criminal Procedure in the High Court of Delhi for quashing of the complaint against him. The matter was listed before the high court on September 18, 2007. The case has been withdrawn by the petitioner.

**2. LITIGATION INVOLVING SECURITIES AND ECONOMIC LAWS**

There is no litigation filed by our Company involving securities or economic laws.

**3. LITIGATION INVOLVING STATUTORY LAWS**

Our Company has filed a Company Petition before the Company Law Board, New Delhi titled Cords Cable Industries Limited Vs ICICI Bank Limited on December 12, 2007 wherein we have prayed for condonation in delay under section 141 of the Companies Act, 1956 in filling form 8 for the agreement executed by our Company with ICICI Bank dated 17<sup>th</sup> January, 2007. The particulars of charge created on the assets of our Company were required to be filed on or before 16th February 2007 and were filed with the Office of the ROC on 16<sup>th</sup> November, 2007 i.e. a delay of 273 days. The financial exposure may be Rs. 500/- per day during which the default continues.

**4. LITIGATION INVOLVING CIVIL LAWS**

There are no litigations filed by our Company involving civil laws save as stated herein below:

- a) The case titled as M/s. Cords Cable Industries Limited Vs. Super Chemicals Limited & Another, numbered as Civil Suit No.79 of 2004 pending in the Court of Rakesh Kapoor, Tis Hazari Courts, Delhi. The case has been filed under Order XXXVII of the Code of Civil Procedure for recovery of an amount of Rs. 9,91,016/- and is pending for arguments on Leave to Defend. Implication on our Company is for an amount of Rs. 9,91,016/- (Rupees Nine Lacs Ninety one Thousand Sixteen Only). The written argument on leave to defend was filed in March 2006. The respondent moved an application u/s 151 CPC seeking permission of the Court to place the contract of 1995 on record which otherwise was misplaced from the court file and was not traceable and the permission was granted by the Court. The matter was listed for hearing on July 12, 2007, however the other counsel was on leave that day. The

matter was transferred from the Court of Shri Rakesh Kapoor to the court of Shri Naresh. The matter is now listed for hearing on January 10, 2008.

**5. LITIGATION INVOLVING LABOUR LAWS**

There is no litigation filed by our Company involving labour laws.

**6. LITIGATION INVOLVING CONSUMER LAWS**

There is no litigation filed by our Company involving consumer laws.

**OUTSTANDING LITIGATION INVOLVING DIRECTORS AND PROMOTERS****A. AGAINST THE DIRECTORS/ PROMOTERS****1. LITIGATION INVOLVING CRIMINAL LAWS**

There is no litigation pending against the Directors / Promoters of our Company involving criminal laws.

**2. LITIGATION INVOLVING SECURITIES AND ECONOMIC LAWS**

There is no litigation pending against the Directors/ Promoters of our Company involving securities and economic laws.

**3. LITIGATION INVOLVING STATUTORY LAWS**

There is no litigation pending against the Directors/ Promoters of our Company involving statutory laws.

**4. LITIGATION INVOLVING CIVIL LAWS**

There is no litigation pending against the Directors/ Promoters of our Company involving civil laws.

**5. LITIGATION INVOLVING LABOUR LAWS**

There is no litigation pending against the Directors/ Promoters of our Company involving labour laws.

**6. LITIGATION INVOLVING CONSUMER LAWS**

There is no litigation pending against the Directors/ Promoters of our Company involving Consumer laws.

**B. FILED BY THE DIRECTORS/ PROMOTERS****1. LITIGATION INVOLVING CRIMINAL LAWS**

There is no litigation filed by our Directors/ Promoters involving criminal laws.

**2. LITIGATION INVOLVING SECURITIES AND ECONOMIC LAWS**

There is no litigation filed by our Directors/ Promoters involving securities or economic laws.

**3. LITIGATION INVOLVING STATUTORY LAWS**

There is no litigation filed by our Directors/ Promoters involving statutory laws.

**4. LITIGATION INVOLVING CIVIL LAWS**

There is no litigation filed by our Directors/ Promoters involving civil laws.

**5. LITIGATION INVOLVING LABOUR LAWS**

There is no litigation filed by our Directors/ Promoters involving labour laws.



## **6. LITIGATION INVOLVING CONSUMER LAWS**

There is no litigation filed by our Directors/ Promoters involving Consumer laws.

## **OUTSTANDING LITIGATIONS INVOLVING PROMOTER GROUP COMPANY**

There are two outstanding litigations involving Cords India Private Limited the Promoter Group Company details of which are being provided under appropriate category.

### **A. FILED AGAINST OUR PROMOTER GROUP COMPANY**

#### **1. LITIGATION INVOLVING CRIMINAL LAWS**

There is no litigation pending against our Promoter Group Company involving criminal laws.

#### **2. LITIGATION INVOLVING SECURITIES AND ECONOMIC LAWS**

There is no litigation pending against our Promoter Group Company involving securities or economic laws.

#### **3. LITIGATION INVOLVING STATUTORY LAWS**

There are no other litigations filed by our Promoter Group Company involving Statutory laws, save as detailed herein below:

#### **4. LITIGATION INVOLVING INCOME TAX**

- a) An appeal filed by Cords India Private Limited before the Income Tax Appellate Tribunal vide appeal no 3255/D/06 against the order passed by the Commissioner of Income Tax (Appeals) confirming the penalty of Rs. 5,00,000/- (Rupees Five Lacs) under Section 271(1)(c) of the Income Tax Act for the Assessment Year 1989-90 imposed on Cords India Private Limited. Implication on CIPL is for an amount of Rupees Five Lacs. The hearing date for the said appeal was fixed on July 12, 2007. Full Bench was not available on the date of hearing and so the matter was postponed. The appeal of our Company was dismissed for non-prosecution vide order dated 28.09.2007. The company is in the process of filing an application for the restoration of the appeal and fresh hearing.
- b) Notice dated August 17, 2005 was received under section 221(1) of the Income Tax Act for the assessment year 1989-90 for a demand of Rs. 7,74,377/- (Rupees Seven Lacs Seventy Four Thousand Three Hundred and Seventy Seven). The company has filed papers for the rectification of demand before the assessing officer vide application dated August 22, 2005 and the same is pending for the disposal at Income Tax authorities.

#### **4. LITIGATION INVOLVING CIVIL LAWS**

There is no litigation pending against our Promoter Group Company involving civil laws.

#### **5. LITIGATION INVOLVING LABOUR LAWS**

There is no litigation pending against our Promoter Group Company involving labour laws.

#### **6. LITIGATION INVOLVING CONSUMER LAWS**

There is no litigation pending against our Promoter Group Company involving Consumer laws.

**B. FILED BY OUR PROMOTER GROUP COMPANY**

**1. LITIGATION INVOLVING CRIMINAL LAWS**

There is no litigation filed by our Promoter Group Company involving criminal laws.

**2. LITIGATION INVOLVING SECURITIES AND ECONOMIC LAWS**

There is no litigation filed by our Promoter Group Company involving securities or economic laws.

**3. LITIGATION INVOLVING STATUTORY LAWS**

There is no litigation filed by our Promoter Group Company involving statutory laws.

**4. LITIGATION INVOLVING CIVIL LAWS**

There is no litigation filed by our Promoter Group Company involving civil laws.

**5. LITIGATION INVOLVING LABOUR LAWS**

There is no litigation filed by our Promoter Group Company involving labour laws.

**6. LITIGATION INVOLVING CONSUMER LAWS**

There is no litigation filed by our Promoter Group Company involving Consumer laws.

**NOTICES**

There are no Notices pending / anticipated by our Company except as stated below:

1. Our Company has received a letter dated August 16, 2007 bearing no. F.NO. D2K/INV/MISC-03/ST/07/3244 from the Directorate General of Central Excise Intelligence, seeking information on applicability of service tax on availment of banking and other financial services from recognized international financial institutions. Our Company has been asked to furnish information / documents pertaining to our ECB / FCCB for examination within seven days of the receipt of the notice. Our Company has submitted its reply vide letter dated August 20, 2007 and has paid Rs. 8,75,342/- (service tax – Rs. 8,28,149+ interest for delay deposit of tax – Rs. 47,193/-) on September 8, 2007 . No further proceeding has taken place in the matter.
2. We have received a letter dated August 3, 2007 bearing no. C.NO.V(misc)22/J.W/07/8313 from the Office of the Assistant Commissioner, Central Excise Division, Bhiwadi, advising us to file the declaration in respect of job worker as required under notification no. 214/86-CE dated March 25, 1986. We have filed the declaration on July 31, 2007
3. We have received a letter dated August 7, 2007 bearing no. C.NO.IV(6)27/PREV/07/8543 from the Office of the Assistant Commissioner, Central Excise Division, Bhiwadi requesting us to provide month wise details of Cenvat Credit taken by us on the documents issued by Kashish Products Impex Private Limited, village Rithala, Delhi from April 2002 to March 2006. The information has been sought from us as the department is investigating a case of duty evasion on the basis of invoices issued by Kashish Products Impex Private Limited. We have been directed to supply soft copy of the information by August 13, 2007 which has been complied by us.

**AMOUNTS OWED TO SMALL SCALE UNDERTAKINGS**

No sum is due from our Company to any Small Scale Undertakings.

**DETAILS OF THE PAST CASES IN WHICH PENALTIES WERE IMPOSED BY OUR COMPANY**

There are no past cases in which penalties were imposed by the concerned authorities on our Company or its directors.

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## **MATERIAL DEVELOPMENTS**

Except as stated in the section titled "Management Discussion and Analysis of Financial Condition and Results of the Operations" beginning on page 114 of this Red Herring Prospectus there are no other material developments which have occurred since the date of the last audited financial statements disclosed (i.e., September 30, 2007) in this Red Herring Prospectus. The Board of Directors are not aware of any circumstances that materially or adversely affect or are likely to affect our profitability or the value of our assets or our ability to pay our liabilities within the next twelve months.

**GOVERNMENT AND OTHER APPROVALS**

Our Company has received the necessary consents, licenses, permissions and approvals from the Government/RBI and various Government agencies required for its present business and no further approvals are required for carrying on the present as well as the proposed business save and except as mentioned below.

It must be distinctly understood that, in granting these licenses, the Government/RBI and various Government agencies do not take any responsibility for our financial soundness or for the correctness of any of the statements made or opinions expressed in this behalf.

Our Company has received the following government approvals/ licenses/ permissions;

1. PAN Card issued by the Commissioner of Income Tax stating Permanent Account Number of our company as AAACC0519K.
2. Tax Deduction Account Number DELCO6369G issued by the Income Tax Department.
3. Importer Exporter Code Number 0593008332 by Foreign Trade Development Officer, dated June 16, 1993.
4. Tax Identification Number 08440852213 under Rajasthan Value Added Tax Act and 07610126479 under Delhi Value Added Tax Act.
5. Certification of Registration bearing no. AAACC0519KXD001 issued by Central Excise Division, New Delhi, relating to registration for "Operating as a Dealer of Excisable Goods", dated March 11, 2005.
6. Certification of Registration bearing no. AAACC0519KXM002 issued by Central Excise Division, Bhiwadi, Rajasthan, relating to registration for "Manufacturing of Excisable Goods", dated July 06, 2006.
7. Certification of Registration bearing no. AAACC0519KST001 issued by Central Excise Division, Bhiwadi, Rajasthan, relating to registration with the Central Excise Department as liable for payment of Service Tax on "Transportation of goods by road".
8. Factory license was issued by Chief Inspector of Factory under the Factories Act, 1948 bearing Registration no. RJ 26162 and License no. 3G886 for use as a factory employing not more than 500 persons on any one day during the year and using motive power not exceeding 800 H.P. which is valid till March 31, 2008.
9. The Factory has been permanently registered for the manufacture of wire and cable having NIC Code 3440 and Permanent Registration no. 17 32 03015PMTSSI vide certificate dated March 26, 2004, by District Industries Centre, Bhiwadi, Government of Rajasthan.
10. Certificate of Registration bearing no. 0206/02199, dated 05.12.2002 certifying registration of our Company as a Dealer under section 7(1) / 7(2) of the Central Sales Tax Act.
11. Entitlement Certificate under Rajasthan Investment Promotion Scheme, 2003 for interest and/or wage/employment subsidy dated 08.04.2005 bearing No. F ( ) RIPS/Interest Subsidy/700305, Book Number: 01, Serial Number: 15 for subsidy under the heads of Interest Subsidy and Wage and Employment Subsidy.
12. Regional Office of Rajasthan State Pollution Control Board had issued a letter bearing no. RPCB/RO/BWD/OTR-110/300 dated April 20, 2005 regarding consent to operate under the provisions of Water (Prevention & Control of Pollution) Act, 1974 and Air (Prevention & Control of Pollution) Act, 1981 for D.G. sets only.
13. Certificate from Bureau of Indian Standards (BIS) bearing license no. CM/L-8607987 for "PVC Insulated cables for working voltage upto and including 1100 V, Copper Conductors including cables for low temperature applications and for outdoor use" as per IS no. IS 694:1990.
14. Certificate from Bureau of Indian Standards (BIS) bearing license no. CM/L-8608080 for "PVC Insulated (heavy duty) electric cables: Part 1 for working voltage upto and including 1100V as per IS no. IS 1554: Part 1: 1988. By letter dated June 15, 2006 "PVC Insulated cables with Copper Conductors, Insulation

C, Sheath ST 2, including Cables for low temperature applications excluding cables for mining use” has been included in the license.

15. Permanent Enlistment Certificate bearing registration no. NSIC/GP/RS/0-62/Delhi/2K issued by The National Small Industries Corporation Limited for registration as a small scale unit eligible for participation in the Central Government stores Purchase programme as per the Single Point Registration Scheme.
16. The Factory has been registered under the Employment State Insurance Scheme vide letter dated March 09, 2006 with Regional Employment Insurance Office, Jaipur and has been allotted Code number 15/20615/64.
17. The Factory is registered under the Employee's Provident Funds and Miscellaneous Provisions Act 1952 vide letter dated November 25, 2003 and have been allotted the Code Number: RJ 13959.
18. Certificate of Registration dated May 13, 2004 issued by Quality Certification Bureau Inc. for successful implementation of a quality management system for manufacture and supply of Power, Control Instrumentation, Signalling, Communication, Thermocouple and Panel Wires & Cables, in accordance with Standard(s): ISO 9001:2000 issued vide certificate number: CERT-0024884. The certification is valid upto July 17, 2010.
19. Certificate of Registration bearing trade mark no. 1263727 dated January 29, 2004 was issued by the Trade Marks Registry under the Trade Marks Act, 1999 for the word “CORDS”. The said trade mark has been registered in the name of our Company in respect of electric wires and cables.
20. Certification of the Standing Orders of our Company under the Industrial Employment Standing Orders Act, 1946 certificate no. E7(12)S.O/Lab/2007 dated July 17, 2007.
21. Our Company had license / certificate of registration issued by the Labour Commissioner & Registering Officer, Alwar, Rajasthan, vide Registration no. ALW/10/2005 dated March 31, 2005 for employment of contract and the said license is valid until December 31, 2007.

**Our Company will be required to apply for the following regulatory approvals for our proposed project-**

1. Registration and License from the Rajasthan State Government to work as a Factory.
2. Clearance from the Department of Industrial Licensing.
3. Certificate of Registration from the Central Excise Department.
4. Certificate of Registration from the Sales Tax Department.
5. Clearance from the State Pollution Control Board under Water (Prevention & Control of Pollution) Act, 1974 and Air (Prevention & Control of Pollution) Act, 1981.
6. Registration under Employees State Insurance and Employees Provident Fund Scheme of the Government.
7. Certificate of Registration for employing Contract Labour from the Labour Department, State of Rajasthan under the Contract Labour (Registration and Abolition) Act 1970.

**OTHER REGULATORY AND STATUTORY DISCLOSURES****AUTHORITY FOR THE ISSUE**

The Board of Directors has, pursuant to a resolution passed at its meeting held on May 26, 2007, authorised the Issue subject to the approval by shareholders of our Company under section 81(1A) of the Companies Act.

Our shareholders have authorised the Issue by a special resolution in accordance with section 81(1A) of the Companies Act, passed at the extraordinary general meeting of our Company held on June 30, 2007 at the registered office of our Company.

Our Board of Directors has authorized a Committee of our Directors referred to as the IPO Committee to take decisions on behalf of our Board in relation to the Issue. The IPO Committee of our Board pursuant to a resolution passed at its meeting held on September 7, 2007 has approved the Issue structure and has also approved the Draft Red Herring Prospectus.

We have also obtained all necessary contractual consents required for the Issue. For further information, see the previous section titled "Government and Other Approvals".

**PROHIBITION BY SEBI**

Our Company, our Directors, our Promoters, Promoter Group companies, companies in which we have substantial shareholding and companies in which our Directors are associated with as directors, have not been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI.

Further, our Promoters and Promoter Group entities have confirmed that they have not been detained as wilful defaulters by the RBI or any other governmental authority and there are no violations of securities laws committed by them in the past or are pending against them.

**ELIGIBILITY FOR THE ISSUE**

Our Company is eligible for the Issue in accordance with Clause 2.2.1 of the SEBI Guidelines as explained under the eligibility criteria calculated in accordance with financial statements under Indian GAAP:

- Our Company has net tangible assets of at least Rs. 3 crores in each of the preceding three full years of which not more than 50% is held in monetary assets and is compliant with Clause 2.2.1(a) of the SEBI Guidelines;
- Our Company has a track record of distributable profits in accordance with Section 205 of the Companies Act, for at least three of the immediately preceding five years and is compliant with Clause 2.2.1(b) of the SEBI Guidelines;
- Our Company has a net worth of at least Rs. 1 crore in each of the three preceding full years and is compliant with Clause 2.2.1(c) of the SEBI Guidelines; and
- Our Company has not changed its name during the last one year.
- The aggregate of the proposed Issue size and all previous issues made in the same financial year is not expected to exceed five times the pre-Issue net worth of our Company as per the audited balance sheet for the Fiscal year ended March 31, 2007

Our Company's net profit, net worth, net tangible assets and monetary assets derived from the Auditor's Report included in this Red Herring Prospectus under the section titled "Financial Statements" beginning on page 91 of this Red Herring Prospectus, as at, and for the last five years ended fiscal 2007 are set forth below:

(Rs. lacs)

Particulars	Fiscal 2007	Fiscal 2006	Fiscal 2005	Fiscal 2004	Fiscal 2003
Net tangible assets	3246.39	1433.97	914.42	729.26	415.28
Monetary assets	1300.34	140.67	130.01	97.59	80.95
Monetary assets as a percentage of Net tangible assets	40.05	9.81	14.22	13.38	19.49
Distributable profits	700.66	293.31	128.79	8.69	13.94
Net worth	1410.59	904.56	403.96	291.69	196.00

\* Net tangible assets are defined as the sum of fixed assets (including capital work in progress and excluding revaluation reserves), investments, loans (assets) current assets, loans and advances (excluding deferred tax assets) less interest subsidy fund, current liabilities and provisions (excluding deferred tax liabilities).

\*\* Monetary assets include cash on hand and bank.

\*\*\* The distributable profits of our Company as per section 205 of the Companies Act have been calculated from the audited financial statements of the respective years and/or period before making adjustments for restatement of Financial Statements.

Hence, we are eligible for the Issue under Clause 2.2.1 of the SEBI Guidelines.

Furthermore, in accordance with Clause 2.2.2A of the SEBI Guidelines, we shall ensure that the number of allottees, i.e. persons to whom the Equity Shares will be allotted under the Issue shall be not less than 1,000, otherwise, the entire application money will be refunded forthwith.

#### DISCLAIMER CLAUSE OF SEBI

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 OFFER DOCUMENT 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 THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE BOOK RUNNING LEAD MANAGER COLLINS STEWART INGA PRIVATE LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE OFER DOCUMENTS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000 AS FOR THE TIME BEING IN FORCE. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE BOOK RUNNING LEAD MANAGER, COLLINS STEWART INGA PRIVATE LIMITED 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, COLLINS STEWART INGA PRIVATE LIMITED HAS FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED SEPTEMBER 7, 2007 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992 WHICH READS AS FOLLOWS:

“(I) 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.

(II) 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 THE 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:**

- **THE DRAFT RED HERRING PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**
- **ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE 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**
- **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.**

**(III) BESIDES US, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE, SUCH REGISTRATIONS ARE VALID.**

**(IV) WHEN UNDERWRITTEN, WE SHALL SATISFY OURSELVES ABOUT THE NET WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.**

**(IV) 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 THE DRAFT RED HERRING PROSPECTUS."**

**THE FILING OF THE DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 AND 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 ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE BRLM, ANY IRREGULARITIES OR LAPSES IN THE OFFER DOCUMENT**

**ALL LEGAL REQUIREMENTS PERTAINING TO THE ISSUE WILL BE COMPLIED WITH AT THE TIME OF FILING OF THE RED HERRING PROSPECTUS WITH THE ROC IN TERMS OF SECTION 60B OF THE COMPANIES ACT. ALL LEGAL REQUIREMENTS PERTAINING TO THE ISSUE WILL BE COMPLIED WITH AT THE TIME OF REGISTRATION OF THE PROSPECTUS WITH THE ROC IN TERMS OF SECTION 56, SECTION 60 AND SECTION 60B OF THE COMPANIES ACT.**

#### **DISCLAIMER FROM OUR COMPANY AND THE BRLM**

Our Company, our Directors, and the BRLM accept no responsibility for statements made otherwise than in this Red Herring Prospectus or in the advertisements or any other material issued by or at instance of the above mentioned entities and anyone placing reliance on any other source of information, including our website, [www.cordscable.com](http://www.cordscable.com) 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 among our Company and the BRLM dated August 25, 2007 and the Underwriting Agreement to be entered into among the Underwriters and us.

All information shall be made available by us and the BRLM 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 centres etc.

We shall not be liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

#### **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 authorised to invest in shares, Indian Mutual Funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under the applicable trust law and who are authorised under their constitution to hold and invest in shares, permitted insurance companies and pension funds and to Eligible NRIs and FIIs and other eligible foreign investors (viz. FVCIs, multilateral and bilateral development financial institutions). This Red Herring Prospectus does not, however, constitute an invitation to subscribe to Equity Shares offered hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Red Herring Prospectus comes is required to inform himself or herself about and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) at New Delhi, India only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Red Herring Prospectus has been filed with SEBI for observations. Accordingly, the Equity Shares, represented thereby may not be offered or sold, directly or indirectly, and this Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in our affairs 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 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, registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered or sold in the United States to (i) entities that are both “Qualified Institutional Buyers” as defined in Rule 144A under the Securities Act and “Qualified Purchasers” as defined under the Investment Company Act of 1940 and related rules (the “Investment Company Act”) and (ii) outside the United States to certain Persons in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdictions where those offers and sales occur.**

#### **DISCLAIMER CLAUSE OF THE BSE**

As required, a copy of the Draft Red Herring Prospectus has been submitted to BSE. BSE has given vide its letter dated September 28, 2007, permission to our Company to use BSE’s name in this offer document as one of the stock exchanges on which our securities are proposed to be listed. BSE has scrutinized this Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to us. BSE does not in any manner:

- (i) warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or
- (ii) warrant that this Company’s securities will be listed or will continue to be listed on BSE; or
- (iii) take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed to mean 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 NSE**

As required, a copy of the Draft Red Herring Prospectus has been submitted to NSE. NSE has given vide its letter ref: NSE/LIST/58506-E dated October 17, 2007 permission to us to use NSE's name in this offer document as one of the stock exchanges on which our securities are proposed to be listed. The NSE has scrutinized the Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to us. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed to mean that the Draft Red Herring Prospectus 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 securities will be listed or will continue to be listed on the NSE; nor does it take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company.

Every person who desires to apply for or otherwise acquires any of our securities 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/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

**DISCLAIMER FROM CARE, IPO GRADING AGENCY**

CARE's IPO grading is one time assessment and the analysis draws heavily from the information provided by the Issuer as well as information obtained from sources believed by CARE to be accurate and reliable. However, CARE does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omission or for the results obtained from the use of such information. CARE's IPO grading does not take cognizance of the price of the security and it is not a recommendation to buy, sell or hold shares/securities. It is also not a comment on the offer price or the listed price of the scrip. It does not imply that CARE performs an audit function or forensic exercise to detect fraud. It is also not a forecast of the future market performance and the earning prospects of the Issuer, also it does not indicate compliance/violation of various statutory requirements. CARE shall not be liable for any losses incurred by users from any use of the IPO grading.

**FILING**

A copy of the Draft Red Herring Prospectus has been filed with SEBI at SEBI Bhavan, Plot no. C4 – A, G Block, Bandra Kurla Complex, Bandra (E), 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, will be delivered for registration to the RoC and a copy of the Prospectus required to be filed under Section 60 of the Companies Act will be delivered for registration to the RoC at 4<sup>th</sup> Floor, IFCI Towers, 61, Nehru Place, New Delhi – 110 019.

**LISTING**

Applications have been made to the BSE and NSE for permission to deal in and for an official quotation of the Equity Shares. The BSE shall be the Designated Stock Exchange with which the basis of allocation will be finalized for the Issue.

If the permission to deal in and for an official quotation of the Equity Shares is not granted by any of the Stock Exchanges, our Company shall forthwith repay, without interest, all moneys received from the applicants in pursuance of the Red Herring Prospectus. If such money is not repaid within eight days after our Company becomes liable to repay it (i.e., from the date of refusal or within 15 days from the date of Bid/Issue Closing Date, whichever is earlier), then our Company shall, on and from expiry of 8 days, be liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at both the Stock Exchanges mentioned above are taken within seven working days of finalisation of the basis of allotment for the Issue.

## CONSENTS

Consents in writing of: (a) our Directors, our Company Secretary and Compliance Officer, the Auditors, the Legal Advisors, the Bankers to the Issue; the Bankers to the Company; and (b) the Book Running Lead Manager, the Syndicate Members, the Escrow Collection Bankers and the Registrar to the Issue to act in their respective capacities, have been obtained and will be filed along with a copy of the Red Herring Prospectus with the RoC as required under Sections 60 and 60B of the Companies Act and such consents have not been withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the RoC.

M/s Sharma Goel & Co. Chartered Accountants, our Auditors have given their written consent to the inclusion of their report in the form and context in which it appears in this Red Herring Prospectus and such consent and report has not been withdrawn up to the time of delivery of this Red Herring Prospectus with SEBI.

M/S Sharma Goel & Co. Chartered Accountants, our Auditors have given their written consent to the tax benefit accruing to our Company and its members in the form and context in which it appears in this Red Herring Prospectus and such consent and report has not been withdrawn up to the time of delivery of this Red Herring Prospectus with SEBI.

CARE, the agency engaged by us for the purpose of obtaining IPO grading in respect of this Issue, has given its written consent for inclusion of their report in the form and context in which it will appear in the Red Herring 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 Designated Stock Exchange.

## EXPERT OPINION

Except as stated in the section titled “Financial Statements” and “Statement of Tax Benefits” beginning on page 91 and 39 of this Red Herring Prospectus and the report of CARE in respect of the IPO grading of the Issuer, we have not obtained any expert opinions.

## EXPENSES OF THE ISSUE

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

Expenses	Expense (Rs. in lacs)	Expenses breakdown*	
		% of total issue expenses	% of total issue size
Lead management, underwriting and selling commission	[•]	[•]	[•]
Advertisement & Marketing expenses	[•]	[•]	[•]
Printing and stationery including distribution	[•]	[•]	[•]
Others (Registrar's fees, Legal fees, Listing fees, etc.)	[•]	[•]	[•]
<b>Total estimated Issue expenses</b>	[•]	[•]	[•]

\* will be incorporated after finalisation of Issue Price

## FEES PAYABLE TO THE BOOK RUNNING LEAD MANAGER AND SYNDICATE MEMBERS

The total fees payable to the Book Running Lead Manager and Syndicate Members (including underwriting commission and selling commission) will be as stated in the Engagement Letter with the BRLM, a copy of which is available for inspection at the corporate office of our Company and reimbursement of their out of pocket expenses.

## FEES PAYABLE TO THE REGISTRAR TO THE ISSUE

The fees payable to the Registrar to the Issue for processing of application, data entry, printing of CAN/refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the Memorandum of Understanding executed with our Company, a copy of which is available for inspection at the corporate office of our Company.

## **CORDS CABLE INDUSTRIES LIMITED**

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The Registrar to the Issue will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. The funds required for making refunds to unsuccessful Bidders shall be made available by us to the Registrar to the Issue.

### **UNDERWRITING COMMISSION, BROKERAGE AND SELLING COMMISSION**

The underwriting commission and brokerage for the issue is set out in the Underwriting Agreement and Syndicate Agreement.

### **PARTICULARS REGARDING PUBLIC OR RIGHTS ISSUES DURING THE LAST FIVE YEARS**

There has been no previous Public or Rights Issue of our Equity Shares.

### **ISSUES OTHERWISE THAN FOR CASH**

Except as stated in Note 3 to the “Capital Structure” beginning on page 18 of this Red Herring prospectus we have not issued any Equity Shares for consideration otherwise than for cash.

### **COMMISSION AND BROKERAGE PAID ON PREVIOUS ISSUES OF OUR EQUITY SHARES**

There has not been any previous public issue of our Equity Shares.

### **COMPANIES UNDER THE SAME MANAGEMENT**

We do not have any other company under the same management within the meaning of erstwhile Section 370 (1B) of the Companies Act, save and except for the Promoter Group Company mentioned in the section titled “Our Promoter Group Company” beginning on page 86 of this Red Herring Prospectus.

### **PROMISE VS. PERFORMANCE – LAST THREE ISSUES**

There has not been any previous public issue of our Equity Shares.

### **PROMISE VS. PERFORMANCE – LAST ISSUE OF GROUP/ASSOCIATE COMPANIES**

There has not been any previous public issue of Equity Shares of our Group/Associate Companies.

### **OUTSTANDING DEBENTURES OR BONDS**

Our Company does not have any outstanding debentures or bonds.

### **OUTSTANDING PREFERENCE SHARES**

There are no outstanding Preference Shares of our Company.

### **STOCK MARKET DATA OF OUR EQUITY SHARES**

As there has been no prior issue of the Equity Shares of our Company, stock market data is not available.

### **OTHER DISCLOSURES**

Our Promoter Group, or the directors of our Promoter Group Company or our Directors have not purchased or sold any securities of our Company during a period of six months preceding the date on which this Red Herring Prospectus is filed with SEBI.

### **MECHANISM FOR REDRESSAL OF INVESTOR GRIEVANCES BY OUR COMPANY**

The Memorandum of Understanding between the Registrar to the Issue and us, provides for retention of records with the Registrar to the Issue for a period of at least one year from the last date of dispatch of letters of allotment, demat credit, refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, application number, number of shares applied for, amount paid on

application, Depository Participant, and the bank branch or collection center where the application was submitted.

#### **DISPOSAL OF INVESTOR GRIEVANCES BY OUR COMPANY**

We estimate that the average time required by us or the Registrar to the Issue for the redressal of routine investor grievances shall be seven 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 appointed a Shareholders' / Investor Grievance the details of which is available on page 78 of this Red Herring Prospectus. We have also appointed Ms. Jyoti Dixit Gupta, our Company Secretary as the Compliance Officer and she may be contacted in case of any pre Issue or post Issue related problems. She can be contacted at the following address:

Ms. Jyoti Dixit Gupta  
Cords Cable Industries Limited  
B-1/ A-26, Mohan Co-operative Industrial Estate,  
Mathura Road,  
New Delhi - 110044  
Tel Nos: +91-11-4167 6222  
Fax: +91-11-2695 1196, 2695 1731  
Email: ipo@cordscable.com

#### **MECHANISM FOR REDRESSAL OF INVESTOR GRIEVANCES BY COMPANIES UNDER THE SAME MANAGEMENT**

We do not have any other company under the same management within the meaning of erstwhile Section 370 (1B) of the Companies Act, save and except for the Promoter Group Company mentioned in the section titled "Our Promoter Group Company" beginning on page 86 of this Red Herring Prospectus.

#### **CHANGES IN AUDITORS IN THE LAST THREE YEARS**

There have been no changes in the auditors in the last three years.

#### **CAPITALISATION OF RESERVES OR PROFITS**

Our Company has not capitalised our reserves or profits during the last five years, except as stated in the section titled "Capital Structure" beginning on page 18 of this Red Herring Prospectus.

#### **REVALUATION OF ASSETS**

We have not revalued our assets in the last five years.

#### **PAYMENT OR BENEFIT TO OFFICERS OF OUR COMPANY**

Except for statutory benefits available upon termination of their employment in our Company or superannuation, no officer of our Company is entitled to any benefit upon termination of his employment in our Company or superannuation.

**ISSUE INFORMATION****TERMS OF THE ISSUE**

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

**RANKING OF EQUITY SHARES**

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

**MODE OF PAYMENT OF DIVIDEND**

Payment of dividend by our Company, if recommended by our Board and declared at our general meeting, would be in any of the modes specified or permitted by the Act from time to time.

**FACE VALUE AND ISSUE PRICE**

The face value of the Equity Shares is Rs. 10 each and the Issue Price is Rs. [•] each. At any given point of time there shall be only one denomination for the Equity Shares.

**RIGHTS OF THE EQUITY SHAREHOLDERS**

Subject to applicable laws, the equity shareholders of our Company 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;
- Such other rights, as may be available to a shareholder of a listed public Company under the Companies Act and the terms of the listing agreements with the Stock Exchanges; and
- Such other rights as may be available to our shareholders under our Memorandum and Articles of Association.

For a detailed description of the main provisions of our Articles of Association dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/ or consolidation/ splitting, etc see the section titled "Description of the Equity Shares and the terms of the Articles of Association" beginning on page 179 of this Red herring Prospectus.

**MARKET LOT AND TRADING LOT**

In terms of existing SEBI Guidelines, the trading in the Equity Shares shall only be in dematerialized form for all investors and hence, the tradable lot is one Equity Share. In terms of Section 68B of the Companies Act,

the Equity Shares shall be allotted only in dematerialized form in multiples of one Equity Share subject to a minimum Allotment of 50 Equity Shares.

## **JURISDICTION**

Exclusive jurisdiction for the purpose of this Issue is with the competent courts / authorities in New Delhi, 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 death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/ transfer/ alienation of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. A fresh nomination can be made only on the prescribed form available on request at the registered office of our Company or at the registrar and transfer agent of our Company. In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by our 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, our Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with, within a period of 90 days, our Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with. Since the Allotment of Equity Shares in the Issue will be made only in dematerialised mode, there is no need to make a separate nomination with us. Nominations registered with the 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 we do not receive the minimum subscription of 90% of the Issue to the extent of the amount including devolvement of the members of the Syndicate, if any, within 60 days from the Bid/ Issue Closing Date, we shall forthwith refund the entire subscription amount received.

If there is a delay beyond eight days after we become liable to pay the amount, we shall pay interest as per Section 73 of the Companies Act. 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 15 days after we become liable to pay the amount, we shall pay interest at the rate of 15% per annum for the delayed period.

## **ARRANGEMENTS FOR DISPOSAL OF ODD LOTS**

Since, our Equity Shares will be traded in dematerialized form only; the marketable lot is one (1) Equity Share. Therefore, there is no possibility of any odd lots.

## **RESTRICTIONS ON TRANSFER OF SHARES AND ALTERATION OF CAPITAL STRUCTURE**

The restrictions, if any, on the Transfer and Transmission of our Equity Shares are contained in the section titled 'Description of the Equity Shares and terms of the Articles of Association' beginning on page 179 of this Red Herring Prospectus.

**COMPLIANCE WITH SEBI GUIDELINES**

Our Company shall comply with all requirements of the SEBI (Disclosure and Investor Protection) Guidelines, 2000 as amended from time to time. Our Company shall comply with all disclosure norms as specified by SEBI from time to time.

**WITHDRAWAL OF THE ISSUE**

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



## 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 allocated on a proportionate basis to QIB Bidders, out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all Qualified Institutional Buyers, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, atleast 35% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders and atleast 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. It may be noted that the bids received in the Employee Reservation Portion shall not be considered for the purpose of determining the Issue Price through Book Building Process.

Bidders are required to submit their Bids through the Syndicate members only. Further, QIB Bids can be submitted only through the members of the Syndicate. In case of QIB Bidders, our Company in consultation with Book Runner may reject Bid at the time of acceptance of Bid cum Application Form provided that the reasons for rejecting the same are provided to such Bidders in writing. In case of Non-Institutional Bidders, Retail Individual Bidders and Bids under the Employee Reservation Portion, our Company would have a right to reject the Bids only on technical grounds.

Investors should note that allotment of Equity Shares to all successful Bidders would only be 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 dematerialised 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 CAN, and filing of the Prospectus with the ROC, the Bid cum Application Form shall be considered as the Application Form. Upon completing and submitting the Bid cum Application Form to a member of the Syndicate, the Bidder is deemed to have authorized our Company to make the necessary changes in the Red Herring Prospectus and the Bid cum Application Form as would be required for filing the Prospectus with the ROC and as would be required by ROC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid cum Application Form for various categories is as follows:

Category	Colour of Bid cum Application Form
Indian public, including resident, QIBs, Non Institutional Bidders and Retail Individual Bidders	White
NRIs or FIIs or Foreign Venture Capital Funds registered with SEBI, Multilateral and Bilateral Development Financial Institutions applying on a repatriation basis	Blue
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. NRIs and FIIs on a repatriation basis or a non-repatriation basis subject to applicable laws;

4. Companies and corporate bodies registered under the applicable laws in India and authorized to invest in equity shares;
5. Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts/societies and who are authorized under their constitution to hold and invest in equity shares;
6. Scientific and/or industrial research organizations authorized to invest in equity shares;
7. Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to the RBI regulations and the SEBI guidelines and regulations, as applicable);
8. Mutual Funds;
9. FII's, which are duly registered with SEBI;
10. Venture capital funds registered with SEBI;
11. Foreign venture capital investors registered with SEBI;
12. State industrial development corporations;
13. Multilateral and bilateral development financial institutions;
14. Insurance companies registered with the Insurance Regulatory and Development Authority, India;
15. As permitted by the applicable laws, provident funds with minimum corpus of Rs. 250 million and who are authorized under their constitution to invest in equity shares;
16. Pension funds with a minimum corpus of Rs. 250 million and who are authorized under their constitution to invest in equity shares; and
17. Employees of our Company.

**Note:**

As per the existing policy of the Government of India, OCBs cannot participate in this Issue.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law.

**PARTICIPATION BY ASSOCIATES OF BRLM AND SYNDICATE MEMBER**

The BRLM 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 the BRLM and Syndicate Members are entitled to bid and subscribe to Equity Shares in the Issue either in the QIB Portion or in Non Institutional Portion as may be applicable to such 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.

**BIDS BY MUTUAL FUNDS**

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Funds Portion. In the event that the demand is greater than 75,375 Equity Shares, Allocation shall be made to Mutual Funds on proportionate basis to the extent of the Mutual Funds Portion. The remaining demand by Mutual Funds shall, as part of the aggregate demand by QIB Bidders, be made available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Funds Portion.

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.

The above information is given for the benefit of the bidders. Our Company and the BRLM are not liable for any amendments or modifications or changes in applicable laws or regulations, which may happen after the date of this Red herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares bid for do not exceed the applicable limits under laws or regulations.

### **BIDS BY ELIGIBLE NRIs**

Bid cum Application Forms have been made available for NRIs at the Corporate Office of our Company. NRI applicants may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for allotment under the NRI category. The NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians (white in colour). All instruments accompanying Bids shall be payable in Mumbai only

### **BIDS BY FIIs**

*As per the current regulations, the following restrictions are applicable for investments by FIIs:*

The issue of Equity Shares to a single FII should not exceed 10% of our post-Issue issued capital (i.e. 10% of 1,14,27,780 Equity Shares). In respect of an FII investing in the Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital or 5% of our total issued capital in case such sub-account is a foreign corporate or an individual.

As of now the aggregate FII holding in us cannot exceed 24% of our total issued capital. With the approval of the board of directors and the shareholders by way of a special resolution, the aggregate FII holding limit may be increased to 100%.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 15(A)(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, offshore 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 THE SEBI-REGISTERED VENTURE CAPITAL FUNDS AND FOREIGN VENTURE CAPITAL INVESTORS**

The SEBI (Venture Capital) Regulations, 1996 and the SEBI (Foreign Venture Capital Investors) Regulations, 2000 prescribe investment restrictions on Venture Capital Funds and Foreign Venture Capital Investors registered with the SEBI. Accordingly, the holding by any Venture Capital Fund should not exceed 25% of the corpus of the Venture Capital Fund. Further Venture Capital Funds can invest only upto 33.33% of the investible funds by way of subscription to an IPO.

The SEBI has issued a notification dated October 16, 2006 stating that the shareholding of SEBI registered Venture Capital Funds and Foreign Venture Capital Investors held in a company prior to making an initial public

offering would be exempt from lock-in requirements only if the shares have been held by them for at least one year prior to the time of filing the red herring prospectus with SEBI.

**The above information is given for the benefit of the Bidders. The Bidders are advised to make their own enquiries about the limits applicable to them. Our Company and the BRLM do not accept any responsibility for the completeness and accuracy of the information stated hereinabove. Our Company and the BRLM are not liable to inform the investors of any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.**

## **MAXIMUM AND MINIMUM BID SIZE**

### **a. FOR RETAIL INDIVIDUAL BIDDERS**

The Bid must be for a minimum of 50 Equity Shares and in multiples of 50 Equity Shares thereafter and it must be ensured that the Bid Amount payable by the Bidder does not exceed Rs. 100,000. Bidders may note that the total Bid Amount will be used to determine if a Bid is in the retail category or not. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs. 100,000. In case the Bid Amount is over Rs. 100,000 due to revision of the Bid or revision of the Price and or on exercise of option to bid at Cut-off Price, the Bid would be considered for allocation under the Non Institutional Portion. The option to bid at Cut-off Price is an option given only to the Retail Individual Bidders indicating their agreement to Bid and purchase Equity Shares at the final Issue Price as determined at the end of the Book Building Process.

### **b. FOR NON-INSTITUTIONAL BIDDERS AND QIB BIDDERS**

The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 100,000 and in multiples of 50 Equity Shares thereafter. A Bid cannot be submitted for more than the Issue size. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. Under existing SEBI guidelines, a QIB Bidder cannot withdraw his Bid after the Bid /Issue Closing Date.

In case of revision in Bids, the Non Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs. 100,000 for being considered for allocation in the Non Institutional Portion. In case the Bid Amount reduces to Rs. 100,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion. Non Institutional Bidders and QIB Bidders are not entitled to the option of bidding at Cut-off Price.

### **c. FOR BIDDERS IN THE EMPLOYEE RESERVATION PORTION**

The Bid must be for a minimum of 50 Equity Shares and in multiples of 50 Equity Shares thereafter. Bidders in the Employee Reservation Portion applying for a maximum Bid in any of the bidding options not exceeding Rs. 100,000 may bid at Cut-off Price. The allotment in the Employee Reservation Portion will be on a proportionate basis. However, in case of an oversubscription in the Employee Reservation Portion, the maximum allotment to any Employee will be capped at up to 70,000 Equity Shares.

**Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Red Herring Prospectus.**

## INFORMATION FOR THE BIDDERS

- a. Our Company will file the Red Herring Prospectus with the RoC at least 3 (three) days before the Bid/Issue Opening Date.
- b. Our Company and the Book Runner shall declare the Bid/Issue Opening Date, Bid/Issue Closing Date and Price Band at the time of filing the Red Herring Prospectus with RoC and also publish the same in two widely circulated national newspapers (one each in English and Hindi) being the newspaper of wide circulation in the place where our Registered Office is situated. This advertisement, subject to the provisions of Section 66 of the Companies Act shall be in the format prescribed in Schedule XX–A of the SEBI DIP Guidelines, as amended vide SEBI Circular No. SEBI/CFD/DIL/DIP/14/2005/25/1 dated January 25, 2005.
- c. The members of the Syndicate will circulate copies of the Red Herring Prospectus along with the Bid cum Application Form to potential investors. Any investor (who is eligible to invest in our Equity Shares) who would like to obtain the Red Herring Prospectus and/or the Bid cum application Form can obtain the same from our Registered Office or from any of the members of the Syndicate.
- d. The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms should bear the stamp of a member of the Syndicate. Bid cum Application Forms which do not bear the stamp of a member of the Syndicate will be rejected.
- e. The Bidding Period shall be for a minimum of three working days and not exceeding seven working days. In case the Price Band is revised, the revised Price Band and the Bidding Period will be published in two national newspapers (one each in English and Hindi) and 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.

## METHOD AND PROCESS OF BIDDING

- a. Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices for details, see the section titled “Issue Procedure - Bids at Different Price Levels” beginning on page 150 of this Red Herring Prospectus within the Price Band and specify the demand (i.e. the number of Equity Shares bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form 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.
- b. The Bidder cannot bid on another Bid cum Application Form after Bids on one Bid cum Application Form have been submitted to a 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 in the section titled “Issue Procedure - Revision of Bids” beginning on page 150 of this Red Herring Prospectus.
- c. The members of the Syndicate 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.
- d. During the Bidding Period, Bidders may approach a member 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, subject to the terms of the Syndicate Agreement and this Red Herring Prospectus.
- e. Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph titled “Issue Procedure - Terms of Payment” beginning on page 150 of this Red Herring Prospectus.
- f. It may be noted that the bids received in the Employee Reservation Portion shall not be considered for the purpose of determining the Issue Price through Book Building Process.

**BIDS AT DIFFERENT PRICE LEVELS AND REVISION OF BIDS**

- a. The Price Band has been fixed at Rs. 125 to Rs. 135 per Equity Share. The Bidders can bid at any price within the Price Band, in multiples of Re. 1 (One). In accordance with the SEBI Guidelines, our Company, in consultation with the BRLM, reserves the right to revise the Price Band during the Bidding Period. 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 the Price Band can move up or down to the extent of 20% of the floor of the Price Band.
- b. In case the Price Band is revised, the Bidding/ Issue Period may be extended, if required, by an additional three days, subject to the total Bidding/ Issue Period not exceeding 10 working days. The revised Price Band and Bidding/ Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, and by issuing a public notice in two national newspapers (one each in English and Hindi) being the newspaper of wide circulation in the place where our Registered Office is situated and also by indicating the change on the websites of the Book Runner and at the terminals of the members of the Syndicate.
- c. We, in consultation with the BRLM, can finalise the Issue Price within the Price Band and without the prior approval of, or intimation to, the Bidders.
- d. The Bidder can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders and Bidders in the Employee Reservation Portion applying for a maximum Bid in any of the bidding options not exceeding Rs. 100,000 may bid at Cut-off Price. However, bidding at Cut-off Price is prohibited for QIB Bidders and Non Institutional Bidders and Employees bidding under the Employee Reservation Portion where the Bid Amount is in excess of Rs. 100,000 and such Bids from QIB Bidders, Non Institutional Bidders and Employees shall be rejected.
- e. Retail Individual Bidders who bid at Cut-off Price and Employees bidding under the Employee Reservation Portion at Cut-off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding at Cut-off Price and Employees bidding under the Employee Reservation Portion at Cut-off Price shall deposit the Bid Amount based on the Cap Price in the Escrow Account. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders, who Bid at Cut-off Price and Employees bidding under the Employee Reservation Portion at Cut-off Price (i.e. the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), such Bidders, who Bid at Cut-off Price, shall receive the refund of the excess amounts from the Escrow Account or the Refund Account, as the case may be.
- f. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders and Employees bidding under the Employee Reservation Portion at Cut-off Price, 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. 100,000 if the Bidder wants to continue to bid at Cut-off Price), with the member of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e. original Bid Amount plus additional payment) exceeds Rs. 100,000, the Bid by a Retail Individual Bidder will be considered for allocation under the Non-Institutional Portion in terms of this 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 Price prior to revision, the number of Equity Shares bid for shall be adjusted down wards for the purpose of allotment, 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.
- g. In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders and Employees bidding under the Employee Reservation Portion, 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 Escrow Account or the Refund Account, as the case may be.
- h. The minimum application size shall be in the range of Rs. 5,000 to Rs. 7,000, even in case of revision in the Price Band, if any.

## ESCROW MECHANISM

We shall open Escrow Accounts with the Escrow Collection Bank(s) in whose favour the Bidders shall write 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 would be deposited in the Escrow Account. The Escrow Collection Bank(s) will act in terms of the Red Herring Prospectus and the Escrow Agreement. The monies in the Escrow Account shall be maintained by the Escrow Collection Bank(s) for and on behalf of the Bidders. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Bank(s) shall transfer the monies from the Escrow Account to the Issue Account and the Refund Account as per the terms of the Escrow Agreement.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between us, the Syndicate, the Escrow Collection Bank(s) and the Registrar to the Issue to facilitate collections from the Bidders.

## TERMS OF PAYMENT AND PAYMENT INTO THE ESCROW ACCOUNTS

Each Bidder shall pay the applicable Margin Amount at the time of submission of the Bid cum Application Form by way of a cheque or demand draft in favour of the Escrow Account as per the terms mentioned below:

- a. The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold the monies for the benefit of the Bidders till the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds equivalent to the size of the Issue from the Escrow Account, as per the terms of the Escrow Agreement, into the Issue Account. The balance amount after transfer to the Issue Account shall be transferred to the Refund Account.
- b. Each category of Bidders, i.e. QIB Bidders, Non Institutional Bidders, Retail Individual Bidders and Employees bidding under the Employee Reservation Portion would be required to pay their applicable Margin Amount at the time of the submission of the Bid cum Application Form by way of a cheque or demand draft for the maximum amount of his/ her Bid in favour of the Escrow Account of the Escrow Collection Bank(s) and submit the same to the member of the Syndicate to whom the Bid is being submitted. The Margin Amount payable by each category of Bidders is mentioned in the section titled "Issue Structure" beginning on page 33 of this Red Herring Prospectus. Bid cum Application Forms accompanied by cash shall not be accepted. The maximum Bid Price has to be paid at the time of submission of the Bid cum Application Form based on the highest bidding option of the Bidder.
- c. Where the 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 Book Runner. If the payment is not made favouring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled. However, if the members of the Syndicate do not waive such payment, the full amount of payments has to be made at the time of submission of the Bid cum Application form.
- d. 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 Allotment, will be refunded to such Bidder within 15 days from the Bid/Issue Closing Date, failing which our Company shall pay interest @ 15% per annum for any delay beyond the periods as mentioned above.
- e. The payment instruments for payment into the Escrow Account should be drawn in favour of:
  - i. In case of Resident QIB Bidders: **"Escrow Account – CCIL Public Issue-QIB"**
  - ii. In case of non resident QIB Bidders: **"Escrow Account – CCIL Public Issue-QIB-NR"**
  - iii. In case of other resident Bidders: **"Escrow Account – CCIL Public Issue-R"**

- iv. In case of Eligible NRI Bidders: **“Escrow Account – CCIL Public Issue - NR”**
- v. In case of Employees: **“Escrow Account- CCIL Public Issue-Employees”**
- f. In case of Bids by Eligible 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 NRE accounts or Foreign Currency Non-Resident (FCNR) accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of Non-Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE or FCNR account.
- g. In case of Bids by FIIs, the payment should be made out of funds held in Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to a Special Rupee Account. Where a Bidder has been allocated a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Refund Account.
- h. The monies deposited in the Escrow Account will be held for the benefit of the Bidders till the Designated Date. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account as per the terms of the Escrow Agreement into the Issue Account.
- i. On the Designated Date and not later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Banks shall refund all amounts payable to unsuccessful Bidders and the excess amount paid on Bidding, if any, after adjusting for allocation to the Bidders.
- j. Payments should be made by cheque, or demand draft drawn on any bank (including a cooperative bank), which is situated at, and is a member of or sub member of the banker's 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 / stockinvest / money orders / postal orders will not be accepted.

#### **ELECTRONIC REGISTRATION OF BIDS**

- a. The members of the Syndicate will register the Bids using the on-line facilities of the BSE and the NSE. 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. The BSE and the NSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the members of the Syndicate and their authorized agents during the Bidding/Issue Period. The members of the Syndicate can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently download the off-line data file into the on-line facilities for book building on a regular basis. On the Bid /Issue Closing Date, the members of the Syndicate shall upload the Bids till such time as may be permitted by the Stock Exchanges.
- c. The aggregate demand and price for Bids registered on the electronic facilities of the BSE and the NSE will be displayed on-line at all bidding centres and at the websites of BSE and NSE. A graphical representation of consolidated demand and price would be made available at the bidding centres during the Bidding Period.
- d. At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:
  - Name of the Bidder(s)
  - Investor category – individual, corporate, or Mutual Fund etc.
  - Number of Equity Shares bid for
  - Bid price



- Bid cum Application Form number
  - Whether Margin Amount, as applicable, has been paid upon submission of Bid cum Application Form
  - Depository participant identification no. and client identification no. of the beneficiary 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 obtain the TRS from the members of the Syndicate.** The registration of the Bid by the member of the Syndicate does not guarantee that the Equity Shares shall be allocated either by the members of the Syndicate or our Company.
- f. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- g. It is to be distinctly understood that the permission given by the BSE and the NSE to use their network and software of the Online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company or the BRLM are cleared or approved by the BSE and the NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of 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.
- h. It is also to be distinctly understood that the approval given by the BSE and the NSE should not in any way be deemed or construed that this Red Herring Prospectus has been cleared or approved by the BSE and the NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus; nor does it warrant that our Equity Shares will be listed or will continue to be listed on the BSE and the NSE.

#### **BUILD UP OF THE BOOK AND REVISION OF BIDS**

- a. Bids registered through the members of the Syndicate shall be electronically transmitted to the BSE or the NSE 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. During the Bidding/Issue Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band during the Bidding/Issue Period using the printed Revision Form, which is a part of the Bid cum Application Form.
- d. 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.
- e. The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate 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.**
- f. Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of this Red Herring Prospectus. In case of QIB Bidders, the members of the Syndicate shall collect the payment in the form of cheque or demand draft for the incremental amount in the QIB Margin Amount, if any, to be paid on account of upward revision of the Bid at the time of one or more revisions by the QIB Bidders.

- g. When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. **It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.**
- h. Only Bids that are uploaded on the online IPO system of the NSE and BSE shall be considered for Allocation. In case of discrepancy of data between the BSE or the NSE and the members of the Syndicate, the decision of the BRLM, based on the physical records of Bid cum Application Forms, shall be final and binding on all concerned.

#### **PRICE DISCOVERY AND ALLOCATION**

- a. After the Bid / Issue Closing Date, the BRLM will analyse the demand generated at various price levels.
- b. Our Company in consultation with the BRLM shall finalise the Issue Price and the number of Equity Shares to be allocated in each investor category.
- c. The allocation under the Issue shall be on proportionate basis, in the manner specified in the SEBI Guidelines and the Red Herring Prospectus and in consultation with Designated Stock Exchange.
- d. In case of over subscription in all categories, upto 50% of the Net Issue shall be available for allocation on a proportionate basis to QIB Bidders out of which 5% shall be available to Mutual Funds. Mutual Funds participating in the 5% share in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. However, if the aggregate demand by Mutual Funds is less than 75,375 Equity Shares, the balance Equity Shares available for allocation in the Mutual Funds Portion will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders. Further, atleast 15% of the Net Issue shall be available for allocation on a proportionate basis to Non- Institutional Bidders and atleast 35% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Any under subscription in the Employee Reservation Portion would be included in the Net Issue. 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 our Company, in consultation with the BRLM.
- e. The BRLM, in consultation with us, shall notify the members of the Syndicate of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.
- f. We reserve the right to cancel the Issue at any time after the Bid / Issue Opening Date but before the Allotment without assigning any reasons whatsoever.
- g. Allocation to FIIs and eligible NRIs on repatriation basis will be subject to the applicable law.
- h. In terms of the SEBI Guidelines, QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date.

#### **SIGNING OF UNDERWRITING AGREEMENT AND ROC FILING**

- a. We, the BRLM and the Syndicate Members shall enter into an Underwriting Agreement upon finalisation of the Issue Price.
- b. After signing the Underwriting Agreement, we would update and file the updated Red Herring Prospectus with ROC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price and Issue size and would be complete in all material respects.
- c. We will file a copy of the Prospectus with the RoC in terms of Section 56, Section 60, and Section 60B of the Companies Act.

#### **ADVERTISEMENT REGARDING ISSUE PRICE AND PROSPECTUS**

After filing of the Prospectus with the ROC, a statutory advertisement will be issued by our Company in a widely circulated English national newspaper and a Hindi national newspaper being the newspaper with wide circulation

in the place where our Registered Office is situated. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price. Any material updates between the date of Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

## ISSUANCE OF CAN

- a. Upon approval of the basis of Allotment by the Designated Stock Exchange, the BRLM or the Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated Equity Shares in the Issue. Investors should note that our Company shall ensure that the demat credit of Equity Shares pursuant to Allotment shall be made on the same date to all investors in this Issue;
- b. The BRLM or members of the Syndicate would then send the CAN to their Bidders who have been allocated Equity Shares in the Issue. The dispatch of 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 paid the Margin Amount into the Escrow Account at the time of bidding shall pay the balance amount payable into the Escrow Account by the Pay-in Date specified in the CAN; and
- c. Such Bidders who have been allocated Equity Shares and who have already paid the Bid Amount for the said Equity Shares into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realization of their cheque or demand draft paid into the Escrow Accounts. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder.

## ALLOTMENT RECONCILIATION AND REVISED CANS

After the Bid/Issue Closing Date, an electronic book will be prepared by the Registrar on the basis of Bid applications received. 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 final basis of 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, and these rejected applications will be reflected in the reconciliation and basis of Allotment as approved by the Designated Stock Exchange and specified in the physical book. 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. The CAN will constitute a 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. Our Company will ensure that the allotment of Equity Shares is done within 15 days of the Bid/Issue Closing Date. After the funds are transferred from the Escrow Account to the Issue Account and the Refund Account on the Designated Date, our Company would ensure the credit to the successful Bidders' depository accounts of the allotted Equity Shares to the allottees within two working days from the date of approval of the Basis of Allotment.
- b. As per the SEBI Guidelines, **Equity Shares will be issued and allotted only in the dematerialised 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.

**Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated to them pursuant to this Issue.**

**LETTERS OF ALLOTMENT OR REFUND ORDERS**

We shall give credit of Equity Shares allotted, if any, to the beneficiary account with Depository Participants within two working days from the date of the Allotment. Applicants residing at 15 centres where clearing houses are managed by the RBI will get refunds through ECS (subject to availability of information for crediting the refund through ECS) except where applicant is otherwise disclosed as eligible to get refunds through Direct Credit, NEFT or RTGS. In case of other applicants, our Company 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 at the sole or First Bidder's sole risk within 15 days of the Bid /Issue Closing Date. Applicants to whom refunds are made through electronic transfer of funds will be sent a letter (refund advice) through ordinary post intimating them about the mode of credit of refund within 15 working days of the closure of the Issue. Our Company shall ensure dispatch of refund orders/refund advice (for Direct Credit, NEFT, RTGS or ECS), if any, by "Under Certificate of Posting" or registered post or speed post, 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 applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue.

In accordance with the Companies Act, the requirements of the Stock Exchanges and SEBI Guidelines, we undertake that:

- Allotment shall be made only in dematerialised form within 15 days from the Bid/Issue Closing Date;
- Dispatch of refund orders shall be done within 15 days from the Bid/Issue Closing Date; and
- We shall pay interest at the rate of 15% per annum (for any delay beyond the 15 day time period as mentioned above), if Allotment is not made, refund orders are not dispatched and/or demat credits are not made to investors within the 15 day time prescribed above.

Our Company will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue.

Save and except refunds effected through the electronic mode, i.e. Direct Credit, NEFT, RTGS or ECS, refunds will be made by cheques, pay orders or demand drafts drawn on a bank appointed by our Company as Refund Bank and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

**GENERAL INSTRUCTIONS****DO'S:**

- a. Check if you are eligible to apply.
- b. Read all the instructions carefully and complete the Resident Bid cum Application Form (white in colour) or Non-Resident Bid cum Application Form (blue in colour) or Employee Bid cum application form (pink in colour) as the case may be;
- c. Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as Equity Shares will be allotted in the dematerialized form only.
- d. Ensure that the Bids are submitted at the bidding centres 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 the Price Band;

- h. Mention the Permanent Account Number (PAN) allotted under the IT Act. 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;
- i. Ensure that the name(s) given in the Bid cum Application Form is exactly the same as the name(s) in which the Depository account is held. In case the Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form.
- j. Ensure that the Demographic details are updated, true and correct, in all respects.
- k. Ensure that the bid is in multiple of 50 Equity Shares.

***DONT'S:***

- a. Do not Bid for lower than the minimum Bid size.
- b. Do not Bid/revise Bid price to less than Floor Price or higher than the Cap Price.
- c. Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate.
- d. Do not pay the Bid amount in cash, by money order or by postal order or by stockinvest.
- e. Do not send Bid cum Application Forms by post; instead submit the same to a member of the Syndicate only.
- f. Do not Bid at Cut-off Price (for QIB Bidders, Non-Institutional Bidders and Bidders bidding under the Employee Reservation Portion, for whom the Bid Amount exceeds Rs. 100,000).
- 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.
- h. Do not Bid at Bid Amount exceeding Rs 100,000 (for Retail Individual Bidders);
- i. Do not submit the Bid without the QIB Margin Amount, in case of a Bid by a QIB.
- j. **Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.**

**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, blue colour for NRI, FII or foreign venture capital fund registered with SEBI applying on repatriation basis and pink colour for eligible employees applying in the Employee Reservation Portion).
- b. In single name or in joint names (not more than three and in the same order as their Depository Participant details).
- c. Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid cum Application Form or in the Revision Form.
- d. The Bids from the Retail Individual Bidders must be for a minimum of 50 Equity Shares and in multiples of 50 Equity Shares thereafter subject to a maximum Bid Amount of Rs.100,000.
- e. For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares in multiples of 50 Equity Shares such that the Bid Amount exceeds Rs. 100,000 and in multiples of 50 Equity Shares thereafter. Bids cannot be made for more than the Net Issue. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of shares that can be held by them under the applicable laws or regulations.
- f. For Bidders bidding under the Employee Reservation Portion, the Bid must be for a minimum of 50 Equity Shares in multiple of 50 Equity Shares thereafter, subject to a maximum of 70,000 Equity Shares.
- g. Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

**BIDDER'S DEPOSITORY ACCOUNT DETAILS**

**Bidders should note that on the basis of name of the Bidders, Depository Participant's name and 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 and occupation ("Demographic Details"). These Bank Account details would be used for giving refunds to the Bidders. Hence, Bidders are advised to immediately update their Bank Account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in despatch / credit of refunds to Bidders at the Bidders sole risk and neither the BRLM nor our Company shall have any responsibility and undertake any liability for the same. Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application Form.**

**IT IS MANDATORY FOR ALL THE BIDDERS TO GET THE EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.**

These Demographic Details would be used for all correspondence with the Bidders including mailing of the CANs/Allocation Advice and printing of Bank particulars on the refund orders or for refunds through electronic transfer of funds, as applicable. The Demographic Details given by Bidders in the Bid cum Application Form would not be used for any other purpose by the Registrar to the Issue.

Hence, Bidders are advised to update their Demographic Details as provided to their Depository Participants and ensure that they are true and correct.

By signing the Bid cum Application Form, the Bidder would be deemed to have authorised the Depositories to provide, upon request, to the Registrar the required Demographic Details as available on its records.

**In case of Bidders receiving refunds through electronic transfer of funds, 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 our Company the Registrar, Escrow Collection Bank(s) nor the BRLM shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.**

In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary account number, then such Bids are liable to be rejected.

Our Company at its absolute discretion, reserve the right to permit the holder of the power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund order/CANs/allocation advice/ refunds through the Electronic Transfer of funds, the Demographic Details given on the Bid cum Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar shall use Demographic Details as given in the Bid cum Application Form instead of those obtained from the depositories.

### **BIDDER'S BANK DETAILS**

Bidders should note that on the basis of names 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 will obtain from the Depository the Bidder bank Account details. 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, NEFT, RTGS 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 refund to Bidders at the Bidders sole risk and neither the BRLM nor our Company shall have any responsibility and undertake any liability for the same.

### **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, our Company reserves the right to reject such Bids in whole or in part, without assigning any reasons therefore.

In case of the Bids made pursuant to a power of attorney by FIIs, VCFs, FVCIs and Mutual Funds a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to reject such Bid in whole or in part, without assigning any reasons therefore.

Our Company, in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form, subject to such terms and conditions that the BRLM may deem fit.

### **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. 100,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Amount of more than Rs. 100,000 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 50 thereafter that the Bid Amount exceeds Rs. 100,000. For further details, please refer to the sub-section titled 'Maximum and Minimum Bid Size' beginning on page 153 of the Red Herring Prospectus. 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.

(d) Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. Our Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

(e) 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.

(f) 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.

**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.**

#### **BIDS BY EMPLOYEES IN THE EMPLOYEES RESERVATION PORTION**

Bids under Employees Reservation Portion by employees shall be made only in the prescribed Bid cum Application Form or Revision Form (i.e. pink colour). Employees applying in the Employees Reservation Portion should mention their employee number in the Bid cum Application Form. The following may be noted in respect of Bids by Employees in the Employees Reservation Portion:

- In case of joint Bids, the sole/first Bidder should be an Employee. Only those Bids by Employees that are at or above the Issue Price would be considered for Allocation.
- Employees who Bid for Equity Shares of or for a value of not more than Rs. 100,000 in any of the bidding options can apply at the Cut off Price.
- The maximum Bid in this category by any Employee cannot exceed 70,000 Equity Shares.
- Employees can Bid in the Net Issue to the public portion and such Bids shall not be treated as multiple Bids
- Employees should be physically present in India on the date of submission of the Bid-cum-Application Form.
- If the aggregate demand in this category is less than or equal to 70,000 Equity Shares at or above the Issue Price, full Allocation shall be made to the Employees to the extent of their demand. Under subscription, if any, in the Employees Reservation Portion will be added back to the Net Issue to the Public, and the under subscription can be met with spill over from any other category at the discretion of our Company, in consultation with the BRLM.



• If the aggregate demand in this category is greater than 70,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis. For a description of the proportionate basis of Allocation please see the section titled “Basis of Allotment” beginning on page 171 of the Red Herring Prospectus.

### **BIDS MADE BY INSURANCE COMPANIES**

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.

### **BIDS MADE BY PROVIDENT FUNDS**

In case of Bids made by provident funds with minimum corpus of Rs. 250 million (subject to applicable law) and pension funds with minimum corpus of Rs. 250 million, 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.

### **PAYMENT BY STOCKINVEST**

In terms of the 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 stockinvest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn.

### **SUBMISSION OF BID CUM APPLICATION FORM**

All Bid cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts equivalent to the Margin Amount shall be submitted to the members of the Syndicate at the time of submission of the Bid.

Separate receipts shall not be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection centre of the members of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder.

### **OTHER INSTRUCTIONS**

#### **JOINT BIDS IN CASE OF INDIVIDUALS**

Bids may be made in single or joint names (not more than three). In 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. All communication will be addressed to the first Bidder and will be dispatched to his or her address.

#### **MULTIPLE BIDS**

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same.

In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

1. All applications with the same name and age will be accumulated and taken to a separate process file which would serve as a multiple master.
2. In this master, a check will be carried out for the same PAN/GIR numbers. In cases where the PAN/GIR numbers is different, the same will be deleted from this master.

3. The Registrar will obtain, from depositories, details of the applicants' address based on the DP ID and Beneficiary Account Number provided in the Bid-cum-Application Form and create an address master.
4. The addresses of all the applicants in the multiple master will be strung from the address master. This involves putting the addresses in a single line after deleting non-alpha and non-numeric characters i.e. commas, full stops, hash etc. Sometimes, the name, the first line of addresses and pin code will be converted into a string for each application received and a photo match will be carried out amongst all the application processed. A print-out of the addresses will be taken to check for common names. The application with same name and same address will be treated as multiple applications.
5. The applications will be scrutinized for their DP ID and Beneficiary Account Numbers. In case applications bear the same DP ID and Beneficiary Account Numbers, these will be treated as multiple applications.
6. Subsequent to the aforesaid procedures, a print out of multiple master will be taken and applications physically verified to tally signatures as also father's/husband's names. On completion of this, the applications will be identified as multiple applications.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made.

Bids made by Employees both under Employees Reservation Portion as well as in the Net Issue shall not be treated as multiple Bids.

Our Company reserves the right to reject, in our absolute discretion, all or any multiple bids in any or all categories.

#### **PERMANENT ACCOUNT NUMBER OR PAN**

Pursuant to the circular MRD/DoP/Cir-05/2007 dated April 27, 2007, SEBI has mandated Permanent Account Number (PAN) to be the sole identification number for all participants transacting in the securities market, irrespective of the amount of the transaction with effect from July 2, 2007. Each of the Bidders, should mention his/her PAN allotted under the I.T. Act. **Applications without this information and documents will be considered incomplete and are liable to be rejected.** It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN, as the Bid is liable to be rejected on this ground. 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 permanent account number and who enters into any transaction specified in Rule 114B of the Income Tax Rules, 1962), 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 of the Income Tax Rules, 1962), 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 by a notification issued on December 1, 2004 by the Central Board of Direct Taxes, Department of Revenue, Ministry of Finance. All Bidders are requested to furnish, where applicable, the revised Form 60 or Form 61 as the case may be.**

## UNIQUE IDENTIFICATION NUMBER (“UIN”) - MAPIN

With effect from July 1, 2005, SEBI had decided to suspend all fresh registrations for obtaining UIN and the requirement to contain/quote UIN under the SEBI MAPIN Regulations/Circulars by its circular MAPIN/Cir-13/2005. However, in a recent press release dated December 30, 2005, SEBI has approved certain policy decisions and has now decided to resume registrations for obtaining UINs in a phased manner. The press release states that the cut off limit for obtaining UIN has been raised from the existing limit of trade order value of Rs.100,000 to Rs.500,000 or more. The limit will be reduced progressively. For trade order value of less than Rs.500,000, an option will be available to investors to obtain either the PAN or UIN. These changes are, however, not effective as of the date of the Red Herring Prospectus and SEBI has stated in the press release that the changes will be implemented only after necessary amendments are made to the SEBI MAPIN Regulations.

## RIGHT TO REJECT BIDS

In case of QIB Bidders, our Company in consultation with the BRLM may reject Bids provided that the reason for rejecting the same shall be provided to such Bidders in writing. In case of Non-Institutional Bidders, Retail Individual Bidders and Bidders in the Employee Reservation Portion, we have the right to reject Bids based on technical grounds only. Consequent refunds shall be made by cheque or pay order or draft and will be sent to the Bidder's address at the Bidder's risk.

## GROUND FOR TECHNICAL REJECTIONS

Bidders are advised to note that Bids are liable to be rejected on, among other things, the following technical grounds:

1. Amount paid does not tally with the amount payable for the highest value of Equity Shares bid for;
2. Age of first Bidder not given;
3. In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no such partnership firm, shall be entitled to apply;
4. Bids by Non-Residents; if not in compliance with the appropriate foreign and Indian laws;
5. Bids by persons not competent to contract under the Indian Contract Act, 1872, including minors and insane persons;
6. PAN not stated or copy of PAN, Form 60 or Form 61, as applicable, or GIR number furnished instead of PAN. See the section titled “Issue Procedure— Permanent Account Number” beginning on page 150 of this Red Herring Prospectus;
7. Bids for lower number of Equity Shares than specified for that category of investors;
8. Bids at a price less than lower end of the Price Band;
9. Bids at a price more than the higher end of the Price Band;
10. Bids at Cut-off Price by Non-Institutional Bidders and QIB Bidders and by bidders in the Employee Reservation Portion in excess of Rs. 1,00,000/-
11. Bids for number of Equity Shares, which are not in multiples of 50;
12. Category not ticked;
13. Multiple Bids as defined in this Red Herring Prospectus;
14. In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;

## **CORDS CABLE INDUSTRIES LIMITED**

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15. Bids accompanied by money order / postal order / cash;
16. Signature of sole and/or joint Bidders missing;
17. Bid cum Application Form without the stamp of the BRLM or the Syndicate Member;
18. Bid cum Application Form without the Bidder's depository account details;
19. Bid cum Application Form is not delivered by the Bidder within the time prescribed as per the Bid cum Application Form and this Red Herring Prospectus and as per the instructions in this Red Herring Prospectus and the Bid cum Application Form;
20. 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 account number;
21. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations. See the details regarding the same in the section titled "Issue Procedure – Bids at Different Price Levels" beginning on page 150 of this Red Herring Prospectus;
22. Bids by OCBs;
23. Bids by U.S. persons other than "qualified institutional buyers" as defined in Rule 144A of the Securities Act;
24. Bids by QIBs submitted to sub-syndicate members.

### **EQUITY SHARES IN DEMATERIALISED FORM WITH NSDL OR CDSL**

As per the provisions of Section 68B of the Companies Act, the Equity Shares in this Issue shall be allotted only in a dematerialised form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two agreements have been signed among our Company, the respective Depositories and the Registrar to the Issue:

- a. an agreement dated November 6, 2007 between NSDL, us and Registrar to the Issue;
- b. an agreement dated October 30, 2007 between us and Registrar to the Issue.

All Bidders can seek Allotment only in dematerialised 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 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 with the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details with the Depository.
- e. If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid cum Application Form or Revision Form, it is liable to be rejected.

- f. The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid cum Application Form vis-à-vis those with his or her Depository Participant.
- g. It may be noted that Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.
- h. The trading of the Equity Shares would be in dematerialised form only for all investors in the demat segment of the respective Stock Exchanges.

## **COMMUNICATIONS**

All future communication 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. Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of allotment, credit of allotted shares in respective beneficiary accounts, refund orders etc.

## **DISPOSAL OF INVESTOR GRIEVANCES BY OUR COMPANY**

We estimate that the average time required by us or the Registrar to the Issue for the redressal of routine investor grievances shall be seven 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 appointed Ms. Jyoti Dixit Gupta, Company Secretary as the Compliance Officer and she may be contacted in case of any pre-Issue or post-Issue-related problems. She can be contacted at the following address:

Ms. Jyoti Dixit Gupta  
Cords Cable Industries Limited  
B-1/ A-26, Mohan Co-operative Industrial Estate  
Mathura Road  
New Delhi – 110044.  
Tel Nos: +91-11-4167 6222  
Fax: +91-11-2695 1196, 2695 1731  
Email: ipo@cordscable.com

## **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.”**

**BASIS OF ALLOTMENT**

**A. FOR RETAIL INDIVIDUAL BIDDERS**

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all successful Retail Individual Bidders will be made at the Issue Price.
- The Issue size less allocation to Non-Institutional Bidders and QIB Bidders shall be available for allocation to Retail Individual Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the valid Bids in this category is for less than or equal to 10,55,250 Equity Shares at or above the Issue Price, full allotment shall be made to the Retail Individual Bidders to the extent of their valid Bids.
- If the valid Bids in this category are for more than 10,55,250 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of 50 Equity Shares per allottee and in multiples of 50 Equity Share thereafter. For the method of proportionate basis of allocation, refer below.

**B. FOR NON-INSTITUTIONAL BIDDERS**

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Issue size less allocation to QIB Bidders and Retail Individual Bidders shall be available for allocation to Non-Institutional Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the valid Bids in this category is for less than or equal to 4,52,250 Equity Shares at or above the Issue Price, full allotment shall be made to Non-Institutional Bidders to the extent of their valid Bids.
- In case the valid Bids in this category are for more than 4,52,250 Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis up to a minimum of 50 Equity Shares and in multiples of 50 Equity Share thereafter. For the method of proportionate basis of allocation refer below.

**C. FOR QIB BIDDERS**

- Upto 50% of the Net Issue shall be allotted to the 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 category. The Allotment to all the QIB Bidders will be made at the Issue Price.
- The Issue size less allocation to Non-Institutional Bidders and Retail Individual Bidders shall be available for proportionate allocation to QIB Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- However, eligible Bids by Mutual Funds only shall first be considered for allocation proportionately in the Mutual Funds Portion. After completing proportionate allocation to Mutual Funds for an amount of up to 75,375 Equity Shares (the Mutual Funds Portion), the remaining demand by Mutual Funds, if any, shall then be considered for allocation proportionately, together with Bids by other QIBs, in the remainder of the QIB Portion (i.e. after excluding the Mutual Funds Portion). For the method of allocation in the QIB Portion, see the paragraph titled "Illustration of Allotment to QIBs" appearing below. If the valid Bids by Mutual Funds are for less than 75,375 Equity Shares, the balance Equity Shares available for allocation in the Mutual Funds Portion will first be added to the QIB Portion and allocated proportionately to the QIB

Bidders. For the purposes of this paragraph it has been assumed that the QIB Portion for the purposes of the Issue amounts to 50% of the Net Issue size, i.e. 15,07,500 Equity Shares.

- Allotment shall be undertaken in the following manner:
  - a. In the first instance allocation to Mutual Funds for 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 up to 5% of the QIB Portion.
    - ii. In the event that the aggregate demand from 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 that the oversubscription in the QIB Portion, all QIB Bidders who have submitted Bids at or 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.

Except for any Equity Shares allocated to QIB Bidders due to Under-subscription in the Retail Portion and/or Non Institutional Portion, the aggregate allocation to QIB Bidders shall be made on a proportionate basis of at least 15,07,500 Equity Shares. For the method of proportionate basis of allocation refer below.

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.

#### **D. FOR EMPLOYEE RESERVATION PORTION**

- Bids received from the Employees at or above the Issue 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 70,000 Equity Shares at or above the Issue 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 70,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of 50 Equity Shares and in multiple of 50 Equity Shares thereafter. For the method of proportionate basis of allocation, refer below.

Only Employees are eligible to apply under Employee Reservation Portion.

#### **PROCEDURE AND TIME OF SCHEDULE FOR ALLOTMENT AND DEMAT CREDIT**

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 Monday, January 21, 2008 and expire on Thursday, January 24, 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 allotted, 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 ALLOCATION IN THE ISSUE**

In the event of the Issue being oversubscribed, our Company shall finalize the basis of allotment in consultation with the Designated Stock Exchange. The Executive Director (or any other Senior official nominated by them) of the Designated Stock Exchange along with the BRLM and the Registrar to the Issue shall be responsible for ensuring that basis of allotment is finalized in a fair and proper manner. The allotment shall be in marketable lots, on a proportionate basis as explained below.

- a. Bidders will be categorized according to the number of Equity Shares applied for by them.
- b. The total number of Equity Shares to be allotted to each category, as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over subscription ratio.
- c. Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.
- d. In all Bids where the proportionate allotment is less than 50 Equity Shares per Bidder, the allotment shall be made as follows:
  - Each successful Bidder shall be allotted a minimum of 50 Equity Shares; and
  - The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner approved by the Designated Stock Exchange.
- e. If the proportionate allotment to a Bidder is a number that is more than 50 but is not a multiple of one (which is the market lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower whole number. All Bidders in such categories would be allotted Equity Shares arrived at after such rounding off.
- f. If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for allotment shall be first adjusted against any other category, where the allotted Equity Shares are not sufficient for proportionate allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares. The basis of allocation on a proportionate basis shall be finalized in consultation with the Designated Stock Exchange.

#### **ILLUSTRATION OF ALLOTMENT TO QIBS AND MUTUAL FUNDS ("MF")**

*The example given below is for illustrative purposes only:*



**A. ISSUE DETAILS**

Sr. No	Particulars	Issue details
1.	Issue size	200 million Equity Shares
2.	Allocation to QIB (at least 50% of the Issue)	100 million Equity Shares
	Of which:	
	a. Reservation For Mutual Funds, (5%)	5 million Equity Shares
	b. Balance for all QIBs including Mutual Funds	95 million Equity Shares
3.	Number of QIB applicants	10
4.	Number of Equity Shares applied for	500 million Equity Shares

**B. DETAILS OF QIB BIDS**

Sr.No	Type of QIB bidders#	No. of shares bid for (in million)
1.	A1	50
2.	A2	20
3.	A3	130
4.	A4	50
5.	A5	50
6.	MF1	40
7.	MF2	40
8.	MF3	80
9.	MF4	20
10.	MF5	20
	<b>TOTAL</b>	<b>500</b>

# A1-A5: (QIB Bidders other than Mutual Funds), MF1-MF5 (QIB Bidders which are Mutual Funds)

**C. DETAILS OF ALLOTMENT TO QIB BIDDERS/APPLICANTS**

Type of QIB bidders	Shares bid for	Allocation of 5 million Equity Shares to MF proportionately (please see note 2 below)	Allocation of balance 95 million Equity Shares to QIBs proportionately (please see note 4 below)	Aggregate allocation to MFs
A1	50	0	9.60	0
A2	20	0	3.84	0
A3	130	0	24.95	0
A4	50	0	9.60	0
A5	50	0	9.60	0
MF1	40	1	7.48	8.48
MF2	40	1	7.48	8.48
MF3	80	2	14.97	16.97
MF4	20	0.5	3.74	4.24
MF5	20	0.5	3.74	4.24
<b>TOTAL</b>	<b>500</b>	<b>5</b>	<b>95</b>	<b>42.41</b>

Please note:

1. The illustration presumes compliance with the requirements specified in this Red Herring Prospectus in the section titled "Issue Structure" beginning on page 33 of this Red Herring Prospectus.
2. Out of 100 million Equity Shares allocated to QIBs, 5 million (i.e. 5%) will be allocated on proportionate basis among five Mutual Fund applicants who applied for 200 million shares in the QIB Portion.

3. The balance 95 million Equity Shares [i.e. 100 - 5 (available for Mutual Funds only)] will be allocated on proportionate basis among 10 QIB Bidders who applied for 500 million Equity Shares (including 5 Mutual Fund applicants who applied for 200 million Equity Shares).
4. The figures in the fourth column titled "Allocation of balance 95 million Equity Shares to QIBs proportionately" in the above illustration are arrived as under:
  1. For QIBs other than Mutual Funds (A1 to A5) = Number of Equity Shares Bid for X 95 /495
  2. For Mutual Funds (MF1 to MF5) = [(No. of shares bid for (i.e., in column II of the table above) less Equity Shares allotted (i.e., column III of the table above)] X 95/495
  3. The numerator and denominator for arriving at allocation of 95 million Equity Shares to the 10 QIBs are reduced by 5 million shares, which have already been allotted to Mutual Funds in the manner specified in column III of the table above.

**DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS AND REFUND ORDERS**

We shall give credit of Equity Share allotted to the beneficiary account with Depository Participants within 15 working days of the Bid Closing Date / Issue Closing Date. 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 applicants are otherwise disclosed as eligible to get refunds through Direct Credit, NEFT or RTGS..

In case of other applicants, our Company 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, except for Bidders who have opted to receive refunds through the ECS facility.

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 of refund within 15 working days of closure of Issue.

We shall ensure dispatch of refund orders, if any, by "Under Certificate of Posting" or registered post or speed post or ECS, as applicable, only at the sole or First Bidder's sole risk within 15 days of the Bid Closing Date/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 the Issuer.

We shall ensure dispatch of allotment advice, refund orders and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the finalization of the basis of allotment to the Stock Exchanges within 2 (two) working days of the finalisation of the basis of allotment.

We shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed, are taken within 7 (seven) working days of the finalisation of the basis of allotment.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Guidelines we further undertake that:

- Allotment of Equity Shares shall be made only in dematerialised form within 15 (fifteen) days of the Bid /Issue Closing Date;
- Dispatch of refund orders, except for Bidders who have opted to receive refunds through the ECS facility, within 15 (fifteen) working days of the Bid /Issue Closing Date would be ensured; and
- We shall pay interest at the rate of 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 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.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by us, as an Escrow Collection Bank and payable at par at places where Bids are received, except for Bidders who have opted to receive refunds through the ECS facility. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

## ISSUE PROGRAM

BID/ISSUE OPENS ON:	Monday, January 21, 2008
BID/ISSUE CLOSES ON:	Thursday, January 24, 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 centres 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. On the day of closing, extension of time will be granted by the Stock Exchanges only for uploading the bids received from Retail Investors after taking into account the total number of applications received upto the closure of timings for acceptance of application forms as stated in the Red Herring Prospectus and reported by the BRLM to the Stock Exchanges within half an hour of such closure.

**In case of revision in the Price Band, the Bidding/Issue Period will be extended for three additional working days after revision of Price Band. 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 of the BRLM and at the terminals of the Syndicate members.**

## MODE OF MAKING REFUNDS

The payment of refund, if any, would be done through various modes in the following order of preference:

1. **ECS** – Payment of refund would be done through ECS for applicants having an account at any of the following fifteen centres: Ahmedabad, Bangalore, Bhubaneshwar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds through ECS is mandatory for applicants having a bank account at any of the above mentioned fifteen centres, except where the applicant, being eligible, opts to receive refund through NEFT, direct credit or RTGS.
2. **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.
3. **Direct Credit** – Applicants having bank accounts with the Refund Banker(s), in this case being ICICI Bank shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by our Company.
4. **RTGS** – Applicants having a bank account at any of the above mentioned 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 Refund Bank(s) for the same would be borne by our Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.

For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be dispatched under certificate of posting for value up to Rs. 1,500 and through Speed Post/Registered Post for refund orders of Rs. 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

**Please note that applicants having a bank account at any of the 15 centres where the clearing houses for ECS are managed by the RBI are eligible to receive refunds through the modes detailed in 1, 2, 3 and 4 above. For all the other applicants, including applicants who have not updated their bank particulars along with the nine digit MICR Code, prior to the Bid/Issue Opening Date, the refund orders would be dispatched under “Under Certificate of Posting” for refund orders less than Rs. 1,500 and through speed post/registered post for refund orders exceeding Rs. 1,500.**

#### **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 the funds required for dispatch of refund orders or allotment advice by registered post or speed post shall be made available to the Registrar to the Issue by us;
- that the refund orders or allotment advice to the Eligible NRIs or FIIs shall be dispatched within specified time;
- that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of the Bid/Issue Closing Date, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.
- that no further issue of Equity Shares shall be made till the Equity Shares issued through this Red Herring Prospectus are listed or until the Bid Amounts are refunded on account of non-listing, under -subscription etc.

#### **UTILISATION OF ISSUE PROCEEDS**

Our Board of Directors certifies 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 utilised out of the Issue referred above shall be disclosed under an appropriate separate head in our balance sheet indicating the purpose for which such monies have been utilised;
- details of all unutilised monies out of the Issue, if any shall be disclosed under the appropriate head in our balance sheet indicating the form in which such unutilised monies have been invested;
- 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.

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**RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES**

Foreign investment in Indian securities is regulated through 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 up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investments.

The Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, through paragraph 2(e) of Press Note 4 (2006 series) has allowed the transfer of shares from residents to Non Residents in financial services under the automatic route subject to the sectoral policy on FDI.

At present, 100% foreign direct investment is allowed in our Company.

## **DESCRIPTION OF THE EQUITY SHARES AND TERMS OF THE ARTICLES OF ASSOCIATION**

Pursuant to the provisions of Schedule II of the Companies Act and the SEBI Guidelines, 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 herein below 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

### **MAIN PROVISIONS OF ARTICLES OF ASSOCIATION**

#### **SHARE CAPITAL**

3. The Authorised Share Capital of the company shall be such amounts and be divided into such shares as may, from time to time, be provided in clause V of the Memorandum of Association with power to increase or reduce the capital in accordance with the Company's regulations and provisions of the Companies Act, 1956 for the time being in force in that behalf with the powers to divide the share capital whether original or increased or decreased into several classes and attach thereto respectively such ordinary, preferential or special rights and conditions in such a manner as may for the time being be provision of the Companies Act, 1956.
4. The Directors may, from time to time, with the sanction of the Company in General meeting by ordinary resolution increase the share capital of the Company by such sum to be divided into shares of such amount and of such classes with such rights and privileges attached thereto as the General Meeting shall direct by specifying the same in the resolution and if no directions be given, as the Directors may determine.
5. The Company may by ordinary resolution.
  - (a) consolidate and divide all or any of its Share Capital into shares of large amount than its existing shares.
  - (b) sub-divide its existing shares or any of them into shares of similar amount than is fixed by the memorandum of Association, subject nevertheless to the provision of Clause (d) of sub-section (i) of Section 94 of the Act.
  - (c) cancel any shares which, at the date of the passing of the resolution have not been taken or agreed to be taken by any person.
6. The Company may, subject to the provisions of Section 100 to 105 of the Act, reduce in any manner, from time to time, by resolution:
  - (a) its share capital.
  - (b) any capital redemption reserve fund or any share premium account.

#### **SHARES**

7. Shares at the disposal of the Directors: 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 compliance with the provisions of Section 79 of the Act) at a discount and at such times as they may from time to time think fit and proper, and with the sanction of the Company in General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the capital of the company on payment in full or part of any property sold and transferred or for any services rendered to the company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the company in the General Meeting.

8. An application signed by or on behalf of an applicant for shares in the Company followed by an allotment of any shares therein, shall be an acceptance of shares within the meaning of these Articles and every person who thus or otherwise agrees to accept in writing the shares and whose name is entered on the Register of Members shall for the purpose of these Articles, be a shareholder.
9. If by the conditions of allotment of any shares, the whole or a part of the amount or issue price thereof shall be payable by instalments, every such instalments shall, when due, be paid to the Company by the person who, for the time being and from time to time shall be the registered holder of the shares of his heirs, executors administrators and legal representatives.
10. The Board of Directors may from time to time but subject to the conditions hereinafter mentioned, make such call as they think fit upon the members in respect of all moneys for the time being unpaid on the shares held by them respectively and each member shall pay the amount of every call so made on him to the persons and at times and places appointed by the Directors. A call may be payable by instalments.

Option or right to call on shares, shall not be given to any other person except with the sanction of the Company in general meeting.

11. Payment in Anticipation of call may carry interest :The Directors may, if they think fit, subject to the provisions of section 92 of the Act, agree to and receive from any member willing to advance the same whole or any part of the moneys due upon the shares held by him beyond the sums actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate, as the member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced.

The members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable.

The provisions of these Articles shall mutatis mutandis apply to the calls on debentures of the Company.

12. Every member or his heirs, executors, assignees or other representatives shall pay to the Company the portion of the capital represented by his share or share which may for the time being remain unpaid thereon, in such amounts, at such time or times and in such manner as the Board of Directors shall, from time to time, in accordance with the Company's regulations require or fix for the payment thereof and so long as any moneys are due, owing and unpaid to the Company by any member on any account , howsoever, such member in default shall not be entitled at the option of the Directors, to exercise any rights or privileges available to him.
13. The Directors may also allot and issue shares in capital of the Company, in full or part payment, for any property sold or transferred, goods or machineries supplied or for services rendered to the Company in or about the formation of the Company or the conduct of its business. The shares to be allotted may be either partly paid up or fully paid up.
14. If any shares stand in the names of two or more persons, the person first named in the Register of members shall as regards receipt of dividend, bonus or service of notice and all or any other matters connected with the Company, except voting at meetings and the transfer of shares, be deemed the sole-holder thereof but joint-holder of shares shall be severally as well as jointly liable for the payment of all instalments and calls in respect of such shares and for all incidents thereof according to the Company's regulations.

## **CERTIFICATE OF SHARES**

15. Limitation of the time for Issue of Certificates: Every member shall be entitled, without payment, to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, and upon paying such fees as the Directors may from time to time determine to several certificates, each for one or more of such shares and the Company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one month of the receipt of application of registration of transfer, transmission, sub-division,

consolidation or renewal of any of its shares as the case may be. Every certificate of shares shall be under the seal of the Company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid –up thereon and shall be in such form as the Directors may prescribe and approve, provided that in respect of a share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate of shares to one of several joint holders shall be a sufficient delivery to all such holders. Every member shall also be entitled to have his share certificates relating to his shareholding in the Company sub-divided or consolidated, on request.

16. Issue of New Certificate in place of one Defaced, Lost or Destroyed : 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 is lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deem adequate, being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate. Every certificate under the Articles shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs. 2/- for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above the Directors shall comply with such Rules or Regulation or requirements of any Stock Exchange or the Rules made under the Act or the rules made under Securities Contracts (Regulation) Act, 1956 or any other Act, or rules applicable in this behalf.

The provisions of this Article shall mutatis mutandis apply to debentures of the Company.

17. The certificates of shares registered in the name of two or more person shall unless otherwise directed by them be delivered to the person first named on the register of Members.

## **TRANSFER OF SHARES**

18. Instrument of transfer: The instrument of transfer shall be in writing and a common form of transfer shall be used. All provisions of Section 108 of the Companies Act, 1956 and statutory modifications thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof.
19. Subject to Section 108 of the Act, every instrument of transfer duly stamped must be accompanied by the certificate of share proposed to be transferred and such other evidence as the Directors may require to prove the title of the transferor or his right to transfer the shares. In case the certificate has been lost or destroyed, the Directors may waive its submission on production of evidence of its loss or destruction to the satisfaction of the Directors.
20. Directors may refuse to register transfers: Subject to the provision of Section 111 of the Act, these Articles and other applicable provisions of the Act or any other law for the time being in force, the Board may refuse whether in pursuance of any power of the company under these Articles or otherwise to register the transfer of or the transmission by operation of law of the right to, any shares or interest of a Member in or debentures of the Company. The Company shall within one month from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to Company, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be, giving reasons for such refusal. Provided that the registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except where the Company has a lien on shares.
21. The Company shall keep at its Registered Office a 'Register of Transfers' and therein shall be firmly and distinctly entered the particulars of every transfer or transmission of shares. Subject to the provisions of Section 154 of the Act, the Directors shall have power to close the 'Register of Members' for the such periods, not exceeding forty five days in aggregate in a year and thirty days at any one time, as may seem expedient to them.



22. No fee on transfer or transmission: No fee shall be charged for registration of the transfer or transmission, probate, succession certificate and Letter of administration, certificate of Death or Marriage, Power of Attorney or similar other document.

#### **FURTHER ISSUE OF SHARE CAPITAL**

23. (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 by the Company to issue any new or additional shares, whether out of unissued share capital or out of increased share capital then:

- (a) Such further shares shall be offered to the Members who, on 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 less than thirty days from the date of the offer and the offer if not accepted, shall be deemed to have been declined.
- (c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to them in favour of any other person and the notice referred to in sub – clause (b) hereof shall contain a statement of this right.
- (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 that he 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) the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (a) of sub-clause (1) hereof) in any manner whatsoever.

- (i) If a special resolution to that effect is passed by the company in General Meeting, or
- (ii) Where no such special resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in the general meeting (including the casting vote, if any, of the Chairman) by the members who, being entitled so to do, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf that the proposal is most beneficial to the Company.

(3) Nothing in sub – clause (c) of (1) hereof shall be deemed;

- i) To extend the time within which the offer should be accepted; or
- ii) To authorize any person to exercise the right of renunciation for a second time on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.

(4) Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the debentures issued by the Company:

- i) To convert such debentures or loans into shares in the Company; or
- (ii) To subscribe for shares in the Company.

PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:

- (i) Either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with Rules, if any, made by that Government in this behalf; and

- ii) In the case of debentures or loans or other than debentures issued to or loans obtained from the Government or any institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the Company in General Meeting before the issue of the loans.

#### **COMPANY'S LIEN ON SHARES / DEBENTURES**

24. The Company shall have a first and paramount lien upon all the shares/debentures (other than fully paid up shares/debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any shares shall be created except upon the footing and condition that this Article will have full effect and such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures. Unless otherwise agreed the registration of transfer of shares / Debentures shall operate as a waiver of the Company's lien if any, on such shares/debentures. The Directors may at any time declare any shares / Debentures wholly or in part to be exempt from the provisions of this clause.

Provided further that 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.

#### **UNPAID OR UNCLAIMED DIVIDENDS**

25. Where the Company has declared a dividends but which has not been paid or claimed within 30 days from the date of the declaration, transfer the total amount of dividend which remains unpaid or unclaimed within the said period of 30 days, to a special account to be opened by the Company in that behalf in any Scheduled Bank, to be called "Cords Cable Industries Ltd. Unpaid Dividend Account."

The Company shall transfer any money transferred to the Unpaid dividend account of a company that remains unpaid or unclaimed for a period of 7 years from the date of such transfer, to the fund known as Investor Education and Protection Fund established under Section 205 C of the Act.

The Board shall forfeit no unclaimed or unpaid dividend.

#### **BORROWING POWERS**

26. Subject to the provisions of section 58A and 292, 293 of the Companies Act, 1956 and Regulations made thereunder and directions issued by the R.B.I. the Directors may, from time to time and at their discretion, borrow or raise any sum or sums of money for the purposes of the Company in such manner and on such terms and conditions in all respects as they think fit without security or any security of all or any part of the movable and immovable properties of the Company and in particular, subject to Articles 48(b) hereof, by the issue of debenture or debenture stock of the company charged upon the whole or any part of the undertaking of the Company or upon any assets of the Company, both present and future, including its uncalled capital for the time being.
27. Terms of Issue of Debentures: Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at the General Meeting, appointment of Directors and otherwise debentures with 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.

#### **REGISTRATION OF CHARGES**

28. Where a charge of the nature referred to in Section 125 of the Act is created by the Company, the Company shall, within 30 days after its creation, file the particulars of the charge alongwith necessary documents with the Registrar of Companies in accordance with provisions of Section 125 of the Act. The company shall also duly comply with the relevant provisions of part V of the Act in connection with registration of the charges.

## GENERAL MEETINGS

29. No business shall be transacted of any General Meeting unless a quorum of members is present. Five members present in person shall form quorum for the General Meetings.
30. a) (i) The Board of Directors may, whenever it thinks fit, call an Extra-ordinary General Meeting.
- (ii) If at any time there are not within India Directors capable of acting who are sufficient in numbers to form a quorum, any Director or any two members of the Company may call an extra-ordinary General Meeting in the same manner, as nearly as possible, as that in which such a meeting may be called by the Board of Directors.
- (iii) Subject to Section 190 and 219 of the Companies Act, 1956 any General Meeting may be called by giving to the members clear seven days notice or a shorter notice than of seven days if consent thereto is given by members in accordance of the provisions of Section 171 of the companies Act, 1956.
- (b) One of the Directors shall preside at every General Meeting but if at any meeting no Director is present within 30 minutes after the time appointed for holding the meeting or shall be unwilling to preside the members present may choose one of them to be the Chairman of the meeting.
31. A member of the Company entitled to attend and vote at any General Meeting of the Company shall be entitled to appoint another person, who need not be a member of the Company, as his proxy to attend and vote in his place.
32. Subject to any rights or restrictions for the time being attached to any class or classes of shares, on show of hands every member present in persons shall have one vote for every share held by him and on a poll, the voting rights of members shall be as laid down in Section 87 of the Act. Provided however, the power, to grant voting rights in respect of preference share is vested with the Board of Directors.
33. No member shall exercise any voting rights in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has exercised any right or lien.
34. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, in case convened upon the requisition of member, shall stand dissolved and in any other case, it shall stand adjourned to the same day in the next week at the same time and place.
35. That the Company shall hold annual meeting within six months of the closing of account and 15 months from the date of last annual general meeting subject to the provisions of section 166 of the Act.

## DIRECTORS

36. Subject to the provisions contained in the Articles and the limitations imposed by the Act, the Directors shall be entitled to exercise all such powers and to do all such acts and things as the company is authorized to exercise and do.
37. The number of Directors shall not be less than three and not more than twelve.
38. The Directors shall not be required to hold any qualification shares in the company.
40. The Board of Directors may meet for transacting the business, adjourn it and otherwise regulate its meeting, as it thinks fit.
41. A Director may and on the requisition of a Director, the Secretary shall, at any time, summon the meeting of the Board of Directors.
42. Two Directors or one third of total strength of directors, whichever is higher, shall form a quorum for the Directors meeting, subject to section 287 of the Act.

43. The Board of Directors may elect a Chairman or its meeting and determine the period for which he is to hold Office. If no such Chairman is elected or if at any meeting, the Chairman is not present within fifteen minutes after the time appointed for holding the meeting, the Directors present may choose one of them to be the Chairman of the meeting.
44. (a) Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board of Directors shall be decided by a majority of votes.
- (b) In case of equality of votes, the Chairman of the Board meeting shall have a second or casting vote.
45. The Board of Directors shall have powers to appoint, from time to time, any other person or persons to be additional Director or Directors but so that the total number of Directors shall not at any time exceed the maximum number fixed by these Articles.
46. Subject to Section 313 of the Act, the Board may appoint any person to set as an Alternate Director for a Director during the latter's absence for a period of not less than three months from the State in which meetings of the Board of Directors are ordinarily held and such appointment shall have the effect and such appointee whilst he holds office as an Alternate Director, shall be entitled to notice of meeting of the Board of directors and to attend and vote there at accordingly, but he shall ipso facto vacate office if and when the absentee Director returns to the State in which meetings of the Board are ordinarily held or the absentee Director vacates Office as a Director.
47. Director shall be liable to retire from the office by rotation.
48. The Board of Directors may subject to the provisions of the Companies Act, 1956 decide to pay to a Director out of the funds of the Company by way of Sitting Fees a sum not exceeding the maximum cap specified under the Companies Act, 1956 for each meeting of the Board or any Committee or Sub- Committee thereof attended by him in addition to his travelling, boarding and lodging and other expenses incurred.
49. If any director, being willing, shall be called upon to perform extra service or to make any special exertions in going or residing away from the place of his normal residence for any of the purposes of the Company or has given any special attendance for any business of the Company, the Company may remunerate the Director so doing either by a fixed sum or by a percentage on profits or otherwise as may be determined by the Directors and such remuneration above provided subject to Section 198, 268, 309, 314 and Schedule XIII of the Act.
50. Subject to the provisions of Section 289 of the Act, and except a resolution which the Companies Act, 1956 requires it specially to be passed in a Board of Directors meeting, a resolution determined by majority without any meeting of Directors and evidenced by writing to have been circulated amongst all the Directors shall be as valid and effectual as a resolution duly passed at a meeting of the Directors.
51. The Board of Directors shall exercise the following powers on behalf of the Company only by means of resolutions passed at meetings 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 make loans.
52. (a) The Board of Directors may, from time to time and subject to the restrictions contained in Section 292 of the Act, delegate to a committee or committees consisting of one or more directors or to managers, secretaries, officers, assistants and other employees or persons any of the powers, authorities and discretions for the time being vested in the Directors and may, at any time revoke such powers, authorities and discretions.

(b) Subject to provisions of Articles 57 all deeds agreements and documents and all cheques, promissory notes, drafts, hundies, bills of exchange and other negotiable instruments and all receipts for moneys paid to be Company shall be signed, drawn, accepted or endorsed by the persons authorized by the Board of Directors in this behalf.

53. Subject to the provisions of Section 297 and 299 of the Act, no Director shall be disqualified, by virtue of his office, for contracting with the company, either as vend or purchaser or otherwise nor shall any contract or arrangement entered into by or on behalf of the company with a Director or any company or partnership firm in which a director is a member or otherwise interested be avoided, nor shall any Director so contracting or being such member or so interested be liable to account to the Company for any profit realised from any such contract or an arrangement by reason only of such director holding that office or of the fiduciary relationship thereby established, provided that he shall disclose the nature of his interest at the meeting of Directors at which the contract or arrangement is determined, if his interest then exists or in any other case at the first meeting of Directors after the acquisition of his interest and such Director shall be entitled to be present at the meeting during the transaction of the business in which he is so interested as aforesaid and shall be reckoned for the purpose of ascertaining whether there is a quorum of directors present. A general notice that the Director is a member of a specified firm or company shall, as regards any such transaction be sufficient disclosure under this article and after such general notice it shall not be necessary for the interested Director to give any special notice relating to any particular transaction with such firm or company. Such Director may also vote as a Director in respect of any such contract or arrangement in which he is so interested as interested.

## MINUTES

54. The Board of Directors shall respectively cause minutes of all proceedings of general meetings and of all proceedings at meetings of Board of Directors or of Committee of the Board to be duly entered in books to be maintained for that purpose in accordance with Section 193 of the Companies Act, 1956.

55. The minutes of each meeting shall contain:

- (a) the fair and correct summary of the proceedings thereat.
- (b) the name of the Directors present at the meeting in case of meeting of Board or committee of Board of Directors.
- (c) the names of the Directors, if any, dissenting from or not consenting to the resolution, in the case of each resolution passed at the meeting of Board or Committee of Board of Directors.
- (d) all appointments of officers made at any meeting.

56. Any such minutes, purporting to be signed in accordance with the provisions of Section 193 of the Act, shall be evidence of the proceedings.

## MANAGING DIRECTOR

57. The Board of Directors may, from time to time, subject to Section 197A of the Act, appoint one or more of their body to the office of Managing Director (by whatever name called) for such period and on such terms as they think fit and subject to the terms of any arrangement entered into in any particular case may revoke such appointment. His/their appointment shall be automatically terminated if he/they cease to be director/directors.

58. The Managing Director shall subject to the control and supervision of the Directors undertake the management of the company and perform all the administrative functions and other duties of the Company necessary for the effective transaction of it business with full powers to do all acts, matters and things deemed necessary, proper and expedient thereof and generally to exercise all the powers and authorities of the Company except such of them as by the Act or any statutory modifications thereof for the time being in force by these presents are or may be expressly directed to be exercised by the Company in a General Meeting or by the Directors, provided that on subsequent regulation shall invalidate any prior act of the Managing Director which would have been valid if such regulation had not been made.

59. A Managing Director may not be paid any remuneration or may be paid such remuneration (whether by way of salary, commission or participation in profits or partly in one way and partly in another) as the Directors may determine.
60. Subject to Section 292 of the Act, the Board of Directors may entrust to and confer upon the Managing Director any of the powers exercisable by them upon such terms and conditions and with such restrictions as they may think fit and either collaterally with or the exclusion of their own powers and may, from time to time, revoke, withdraw, alter or vary all or any of such powers.
61. Without prejudice to the general powers and to any other powers or authorities conferred by these Articles and subject to the provisions of the Act, the Managing Director shall have the following powers exercisable under the superintendent and control of the Board of Directors until otherwise decided by the Board or by the Company in a General Meeting.
- i. To purchase or otherwise acquire for the Company any property rights or privileges which the company is authorized to acquire and to sell, let, exchange or otherwise dispose off or deal with all or any part of the property rights or privileges of the company at such price and for such consideration and on such terms and conditions as he may deem expedient.
  - ii. To enter into, carry out, rescind or vary all financial arrangements with banks, persons, Companies, corporations or other bodies for or in connection with the business of the Company.
  - iii. Subject to the limit laid down by the Board of Directors under Section 58A and 292 of the Act, and regulations made thereunder and directions issued by Reserve Bank of India to raise or borrow, from time to time and at his discretion, any sums of money or make any arrangements for finance for the purpose of the company and to secure the payment of, such sum or sums in such manner and upon such terms and conditions in all respects as he may think fit and in particular by making, drawing, accepting or endorsing on behalf of the company any promissory notes or bills of exchange or by issuing receipts of the Company or by giving any security of the Company or by creating mortgage or charge over all or any part of the property of the Company.
  - iv. To appoint, from time to time and at his discretion, for the purpose of the Company, managers, secretaries, agents, experts and other officers, clerks, servants and other employees of the Company on such terms and conditions and to pay, tenure and otherwise as he may deem expedient and to determine their powers of duties and at his discretion to terminate the services of any one or more of them as he may deem expedient.
  - v. To institute, prosecute, defend, compromise, withdraw or abandon any legal proceedings by or against the Company or otherwise concerning the affairs of the Company and to act on behalf of the Company in all matters relating to any Governmental Agency or Authority including those relating to taxation, licensing, excise and customs and in matters pertaining to the insolvencies or liquidations and to apply for and obtain Letters of Administration, with or without a will, to the estate of persons with whom the Company shall have dealings.
  - vi. To make, draw, sign, accept, endorse, negotiate and otherwise execute on behalf of the Company all cheques, promissory notes, drafts, pay orders, bill of exchanges, bills of lading and other documents of titles and securities, including securities of Government of India and other promissory notes, contracts, transfer deeds and other instruments as shall be necessary in the opinion for carrying on the business of the Company.
  - vii. Subject to the overall limit fixed by Board of Directors under Section 293 of the Companies Act, 1956 to invest an deal with the moneys of the Company not immediately required for the purposes thereof upon such securities or investments and in such manner as he thinks fit and from time to time, to vary or realize or otherwise deal with such securities and investments.
  - viii. The negotiate and enter into any contracts and execute, rescind or vary all such contracts and do all acts, deeds and things in the name and on behalf of the aforesaid or otherwise for the business of the Company.

## WHOLE TIME DIRECTOS

62. (a) The Board of Directors may appoint one or more Whole Time Directors to look after and carry on the day to day business operations of the Company and their remuneration shall also be fixed by the Board, subject to Section 198, 269, 309, 314 and Schedule XIII of the Companies Act 1956.
- (b) The whole time directors shall work under the control and supervision of the Board of Directors and shall exercise such powers as may be determined by the Board of Directors. However, in case the Board of Directors does not appoint a Managing Director, the whole time director or directors shall have powers as are conferred by these Articles on the Managing Director.

## THE SEAL

63. The Company shall have a Common Seal and the Board of Directors shall provide for the safe custody thereof. The seal shall not be affixed to any instrument except by the authority of a resolution of the Board of Directors in the presence of atleast one Director or two directors, if so required by law and such Director or directors shall sign every instrument to which the seal be affixed in his/their presence. Such signatures shall be conclusive evidence of the fact that the seal has been properly affixed. This is however, subject to Rule 6 of the Companies (issue of Share Certificates) Rules, 1960.

## ACCOUNTS

64. (a) The Books of Accounts shall be kept at the registered office or at such other place as the Directors think fit, and shall be open to inspection by the Directors during business hours.
- (b) The Directors shall, from time to time, determine whether and to what extent and at what times and places and under what conditions or regulations the accounts or books or documents of the Company or any of them, shall be open for inspection to members not being directors and no member (not being Directors) shall have any right of inspection to any books of account or document of the Company, except as conferred by law or authorized by Directors or by the Company in the General Meeting.
- (c) Balance Sheet and Profit & Loss Account will be audited once in a year by a qualified auditor for correctness as per provisions of the Act.
65. (a) The Directors may fill up casual vacancy in the office of the Auditors.
- (b) The remuneration of the auditors shall be fixed by the Company in the Annual General Meeting as otherwise decided or that remuneration of the auditors appointed by the Directors may be fixed by the Directors.

## AUDIT

66. (a) The first Auditor of the Company shall be appointed by the Board of Directors within one month from the date of incorporation of the Company and the Auditors so appointed shall hold office until the conclusion of the first Annual General Meeting.
- (b) At each Annual General Meeting the Company shall appoint an Auditor to hold office from the conclusion of that Meeting till the conclusion of the next Annual General Meeting.
- (c) The remuneration of the Auditor shall be fixed by the Company in the Annual General Meeting or in such manner as the Company in the Annual General Meeting may determine.
- (d) The Board of Director may fill any casual vacancy of the Office of the Auditor and while any such vacancy continues the remaining Auditors, if any, may act, but where such vacancy is caused by resignation of the Auditors and vacancy shall be filled up by the Company in a General Meeting.

**NOTICE**

67. A notice of document may be given or served by the Company to any member either personally or by sending it by post to him at his registered address or, if he has no registered address in India, at the address, if any within India supplied by him to the Company for the purpose of giving notice to him.
68. The Company shall comply with the provisions of Section 52 and 53 of the Companies Act, 1956.

**INDEMNITY**

69. Subject to section 201 of the Act, the Directors, Auditors, Secretary and other Officers for the time being of the Company and trustees for the time being in relation to any of the affairs of the Company and their heirs, executors and administrators respectively shall be indemnified out of the assets of the company from and against all bonafide suits, proceedings, costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain by reason of any act done or committed in or about the execution of their duties in their respective offices or trusts except such (if any) as they shall incur or sustain by or through their own wilful neglect or default.
70. Subject to the provisions of Section 201 of Act, no Director, Manager or other Officer of the Company shall be liable for the acts, receipts neglects of any other Director or for joining in any receipts or other acts for conformity or for any loss or expense happening to the Company though the insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency of any person with whom any moneys, securities or effects shall be deposited or for any loss, damage or misfortune which shall happen in the execution of the duties of his office or in relation thereto unless the same happens through his own wilful neglect or default.

**WINDING UP**

71. (a) If the company shall be wound up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Act, divide amongst the members, in specie or kind or otherwise, the whole or any part of the assets of the Company, whether they shall consist of property of the same kind or not.
- (b) For the purpose the aforesaid liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.
- (c) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributors as that liquidator shall think fit but so that no member shall be compelled to accept any shares or such other securities whereon there is any liability.

**ARBITRATION**

72. Whenever any difference or dispute arises between the Company on one hand and any of the members or their heirs, executors, administrators, nominees or assignees on the other hand or between the members inter-se or their respective heirs, executors, administrators, nominees or assignees on the other hand or between the members inter-se their respective heirs, executors, administrators, nominees or assignees inter-se touching the true intent, construction or incident or consequences of these Articles or touching anything done, executed, omitted or suffered in pursuance thereof or to any affairs of the Company, every such dispute or difference shall be referred to the sole arbitration of the Chairman for the time being of the Company or to some person appointed by both parties and it will be no objection that he is an Officer of the company or that he had to deal with such disputes or differences and it is only after an Award is given by such Arbitrator that the parties will be entitled to take any other proceedings relating to such disputes differences and award. The Award made by such Arbitrator shall be final and binding on the parties. The arbitration shall be conducted according to the provisions of the Arbitration Act, 1940.



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**SECRECY**

73. Subject to the provisions of the Act, any Director or Officer or Officer of the Company shall be entitled to, if he thinks fit, decline to answer any question concerning the business of the Company on the ground that the answer to such question would disclose or tend to disclose the secrets of the Company.

**MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION**

The following contracts (not being contracts entered into in the ordinary course of business carried on by our 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, delivered to the Registrar of Companies for registration and also the documents for inspection referred to hereunder, may be inspected at the head office of our Company situated at B-1/A-26, Mohan Co-operative Industrial Estate, Mathura Road, New Delhi - 110 044, India from 10.00 a.m. to 4.00 p.m. on working days from the date of this Red Herring Prospectus until the Bid / Issue Closing Date.

**Material Contracts**

1. Engagement letter dated December 26, 2006 and August 16, 2007 to Collins Stewart Inga Private Limited from our Company for appointing them as the BRLM.
2. MoU dated August 25, 2007 amongst our Company and BRLM.
3. Letter of appointment dated July 12, 2007 from our Company for appointment of the Registrar to the Issue.
4. MoU dated August 1, 2007 between our Company and the Registrar to the Issue.
5. Escrow Agreement dated [●] between our Company, the BRLM, the Escrow Banks, and the Registrar to the Issue.
6. Syndicate Agreement dated [●] between our Company, the BRLM and the other members of the Syndicate.
7. Underwriting Agreement dated [●] between our Company, the BRLM and other Syndicate Members.
8. Engagement Letter dated January 29, 2007 of Legal Vistas Law Offices as the Legal Advisors to the Issue.

**Material Documents**

1. Our Memorandum and Articles of Association as amended till date.
2. Certificate of Incorporation dated October 21, 1991 and fresh certificate of incorporation dated May 10, 2006 consequent to change in name.
3. Boards Resolution dated May 26, 2007 and Shareholders' resolutions dated June 30, 2007 in relation to this Issue and other related matters.
4. Resolutions of the IPO Committee dated September 7, 2007.
5. Copies of annual report of our Company for the financial years ended March 31, 2007, March 31, 2006, March 31, 2005, March 31, 2004 and March 31, 2003 and auditors report for the six months period ended September 30, 2007.
6. Statement of Tax Benefits from M/S Sharma Goel & Co., Chartered Accountants dated December 10, 2007, containing Auditor's Report on possible Income-tax benefits available to our Company and its shareholders.
7. Report of the Statutory Auditors, M/s Sharma Goel & Co. dated December 14, 2007 for restated financial statements for the six months period ended September 30, 2007 and the financial years ended March 31, 2007, March 31, 2006, March 31, 2005, March 31, 2004 and March 31, 2003 prepared as per Indian GAAP and mentioned in this Red Herring Prospectus.

8. Copy of certificate dated December 12, 2007 regarding the deployment of funds in relation to the proposed project till November 30, 2007.
9. Consent of the Statutory Auditors, M/S Sharma Goel & Co. for inclusion of their report on accounts in the form and context in which they appear in this Red Herring Prospectus.
10. Consents of Statutory Auditors, Bankers to the Company, BRLM, Syndicate Members, Registrar to the Issue, Escrow Collection Bank(s), Banker(s) to the Issue, Legal Counsel to our Company and Underwriters, Directors of our Company, Company Secretary and Compliance Officer, as referred to, in their respective capacities.
11. Consent of the IPO Grading Agency for inclusion of their report dated October 10, 2007 and letter of revalidation dated December 6, 2007 in the form and context in which they appear in the Red Herring Prospectus and the Prospectus.
12. Annual Reports of Cords India Private Limited for the financial years ended March 31, 2007, March 31, 2006, March 31, 2005 and March 31, 2004.
13. Memorandum & Articles of Association of Cords India Private Limited.
14. Initial listing applications dated September 10, 2007 filed with BSE and NSE respectively.
15. In-principal listing approval dated September 28, 2007 and October 17, 2007 from BSE and NSE respectively.
16. Tripartite Agreement between NSDL, our Company and the Registrar to the Issue dated November 6, 2007.
17. Tripartite Agreement between CDSL, our Company and the Registrar to the Issue dated October 30, 2007.
18. Due diligence certificate dated September 7, 2007 to SEBI from Collins Stewart Inga Private Limited.
19. Allotment letter dated May 31, 2007 issued by RIICO for acquiring land at Pathredi, Rajasthan and lease deed dated September 28, 2007
20. Resolution passed at our Board meeting held on July 1, 2006 for appointment of Mr. Naveen Sawhney as Managing Director, Mr. D. K. Prashar as Joint Managing Director and Mr. Rakesh Malhotra as Joint Managing Director of our Company and agreement dated July 1, 2007 specifying the terms of his appointment.
21. No objection certificates, in connection with the Issue, issued by our lenders / banks.
22. Lease Deed dated January 2, 2007 for the open space on the front portion of ground floor, first floor and second floor of the property, lease deed dated June 30, 2007 for the furnished part of the ground floor of the property and lease deed dated August 29, 2007 for a part of the basement, entered into between our Company and Mr. Naveen Sawhney, Mr. D.K. Prashar, Mr. Rakesh Malhotra in relation to the land at A-26, Block B-1, Mohan Co-operative Industrial Estate, Mathura Road, New Delhi – 110044 for our registered office premises.
23. Consent letter from Canara Bank to act as monitoring agency.
24. Sanction letter dated January 16, 2007 from ICICI Bank for ECB and letters dated September 3, 2007 and December 13, 2007 for the extension of availability period.
25. SEBI observation letter no. CFD/DIL/PB/AC/109760/2007 dated November 29, 2007.

Any of the contracts or documents mentioned in this Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

**DECLARATION**

We, the Directors of the Company, hereby declares that all the relevant provisions of the Companies Act, 1956 and the guidelines issued by the Government of India or the guidelines issued by the Securities and Exchange Board of India, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made or guidelines issued there under, as the case may be. We further certify that all statements in this Red Herring Prospectus are true and correct.

**SIGNED BY THE DIRECTORS OF OUR COMPANY**

Sd/-

Mr. Naveen Sawhney - Managing Director

Sd/-

Mr. D.K. Prashar - Joint Managing Director

Sd/-

Mr. Rakesh Malhotra - Joint Managing Director

Sd/-

Mr. Om Prakash Bhandari - Independent Director

Sd/-

Mr. Amit Kumar Gangopadhyay - Independent Director

Sd/-

Mr. N.K. Balasubramanian - Independent Director

**SIGNED BY THE FINANCIAL CONTROLLER**

Sd/-

Mr. D.V. Gupta - Chief Financial Officer

**SIGNED BY THE COMPANY SECRETARY AND COMPLIANCE OFFICER**

Sd/-

Ms. Jyoti Dixit Gupta - Company Secretary

Date: January 3, 2008

Place: New Delhi

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